

NAPA ENHANCED INFRASTRUCTURE FINANCING DISTRICT

ANNUAL REPORT FISCAL YEAR 2022-2023

Prepared For:

The City of Napa



Prepared By:



MAY 2023

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The analyses, projections, assumptions, rates of return, and any examples presented herein are for illustrative purposes and are not a guarantee of actual and/or future results. Project pro forma and tax analyses are projections only. Actual results may differ from those expressed in this analysis.

1.0 Introduction

1.1 Background and Purpose

The City Council of the City of Napa established the Public Financing Authority (“PFA”) for the Napa Enhanced Infrastructure Financing District (“Napa EIFD”) at its regular meeting on July 20, 2021. The purpose of the PFA was to establish and implement the Napa EIFD. The governing Infrastructure Finance Plan (“IFP”) was adopted by the City Council March 1, 2022 and separately by the PFA on July 6, 2022.

The Napa EIFD encompasses approximately 837 acres of land, representing approximately 7.2% of the total acreage within the City. The Napa EIFD includes much of the City’s Downtown and Oxbow neighborhoods, the Jefferson Street Corridor, the Napa Pipe area, and multiple other river-adjacent and development opportunity site areas. The purpose of the Napa EIFD is to fund critical infrastructure and affordable housing projects of benefit to the Napa EIFD area and other portions of the City and greater local region.

This Annual Report is prepared pursuant to Government Code Section 53398.66 and presents the following information:

- a) A description of the projects undertaken in the fiscal year, including any rehabilitation of structures, and a comparison of the progress expected to be made on those projects compared to the actual progress.
- b) A chart comparing the actual revenue and expenses, including administrative costs, of the public financing authority to the budgeted revenue and expenses.
- c) The amount of tax increment revenue received.
- d) An assessment of the status regarding completion of the enhanced infrastructure financing district’s projects.
- e) The amount of revenue expended to assist private businesses.

2.0 Description of Projects in FY 2022-23

There were no projects undertaken in Fiscal Year (“FY”) 2022-23, which is consistent with the progress expected to be made at this point.

3.0 Actual vs. Budgeted Revenues and Expenses

The Napa EIFD was established in July 2022 with FY 2021-22 as its base year. Tax increment revenue is projected to first begin flowing in FY 2022-23 as outlined in Table 1 below. However, consistent with staff and financing team expectations, there is an administrative lag in time between formation of the Napa EIFD by the PFA, the filing of the required jurisdictional boundary change application¹ with the State Board of Equalization (“SBOE”) (completed prior to December 1, 2022 deadline), and the actual arrangement of the EIFD tax allocation system specific to the Napa EIFD by SBOE and the County of Napa (“County”) Auditor-Controller’s office.

SBOE creates new “tax rate areas” (“TRAs”) specific to the EIFD boundary that assist the County Assessor’s office and County Auditor-Controller’s office is tracking and accounting for EIFD incremental assessed property value growth and corresponding property tax revenues over time. Most county auditor-controllers have been reporting and allocating the total property tax increment revenues within the EIFD boundary to the local city, and then deferring to the local city finance department to apportion the correct percentage of incremental property tax revenue to the EIFD special fund, consistent with the approved financing plan.

For this reason, it is expected that finalized tax increment revenue calculations by County Assessor and Auditor-Controller and corresponding revenue allocations to the Napa EIFD by the City for accrued EIFD revenues may be delayed up to two years until FY 2024-2025. Subsequently, actual revenues are omitted below until calculations are finalized and the appropriate allocation amounts are confirmed.

Table 1: Projected and Actual Revenue and Expenses

	Projected FY 2022-23	Actual FY 2022-23
EIFD Revenues	\$189,163.00	(to be confirmed)
Administrative Expenses	(\$25,000.00)	(\$0.00)
Net Revenue	\$164,163.00	(to be confirmed)

¹ Form BOE-400-TA (Statement of Boundary Change) - Link: <https://www.boe.ca.gov/proptaxes/sprdcont.htm>



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4.0 Tax Increment Revenue Received

For the time being, while the Napa EIFD tax allocation system is being arranged by SBOE and County Auditor-Controller, anticipated EIFD tax increment revenues are outlined in Table 2 below, subject to confirmation as actual EIFD revenue calculations are finalized, and allocation amounts are confirmed.

Table 2: EIFD Tax Increment Revenue Received

Year	Annual EIFD Revenues	Cumulative EIFD Revenues
FY 2021-22 <i>(base year)</i>	\$0.00	\$0.00
FY 2022-23	\$189,163.00 (to be confirmed)	\$189,163.00 (to be confirmed)

5.0 EIFD Project Status

The EIFD is in the early phase of building a stabilized revenue stream that could be leveraged for future projects and potential debt issuance(s) accordingly. No EIFD projects have been funded, which is consistent with City and the PFA expectations at this time.

6.0 Revenue Expended for Private Business

As of the date of this Annual Report, no revenue have been expended to assist private businesses. This is consistent with City and the PFA expectations at this time.