

BUDGET AND FINANCE COMMITTEE REPORT relative to the potential adoption of a Disaster Recovery District (DRD) pursuant to Senate Bill (SB) 782 (Perez) to support recovery in the Palisades Fire Disaster Area, and funding for a feasibility study.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. NOTE and FILE the following:
 - a. Substitute Motion (Park – Lee) dated December 9, 2025, attached to the Council file.
 - b. Economic and Workforce Development Department (EWDD) report dated June 16, 2025, attached to the Council file.
2. INSTRUCT the EWDD to report to Council with recommendations on the potential adoption of a DRD pursuant to SB 782 (Perez) and declarations of a Palisades Fire Disaster Area by the Governor and the Mayor to support recovery in the Disaster Area, including a preliminary assessment and comprehensive feasibility study to be conducted by Kosmont Companies retained under the Mayor's Emergency Declaration, including preparation of a draft Infrastructure Financing Plan Framework for consideration by Council in establishing the DRD. The report should also include information about the potential impacts the DRD will have on the General Fund, and the Los Angeles County's involvement with, and responsibilities related to, the adoption of a DRD.
3. INSTRUCT the EWDD, in collaboration with the Office of the Mayor and Council District 11, to develop and coordinate a communications strategy that will ensure Pacific Palisades residents and other impacted parties are informed, notified, and regularly updated on the progress of the potential creation of a Palisades DRD.
4. AUTHORIZE the EWDD to transfer and appropriate \$300,000 from the Economic Development Trust Fund No. 62L/22, BSA 001010 (Available Cash), to the Economic Development Trust Fund No. 62L/22, newly established Appropriation Account No. TBD titled "Economic Development Planning, Study, and Investment", to pay Kosmont Companies and other vendors/consultants as appropriate to provide professional consultant services needed to complete the comprehensive feasibility study and related proposed boundary documentation as required by the State Board of Equalization, upon review and approval of invoices by the EWDD.
5. AUTHORIZE the Interim General Manager, EWDD, or designee, to make any technical corrections, clarifications, or revisions, including new Controller's instruction(s), if required, to effectuate the intent of this action to transfer said funds and pay for services; and, AUTHORIZE the Controller to carry-out those instructions.
6. INSTRUCT the City Administrative Officer (CAO), with the assistance of the EWDD, to report on the impact the DRD may have on Federal Management Agency (FEMA) reimbursements in the Palisades Fire Disaster Area, including whether there are improvements or projects that can be eligible for both FEMA funds and DRD revenues.

Fiscal Impact Statement: Not applicable.

Community Impact Statement: None submitted

SUMMARY

At its meeting held on March 3, 2026, your Budget and Finance Committee considered the EWDD report, dated June 16, 2025, relative to the feasibility of creating a Climate Resilience District for the directly impacted and adjacent areas of the Pacific Palisades Fire; and, Substitute Motion (Park – Lee), dated December 9, 2025, and EWDD report, dated January 27, 2026, relative to the potential adoption of a DRD

pursuant to SB 782 to support recovery in the Palisades Fire Disaster Area, and funding for a feasibility study. Councilmember Yaroslavsky introduced a motion, seconded by Councilmember McOsker, to amend Recommendation No. 1 of the EWDD report dated January 27, 2026 instructing the EWDD to report back with recommendations on the potential adoption of a DRD pursuant to SB 782 and declarations of a Palisades Fire Disaster Area by the Governor and the Mayor to support recovery in the Disaster Area, to also include information about the potential impacts the DRD will have on the General Fund, and the Los Angeles County's involvement with, and responsibilities related to, the adoption of a DRD. A recommendation was also added to instruct the CAO, with the assistance of the EWDD, to report on the impact the DRD may have on FEMA reimbursements in the Palisades Fire Disaster Area, including whether there are improvements or projects that can be eligible for both FEMA funds and DRD revenues.

After an opportunity for public comment was held, the Committee moved to note and file the Substitute Motion (Park – Lee) and EWDD report dated June 16, 2025; and, to approve the recommendations contained in the EWDD report dated January 27, 2026 as amended, as detailed above. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

BUDGET AND FINANCE COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
YAROSLAVSKY:	YES
BLUMENFIELD:	YES
HUTT:	YES
McOSKER:	YES
HERNANDEZ:	YES

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-NOT OFFICIAL UNTIL COUNCIL ACTS-