

CITY OF LOS ANGELES

CALIFORNIA

FREDERICK L. JACKSON
INTERIM GENERAL MANAGER



KAREN BASS
MAYOR

**ECONOMIC AND WORKFORCE
DEVELOPMENT DEPARTMENT**

444 S. FLOWER STREET
LOS ANGELES, CA 90071

January 27, 2026

Council File: 25-0006-S38
Council District No.: 11
Contact Persons & Extensions:
Blair Miller (213) 744-7232
Blair.Miller@lacity.org

Honorable Members of the City Council
C/O City Clerk
Room 395, City Hall
200 N. Spring Street
Los Angeles, CA 90012

Attention: Economic Development and Jobs Committee and Budget and Finance
Committee

**TRANSMITTAL: REQUEST AUTHORIZATION TO UTILIZE \$300,000 IN EXISTING
FUNDING TO STUDY THE FEASIBILITY OF CREATING A DISASTER RECOVERY
DISTRICT FOR THE DIRECTLY IMPACTED AREAS OF THE PACIFIC PALISADES
FIRE**

RECOMMENDATIONS

The General Manager of the Economic and Workforce Development Department (EWDD) recommends that the Council, subject to the approval of the Mayor:

1. INSTRUCT EWDD to report back with recommendations on the potential adoption of a Disaster Recovery District (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;
2. INSTRUCT 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;

3. AUTHORIZE EWDD, subject to the approval of the Mayor, to transfer and appropriate \$300,000 from the Economic Development Trust Fund No. 62L, Department No. 22, BSA 001010 (Available Cash) to the Economic Development Trust Fund No. 62L, Department No. 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 EWDD; and
4. AUTHORIZE the Interim General Manager of EWDD, or his 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.

SUMMARY

On January 7, 2025, both the Governor and Mayor declared a state of emergency related to the Palisades wildfire. In September 2025, the California Legislature enacted Senate Bill 782 (Pérez), which established Disaster Recovery Districts (DRDs) as an emergency Tax Increment Financing (TIF) tool to support recovery following a declared disaster. The purpose of this transmittal is to request authority to transfer \$300,000 in available EWDD funding to complete an analysis and report to Council on the feasibility and fiscal impact of forming a DRD encompassing parcels that experienced physical and fiscal impacts from the Palisades Fire.

In August 2025, the Southern California Association of Governments (SCAG) entered into a contract with Kosmont Companies (Kosmont) to conduct a preliminary analysis of a potential Palisades DRD and a potential Eaton Fire DRD. The contract amount was \$75,000 total for both projects. This initial investment by SCAG has allowed Kosmont to complete preliminary feasibility work for a Palisades DRD. Of the requested \$300,000, \$220,000 will pay Kosmont to expand upon this existing analysis to ensure the City Council and Mayor have sufficient information to make an informed decision on whether to proceed with the formation of a Palisades DRD. The remaining \$80,000 will be used by EWDD to retain a consultant to prepare the maps, boundary descriptions, and supporting documentation required by the State Board of Equalization to formally establish a DRD, should the Council and Mayor elect to designate one.

After Council approval, formation of a DRD would require 1) completion of a feasibility study, 2) adoption of a Resolution of Intention, 3) establishment of a DRD governing board, and 4) development of the framework of an Infrastructure Financing Plan governing district operations and financing. The proposed feasibility study will enable EWDD to make recommendations related to each of these steps should the Council and Mayor elect to move forward.

Approval of this report will authorize EWDD only to evaluate the DRD and report back to the Council and Mayor with findings and recommendations. Any decision to form a DRD will require subsequent Council and Mayor action.

PROJECTS

Multiple City departments have identified recovery, rebuilding, and resilience needs in the Palisades across a wide range of infrastructure and capital categories. Examples include, but are not limited to:

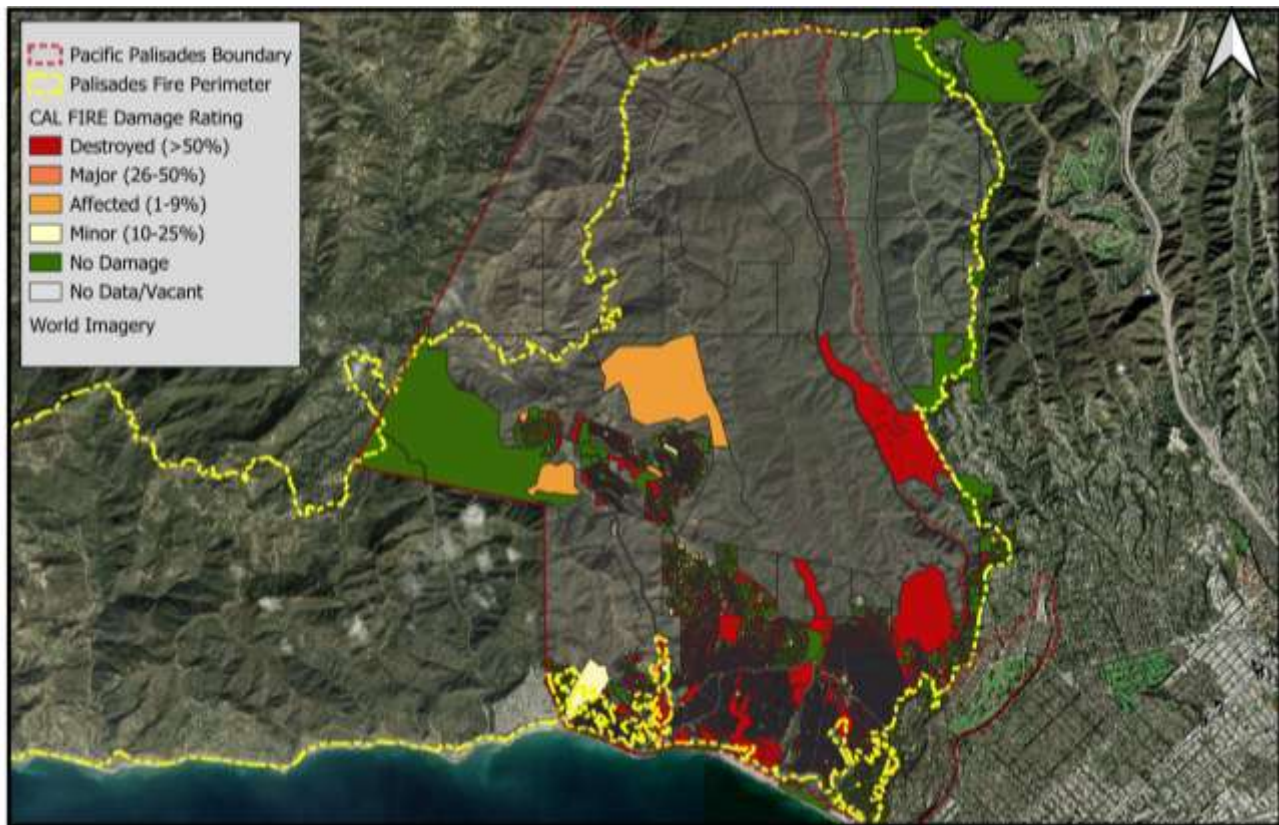
- Fire Protection & Emergency Response Infrastructure
- Water, Power & Utility Systems
- Street & Roadway Infrastructure
- Transportation, Evacuation & Traffic Systems
- Public Facilities, Parks & Community Assets
- Slope Stabilization, Hillside & Geotechnical Infrastructure
- Stormwater, Flood & Environmental Protection Systems

DRD revenues may be used for the following purposes, as authorized by SB 782:

1. Acquiring, demolishing, removing, relocating, repairing, restoring, rehabilitating, or replacing buildings, low- and moderate-income housing, facilities, structures, or other improvements, in accordance with applicable laws, which are within the district, and which have been damaged or destroyed by the disaster, which are unsafe to occupy, or which are required to be acquired, demolished, altered, or removed because of the disaster.
2. Mitigating the risk of a future disaster, including, but not limited to, both of the following:
 - A. Water and energy resource access and availability during emergencies and natural disasters.
 - B. Undergrounding and hardening of electrical lines and other utilities.
3. The purpose of supporting economic recovery from a disaster, including, but not limited to, all of the following:
 - A. Residential and commercial reconstruction.
 - B. Affordable housing development
 - C. Prevention of displacement.
 - D. Low-interest construction loans (e.g. to uninsured and underinsured property owners)
 - E. Capital access programs for small businesses.
 - F. Workforce development and job training programs.

DISTRICT BOUNDARY

Through its contract with SCAG, Kosmont has begun developing preliminary boundary scenarios for a potential DRD, with the goal of identifying parcels where recovery assistance is needed due to physical and fiscal impacts from the fire. The final DRD boundary would be refined and established as part of the feasibility study.



PRELIMINARY ANALYSIS

A DRD, similar to an EIFD or CRD, may use tax increment and other revenues to fund eligible improvements. DRDs were created to address recovery and resilience needs following extraordinary disasters, including the Palisades and Eaton wildfires.

DRDs differ from other TIF tools by reducing certain procedural requirements, expanding eligible uses, and allowing for expedited formation under emergency conditions. The intent of the legislation was to enable local governments to respond more rapidly to disasters where traditional public and private financing mechanisms alone may be insufficient.

Initial City discussions focused on a potential Climate Resilience District (CRD), which predates the fires and is intended to address climate-related risks. On October 7, 2025, EWDD presented a report to the Budget and Finance Committee evaluating the feasibility of establishing a CRD for areas impacted by the Palisades fire. Following coordination with Council District 11 and the Mayor's Office, the scope of the evaluation was refined to focus on the potential use of a Disaster Recovery District (DRD) as an alternative recovery and financing framework, given its streamlined formation process and closer alignment with recovery and rebuilding objectives.

Through its SCAG contract, Kosmont determined that the pre-fire assessed value of the impacted area was approximately \$21.3 billion. Following the destruction or damage of roughly 5,581 structures, the post-fire assessed value is estimated at approximately \$16.3 billion, representing a loss of about \$5 billion. Preliminary modeling estimates that a Palisades DRD could generate between \$325 million and \$1.9 billion in revenue over its term, depending on district duration, participation by the County, and the level of tax

increment allocated. These revenues could support a portion of the recovery and resilience investments identified for the Palisades.

NEXT STEPS

If the recommendations in this report are approved, EWDD will execute an agreement with Kosmont Companies to complete a comprehensive feasibility study of a Palisades DRD and will report back to Council with findings and recommendations for Council and Mayor consideration regarding whether to form the district.



FREDERICK L. JACKSON
Interim General Manager

FLJ:BLM:JML