

# Mossdale Tract Program Update



---

BOARD MEETING

MARCH 28, 2019

# Background

---

- 2-Fold Purpose for Item:
  - Provide overview for new Board Members with update on Program Status
  - Consider Implementation Action Items
    - Regional Development Impact Fee (DIF) Program Credit Agreements
    - Authorize Executive Director to solicit Proposals for Assessment District
    - Task Order for Cost Update based on evaluation of Climate Adaptation Policy
- *Introduction to Mossdale Tract Program was presented February 26, 2018 at 1st Board Meeting after Agency Reorganization*

# Mossdale Tract Overview

---

- Refresher on 3 paths toward ULOP
  - Local Path → Adequate Progress Report Plan
  - State / Local Path → UFRR Study
  - Federal / State / Local Path → Phase 2 of LSJR Feasibility Study

# Local Path

---

- Path is presented in annual Adequate Progress Reports, and supports Lathrop / Manteca / Stockton ULOP findings within the Mossdale Tract Area
- Project = RD17 Levee Seepage Repair Project Phases 1-3 + SJAFCA ULDC Phase 4
- Phase 4 current cost of \$137M (2016\$)
  - Would be entirely locally funded
- Note: The Project, as currently proposed, does not accommodate all aspects of climate change. Updated needed to reflect Board Policy on Climate Adaptation (Resolution 19-06) adopted February 7, 2019

# State / Local Path

---

- Urban Flood Risk Reduction (UFRR) \$5M State Feasibility Study & Pre-Design Grant to Lathrop
  - Currently in process of assigning agreement to SJAFCA
- Grant requires a \$5M local match
  - Work advancing ULDC Engineer's Report (\$2.83M) covers portion of Local Match. This advance leverages State Funding.

Item	Local	State	Total
ULDC ER	\$2,830,000	\$0	\$2,830,000
New Study	\$0	\$667,000	\$667,000
EIR	\$0	\$1,500,000	\$1,500,000
<u>Pre-Design</u>	<u>\$2,170,000</u>	<u>\$2,833,000</u>	<u>\$5,003,000</u>
<b>Total</b>	<b>\$5,000,000</b>	<b>\$5,000,000</b>	<b>\$10,000,000</b>

# UFRR Study Status

---

- Study scoped to address DWR concerns regarding increasing Expected Annual Damages
- Assignment of Funding Agreement - Ongoing
- Alternatives Identified - Complete
- Draft Evaluation of Alternatives - Prepared and Presented
- Comments on Draft Alternatives Evaluation - Study team working on responses
- Study Completion - Proceeding toward late 2019 completion
- If a State Supported Alternative is identified future; State funding is yet to be determined

# Federal / State / Local Path

---

- Lower San Joaquin River Feasibility Study (LSJRFS) Completed July 2018
- \$1.1 Billion Phase 1 (North & Central Stockton) Project included by Congress in AWIA of 2018; authorizes USACE to proceed to Preconstruction Engineering and Design (PED)
  - PED work currently underway (Agreements approved in November 2018)
- Concerns related to EO 11988 resulted in decision to defer Mossdale Tract subarea to later Phase 2
  - AWIA 2018 includes language to expedite Phase 2; authorizes USACE to proceed directly to PED pending consistency determination with Federal Standards.
  - Currently working with USACE and DWR on Phase 2 consistency
- After Consistency Determination
  - Would need New-Start & Federal appropriations. Would need to be phased with work in North & Central Stockton
  - Local funding for Share of Non-Federal would remain the same as the Local Path

# Local Funding Approach

## Multiple Funding Mechanisms to Achieve Implementation

- Regional Development Impact Fee (DIF) Program
  - A one time fee charged on an acreage or unit basis prior to the issuance of a building permit
- Overlay Assessment District
  - An annual assessment (direct charge) levied on property tax bills
  - Considered an “overlay” since it would be on top of the existing RD 17 Assessment funding Phase 3 work
- Enhanced Infrastructure Financing District (EIFD)
  - A district that would receive a portion of incremental additional property taxes generated from the growth in Assessed Value within the district over time (similar to a Redevelopment Agency)



# Regional Development Impact Fee Program

---

- Board approved Regional Fee in November 2018 (Resolution 18-21)
- Board also approved Collection Agreements with Cities & County along with framework for Crediting Program
  - Credit for Prior Advance Funding and In-Kind Construction of ULDC Project components
- *Credit Agreements are addressed as part of Action Items*

# SJAFCA Overlay Assessment

---

- Would cover area benefitting from 200-Year Levee Improvements
- SJAFCA would prepare an Engineer's Report and administer the Proposition 218 process
- Benefit apportionment *could* be similar to current RD 17 Mossdale Tract Methodology, however, the benefit to undeveloped property in the context of SB 5 is a differentiator that should be addressed
- Overall assessment rates (total assessment) would be structured around an updated overall financing plan
- *Authorization to Solicit Proposals for Assessment Engineering are addressed as part of Action Items*

# Enhance Infrastructure Financing District

---

- EIFD is a complex mechanism (could be the first multi-jurisdictional EIFD in the State)
- Allows for redirection of Tax Increment to new legal entity (an EIFD / Public Financing Authority) (*excludes School share of taxes*)
- Governed by an Authority made up of elected officials from tax entities and the public
- Need an Infrastructure Financing District (IFD) Plan approved by all participating entities (specifies everything – facilities, tax increment contributions, other revenue sources, timeframe, etc.)
- Currently requires a registered voter vote to Issue Debt (55% approval required)

# Approach to Enhance Infrastructure Financing District

---

- Analysis was authorized pending funding availability. Staff planning to commence analysis once UFRR Study was complete (was expected December 2018).
- In light of extended timeframe of UFRR Study, staff is finalizing scope and schedule with Larsen Wurzel & Associates (LWA), Economic & Planning Systems (EPS) and Kronick Moskovitz Tiedemann & Girard (KMTG)
- Staff will come back to the Board to authorize implementation tasks at future meetings

# Implementation Next Steps

---

## ➤ Action Item Requests

- Approve Regional DIF Program Credit Agreement Templates and Authorize Executive Director to execute Agreements
- Authorize Executive Director to solicit Proposals for Overlay Assessment District
- Authorize Task Order for Cost Update based on evaluation of Board Policy on Climate Adaptation

# Regional DIF Program Credit Agreements

---

- Formalize Fee Credit Program with Credit Agreement Template
  - Recognizes 2 forms of Credit:
    - Prior advance funding from development interests in Lathrop & Manteca as creditable toward adopted Fee Program
    - In-kind contributions (such as construction of levee improvements constructed) accepted by RD 17 provided by developer
  
- Staff Recommendation:
  - Approve form of Fee Credit Agreement Template
  - Delegate Authority to Executive Director to execute agreements in conformance with Fee Credit Agreement Template subject to Counsel review and approval

# Overlay Assessment Implementation

---

- Issue Request for Proposals (RFP) for Overlay Assessment District Assessment Engineering Services
- Scope of Work and Conceptual schedule prepared
  - Multi-Phased Scope of Work
    - Phase 1 – Feasibility Level assessment rate and funding capacity analysis - *Completed* by LWA as part of analysis supporting ULOP Adequate Progress Report
    - Phase 2 – Assessment Rate and Benefit Apportionment Analysis (addresses Proposition 218 Special Benefit test requirement) – Included as part of Scope of Work
    - Phase 3 – Formation of District (addresses Proposition 218 Balloting Requirement) - Included as part of Scope of Work
  - Schedule targets formation in June / July 2020
- Staff Recommendation:
  - Authorize Executive Director to issue an RFP and return to Board with a proposal for further consideration

# Update to ULOP Cost Estimate

---

- Current Local Plan does not address Board Policy on Climate Adaptation
- Policy has cost implications (such as - additional right of way and deeper cutoff walls)
- Need to review current cost estimate and determine how application of Policy might increase costs
- This information will be incorporated into Financial Plan reflected in future Adequate Progress Report updates
- Staff Recommendation:
  - Authorize Executive Director to negotiate and authorize a task order, not to exceed \$153,000, with PBI to support a cost update and provide technical support for implementation of the financing plan updates



# Summary

---

## ➤ Requested Board Actions

- Regional DIF Program Credit Agreements
  - Approve Template Agreement and delegate authority to ED to execute agreements subject to review and approval by Counsel
- Authorize Executive Director to solicit Proposals for Assessment District
  - Executive Director would return to Board for further consideration
- Task Order with PBI for cost update to address Climate Adaptation Policy
  - Authorize Executive Director to negotiate and authorize a task order, not to exceed \$153,000 with PBI