Implementation Plan Update & Funding Approach Discussion

BOARD OF DIRECTORS MEETING
JUNE 18, 2020

Reduce and Manage the Region’s Flood Risk
Overview

- Funding Needs and Uncertainty

- Discussion of Top 2 Funding Options
  - Approach & Comparisons
  - Considerations

- Next Steps
## Program Cost/Sources Projections

*Funding program with ability to generate between $190 to $354 Million over next 13-15 Years*

<table>
<thead>
<tr>
<th>Cost Item</th>
<th>Federal</th>
<th>State</th>
<th>SJAFCA</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower San Joaquin River Project</td>
<td>$ 873 M</td>
<td>$ 284 M</td>
<td>$ 122 M</td>
<td>$ 1.3 B</td>
</tr>
<tr>
<td>Smith Canal</td>
<td>credit</td>
<td>$ 41 M</td>
<td>$ 32 M</td>
<td>$ 73 M</td>
</tr>
<tr>
<td>Mossdale ULOP</td>
<td>TBD</td>
<td>$0 - 163 M</td>
<td>$ 70 - 234 M</td>
<td>$ 234 M</td>
</tr>
<tr>
<td>Other Program Needs</td>
<td></td>
<td>$4 M</td>
<td>$4 M</td>
<td></td>
</tr>
<tr>
<td><strong>Total Costs Required- SJAFCA</strong></td>
<td></td>
<td></td>
<td></td>
<td>$ 228 - $ 392 M</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sources Secured</th>
<th>Federal</th>
<th>State</th>
<th>SJAFCA</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower San Joaquin River Project</td>
<td>$ 27 M</td>
<td>$ 10 M</td>
<td>$ 4 M</td>
<td>$ 41 M</td>
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<tr>
<td>Smith Canal</td>
<td></td>
<td>$ 41 M</td>
<td>$ 32 M</td>
<td>$ 73 M</td>
</tr>
<tr>
<td>Mossdale ULOP</td>
<td>TBD</td>
<td>$2-3 M</td>
<td>$ 2 M</td>
<td>$ 4 M</td>
</tr>
<tr>
<td>Other Program Needs</td>
<td></td>
<td>$0 M</td>
<td>$0 M</td>
<td></td>
</tr>
<tr>
<td><strong>Total Funds Secured - SJAFCA</strong></td>
<td></td>
<td></td>
<td></td>
<td>$ 38 M</td>
</tr>
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</table>
Program Cost/Sources Projections

- **Uncertainty and Factors Impacting Costs/Sources Projections**
  - **Cost Estimate / Program Refinement**
    - e.g. LSJRP – upcoming geotechnical analysis and preliminary design effort by USACE will provide subsurface conditions that are potentially favorable and reduce overall project costs
  
  - **State Cost Sharing Assumptions**
    - Range from 50%-70% if State interest determined; State funding sources uncertain.
  
  - **Federal Crediting & Participation/Funding**
    - Assumed in LSJRP cost projections; timing/final credit realized
    - LSJRP Phase 2 – Fed role remains uncertain
  
  - **Financing and Funding Implementation Costs**
    - Project implementation timeline may affect total need and financing costs
  
  - **Current Economic Situation**
Long Term Funding Discussion

Funding Sources for SJAFCA’s CIP need

More likely Sources
- Benefit Assessment Districts
- Development Impact Fees
- Tax Increment Financing (Enhanced Infrastructure Financing District - EIFD)

Less likely Sources
- Local Agency General Fund Allocations
- Storm Drainage Fees
- Sales Tax Measures
- Special Taxes (Parcel Tax like a Mello-Roos CFD)
Long Term Funding Discussion

Approaches for Local Funding

- Three General Approaches -
  - A) Broad Agency Wide Funding Mechanism for an overall CIP versus,
  - B) Larger Basin Wide Approach versus,
  - C) Targeted Project Based Funding Mechanisms

- Examples from other Agencies
Approaches

A. Entire SJAFCA Program Boundary

<table>
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<th>Con</th>
</tr>
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<tbody>
<tr>
<td>• Cash flow, capital flexibility.</td>
<td>• Difficult Implementation re: uncertainty around details of LSJRP</td>
</tr>
<tr>
<td>• Potentially overall lower rates w/ longer term.</td>
<td>• Could delay Mossdale implementation.</td>
</tr>
<tr>
<td>• Larger Asset base likely resulting in lower overall rates with a longer term.</td>
<td>• Basin size and program scope may result in a longer, more complex assessment analysis.</td>
</tr>
<tr>
<td>• Hydraulic connectivity across program of projects may be simpler than disparate locations and otherwise overlapping benefit areas.</td>
<td></td>
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## Approaches

### B. 2 Large Basin Areas

<table>
<thead>
<tr>
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<th>Con</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Cash flow, capital flexibility (w/in respective basin areas).</td>
<td>• Difficult Implementation re: uncertainty around details of LSJRP</td>
</tr>
<tr>
<td>• Potentially overall lower rates w/ longer term.</td>
<td>• Basin size and program scope may result in a longer, more complex assessment analysis.</td>
</tr>
<tr>
<td>• Larger Asset base likely resulting in lower overall rates with a longer term.</td>
<td>• Hydraulic connectivity across program of projects must be separate in each basin may result in a more complex assessment analysis.</td>
</tr>
<tr>
<td>• No delay to current Mossdale approach</td>
<td>• Adds administrative burden, complexities and less synergies: setup, communicate, manage, and maintain two separate assessments.</td>
</tr>
</tbody>
</table>
Assessment Process

Hydraulics & Conceptual Finance Plan(s)
- [4-6 months]
  - Develop/Run H&H (assume leverage existing hydraulic models)
  - Floodplain and depths
  - Cash flow modeling
  - Project phasing and implementation assumptions updates
  - Tentative capacity analysis

Develop Draft Engineers Report
- [3 months]
  - Rate analysis
  - Internal draft engineers report
  - Agency review/comment
  - Finalize draft report

Form Assessment District
- [8-12 months]
  - Finalize area(s) of benefit
  - Generate Parcel list and Depths
  - Finalize Agency Assessment Budget and Finance Plan / CF
  - Board Briefings
  - Public Outreach
  - Admin draft engineer’s report
  - Board resolution approving engineers report

Balloting and Assessment Roll
- [3-4 months]
  - Target Assessment Roll Complete by 1 August.
  - Prepare and mail ballots
  - Outreach
  - Public hearing
  - Tabulate/finalize results

Sept 2020 (e.g.) >> 1.5 – 2 Year Process << Aug 2022 (e.g.)

Today Balance Estimated: $10.6M

Jun ’21 Balance: $4.3M

Jun ’22 Balance: TBD

Jun ’22 Balance: TBD

Aug 2022 (e.g.)
Next Steps

- **Identify Scope of Work based on Board’s preference, engage with:**
  - Existing consultants possible support for evaluation and implementation of an approach, or
  - Work with staff to issue RFP, or
  - Other approach as discussed today

- **Setup ad-hoc committee to oversee and engage with consultant on evaluation**

- **Receive direction from Board on preferred approach for further evaluation**