

SJAFCA Mossdale Tract Regional Levee Impact Fee Informational Briefing

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September 20, 2018

Regional Levee Impact Fee Background

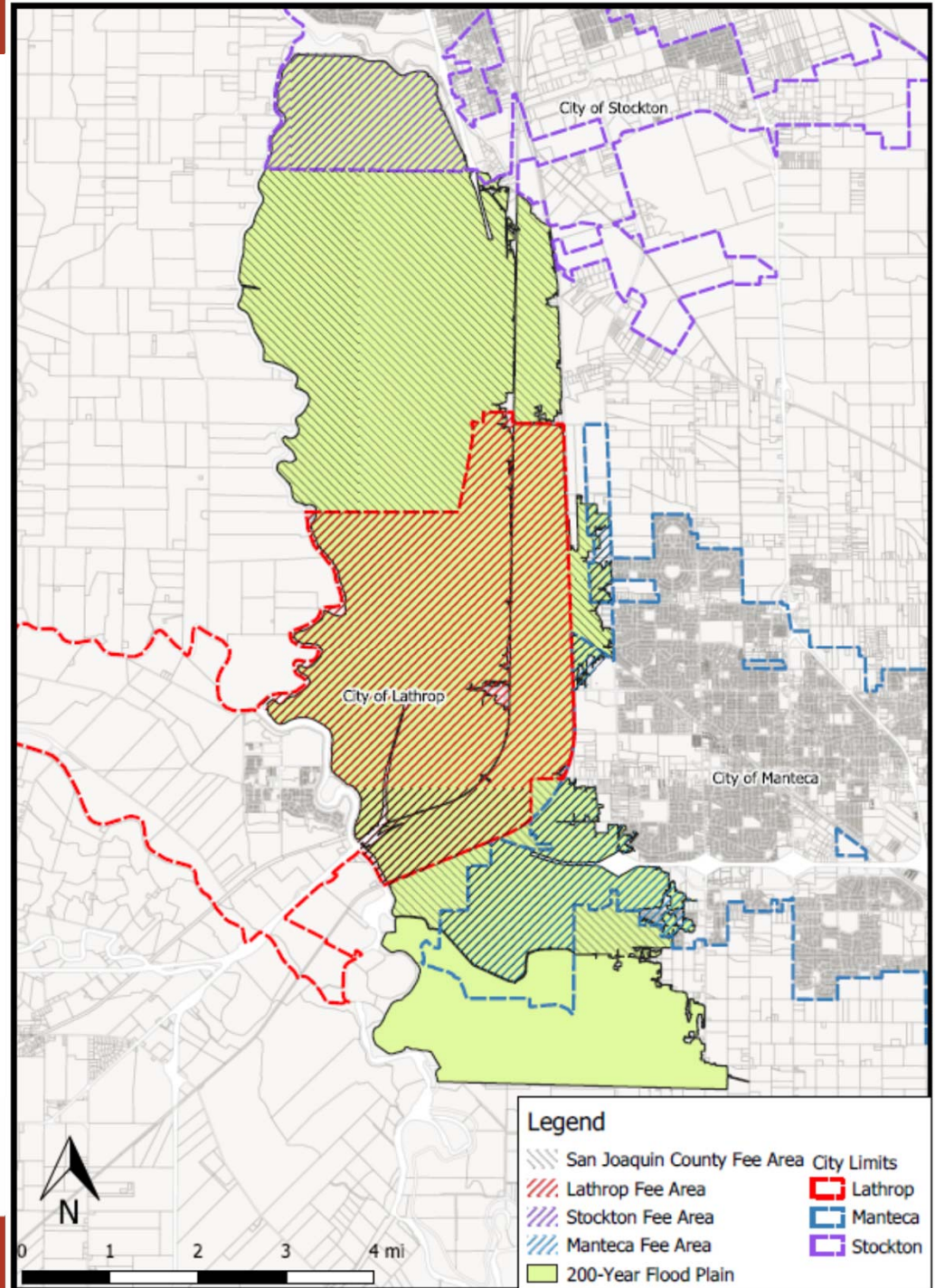
- Findings of Adequate Progress adopted July 5, 2016 by Lathrop & Manteca
- Adequate Progress requires submission of an Annual Report to the Central Valley Protection Board
- The Annual Adequate Progress Report, among other things, identifies:
 - Improvements needed for ULOP, and
 - The identified revenues needed to implement the improvements.
- The Annual APR includes a Financing Plan that identifies various funding mechanisms one of which is a Regional Development Impact Fee

Regional Levee Impact Fee Background

- Regional Development Impact Fee implementation:
 - Progressing as a Two-Step Process
 1. Lathrop & Manteca independently implement Interim Impact Fees
 2. Transition Interim Fees to a Regional Flood control entity covering the entire Mossdale Tract Basin
 - Lathrop & Manteca advanced Implementation with LWA Task Order in December 2016 – Lead to Interim Levee Fee Programs in April 2017
 - SJAFCA continued the effort with funding from Members (approved in February 2018) and LWA Contract finalized in April 2018

Regional Fee Boundary

- Will replace the Interim Levee Fees in effect in the portions of Lathrop & Manteca located in the Mossdale Tract Basin
- Imposes the same obligation throughout the remainder of the Basin in portions of Stockton and Unincorporated San Joaquin County



Impact Fee Requirements

- Must to establish a “Nexus” between the impacts of development and the costs associated with the public facilities mitigating the impact.
- Impact: Increase in Expected Annual Damage as a result of Planned Development in the Basin subject to risk of an uncontrolled flood
- Mitigation: Enhanced flood protection facilities (decrease the risk of an uncontrolled flood)
- Allocation of Costs to Planned Development creating impact
 - Identify the Costs of Projects that decrease risk (SJAFCA Levee Improvements)
 - Identify the Planned Development
 - Allocate the Costs based upon a reasonable relationship between the fee’s use and the type of development project on which the fee is imposed

Fee Funding Costs

- SJAFCA's Project
 - Improvements identified in the Adequate Progress Report - Consists of improvements to ensure the system meets ULDC standards and provides ULOP
- Total Cost of Project
 - \$176.5 million (Gross Nominal \$'s)
 - \$150.8 million (2018 \$'s discount rate of 3%) ← *used in Nexus Study*
- Fee Funded Portion = \$64.15 million (2018\$'s)
 - Balance of costs funded by other identified sources in APR
 - Overlay Assessment, EIFD, RD 17 Net Revenues
- Fee revenues projected to be generated through 2025 available to fund construction = \$19.21 million
- Future fees would be used to reimburse any Member Agency advance funding, and offset debt service associated with any proposed EIFD financing

Planned Development

- Fee Calculation Reflects – all planned development receiving flood protection from the ULOP Project expected over the next 30 – Years (Approx. 4,100 gross acres, 3,800 acres net developable)
- Fee would be collected for 30-Years

Jurisdiction	Gross Acreage
Lathrop	2,455
Manteca	1,015
Stockton	231
Unincorporated SJ County	370
Total	4,071

Cost Allocation

- Factor for Allocation is the Property Damage Index
 - Considers factors for each Land Use type
 - Damageable structure square footage per acre (density)
 - Relative structure value
 - Relative flood damage percentage
 - Relative land values
 - Relative amount of use / loss of life
- Costs are allocated to each land use type based on the Property Damage Index
- Fee rate is determined on a per unit (Gross Developable Acre) basis for each land use type

Proposed Fee Rate Summary

Land Use	Initial Fee Rates - FY 2018/19 [1]
Single Family Residential	\$18,692 Per GDA
Multi-Family Residential	\$17,021 Per GDA
Commercial	\$17,702 Per GDA
Industrial	\$14,729 Per GDA

<u>Land Use</u>	<u>Estimated Fee</u>	<u>Assumption</u>
Single Family Residential	\$3,049	/ Unit @ 6.13 Units / GDA
Multi-Family Residential	\$887	/ Unit @ 19.19 Units / GDA
Commercial	\$1,387	/ 1000 SF @ FAR of 12,763 SF / Acre
Industrial	\$1,071	/ 1000 SF @ FAR of 13,756 SF / Acre

[1] Per Gross Developable Acre (GDA). Initial Fee Rate for FY 2018/19. Fee rates will increase each July 1 commencing July 1, 2019.

Changes from Existing Fees

- Comparison of Lathrop & Manteca Interim Fees to Proposed Fees

Land Use	Current Interim Fee Rates (Per GDA)	Proposed Regional Fee Rates (Per GDA)	Change +/- (Per GDA)
Single Family Residential	\$17,054	\$18,692	\$1,638
Multi-Family Residential	\$18,667	\$17,021	(\$1,646)
Commercial	\$19,236	\$17,702	(\$1,534)
Industrial	\$15,080	\$14,729	(\$351)

- Primary change is due to a comprehensive update to the estimate of Planned Development.
 - Decrease in total amount of development (less total acres) with an increase in the density of Single Family Residential (4.9 to 6.1 units per acre). The resulting average Fee Per Single Family Unit decreases from \$3,145 to \$3,049 / Unit.

Changes from Existing Fees

- Annual fee escalator
 - Fee would increase annually based on the increase in the Engineering News Record's Construction Cost Index (20 Cities)
 - Typical escalation factor used for capital facility fees
 - Consistent with the vast majority of other capital facilities fees charged by the Member Agencies
 - Consistent with the change from using Nominal \$'s to discounted 2018\$'s for fee funded costs

Impact Fee Administration

- Fees charged prior to issuance of building permit.
- Based on Map's / Parcel's Gross Developable Acreage as defined in the Nexus Study
- Fee collection may be deferred consistent with any current fee collection deferral program
- SJAFCA may provide credit toward the fee for:
 - Advance funding of levee improvements
 - Construction and dedication of facilities by a developer
 - Credit would be subject to the terms of a fee crediting agreement
 - SJAFCA could consider adoption of Fee Crediting & Reimbursement Principles to ensure consistency and equity among members.
 - Principles could be part of a Fee Collection Agreement with the member agencies

Implementation Process

- Schedule a Noticed Public Hearing
- Conduct Public Hearing prior to considering Adoption of Fee (and Form of Collection Agreement)
- If approved, fee would become effective 60-days later
- At the same time, request member agencies consider a Fee Collection Agreement
- During 60-day period, Interim Fee would be collected by Lathrop & Manteca
 - Pursuant to Member Agency Funding Agreement, Interim Fees are remitted to SJAFCA
- Once effective, Regional Fee would be collected by Member Agencies and remitted to SJAFCA to continue advancement of the Mossdale Tract Program

Proposed Timeline

- Issuance of a Public Review of Draft Nexus Study (Today)
- Public Hearing – November 8, 2018
- 60-day period (before January 8, 2019)
 - Member Agencies consider Collection Agreements
- January 8, 2019 – Regional Fee becomes effective

Questions?

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