

# **SJAFCA Mossdale Tract Regional Levee Impact Fee**

**SJAFCA Board of Director's Meeting  
November 8, 2018**

Seth Wurzel, CGFM

# Background

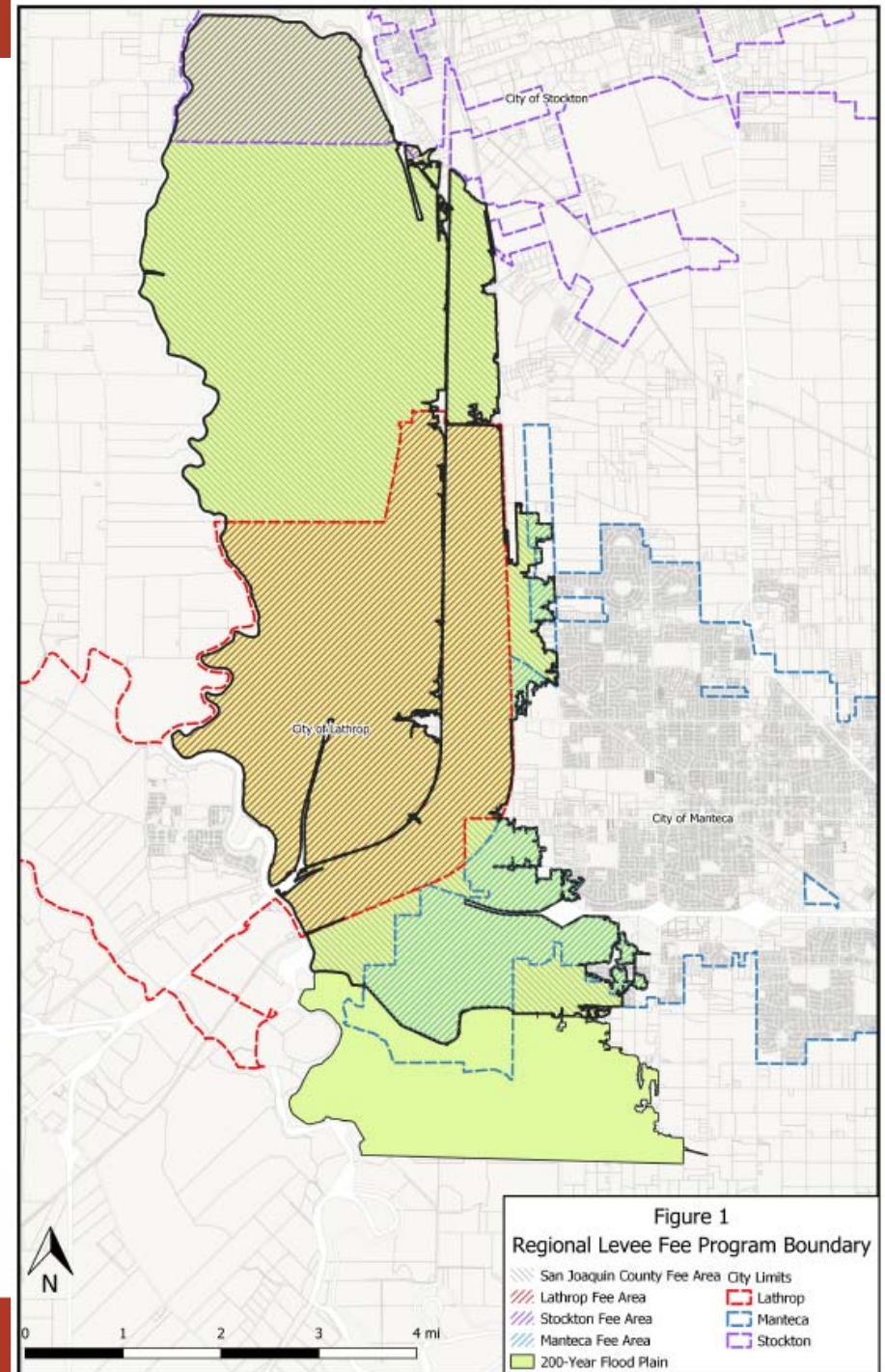
- Informational briefing presented to SJAFCA Board on September 20, 2018
- Briefing Covered
  - Background of the proposed Fee Program
  - Presented Public Review Draft Regional Nexus Study
  - Reviewed Updated Fee Rates with Comparison to Interim Fee Programs (Lathrop & Manteca)
  - Laid out Schedule for Adoption and Next Steps
    - Proposed adoption on November 8, 2018

## Process

- Receive Staff's overview of the program
- Conduct a Public Hearing to receive / consider public comment
- Consider two Items:
  - Adoption of the Mossdale Tract Regional Levee Impact Fee Program
  - Approve Form of Collection Agreement and delegate authority to the Executive Director to execute the agreement with the Local Agencies

## 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



## Fee Funded Costs

- SJAFCA's Project
  - Improvements identified in the 2018 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

## Changes from Interim 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

## Update to 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
<b>Total</b>	<b>4,071</b>

# 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.



# Change from Interim Fee

- 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.

# Impact Fee Administration

- Fees charged prior to issuance of building permit.
- Based on Map's / Parcel's Gross Developable Acreage (GDA as defined in the Nexus Study)
- Fee collection can be deferred consistent with any jurisdiction-wide fee collection deferral program (or a deferral program approved by the Land Use Agency and SJAFCA)
- 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
- Consider adoption of Fee Crediting & Reimbursement Principles to ensure consistency and equity among members.
- Principles are part of the Fee Collection Agreement with the member agencies

# Fee Collection Agreement

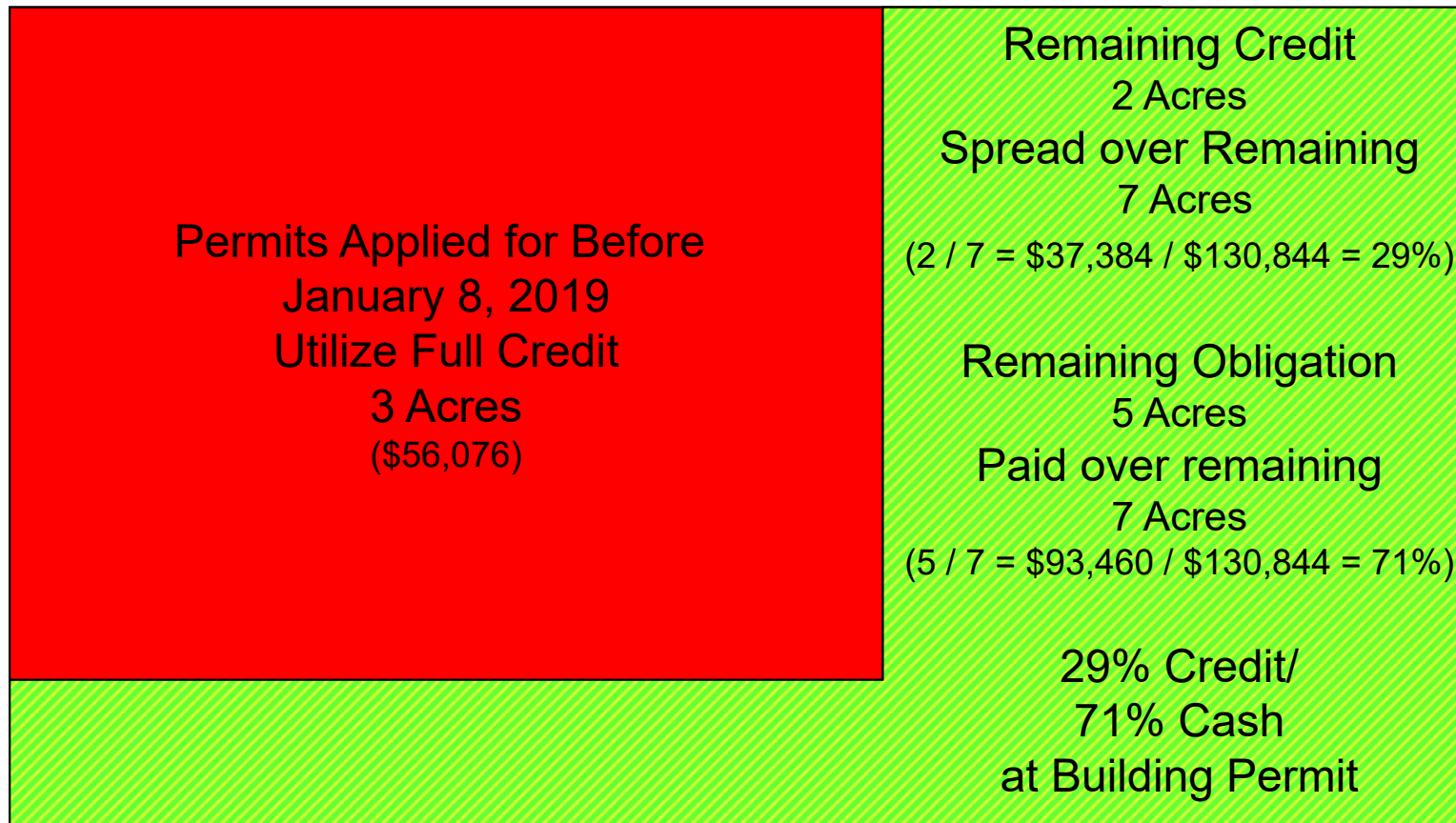
- Agreement between SJAFCA and all of the Land Use Member Agencies
- Summary significant terms:
  - Commence collection of the DIF on January 8, 2019.
  - Deposit all DIF revenues collected with SJAFCA, including interest, less 3% Administrative costs of collection, with SJAFCA at least quarterly.
  - SJAFCA will provide a 60-day notice to the Land Use Agencies of any changes to the DIF.
  - SJAFCA and the Land Use agencies will administer a Fee Crediting and Reimbursement program consistent with the Principles identified within the Agreement
  - Addresses reimbursement of the DIF in the event of
    - collection errors, building permit cancellation, and appeals of DIF calculations or applicability
  - Agreement also addresses - indemnity, notice and other standard legal agreement provisions.

# Credit & Reimbursement Principles

- Originally addressed as part of the Interim Seed Money Funding Agreement
- Underlying Assumptions
  - Crediting
    - Prior Advance Funding to be memorialized in a Credit & Reimbursement Study (\$'s Advanced)
    - Fee rate for credit = Initial Rate in SJAFCA Regional Nexus Study (i.e. \$18,692 per GDA for Residential)
    - Determine amount of undeveloped acreage subject to fee as of April 2017 (when Interim Fee was adopted by Lathrop & Manteca). (i.e. basis for Fee Obligation)
    - Determine amount of credit utilized to date based on permits applied for as of January 8, 2019 (effective date of SJAFCA Regional Fee)
    - Determine amount of Acreage to spread Credit Over
  - Crediting Policy for Prior Advance Funding
    - Full credit for units absorbed to date (i.e., no further additional funding required)
    - Remaining credit spread on a proportionate basis over remainder of project
    - Remaining fees due (after credit) will be determined at time of building permit issuance and collected at final inspection

# Fee Credit Utilization Example

## Single Family Residential Development



## Credit Policy (cont.)

- Also addresses developer construction of facilities
  - Crediting Amount
    - Credit provided for the lesser of the Budget for the Facilities included within the Nexus Study or Actual Costs.
    - Subject to an Agreement between the Land Use and SJAFCA
    - Credit will be documented when Facility is Accepted by the appropriate entity (i.e. LMA or SJAFCA)
  - Crediting Policy for Construction
    - Consistent with policy for Prior Advance Funding

# Reimbursement Principles

- For Development Projects Funding in Excess of Obligation
  - Reimbursement will only be paid from Fees collected on future projects.
  - No reimbursement paid until levee improvement program is complete and certified, unless otherwise determined by the SJAFCA Board that payment of such reimbursements is financially feasible and legally defensible.

# Reimbursement Principles

- For Land Use Agencies due a reimbursement for funding outside of the Interim Seed Money Funding Agreement (Member Agency Loans)
  - No reimbursement until levee improvement program is complete and certified, unless otherwise determined by SJAFCA that payment of such reimbursements is financially feasible and legally defensible by SJAFCA (consistent with the Member Agency Loans)
- For Interim Seed Money Funding / Member Agency Loan Agreement Funding
  - Reimbursement will be consistent with Section 6 of that agreement.



# Reimbursement Principles

- For all Reimbursements, Board should consider:
  - Impact to the Project and the services provided to SJAFCA beneficiaries at large.
  - Proportionality of the investment made into the levee improvement program.
  - Timing of repayment of capital to those investing in the levee improvement program.

## Next Steps

- Conduct Public Hearing and receive / consider all comments
- Consider Adoption of Fee and approval of the Form of Collection Agreement and delegation of authority to the Executive Director to execute the agreement
- If approved, fee would become effective in 60-days
- During 60 day period, member agencies would consider approval of the 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, Lathrop and Manteca would repeal their fee Ordinances and commence collection of the Regional DIF
- Develop & Implement Administrative Procedures Manual in coordination with the Land Use Agencies

# Questions?

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