



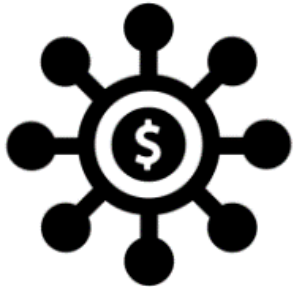
PROPOSED MOSSDALE TRACT ENHANCED INFRASTRUCTURE FINANCING DISTRICT – INFRASTRUCTURE FINANCING PLAN

**City of Lathrop
Item: 5.1
July 11, 2022**

Presentation Overview



- Project objectives and proposed solution
- Requested Action
- High Level Overview of Infrastructure Financing Plan (IFP)
 - Key Messages
- Next Steps in EIFD Formation Process



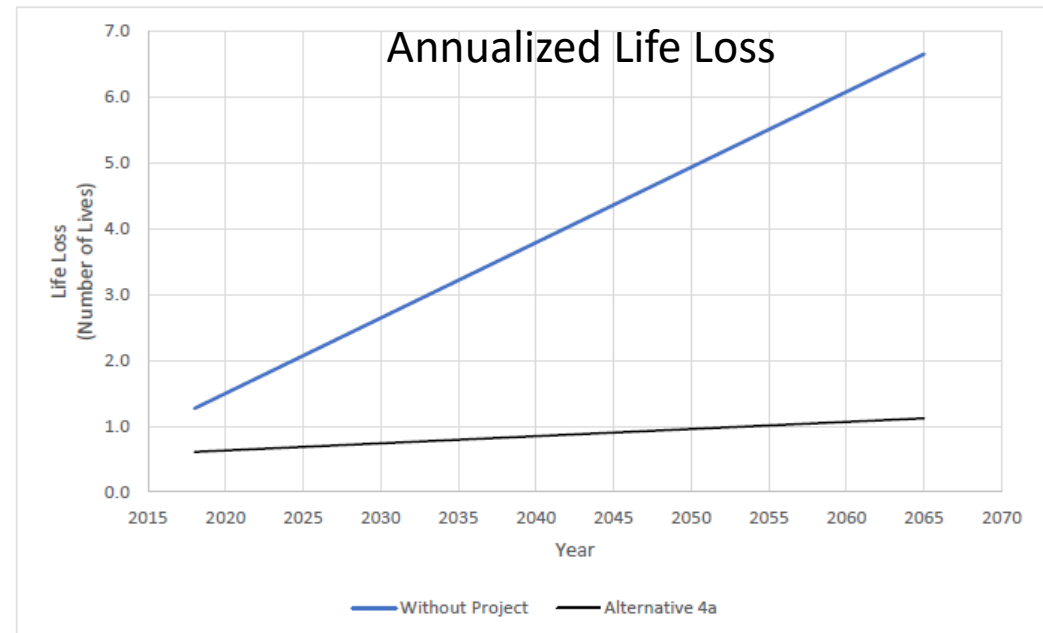
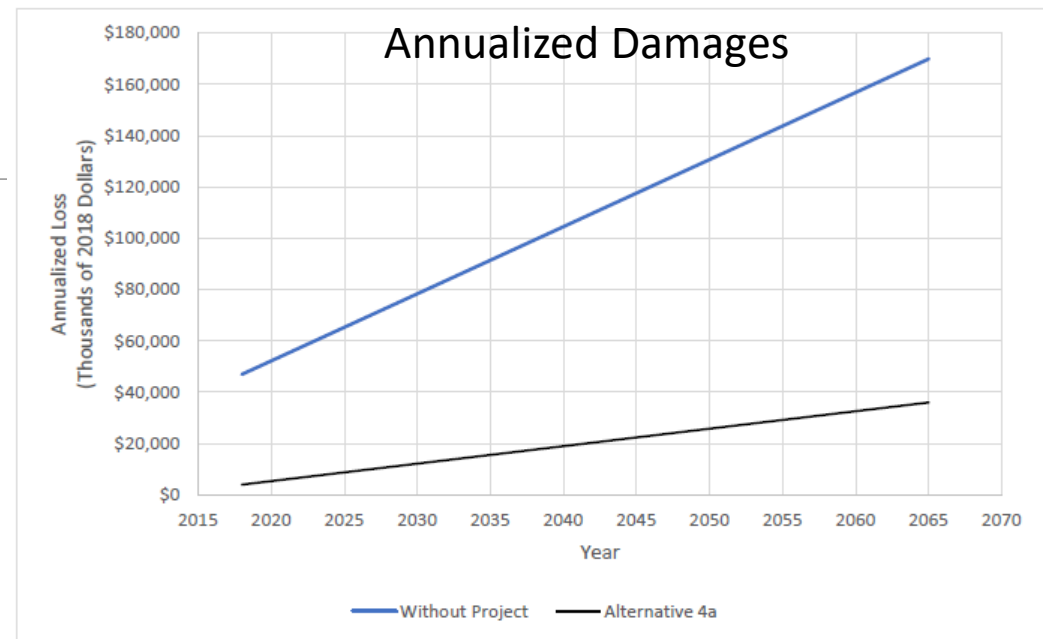
Project Objectives

- **Protect life and property**
- **Comply with State Urban Level of Flood Protection (ULOP/Senate Bill 5)**
 - Allow for responsible development / investment
 - Allow for re-development
- **Protect economy**
 - Resiliency for changing conditions

Annualized Damages & Life Loss

Damages and Life Loss: Without-Project vs. With-Project

- 2018 Climate & Development Conditions:
 - Without-Project (Existing Development)
 - Damages = \$46M/year
 - Life Loss = 1.2 lives/year
 - With-Project (Existing Development)
 - Damages = \$4M/year
 - Life Loss = 0.7 lives/year
- 2065 Climate & Development Conditions:
 - Without-Project (Growth prevented due to SB5 restrictions)
 - Damages = \$170M/year
 - Life Loss = 6.7 lives/year
 - With-Project (Includes additional development and growth projections)
 - Damages = \$37M/year
 - Life Loss = 1.1 lives/year



Urban Level of Protection (ULOP)

- **Senate Bill 5 (2007)**

- Establishes ULOP as – the “level of protection that is necessary to withstand flooding that has a 1-in-200 chance of occurring in any given year using criteria ... developed by DWR.”
- Links flood management and land use authority
- Must be achieved by 2028 (for Mossdale Tract)

- **RD 17 levees protecting Mossdale Tract don't comply with ULOP**

- **Land use agency responsible for findings that ULOP exists, or can be achieved by 2028 (Adequate Progress)**

- Cities of Lathrop & Manteca, for the areas within Mossdale Tract, made ULOP Adequate Progress findings in June 2016
- City of Stockton made a similar finding (Weston Ranch Area) in September 2018

ULOP cont'd.

Consequences of Non-Compliance with ULOP

- Increased Estimated Annual Damages & Life Loss
- Restrictions on development
 - No new residential dwellings
 - No discretionary permits for re-development
 - Result is stymied economic development, reduced investment and deterioration of value – addressed in 2015 UOP Economic Study

Proposed Solution

- **Levee improvements to meet ULOP**

- Levee height raises, slope stability improvements, underseepage improvements (cutoff walls and seepage berms), erosion repairs, right-of-way acquisition, encroachment / pipe remediation & rehabilitation and an extension of the Dryland Levee in Manteca

- **SJAFCA proposes \$270 million, locally-funded project to meet requirements.**

- **Funding Sources identified in last APR:**

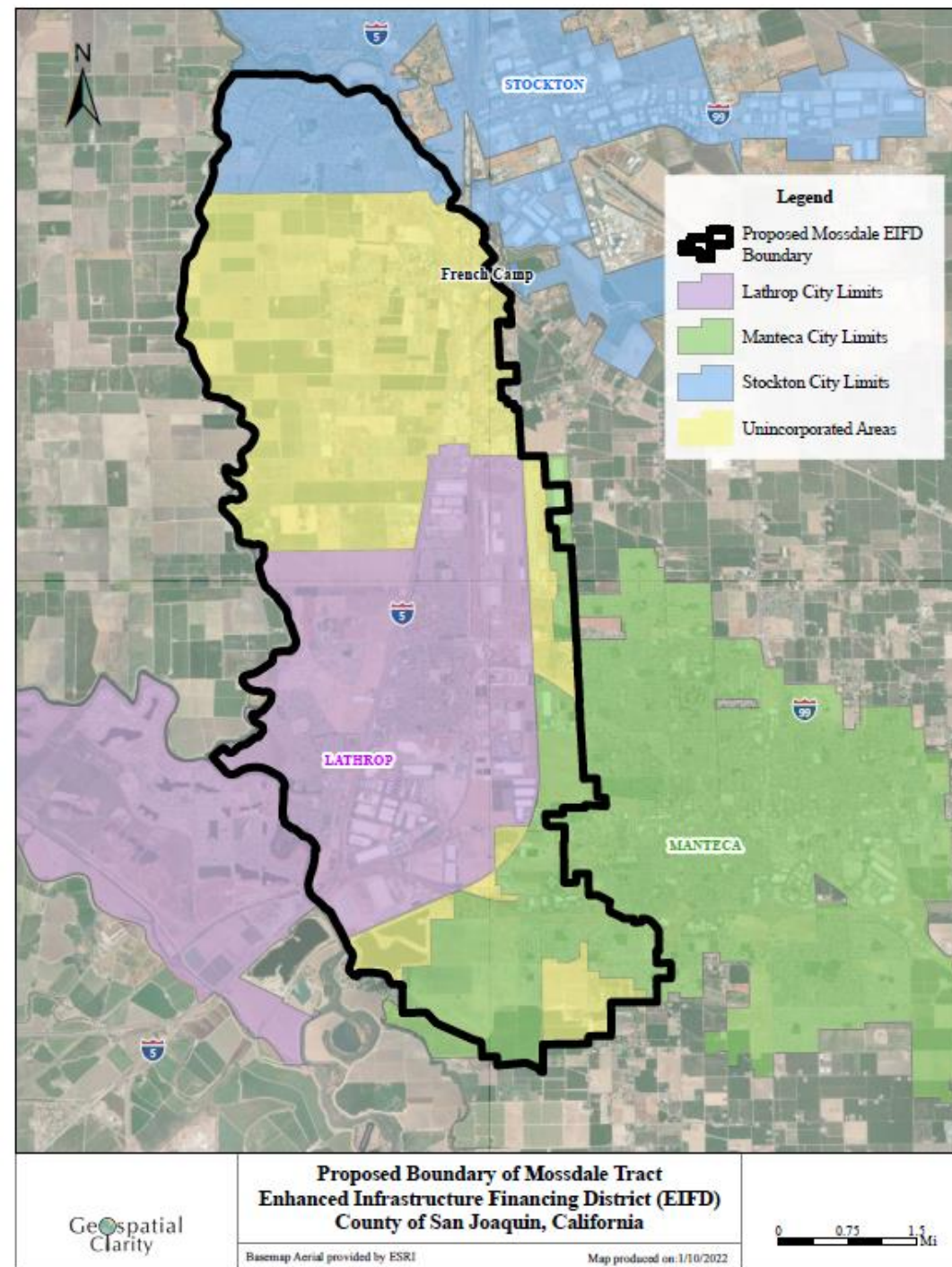
- Regional development impact fee (DIF)
- “Overlay” assessment district (OAD)
- Unspent funds from RD 17’s LSRP
- ***Enhanced Infrastructure Financing District (EIFD)***

Requested Action

- **Approval of EIFD Infrastructure Financing Plan**
 - EIFD Law requires:
 - Preparation of an Infrastructure Financing Plan (IFP) for review by all residents, property owners and affected taxing entities.
 - All participating entities must approve the IFP before the EIFD can be formed.
 - Requested action today reflects the Stockton's approval of the Final IFP

Proposed Boundary of the EIFD

- Reflects the Area of Benefit of ULOP
- Consistent with the Area subject to the Regional Levee Impact Fee and Proposed Overlay Assessment District



Infrastructure Financing Plan & Key Messages

- The EIFD does not impose a new tax
 - Portion of existing tax on new / increased Assessed Value after FY 2021/22 allocated to the EIFD to fund the Project.
- Draft IFP has been available for review and comment by the following
 - Property owners within the proposed boundaries.
 - Affected taxing entities (Lathrop, Manteca, Stockton and San Joaquin County).
 - Mossdale Tract EIFD Public Financing Authority.
 - Members of the public.

Infrastructure Financing Plan Outreach

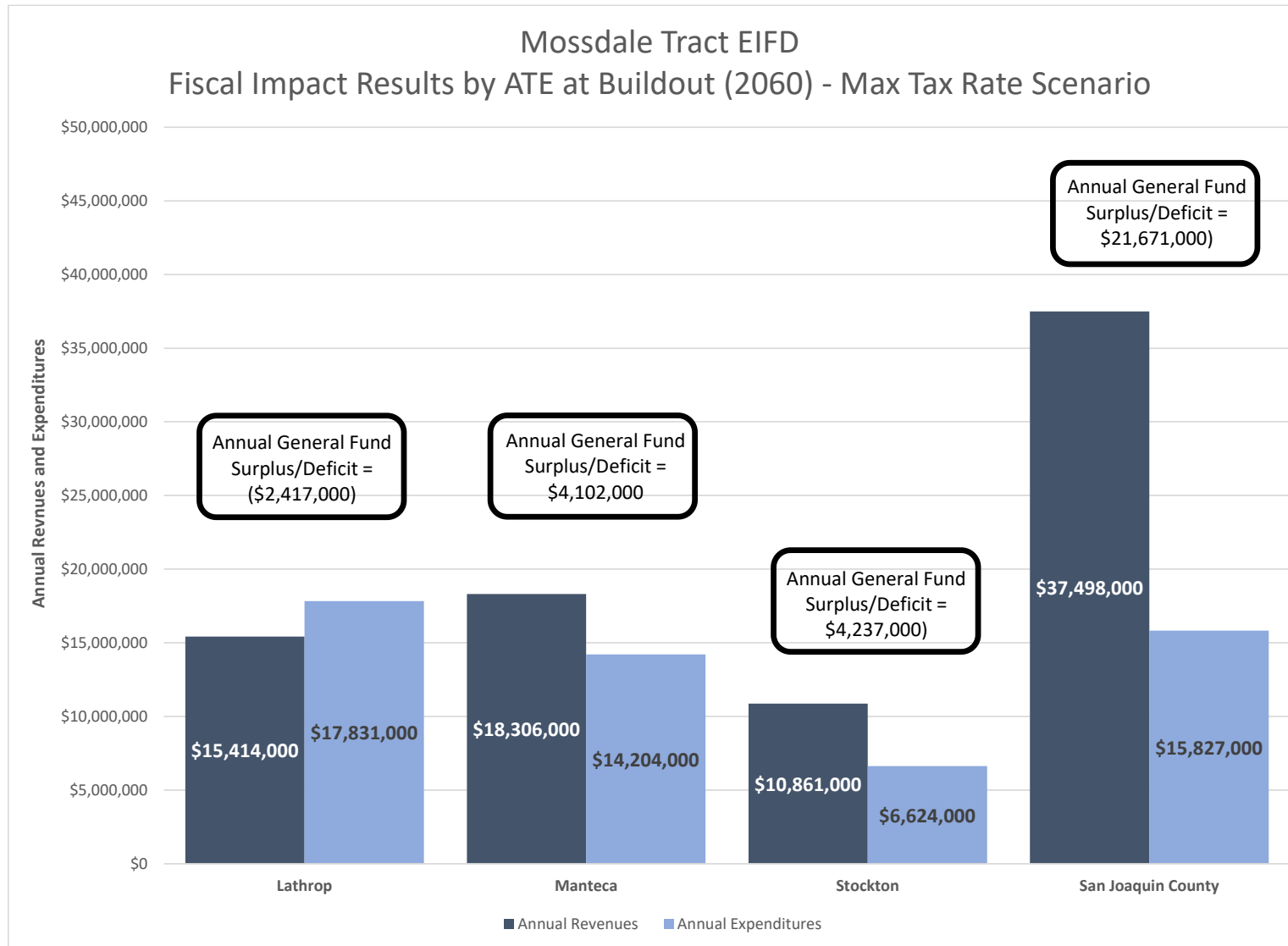
- Outreach to date:
 - 3 direct mailings to property owners and residents
 - 3 direct mailings to affected taxing entities
 - Direct mailings to planning commissions, councils and board of supervisors
 - Published notices of each of the public hearings
 - Posted notices of each of the public hearings
 - Informational briefings (study sessions / workshops) with each participating agency board.
- No comments received on Draft IFP to date; as such, we have prepared a Final IFP for Participating Agency approval.

Infrastructure Financing Plan

- Rate of allocation to the EIFD is based on approved Infrastructure Financing Plan
 - Maximum Rates: Initial rates through 2029 & 20% rates beyond

| Affected Taxing Entity | EIFD Contribution Rate | | | |
|-----------------------------------|------------------------------|-------------|-------------|------------|
| | Initial Years (2022-2029) | 2030 - 2032 | 2033 - 2043 | 2044 -2061 |
| Maximum Tax Rate Scenario | | | | |
| City of Lathrop | 10% | 20% | 20% | 20% |
| City of Manteca | 5% | 20% | 20% | 20% |
| City of Stockton | 1% | 20% | 20% | 20% |
| San Joaquin County | 47% | 20% | 20% | 20% |
| Variable Tax Rate Scenario | | | | |
| City of Lathrop | 10% | 13% | 10% | 5% |
| City of Manteca | 5% | 13% | 10% | 5% |
| City of Stockton | 1% | 13% | 10% | 5% |
| San Joaquin County | 47% | 13% | 10% | 5% |

Estimated Annual General Fund Fiscal Impacts (After EIFD Allocation)



Estimated Annual General Fund Fiscal Impacts: City of Lathrop

Annual Fiscal Impacts to the City of Lathrop's General Fund Prior to EIFD Allocation and After EIFD Allocation under Maximum Tax Rate and Variable Tax Rate Scenarios

| Item | Estimated Annual Revenues/Expenditures (Rounded) | | | | | |
|---|--|--------------------|--------------------|--------------------|--------------------|----------------------|
| | 2025 [1] | 2030 | 2035 | 2040 | 2050 | Buildout (2060) |
| Annual Fiscal Impact | | | | | | |
| Prior to EIFD Allocation | | | | | | |
| Annual General Fund Revenues | \$4,356,000 | \$9,517,000 | \$11,412,000 | \$12,590,000 | \$14,715,000 | \$16,450,000 |
| Annual General Fund Expenditures | \$4,092,000 | \$6,241,000 | \$7,109,000 | \$7,899,000 | \$13,147,000 | \$17,831,000 |
| Net General Fund Surplus/(Deficit) | \$264,000 | \$3,276,000 | \$4,303,000 | \$4,691,000 | \$1,568,000 | (\$1,381,000) |
| Net of EIFD Allocation - Maximum Tax Rate | | | | | | |
| EIFD Contribution [2] | (\$130,300) | (\$501,800) | (\$594,000) | (\$652,100) | (\$857,000) | (\$1,036,400) |
| Net General Fund Surplus/(Deficit) | \$133,700 | \$2,774,200 | \$3,709,000 | \$4,038,900 | \$711,000 | (\$2,417,400) |
| Net of EIFD Allocation - Variable Tax Rate | | | | | | |
| EIFD Contribution [2] | (\$130,300) | (\$326,200) | (\$282,200) | (\$309,700) | (\$192,800) | (\$233,200) |
| Net General Fund Surplus/(Deficit) | \$133,700 | \$2,949,800 | \$4,020,800 | \$4,381,300 | \$1,375,200 | (\$1,614,200) |

Fiscal Lathrop

Source: EPS.

[1] This analysis assumes the EIFD will be formed in FY 2022-23 (Base Year) with the first year of revenue accruing to the district in FY 2023-24. Secured and unsecured tax rolls for a fiscal year are based on taxable assessed values with a lien date of the prior January 1. Thus, the initial phase of this analysis includes estimated development occurring in July-December 2022 (50% of development estimated in calendar year 2022) and development occurring in full calendar years for the remainder of the phase (2023-2025). Subsequent phases include 5-year development periods for development occurring from 2026 through 2040 and 10-year development periods from 2041 through 2060.

[2] EIFD Allocation represents the portion of City property tax revenues diverted to the EIFD. Refer to Table B-3 of Attachment F for details.

Next Steps – IFP Approval Schedule

- Final IFP to be presented to each of the participating entities for approval.

| TASKS | 1 | | | | 2 | | | | 3 | | | | 4 | | | |
|--|------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | April | | | | May | | | | June | | | | July | | | |
| | Week 1 | Week 2 | Week 3 | Week 4 | Week 1 | Week 2 | Week 3 | Week 4 | Week 1 | Week 2 | Week 3 | Week 4 | Week 1 | Week 2 | Week 3 | Week 4 |
| Public Financing Authority Meetings | [Blue bar] | | | | | | | | | | | | | | | |
| Public Hearing No. 1 | | | ◆ 4/21 | | | | | | | | | | | | | |
| Public Hearing No. 2 | | | | | | | | | | ◆ 5/26 | | | | | | |
| Public Hearing No. 3 (Consideration of EIFD formation) | | | | | | | | | | | | | | | ◆ 7/21 | |
| Affected Taxing Entity EIFD Workshops | [Blue bar] | | | | | | | | | | | | | | | |
| City of Lathrop | | | | | | | ◆ 5/2 | | | | | | | | | |
| City of Manteca | | | ◆ 4/18 | | | | | | | | | | | | | |
| City of Stockton | | | | | | ◆ 5/3 | | | | | | | | | | |
| San Joaquin County | | | | | | | | | ◆ 5/24 | | | | | | | |
| Affected Taxing EIFD IFP Adoption Consideration | [Blue bar] | | | | | | | | | | | | | | | |
| City of Lathrop | | | | | | | | | | | | | | | ◆ 7/11 | |
| City of Manteca | | | | | | | | | | | | ◆ 6/21 | | | | |
| City of Stockton | | | | | | | | | | ◆ 6/14 | | | | | | |
| San Joaquin County | | | | | | | | | | | ◆ 6/21 | | | | | |

◆ Workshop or hearing date

Requested Action

- Hold a Public Hearing; and
- Adopt a Resolution approving the Mossdale Tract Enhanced Infrastructure Financing District (EIFD) Infrastructure Financing Plan (IFP)

- Questions?