RATIFICATION OF AMENDED AND RESTATED JOINT EXERCISE OF POWERS AGREEMENT FOR THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY

RECOMMENDATION

It is recommended that the City Council approve a motion ratifying the amended and restated Joint Exercise of Powers Agreement for the San Joaquin Area Flood Control Agency (SJAFCA).

It is further recommended that the City Manager be authorized to take appropriate and necessary actions to carry out the purpose and intent of this motion.

Summary

The recommended motion would ratify an amended SJAFCA Joint Exercise of Powers Agreement to address increased flood protection requirements in Reclamation District 17 (RD 17). In 2016, Council adopted motion 2016-07-26-1204 and entered a Memorandum of Understanding (MOU) with the Cities of Lathrop and Manteca, San Joaquin County and RD 17 to work cooperatively toward the goal of achieving 200-year flood protection for the area. The MOU stated that if a consensus was developed among the local agencies, a final proposal with governance options, a financing plan and implementation measures would be completed.

On August 24, 2017, the Cities of Lathrop and Manteca sent a letter requesting that San Joaquin Area Flood Control Agency (SJAFCA) consider expanding its membership. In response, the SJAFCA Board on November 16, 2017 took unanimous action to support the addition of the Cities of Lathrop and Manteca within the agency under an amended and restated Joint Exercise of Powers Agreement (JPA) for SJAFCA (Attachment A - Amended and Restated Joint Exercise of Powers Agreement).

If this amended and restated JPA is ratified by all member agencies, the SJAFCA will become the new regional voice for flood control protection within its boundaries and the project lead for the RD 17 200-year project (Attachment B - SJAFCA Boundary Map and Attachment C - RD 17 Boundary Map).

DISCUSSION

Background

The Central Valley Flood Protection Act of 2008, Chp. 364, Stats. 2007, more commonly referred to as California Senate Bill 5 (SB5), requires cities and counties in the Central Valley, including Stockton, San Joaquin County and the Cities of Lathrop and Manteca, to meet 200-year flood protection requirements to ensure reduced flood risk and continued economic growth. Under SB5, development is subject to restrictions and local entities must work toward 200-year flood protection to approve new development. San Joaquin County and the Cities of Lathrop, Manteca, and Stockton all
have areas within their jurisdictions that are located within the RD 17 basin with each jurisdiction having independent land use authority and various development plans. Each share a common interest to enhance the flood protection system to provide increased public safety for the current and future residents of the RD 17 basin. For Stockton, this predominantly consists of the Weston Ranch Development area, which has an estimated population of approximately 19,000.

The RD 17 basin currently meets the FEMA 100-year flood protection standard, but does not have 200-year flood protection as defined by SB5. Under the MOU, the Cities, County, and RD 17 have been engaged in preparing feasibility studies to qualify for State and Federal funding for design and construction of 200-year levee improvements, which could take years to secure and begin construction. The San Joaquin Area Flood Control Agency (SJAFCA) has been leading the preparation of a U.S. Army Corps of Engineers feasibility study to improve flood control along the San Joaquin River. SJAFCA is a Joint Powers Authority that was created in May 1995 between the City of Stockton, San Joaquin County, and the San Joaquin Flood Control and Water Conservation District to address flood protection for Stockton and the surrounding unincorporated County area.

Present Situation

Since RD 17 contains multiple land use agencies, San Joaquin County and the Cities of Lathrop, Manteca and Stockton have engaged in discussions and participated in feasibility studies to determine the necessary improvements and costs to improve the RD 17 levee protection system to the SB5 200-year flood protection standard. These agencies have also been collaboratively exploring regional governance options and potential funding mechanisms that could finance the local cost share that would be required. The goal is for the levee system improvements to protect the entire RD 17 basin area.

On August 24, 2017, the Cities of Lathrop and Manteca requested that SJAFCA act to consider expanding its membership. In response, the SJAFCA Board on September 11, 2017 took unanimous action to support the addition of the Cities of Lathrop and Manteca within the agency. Since that time, the Joint Exercise of Powers Agreement for SJAFCA has been amended and restated to include Lathrop and Manteca and was recently approved by the SJAFCA Board on November 16, 2017. The City of Stockton is a member of the SJAFCA and is represented on the Board.

By joining together, each agency understands there is a need to maintain current project priorities while focusing on 1) coordinated regional planning for 200-year flood protection within the boundaries of an expanded SJAFCA; 2) the protection of our citizens and private and public property is paramount within the expanded agency’s boundaries; and 3) the establishment of a single voice to represent the region and to negotiate with State and Federal agencies on flood control protection and funding.

In addition to the development of a new governance document, an initial Financing Plan (Plan) for the RD 17 200-year project has been developed. Given the estimated project costs, projected development, and the need for future evaluations to support implementation, the Financing Plan identifies revenue mechanisms for the project costs assuming local member agency participation. The Plan investigates potential funding mechanisms that could include a development impact fee program, overlay assessment and an Enhanced Infrastructure Funding District (EIFD). The EIFD is a relatively new funding mechanism, authorized in 2014 under SB 628 that allows municipalities and counties to create districts to fund infrastructure development and community revitalization.
Provided in the Plan’s detailed analysis is an approximation of the costs and revenue generation needed for the 200-year flood protection project. Some of the Plan’s highlights include the following:

- There is a minor negative ($7,000) fiscal impact to the City at the beginning of the project (2020), which is also the case for Manteca and Lathrop, while the County is positive from the beginning.
- Compared to the “No Development” scenario where lack of 200-year flood protection prevents development, the development made possible by constructing the 200-year flood protection improvements results in a net positive financial impact despite the redirection of property tax revenue to a new EIFD.
- The net positive impact ranges from under $1 million by 2030 to nearly $3 million by 2060 for Stockton. By comparison, the County generates net positive income of $15 million by 2060, Manteca is just over $1 million and Lathrop is a slight negative.
- The City plans to develop the fewest number of housing units and second fewest amount of non-residential square footage in the RD 17 area between 2018 and 2060, so the potential financial impact(s) to the City are the lowest of the affected local agencies.
- Current financial analysis is highly dependent upon the future projections of new development in the area through 2060.
- Residential development (both single and multifamily) currently has “limited ability” to absorb additional infrastructure costs through fees. Therefore the EIFD and overlay assessments are needed for the flood improvements. Non-residential has more ability to do so.

To administer the Financing Plan and implement future updates, it will be important to develop a clear set of principles for incorporating data from all the land use agencies in the RD 17 basin regarding planned development. These principles should be developed, adopted and periodically reviewed by SJAFCA, if it is given this responsibility as the regional entity charged with implementing the 200-year project.

In addition, the SJAFCA staff will need to reconcile ongoing activities with new project activities as the expanded JPA is further organized. Those activities include the development of a RD 17 project transition plan and financing plan implementation, staffing needs review and initial funding/budgetary requirements for the expanded JPA’s role. It is expected those items will be brought before the SJAFCA Board in 2018, and based on how these items/agreements are developed may require the consideration of additional actions by the respective local member agencies.

**FINANCIAL SUMMARY**

There is no immediate cost to ratify the amended and restated Joint Exercise of Powers Agreement for the San Joaquin Area Flood Control Agency. Based on the draft Financing Plan, there also is no anticipated cost or loss of revenues in the long-term. SB5 makes new development in RD 17 cost prohibitive, and therefore future tax growth in this area is limited. Dedication of future tax increments related to new development, that would not exist absent 200-year flood protection, is not estimated to reduce revenues currently forecast in the Long-Range Financial Plan.

However, implementation of the RD 17 200-year Project Financing Plan may require commitments by the member agencies to initiate planning efforts. Member agencies may be asked to provide start-up
funding for expanded SJAFCA activities assuming full reimbursement from future SJAFCA proceeds as outlined in the amended and restated Joint Exercise of Powers Agreement.

Attachment A - Amended and Restated Joint Exercise of Powers Agreement
Attachment B - SJAFCA Boundary Map
Attachment C - RD 17 Boundary Map