

# CITY COUNCIL & SKF JOINT MEETING

COUNCIL REQUEST

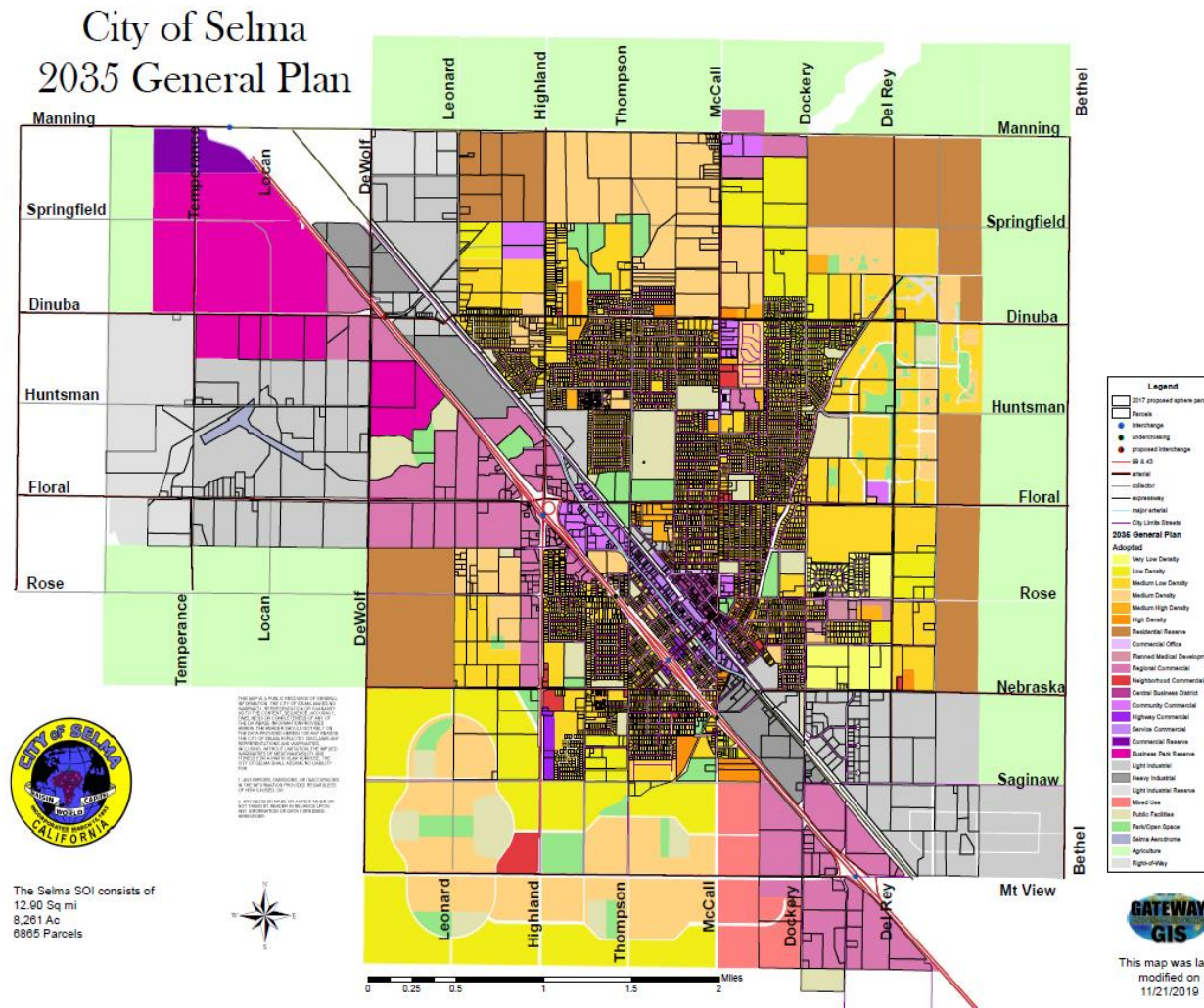
NOVEMBER 22, 2019



# WELCOME

- INTRODUCTIONS
- OBJECTIVE FOR CITY: To communicate its infrastructure needs, and collaborate with SKF to address expansion and discuss options to fund improvements.
- OBJECTIVE FOR SKF: To discuss with the Selma City Council members on the responsibilities of SKF and the City of Selma's responsibilities for the City owned collection system.
- ATTENDEES: City Council, SKF Board, City staff, SKF staff, City Professional Services: Neal Costanzo, City Attorney; Dan Bond, City Engineer; Kira Noguera, City Planner; Eric Scriven, NHA Financial Advisors; Scott Thorpe, Revenue Cost Specialists (via phone); Richard Harmon, Townsend (unable to attend); Jason Siegen, CrisCom

# REVIEW GENERAL PLAN AND GROWTH AREAS – KIRA NOGUERA



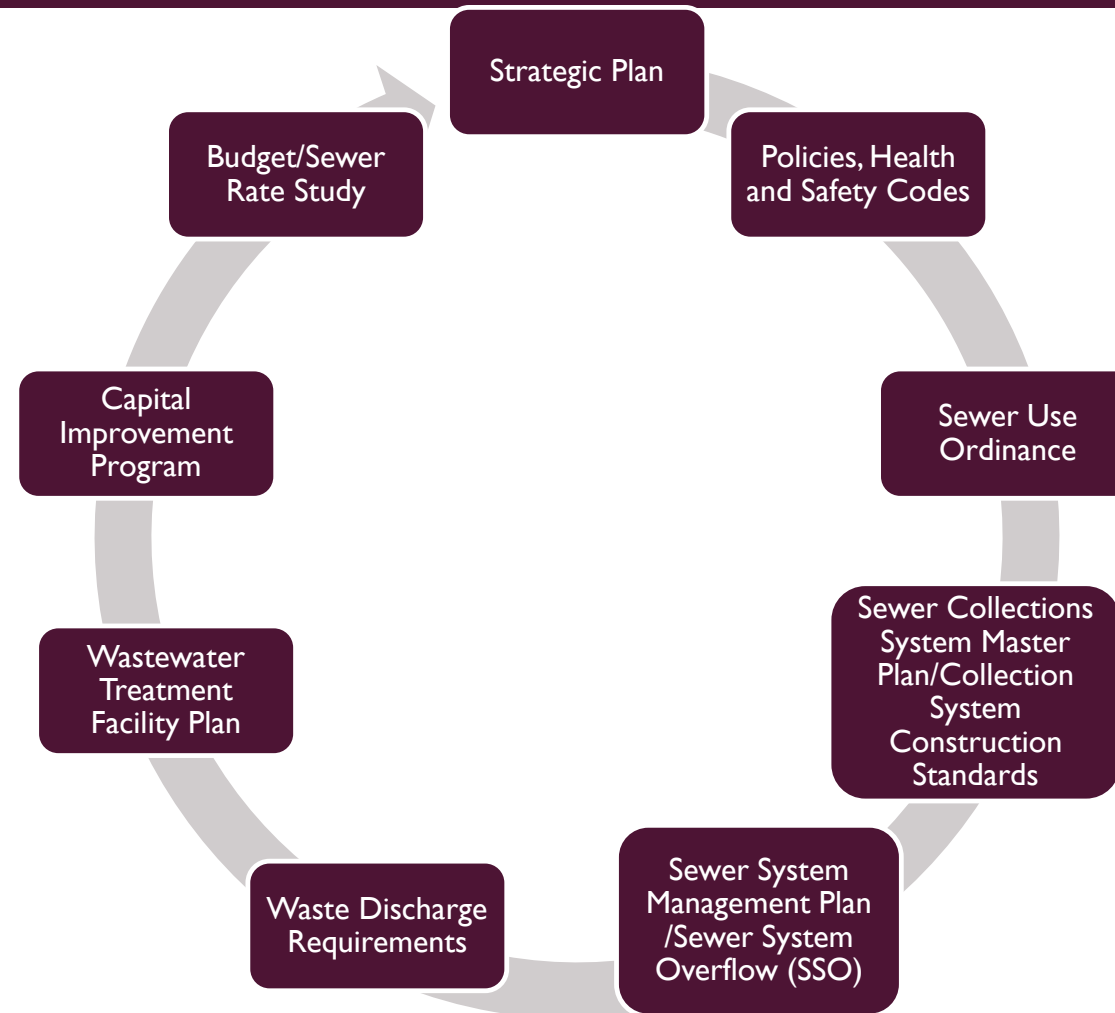
# SKF (DISTRICT) ROLES & RESPONSIBILITIES

## – BEN MUÑOZ, JR

- The District operates and maintains the sanitary sewage collections, treatment and disposal systems for our three member cities.
- The District establishes fee rates and collects all users, connections and any other charges for Operation and Maintenance.
- The District's Collection System Construction Standards and the 2016 Sewer Collection System Master Plan Prescribes the Standards for installation of sewer lines within the District.
- The Sanitary Sewer Systems Management Plan, which was adopted pursuant to State Water Resources Control Board Order No. 2006-0003 Statewide General Waste Discharge Requirements, requires design and construction standards elements.
- All connections and discharges to the sewer system shall be made in accordance with the standard specifications, Ordinances, and Policies of the District; standards and regulations of the District Ordinances shall prevail in the event of a conflict with City code.
- The District and the City collaboratively approves all new and future development designs and construction of sanitary sewage collections facilities and the District issues all connections permits.
- The Wastewater Treatment Plant and Interceptor systems are owned by the District and are operated and maintained by the District.

# SKF (DISTRICT) STRATEGIC PLANNING PROCESS

– BEN MUÑOZ, JR



# CITY OF SELMA ROLES & RESPONSIBILITIES

## – BEN MUÑOZ, JR

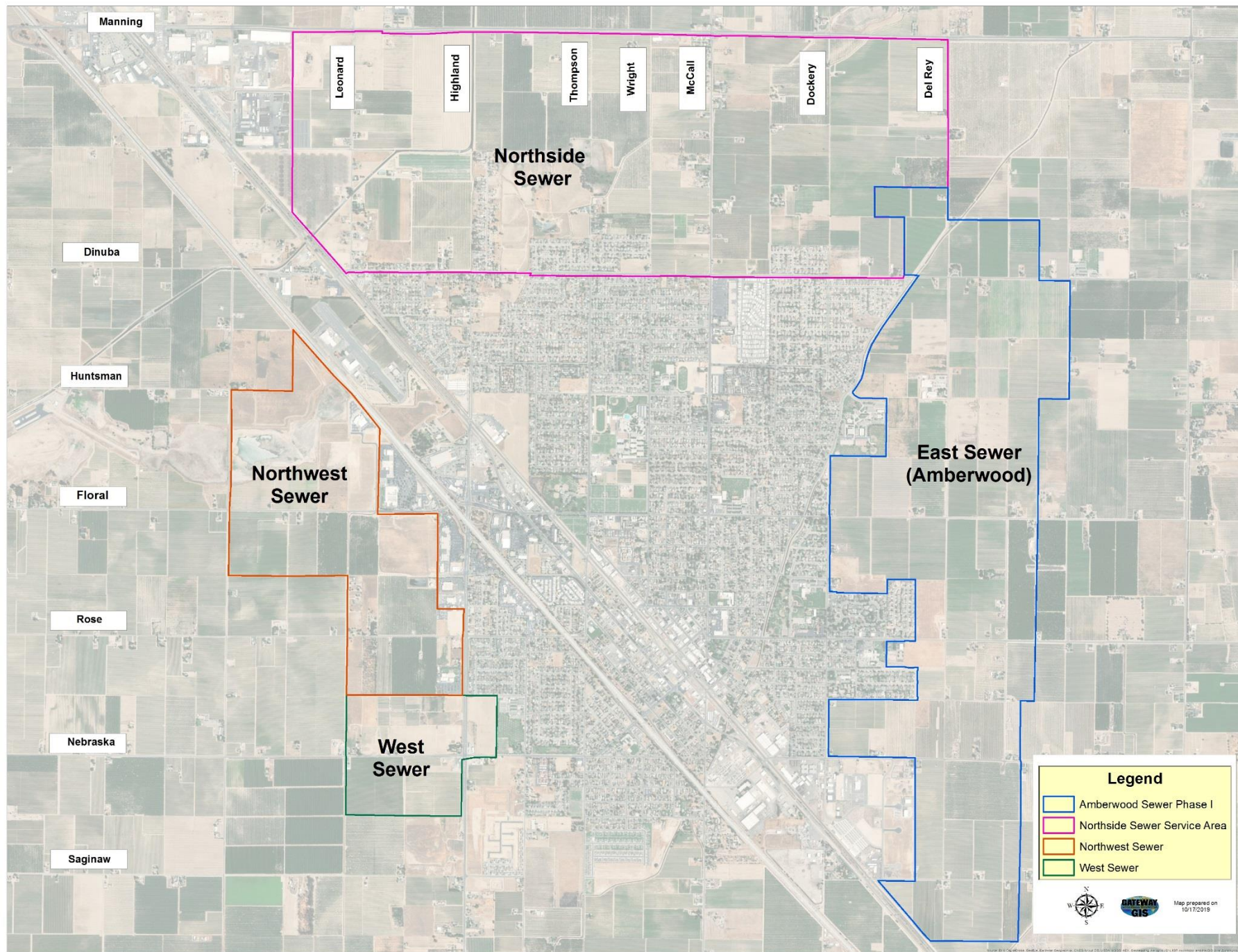
- The City of Selma/Developers are responsible for Expansion and Upgrades for expansion of the sanitary sewage collections and pump stations facilities per the Service Agreement.
- The City of Selma is responsible for impact fees and connection funding for new and future developments in the City of Selma, with various options including: grants monies, bonding, revolving loans, Mello-Roos Districts, and development fees (Per the 2014 Joint Council and SKF Board Meeting).
- The City of Selma/Developers must comply with District's Collection System Construction Standards which prescribes the Standards for installation of sewer lines within the District.
- The City of Selma/Developers must comply with the SKF Sewer Use Ordinance which sets limits, prohibitions and standards for discharge into the sewer systems.
- The City of Selma is responsible for Developers Reimbursement agreements.
- All of the collection and pump stations facilities within the city limits are owned by the City and are operated and maintained by the District. Expenditures are determined by the District, to the extent of cash accrued for use in each City.

# SKF CAPITAL IMPROVEMENT PLAN

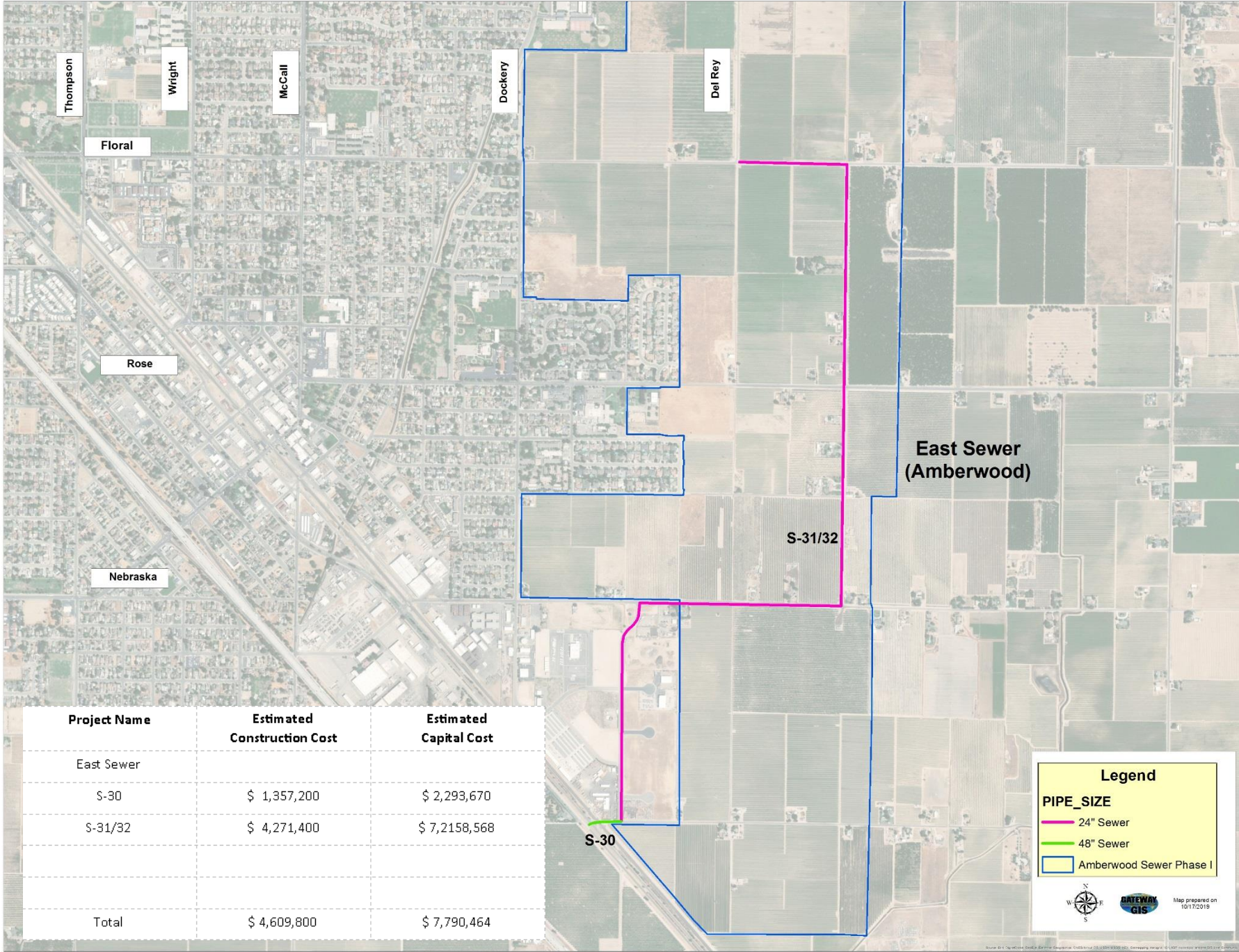
VERONICA CAZARES











Project Name	Estimated Construction Cost	Estimated Capital Cost
East Sewer		
S-30	\$ 1,357,200	\$ 2,293,670
S-31/32	\$ 4,271,400	\$ 7,2158,568
Total	\$ 4,609,800	\$ 7,790,464

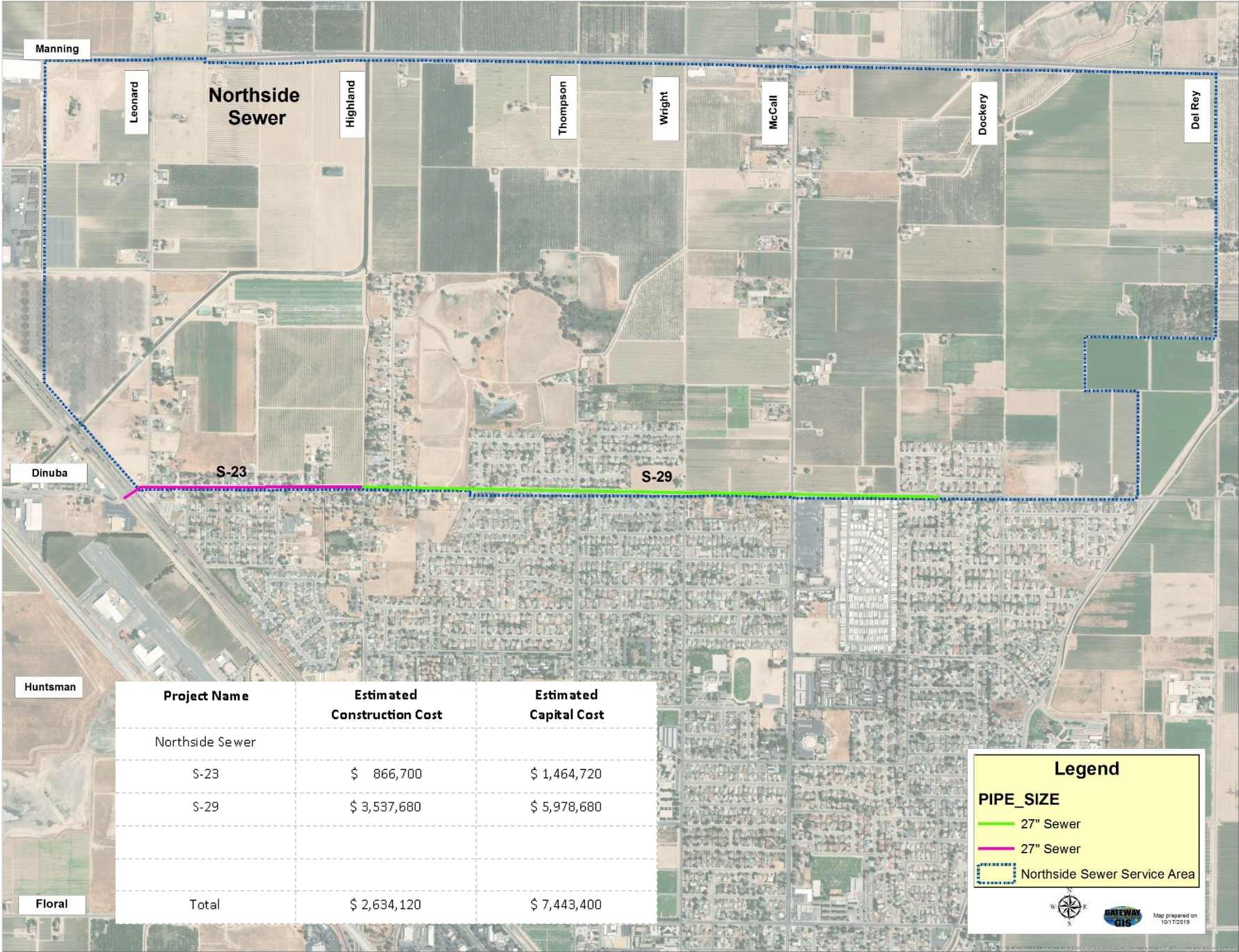
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- 24" Sewer
- 48" Sewer
- Amberwood Sewer Phase I

Map prepared on 10/17/2018





Project Name	Estimated Construction Cost	Estimated Capital Cost
Northside Sewer		
S-23	\$ 866,700	\$ 1,464,720
S-29	\$ 3,537,680	\$ 5,978,680
Total	\$ 2,634,120	\$ 7,443,400

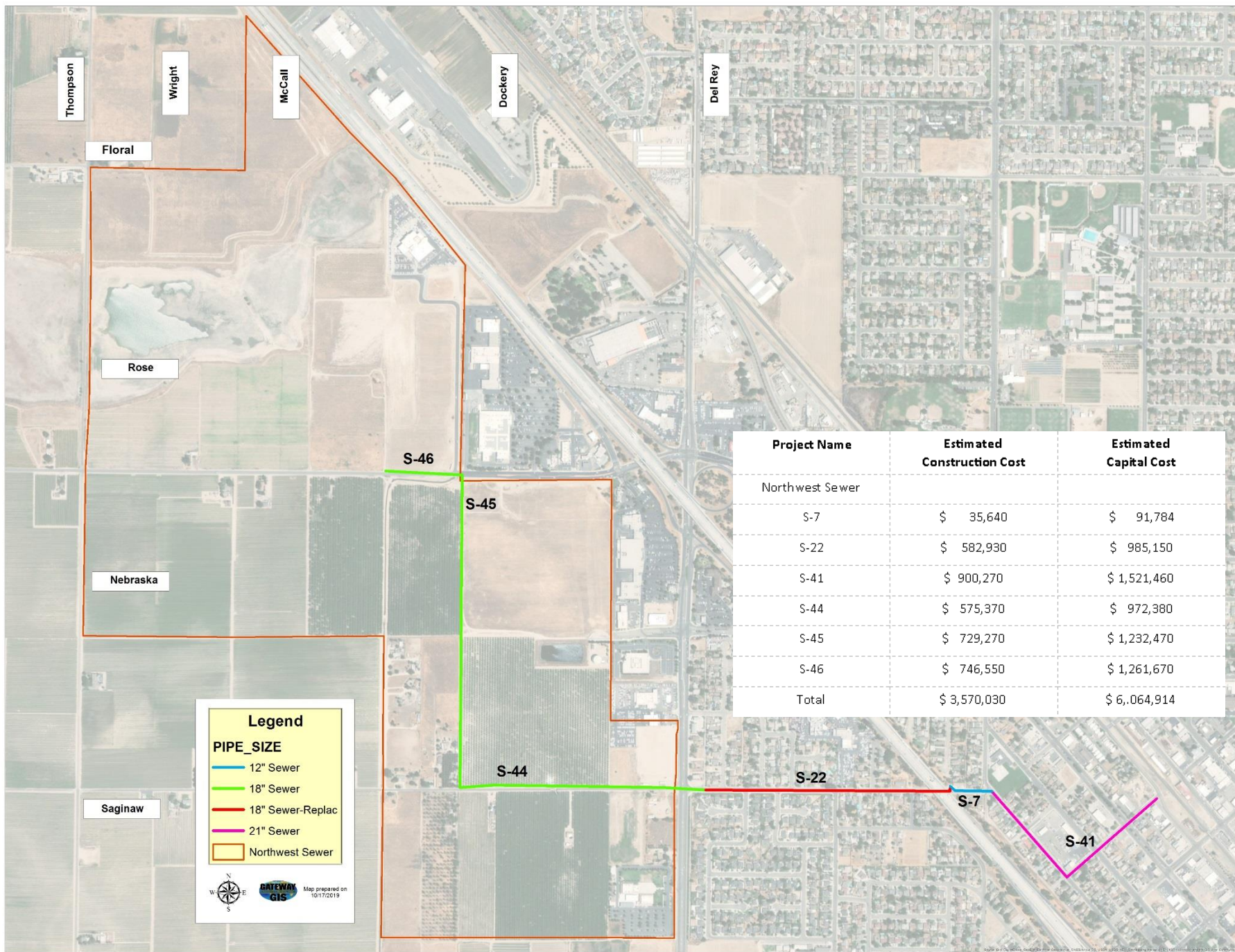
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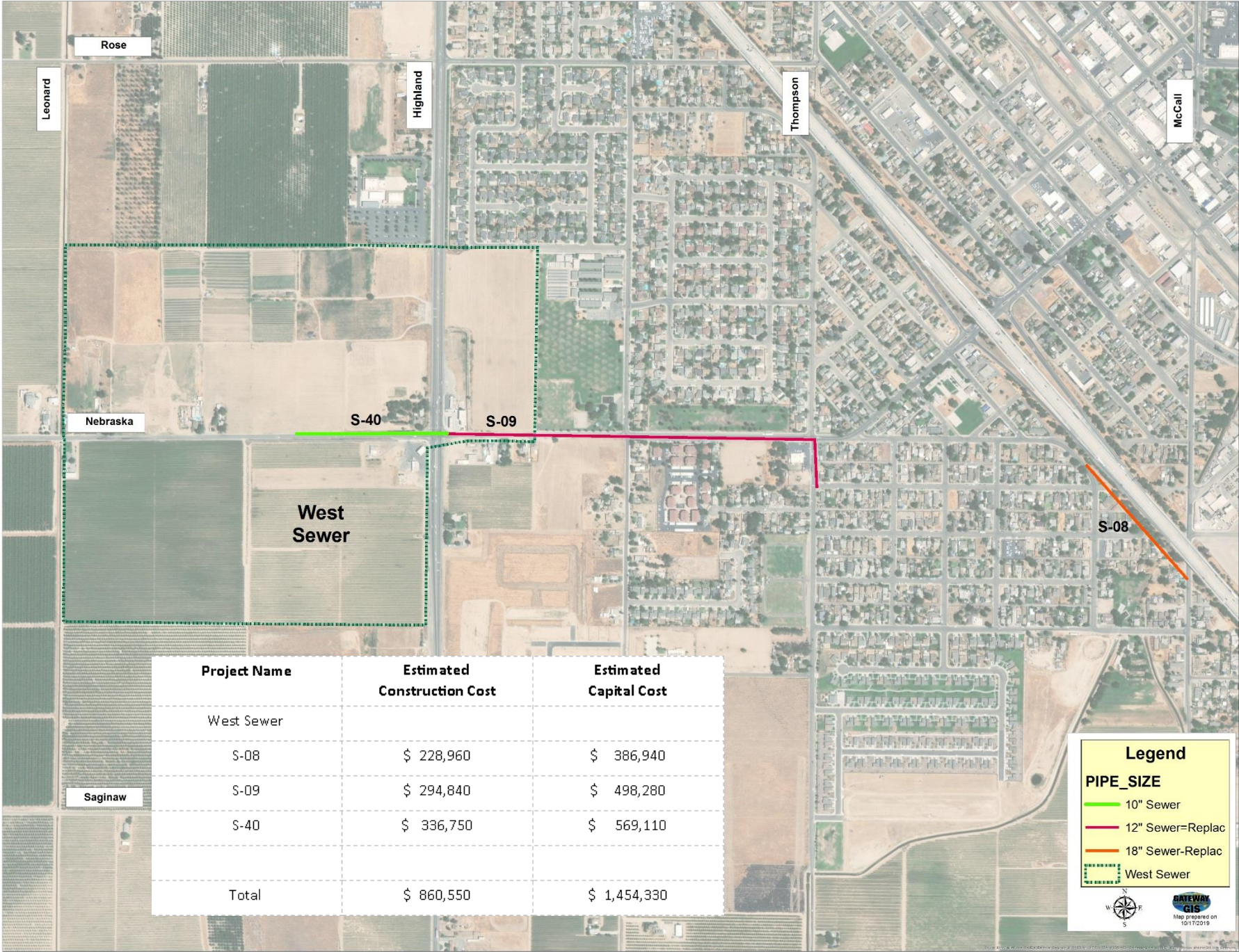
- 27" Sewer
- 27" Sewer
- Northside Sewer Service Area

Map prepared on 10/17/2019











# IDENTIFY PROJECT COSTS & FUNDING OPTIONS

## – ISAAC MORENO & CONSULTANTS

			ESTIMATED	ESTIMATED CAPITAL
PROJECT TYPE		DESCRIPTION	CONSTRUCTION COST	COST
Northside Sewer				
S-23	Parallel Construction	Construct 2,140 LF 27-inch PVC parallel to Existing 12-inch	\$ 866,700	\$ 1,464,720
S-29	New Construction	Construct 8,735 LF 27-inch PVC Sewer	\$ 3,537,680	\$ 5,978,680
TOTAL			\$ 4,404,380	\$ 7,443,400
Northwest Sewer				
S-7	Replacement	Replace 298 LF Sewer to 12-inch PVC	\$ 35,640	\$ 91,784
S-22	Replacement	Upsize 2,159 LF Sewer to 18-inch PVC	\$ 582,930	\$ 985,150
S-41	New Construction	Construct 2,858 LF 21-Inch PVC	\$ 900,270	\$ 1,521,460
S-44	New Construction	Construct 2,131 LF 18-Inch PVC	\$ 575,370	\$ 972,380
S-45	New Construction	Construct 2,701 LF 18-Inch PVC	\$ 729,270	\$ 1,232,470
S-46	New Construction	Construct 2,765 LF 18-Inch PVC	\$ 746,550	\$ 1,261,670
TOTAL			\$ 3,570,030	\$ 6,064,914
West Sewer				
S-8	Replacement	Upsize 848 LF Sewer to 18-Inch PVC	\$ 228,960	\$ 386,940
S-9	Replacement	Upsize 1638 LF Sewer to 12-Inch PVC	\$ 294,840	\$ 498,280
S-40	New Construction	Construct 2,245 LF 10-Inch PVC	\$ 336,750	\$ 569,110
TOTAL			\$ 860,550	\$ 1,454,330
East Sewer (Serving Amberwood to Floral Avenue) - Update to Master Plan				
S-30	New Construction	Construct 470 LF 48-inch PVC Sewer	\$ 338,400	\$ 571,896
S-31/32	New Construction	Construct 11,865 LF 24-inch PVC Sewer	\$ 4,271,400	\$ 7,218,568
TOTAL			\$ 4,609,800	\$ 7,790,464

# IDENTIFY PROJECT COSTS & FUNDING OPTIONS

## – ISAAC MORENO & CONSULTANTS

- **Development Impact Fees** - Impact fees are fees imposed on property developers by municipalities for new infrastructure that must be built or increased due to new property development. These fees are designed to offset the impact of additional development and residents on the municipality's infrastructure and services, which include the city's water and sewer network, police and fire protection services, schools and libraries.

# IDENTIFY PROJECT COSTS & FUNDING OPTIONS

## – ISAAC MORENO & CONSULTANTS

Schedule 7.1

City of Selma

2014-15 Development Impact Cost Calculation

Allocation of Project Cost Estimates

Wastewater Collection System

Line #		Project Title	Estimated Cost	Construction Needs Supported by Other Resources		Infrastructure Needs Generated by Increased Development	
				Percent Need	Apportioned Dollar Cost	Percent Need	Apportioned Dollar Cost
WC-001		Del Rey - Rose/Floral	\$899,980	0.00%	\$0	100.00%	\$899,980
WC-002		Del Rey - Floral/Dinuba	\$1,066,952	0.00%	\$0	100.00%	\$1,066,952
WC-003		Dinuba - Del Rey/Amber	\$963,716	0.00%	\$0	100.00%	\$963,716
WC-004		Amber - Dinuba/Springfield	\$2,707,113	0.00%	\$0	100.00%	\$2,707,113
WC-005		Del Rey - Rose/Saginaw	\$1,639,504	0.00%	\$0	100.00%	\$1,639,504
WC-006		Saginaw - Del Rey/Whitson	\$1,282,508	0.00%	\$0	100.00%	\$1,282,508
WC-007		Dinuba - Whitson/McCall	\$4,769,050	0.00%	\$0	100.00%	\$4,769,050
WC-008		McCall - Valley View/Clarkson	\$10,752,500	31.72%	\$3,410,323	68.28%	\$7,342,177
WC-009		Wastewater Collection Master Plan	\$65,000	0.00%	\$0	100.00%	\$65,000
Sub-Total General Plan Total New Projects			\$24,146,323	14.12%	\$3,410,323	85.88%	\$20,736,000
LESS:							
Development Impact Fee Fund Balance			\$941,723	100.00%	\$941,723	0.00%	\$0
Other Dedicated Resources			\$0	0.00%	\$0	100.00%	\$0
Sub-Total Off-Setting Revenues			\$941,723	100.00%	\$941,723	0.00%	\$0
Total Net General Plan Project Costs			\$23,204,600	10.64%	\$2,468,600	89.36%	\$20,736,000
						Forward to Schedule 7.2	

# IDENTIFY PROJECT COSTS & FUNDING OPTIONS

## – ISAAC MORENO & CONSULTANTS

SCHEDULE OF DEVELOPMENT IMPACT FEES					
FOR SANITARY SEWER COLLECTION SYSTEM					
Resolution No. 2015-22R Schedule Year 2019					
INFLATION RATE USED FOR 2019 AT 3.03%					
To provide for appropriate Wastewater Collection Facilities and facilitate connection to existing sewer system for new development in the community.					
<u>Zone District</u>		<u>Fee</u>			
		<u>2018</u>	<u>Increase</u>	<u>2019</u>	
Low Density Detached Dwellings		\$ 655.27	3.03%	\$ 675.11	Per Dwelling Unit
Medium Density Detached Dwellings		\$ 655.27	3.03%	\$ 675.11	Per Dwelling Unit
Attached Dwellings		\$ 622.61	3.03%	\$ 641.47	Per Dwelling Unit
Mobile Home Dwellings		\$ 313.94	3.03%	\$ 323.45	Per Dwelling Unit
Commercial Lodging Units		\$ 269.69	3.03%	\$ 277.86	Per Square Foot
Retail/Service/Office Uses		\$ 0.078	3.03%	\$ 0.080	Per Square Foot
Regional Commercial Uses		\$ 0.078	3.03%	\$ 0.080	Per Square Foot
Industrial/Manufacturing Uses		\$ 0.080	3.03%	\$ 0.082	Per Square Foot

Currently Balance of Sewer Impact Fund Balance: \$666,573



# IMPORTANT FINANCING CONCEPTS / PARAMETERS

- **Prop. 218 Compliant** - Public infrastructure improvement costs, for projects such as extending sewer lines to new development areas, should not be borne by existing ratepayers. These costs should be placed upon the benefiting properties of these improvements.
- **Pay-Go Funding is Ideal** - These costs are typically funded by impact fees established by the City. Ideally, impact fee account balances are sufficient to “stay ahead” of new development and fund improvements with future phases of development replenishing fund balances for the next series of infrastructure needs
  - **However, in most California cities, these fund balances are not sufficient to stay ahead of development. For communities that are mature and do not have consistent new development, impact fees are not a significant part of the funding alternatives. Thus, when major infrastructure is required, alternative funding sources are necessary.**
- **Financing of Amount / Timing Deficit** – A fee schedule that does not fully account for all costs or there is a mismatch of improvement costs to development phasing revenue sources must be addressed.
  - ABI 600 studies often identify costs that are outdated by the time fee schedules are approved. Funding the total infrastructure costs are often not possible from existing development fees. For master planned developments requiring a development agreement, City has power to require additional funding from developer to cover shortfall. This can either be reimbursed from future development fees OR absorbed by development project

# EVALUATION OF AMOUNT / TIMING OF NEED

- Does existing fee schedule provide for enough revenue for the projected costs for extending sewer lines from the parcels that will benefit from these improvements?
  - If not, this fee schedule deficiency must be calculated and financed through means outlined below
  - Does the improvement cost, for each phase (i.e. segment) of the improvement plan match up to the impact fee revenue for the benefiting properties for that specific phase/segment?
- Deficit Funding Option/consideration and strategies:
- Identify magnitude of shortfall
  - Is amount small enough to be internally funded through interfund loans (other impact funds) ?
  - Developer advance?
  - City general fund loan?
- Significant funding shortfall
  - Developer Funding through Development Agreement
  - Formation of CFD (Financing District) to fund shortfall – paid by future property owners within improvement area
- Match Improvement Plan Phasing with Financing to narrow gap and increase feasibility for financing options noted below.
- Financing:
  - Internal-borrow from other impact fee accounts/reimburse as sewer impact fees come in from development
  - External-developer constructs improvements and, to extent oversized (specific developer need/phasing), gets reimbursed from future development impact fees
  - External-form CFD for benefit area and borrow impact fee amount in advance using SCIP/Bond or traditional CFD bond

## NEXT STEPS

- What action items do we have?
- Adjourn