

# SELMA INFRASTRUCTURE AND PUBLIC FACILITY FUNDING

Presented by: Fernando Santillan, City Manager

Special Meeting of the Selma City Council

February 9, 2022

## GOALS FOR THIS MEETING

- 1) Obtain Approval from the City Council Regarding ARPA Allocations
- 2) Obtain Approval from the City Council Regarding Rockwell Pond Park Project and New Proposed Park Project
- 3) Provide Overview of Existing Development Projects and Expectations for Developers

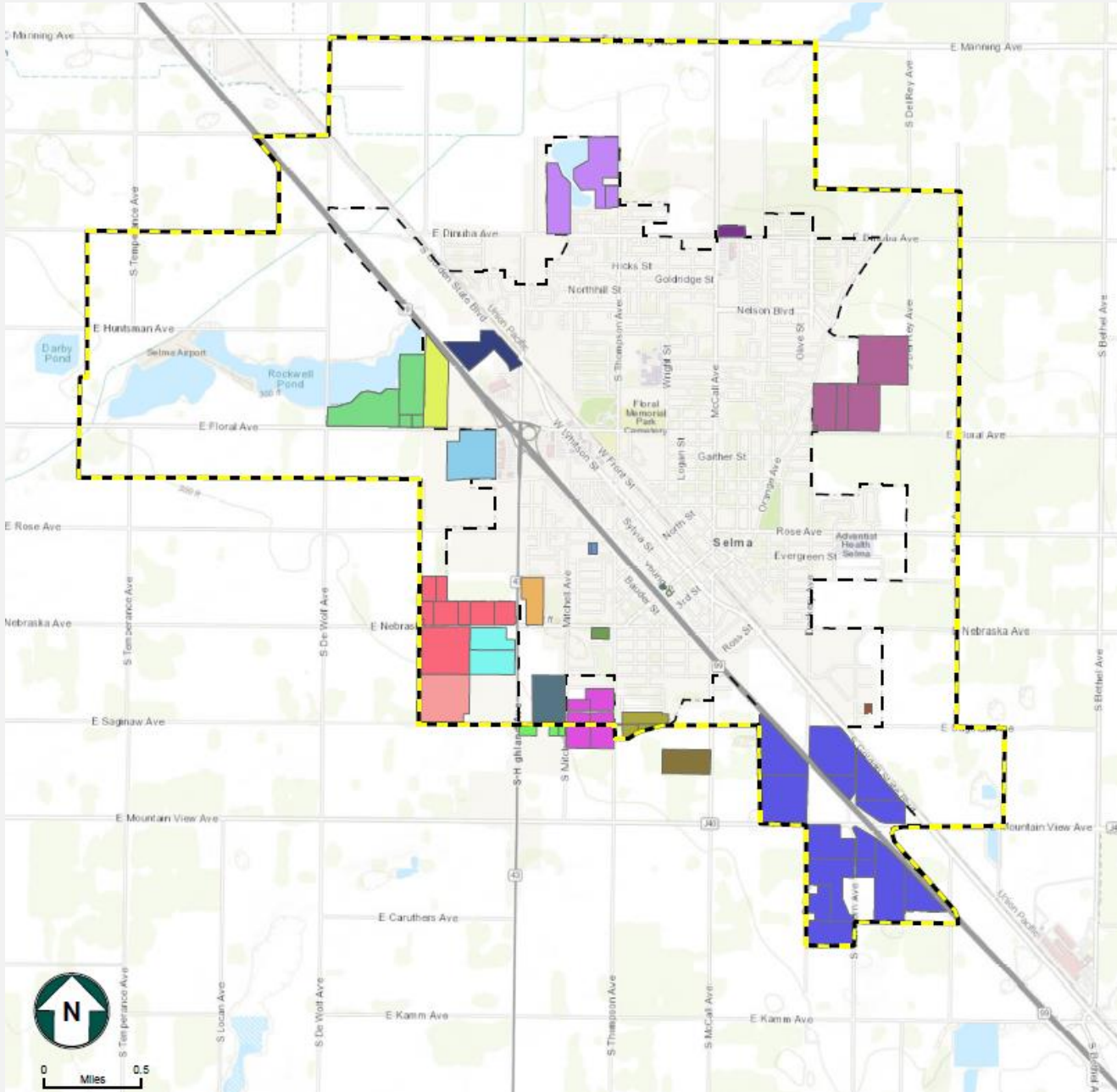
## REGIONAL HOUSING NEEDS ALLOCATION (RHNA) – 6<sup>TH</sup> CYCLE

- Total Fresno County Housing Allocation for June 30, 2023 through December 31, 2031: **58,298** new housing units needed
- Selma's share: **1,456** new housing units\*

Jurisdiction	Allocation by Income Tier				Total Allocation
	Very Low	Low	Moderate	Above Moderate	
Selma	385	157	224	690	1,456

\* Proposed as of January 2022

# ACTIVE PROJECTS



# SEWER PROJECTS NEEDING FUNDING

- East Selma Waste Water Trunk Line: (**\$6,700,000**): **270 SFR**
- North Selma/Dinuba Trunk Line (**\$4,500,000**): **336 SFR**
- Clarkson Lift Station Upgrade (**\$2,925,800**): **395 SFR, 347 MF**
- Sunset Lift Station Upgrade (**\$975,500**)
- Rose Lift Station Upgrade (**\$1,398,300**): **792 MF**
- Nebraska Ave 10" Parallel Gravity Main: (**\$416,700**)
- 18" Line Between Nebraska / Saginaw (**\$698,100**)
- Floral to Highland/Rose 18" Gravity Main (**\$1,166,200**)
- Highland Ave to Rose 18" Line to Rose LS (**\$1,398,300**)
- SFR = Single Family Residences MF = Multifamily Residential
- Commercial Development SF not calculated
- All figures approximate

## SEWER / HOUSING RELATIONSHIP

- Total Potential New Units From Active Projects
  - 1,001 Single Family Residences\*
  - 1,139 Multifamily Units\*
  - Total: **2,150 Units**
  - RHNA: 1,456 Units
- Total Wastewater Infrastructure Investment Required:  
**\$20,178,900**

\*Not all units placed may count towards RHNA allocation

## AFFORDABLE HOUSING

- Need commitment from developers to include very low-to-moderate income housing into their developments
- Will assist City in obtaining grants to fund additional infrastructure, construction of housing units, development impact fees, and more
- High State of California priority in previous and new proposed State budget
- As part of Development Impact Fee Update, may be opportunity for affordable housing projects to benefit from discounted fees.

# COMPREHENSIVE INFRASTRUCTURE FUNDING & FINANCING PLAN

- Staff has explored various long-term infrastructure financing mechanisms
  - Infrastructure & Revitalization Financing District (IRFD)
    - Similar to **EIFD**, but does not require **Finding of Completion** from State of CA if new District does not overlap with former Redevelopment District
    - **Not a tax** - rather tax-increment financing district (TIF)
    - Similar to Redevelopment Agencies
    - Kosmont
  - Community Facilities / Mello-Roos District
    - Paid by property owners via property taxes
    - **Is a tax**
  - I-Bank Loan - **\$18-20 million** financing still under review
  - Government Affairs Consultants to Capture State Budget Surplus
  - Pension Obligation Bond – potential savings up to \$500,000 annually
  - Staff seeks Council approval to engage consultant (up to \$50,000) to analyze long-term options (to finance non-sewer infrastructure: streets, storm drain, transportation, etc.)

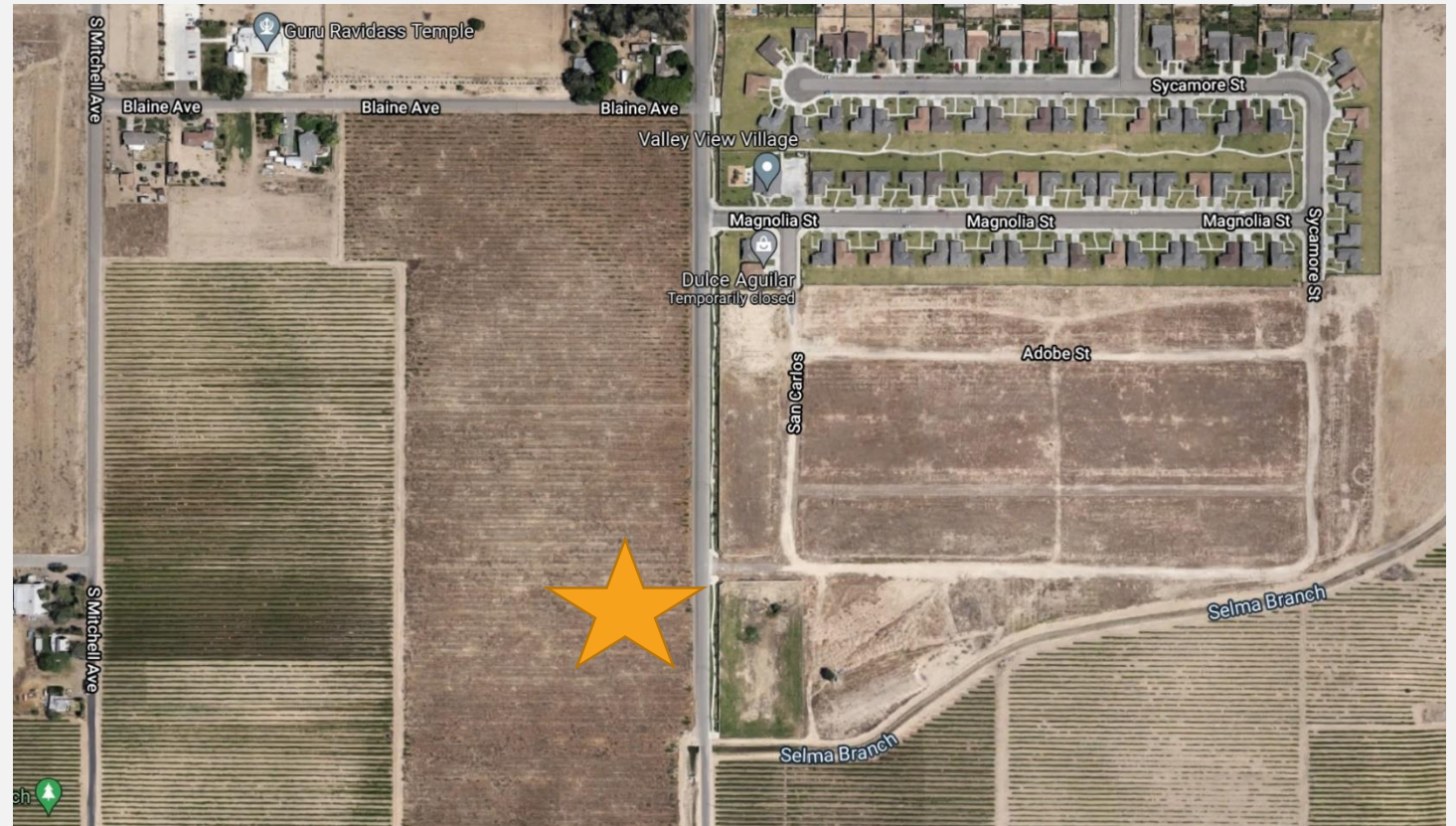


## PUBLIC / PRIVATE PARTNERSHIP OPPORTUNITY

- Housing developer with active subdivision project has **offered to donate a 10-acre parcel of land adjacent to his proposed development** for a park
- Residential project is dependent on Clarkson Lift Station and other wastewater collection system improvements
- City staff seeks approval from Council to pursue the offer of donation and determine any potential fee credits that would be applicable towards his project as a result of the donation.

# PUBLIC / PRIVATE PARTNERSHIP OPPORTUNITY (CONT'D)

- State Parks Department is open to new location for grant implementation (allowing City to keep grant funds)
- Proposed new park location is surrounded by more homes, and would be more accessible to residents while not contributing to congestion on Floral Ave
- Could potentially accommodate 2-3 lighted soccer fields, playgrounds, and splash pad.
- Staff Requests \$300,000 from ARPA funds to supplement this potential project budget (if approved to proceed by Council)



# ROCKWELL POND PARK PROJECT

- State Parks Department has formally requested a 12-month extension of the Prop. 68 State Parks Program
- Confirmation from the Legislature will likely not be received until July 2022 (State Parks Department confident of approval)
- New potential deadline for grant: **April 2025**
- Benefits of Alternate Location (10-acre park):
  - Lower cost of development (~700k per acre X 10 acres) = **\$7 million** (estimated based on per acre cost of Rockwell)
  - Demographics are more favorable
  - Neighborhood lower median income than Rockwell Pond Area
  - More residents within a half-mile radius
- Staff Recommends Moving forward with Purchase of Rockwell Pond Park Property for Future Park Development (Total: ~34 acres)

# ARPA

- Final Rule released in mid-January
- New provision for “**Standard Allowance**” of up to \$10 million
  - All recipients can claim the Standard Allowance and designate up to \$10 million as net revenue loss resulting from the COVID-19 pandemic.
  - Money can then be used for providing general “government services”

# RECOMMENDED ARPA ALLOCATION FUNDS

## Staff Recommends the Following:

- Claim “Standard Allowance” for full ARPA allocation of **\$5,938,668**
- **\$3 million:** Upgrade Clarkson Ave Lift Station
- **\$2 million** for Personnel Salary Updates and New Positions
- **\$450,000** for Existing Park Improvements
- **\$300,000** for New 10-acre Park Development
- **\$138,668** for Development Impact Fee Study Update and/or Infrastructure/Facilities Master Plans (including Parks and Broadband Master Plans)
- **\$50,000** for Infrastructure Funding and Financing Analysis/Plan

# CITY INFRASTRUCTURE IMPROVEMENTS

- City-Financed Infrastructure Improvements
  - Not a gift to developers
  - City will be reimbursed by developers over time through Impact Fees and Reimbursement Agreements
  - Catalyzes much-needed residential and commercial development
  - Same concept as if Developer upgraded infrastructure to accommodate growth
    - Future development would reimburse Developer minus his pro-rata share
  - ARPA funds can be used as seed money and **re-invested** as it is paid back

# CITY-FINANCED IMPROVEMENTS

- Proposed Process/Cycle:
  - **City installs infrastructure → Developers reimburse proportional share → with reimbursement, city builds new infrastructure for future growth → future developers pay proportional share →....etc.**
    - Requires updated Development Impact Fees
- Alternative:
  - Developers install oversized infrastructure → City enters into reimbursement agreement → City collects proportional share from future developers → reimburses original developer minus their own proportional share
    - This process can take many years to fully reimburse original developer, carries a big risk for developer, and is a disincentive for development

# REQUESTED COMMITMENTS FROM DEVELOPERS

- Agree to Standard Reimbursement Agreements for City-installed Improvements
- Develop according to the City's General Plan Policies
  - Parks: 3-5 acres per 1,000/residents
  - Design Guidelines
- Include **affordable housing** into projects, both SFR and MF
  - Can be percentage of units (2-20%)
  - State offers funding for construction/improvements
- Updated Impact Fee Study
  - Expected August/September 2022 (if approved)
- **Commitment to Move Forward with Projects**



# PERSONNEL

- Citywide Comprehensive Compensation Study
  - Bring existing City employee salaries in line with current market conditions
    - High-quality recruitment and retention is high priority in all departments
- Add New Positions to Support Understaffed Departments
  - Proposed new positions for:
    - Community Development
      - Planning, Engineering
    - Finance / Administration
      - Accountants, Analysts, Executive Assistant, Human Resources
    - Public Works
      - Streets / Parks maintenance workers
    - Police / Fire
- Staff Requests **\$2 million** from ARPA funds for personnel increases

## EXISTING PARK IMPROVEMENTS

- Per Capita Grant - **\$193,327**
  - Brentlinger New Playground Equipment \$158,927.00
  - Peter Ringo Park Playground Shade Covering \$ 30,000.00
  - Shafer Park Playground Surface Bark \$ 4,400.00
- Staff Requests **\$450,000** Additional Funding from ARPA for Existing Park Improvements
  - Improvements To Be Determined At A Later Date With Input from Council, Community, and Staff
- Total for Existing Park Improvements: **\$633,000**

# RECOMMENDED ACTIONS

Staff recommends that the City Council take the following actions:

- A) Direct Staff to Claim “Standard Allowance” for full ARPA allocation of **\$5,938,668**
- B) Approve Allocation of **\$3 million** to Upgrade Clarkson Ave Lift Station and Direct Staff to Negotiate Development/Reimbursement Agreements with Developers
- C) Approve Allocation of **\$2 million** for Personnel Costs Related to Salary Schedule Updates and the Addition of New Positions
- D) Approve up to **\$138,668** for Development Impact Fee Study Update and Infrastructure/Facilities Master Plans (Storm Drain, Sewer, Water, Circulation, Parks, Broadband) for Growth Areas
- E) Direct Staff to Move Forward with Development of a Comprehensive Infrastructure Funding and Financing Plan and Allocate Up to **\$50,000** for Consultant
- F) Direct Staff to Proceed with Negotiations with Developer for 10-acre Park Donation
- G) Direct Staff to Proceed with Negotiations for the Purchase of County Property for Future Development of Rockwell Park
- H) Approve **\$450,000** for Existing Park Improvements and **\$300,000** for New Park Development
- I) Direct Staff to Proceed with I-Bank Loan (if pre-approved) for **\$20 million** in Sewer Infrastructure Projects

## INPUT FROM DEVELOPERS AND PARTNER AGENCIES

- County of Fresno
- Fresno Housing Authority
- Developers
- Property Owners
- General Public