Attachment G

REPORT

PUBLIC FACILITIES FINANCE PLAN (PFFP)
TRA VIGNE DEVELOPMENT PROJECT

Prepared for MCD-North Stockton, LLC

Prepared by Berkson Associates

January 23, 2020

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INTRODUCTION

As required by the City of Stockton, a Public Facilities Finance Plan (PFFP) is being submitted in support of the Tra Vigne development proposal (the "Project"). The PFFP describes the Project's likely development costs for infrastructure and public facilities and provides measures to assure Project financial viability. Viability requires that the Project generate sufficient value to fund development costs without excessively burdening the developer and future property owners.

The PFFP outlines mechanisms for funding and financing the infrastructure and public facility costs. While the actual mix, amount and timing of financing mechanisms will depend on future market and financial conditions, the PFFP provides a basis for assuring that the capital costs can be financed and supported by the value created when the Project is developed. The analysis also checks whether annual debt service burdens are reasonable when considered cumulatively with annual costs of special taxes and assessments for ongoing public services.

A separate Fiscal Impact Analysis (FIA) prepared for the Project describes mechanisms for assuring adequate maintenance of public facilities, infrastructure and provision of public services. Specific maintenance measures, e.g., maintenance districts and special taxes, are referenced in this document.

ORGANIZATION OF REPORT

The following chapter summarizes key findings that are documented in subsequent chapters. Appendix A includes additional tables describing assumptions, calculations and methodologies to estimate financial measures and allocations of shared costs. Appendix B provides phasing, estimated engineering costs, amounts eligible for credit/reimbursement, and remaining amounts eligible for inclusion in an Area of Benefit fee program.

1. SUMMARY OF FINDINGS

The Tra Vigne Project proposes 1,073 single-family residential units, 340 multifamily units, and 101,500 square feet of commercial uses, parks and a school site. This PFFP evaluates a maximum public facility and infrastructure scenario sufficient to serve a project with 90 additional single-family units on the school site if the school site is not utilized for a school.

SOURCES AND USES OF FUNDING

Table 1 illustrates a set of funding sources and financing mechanisms for infrastructure and public facilities, including development impact fees for citywide facilities. Debt capacity is constrained by financial feasibility; additional funding is met through private sources of funding. Overall, the illustrative financing program meets accepted standards of financial viability as described in the following chapter, although continued cost refinement and a strong market will be important to Project success. The actual mix, magnitude and timing of financing mechanisms and sources will depend on future market conditions at the time of development, prevailing interest rates and finance charges, and private capital markets.

Table 1 Summary of Funding Sources and Uses

Item	Private Construction & Dedication	Assessments or Mello-Roos CFD (2)	Fees, Credits & Area of Benefit Reimbursements	TOTAL
Site Preparation/Mass Grading	$1,870,000	200,000		**$2,070,000**
Onsite Roads, Parks, Utilities (inc. backbone)	38,590,000	3,500,000		**42,090,000**
Offsite Roads, Utilities	13,800,000	1,270,000		**15,070,000**
Other Public Facilities				
Land Dedications	520,000			**520,000**
Other (3)	26,300,000	2,420,000		**28,720,000**
Total (before fees)	**$81,080,000**	**$7,390,000**		**$88,470,000**
Citywide Infra/Facilities Fees			77,700,000	**77,700,000**
(less) Fee Credits/Reimbursements (1)			(9,500,000)	**(9,500,000)**
(less) AOB Reimbursements (4)			(3,600,000)	**(3,600,000)**
Total	**$81,080,000**	**$7,400,000**	**$64,600,000**	**$153,070,000**

(1) Fee credits/reimbursement detail shown in Table 4. AOB reimbursements from Bear Creek West and Bear Creek South are shown in Table 3.
(2) Assessment bond or CFD bond assumes 5.0% interest rate and 30 year debt. Proceeds are net of 15% issuance costs & reserve. Total annual additional debt payments limited to 0.10% of assessed value, or total tax rate w/assessments and special taxes of 1.5%. Example is illustrative; district finance depends on timing of development and other financing.
(3) "Other Costs" include construction cost with 10% contingency, and 35% soft costs.
(4) AOB reimbursements includes a share of land costs for shared infrastructure. *1/20/20*

PROJECT FEASIBILITY

The one-time capital burdens of fees and infrastructure upon the Project are at the upper end of a feasible range, primarily due to high development impact fees.

The annual burdens from potential taxes and debt service to finance infrastructure are within a reasonable range as a result of limiting the issuance of Project-specific debt such as assessment debt and/or CFD bonds; however, the developer has indicated that CFD bonds may not be utilized due to their cost and stigma to home buyers. **Chapter 7** describes the cost burden analysis.

ONE-TIME CAPITAL BURDENS

One standard measure of public facility and infrastructure cost burden compares capital costs to total value created. When this measure exceeds 20 percent of value, the Project may experience greater difficulty obtaining financing. The current measures shown in **Table 6** indicate that the Project's initial phase of single-family residential slightly exceeds the measure. A combination of factors can assure feasibility including cost reductions, improved market conditions, and a favorable financing environment.

The measure of burden is not as precise as a detailed pro forma, however, it does provide a measure that indicates high infrastructure and public facility fee costs relative to value.

ANNUAL BURDENS

"Annual burdens" measure annual payments for public debt service that finance infrastructure and public facilities. Annual debt service plus property taxes and other special taxes or assessments are compared to value to calculate annual burdens. The annual burdens on the Project have been controlled to approximately 1.5% of value for residential uses by limiting the amount of public debt issued, as shown in **Table 7**. The total annual burden includes costs for maintenance of facilities through annual assessments and special taxes as further described in the FIA.

Property taxes typically exceed the Prop. 13 mandated 1% of assessed value to fund additional City or district-wide bonds. Legal standards limit combined burdens to 2% of value (City policy further limits burdens to 1.8% of value), however, from a market point of view the total effective rate should not exceed about 1.5% of home value, or sales could be adversely affected. The annual burdens could be lower to the extent that CFD bonds or similar public debt are not utilized, and/or other taxes and assessments for public services are lower than assumed, thereby reducing cumulative annual burdens.

2. PROJECT DESCRIPTION

As shown in **Figure 1**, the 314-acre proposed Project site is located in the northeastern portion of the City of Stockton Metropolitan Area, within the unincorporated area of San Joaquin County. The Project area is adjacent to the City of Stockton city limits to the east, within the Stockton Sphere of Influence (SOI) as defined in the 2035 Stockton General Plan, and within the City of Stockton Urban Services Boundary.

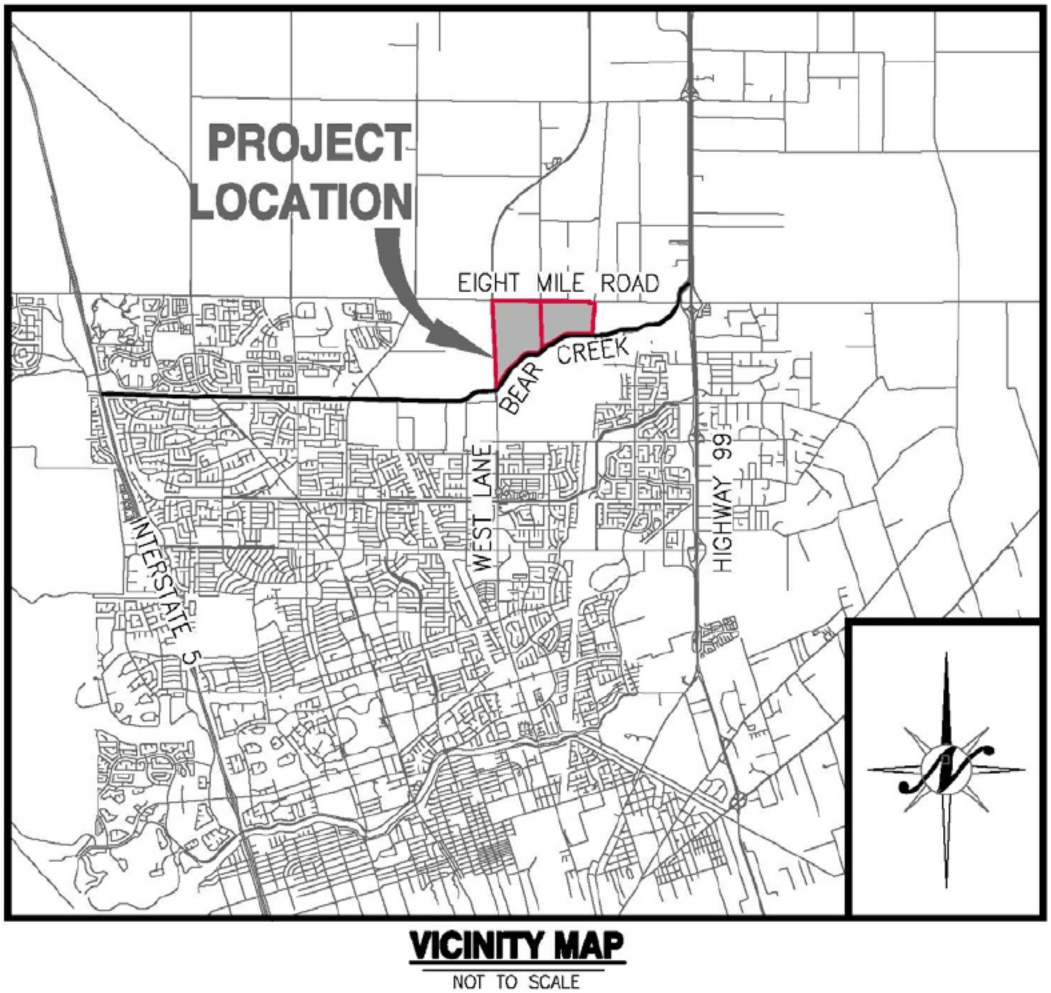
The City of Stockton will provide municipal services. Other service providers are described in the Plan for Services prepared for the Project under separate cover submitted to the San Joaquin Local Agency Formation Commission are part of the annexation process.

The Project site consists largely of active agricultural fields (roughly 253 acres in production). The Project site includes 15 acres of existing industrial uses in the north-central portion of the Project site; uses within these existing industrial lots include Pacific Bell, and Bragg Investment Company.[1]

Although the Project site includes multiple ownerships, for purposes of this finance plan the Project is treated as a single entity with subareas.

[1] NOP, July 7, 2017. See Project Location and Setting, Existing Uses.

Figure 1 Tra Vigne Site Location



LAND USES AND RELATED ASSUMPTIONS

The Project site has been designed with two sub-planning areas, Tra Vigne West and Tra Vigne East. **Figure 2** provides a conceptual site plan that illustrates the development of 1,413 residential units (including 1,073 single-family units and 340 multifamily units), a 15-acre existing Industrial area, a 10.5-acre commercial area, 15 acres of park space, and 20 acres of open space mainly along Bear Creek.[2] The Project has set aside a 14.7-acre site for a K-8 school to be developed by the LUSD. Development of the school site would add 90 units.

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[2] NOP, July 7, 2017. See Project Description, Project Characteristics, pg. 7.

Figure 2 Tra Vigne Conceptual Site Plan

RESIDENTIAL USES

The PFFP and FIA analyze 1,073 single-family units and 340 multifamily rental units, which represents the Proposed Project including a school site. The scenario excluding the school site would increase the total development by 90 units but would not have a significant impact on the PFFP analysis which assumes infrastructure and facilities sufficient to serve a larger project.

Sales Prices and Rents

Sales prices and rental rates are the basis for property taxes and related City revenues. Prices also determine household incomes, which in turn generate estimates of potential spending and sales taxes to the City.

The analysis assumes an average price of $425,000 based on market analysis prepared for the Project. The market analysis estimated average multifamily lease rates of $1,380 (after real appreciation). Continued annual price appreciation is likely through buildout, but has not been included in the current analysis; increased prices would improve financial viability.

POPULATION

Approximately 4,200 residents will occupy the Project at its completion. The number of persons per household is based on the City's FIA guidelines; the estimate assumes 3.25 persons per single-family unit, and 2.1 persons per multifamily unit.[3] The DEIR does not distinguish population by unit type, using a single average of 3.17 persons per unit for all units.

NON-RESIDENTIAL USES

Commercial

Employees at the 10.5-acre commercial site will require City services, and are factored into estimates of the Project's "service population" for the purpose of the separate FIA. The fiscal analysis assumes 350 square feet of commercial space per employee to estimate 290 employees working at the site's 101,500 sq.ft. of commercial uses.

[3] City of Stockton FIA Template Update 6/21/2017.

School

The Proposed Project anticipates the construction of a new school facility.[4] The Project has set aside a 14.7-acre site for a K-8 school to be developed by the LUSD.[5] A new school would be funded through a combination of development impact fees charged by the school district to new residential and commercial development, District voter-approved bond funds,[6] and State bond funds as available. If a school is built, maintenance and operations of the school will be the responsibility of the school district and would not affect City finances. School district operations are funded through State revenues including locally generated property taxes.

Other Project Facilities and Uses

The Project will construct infrastructure and public facilities needed to serve new residents, and to accommodate the planned commercial center. The PFFP summarizes construction costs for infrastructure and facilities, and feasible mechanisms for funding construction. The FIA addresses General Fund services and other special fund maintenance and operating costs for infrastructure and facilities.[7]

Parks and Open Space

The Project includes approximately 15 acres of neighborhood parks. In addition, the Bear Creek Corridor provides about 20.4 acres; the majority of the Bear Creek Corridor will be open space intended for passive recreation uses.

Roadways

The Project site includes about 10.35 centerline miles[8] of public roadway, plus offsite improvements to arterial roads to be constructed by the Project. The FIA estimates annual costs for maintenance, repair and repaving. Annual maintenance costs also will be required for medians and other hardscape and landscaped areas.

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4 Draft Environmental Impact Report (DEIR) for the Tra Vigne Development Project, Volume II, April 2018, pg. 3.12-23.

5 ibid, April 2018, pg. 3.12-7.

6 District bond funds include Measure L $114,000,000 General Obligation Bonds 2006, $60,000,000balance remaining as of March 2017, for rehabilitation and new school facilities; and Measure U, $281,000,000 General Obligation Bonds approved November 8, 2016 for repair expansion, safety and upgrades.

7 Tra Vigne Fiscal Impact Analysis, Berkson Associates.

8 “Center-line” miles are the length of a road independent of how many lanes it includes.

Other Public Facilities

The Project is expected to be within the service area of the City's Fire Station #13 at the time of initial development and occupancy of units, meeting City service standards. Improved road and bridge emergency access from Station #13 will be necessary by the start of occupancy of Tra Vigne development.

PROJECT ABSORPTION AND PHASING

The exact timing of development will depend on market conditions. The developer anticipates approximately five years will be required for the sale of residential units from initial sales of the first units built until sale of the final units. The actual rate of development will depend on future market conditions and decisions to be made by the developers.

INFRASTRUCTURE LINKAGE TO DEVELOPMENT PHASES

Certain major backbone infrastructure will need to be constructed in advance of residential construction; other facilities can be phased and or built in parallel with home building construction. This phasing and linkage is described in detail in the Chapter 9 Implementation Plan.

3. PROJECT INFRASTRUCTURE

Table 2 summarizes the total costs for infrastructure and public facilities, and related costs. The totals do not include the costs of vertical development (residential homes and commercial buildings). Development impact fees are calculated separately. **Chapter 4** describes the Area of Benefit fee reimbursements for offsite and oversized infrastructure. The Chapter 9 Implementation Plan provides additional detail about specific infrastructure items.

Table 2 Summary of Infrastructure Costs

Item		Total
Site Preparation and Mass Grading		$2,070,000
Transportation		
Roads (onsite)		$24,710,000
Roads (offsite)		$9,180,000
Other Transportation (mitigations)		$410,000
Subtotal		$34,300,000
Parks		$5,740,000
Utilities - Onsite		
Storm Drainage (onsite)		$3,670,000
Sewer (onsite)		3,070,000
Water (onsite inc. oversizing)		4,900,000
Subtotal		$11,640,000
Utilities - Offsite		
Storm Drainage (basin, pump, lines)		$1,360,000
Sewer (offsite)		$870,000
Water (offsite)		$3,250,000
Subtotal		$5,480,000
Total Utilities		$17,120,000
Total (before land)		$59,230,000
Contingency (exc. Land)	10%	5,920,000
Subtotal		65,150,000
Soft (exc. Land)	35%	22,800,000
Total inc. Soft + Conting. (before land)		87,950,000
Other Public Facilities		
Land Dedications (offsite)		$520,000
Subtotal		$520,000
TOTAL Costs		**$88,470,000**

Source: Northstar Engineering 2/28/19; Berkson Associates. *1/20/20*

CITYWIDE FACILITIES

The Project's development will pay City Public Facility Fees to pay for capital costs for other future facilities that will benefit the City and the Project. These fees are further described in **Chapter 5**.

LAND DEDICATION/RIGHT-OF-WAY COSTS

The Developer will be expected to dedicate, and in some cases purchase, land for required public facilities and infrastructure. The value of this land is included in the burden analysis and in cost sharing estimates for the purpose of reimbursement from other area developers to be collected from Area of Benefit Fees. Fee credits include estimated land value required for offsite or shared infrastructure.

OTHER DEVELOPMENT COSTS

The infrastructure and public facility costs include a 10% factor for contingency and a 35% factor for "soft costs" including engineering, administration and plan check/permit fees. No factors are applied to the land dedications (see above).

MAINTENANCE OF INFRASTRUCTURE

A Fiscal Impact Analysis (FIA) prepared for the Tra Vigne Project demonstrated that public tax revenues would be sufficient to fund required services from the City, assuming that General Fund revenues are supplemented by additional financing sources such assessments and special taxes. **Chapter 9** includes implementation measures described in the FIA.

4. OFFSITE AND SHARED INFRASTRUCTURE

Table 3 estimates Area of Benefit Fee allocations for oversized and offsite shared infrastructure and public facilities based on analysis described in greater detail in the Chapter 9 Implementation Plan. The actual amount of development planned at other major projects that would benefit from the facilities will depend on approvals; the estimates below provide "planning level" allocations that can establish a basis for creation of Area of Benefit (AOB) impact fees. These reimbursements are important to reduce the overall high cost burden on the Project to help assure Project feasibility.

The AOB fees would be adopted by the City. Properties subject to the AOB would pay the fees upon project approval based on their allocation of costs. To the extent that an initial funding developer had already constructed infrastructure, that developer would be eligible for credits against their AOB fee obligation and would qualify for potential reimbursement for expenditures beyond the developer's allocated AOB share of costs.

Table 3 shows potential AOB fees allocated to "Other" Tra Vigne development, including existing industrial properties if they develop at a future time.

Table 3 Summary of Allocations for Oversizing/Offsite Shared Infrastructure

Item	Total Cost [1]	Fee Credits Reimb.[2,4]	Shared Cost after Credits & Reimb.	Tra Vigne West	Tra Vigne East	Tra Vigne Other (ATT, Bragg)	Total Tra Vigne	Bear Creek West	Bear Creek South
Acres				200.2	98.0	15.6	313.8	590.0	505.2
ROADS									
Off-Site West Lane Total Street Improvements [3]									
Off-Site West Lane Street (Bear Ck-8 Mile)	6,285,145	628,647	5,656,498	5,656,498	0	0	**$5,656,498**	0	0
Traffic Signal Improvements	519,750	0	519,750	259,875	259,875	0	**$519,750**	0	0
Total Cost, Off-Site West Lane	**$6,804,895**	**$628,647**	**6,176,248**	$5,916,373	$259,875	$0	**$6,176,248**	$0	$0
Off-Site Eight Mile Road [3]									
West Lane to Ham Road - By Frontage [3]	3,004,033	803,563	2,200,470	2,200,470	0	0	**$2,200,470**	0	0
Ham Road to Leach Road - By Frontage [3]	2,148,970	886,962	1,262,007	0	700,734	561,268	**$1,262,002**	0	0
Traffic Signal/8-Mile Road and Road "C"	519,750	0	519,750	519,750	0	0	**$519,750**	0	0
Traffic Signal/8-Mile Road and Leach Road	519,750	0	519,750	0	519,750	0	**$519,750**	0	0
RTD Bus Stop [8]	25,988	0	25,988	3,692	1,808	288	**$5,788**	10,882	9,318
Total Cost	**$6,218,490**	**$1,690,525**	**4,527,965**	$2,723,912	$1,222,292	$561,556	**$4,507,760**	$10,882	$9,318
Other Transportation (Road Mitigations)[4]	**$613,199**	**$0**	**613,199**	$87,127	$42,650	$6,790	**$136,567**	$256,769	$219,864
West Lane - 8 Mile Total Intersection	**$614,327**	**$614,327**	**0**				**$0**		
SANITARY SEWERS [4][5]									
West Lane:									
24" to Existing Manhole North of McNair H.S.	795,114	511,363	283,751	62,853	30,767	4,898	**$98,519**	185,232	0
24" from Bear Creek to West Lane	499,940	227,008	272,932	60,457	29,594	4,711	**$94,762**	178,170	0
Total Cost	**$1,295,054**	**738,371**	**556,683**	123,310	60,362	9,609	**$193,281**	363,402	0
WATER [4][6]									
Eight Mile Road:									
12" Marlette Road to Lower Sacramento Rd	393,035	0	393,035	55,845	27,337	4,351	**$87,533**	164,578	140,924
24" Lower Sacramento Road to West Lane	1,146,420	368,874	777,546	110,479	54,081	8,609	**$173,168**	325,587	278,791
24" West Lane to Ham Road	715,711	239,501	476,210	67,663	33,122	5,272	**$106,057**	199,407	170,746
24" Ham Rd to East End of Tra Vigne East	653,103	217,404	435,699	61,907	30,304	4,824	**$97,035**	182,443	156,221
24" West Lane: Eight Mile Road to Bear Crk	1,368,205	423,671	944,534	134,206	65,695	10,458	**$210,359**	395,511	338,665
Total Cost	**$4,276,473**	**$1,249,449**	**3,027,024**	430,100	210,538	33,514	**$674,152**	1,267,526	1,085,346
West Lane/Bear Creek 24" Water Crossing [4][6]									
Total Cost	**$556,504**	**$148,500**	**408,004**	$57,972	$28,378	$4,518	**$90,868**	$170,846	$146,291
IN-TRACT BACKBONE									
Shared Storm Drainage [7]	2,019,295	0	2,019,295	1,288,282	630,627	100,386	**$2,019,295**	$0	$0
TVW Oversized Backbone Water System [9]	802,019	218,147	583,872	372,502	182,344	29,026	**$583,872**	$0	$0
TVW Parks and Open Space [8]	4,419,771	2,414,770	2,005,001	2,005,001	0	0	**$2,005,001**	$0	$0
TVE Oversized Backbone Water System [9]	414,137	103,534	310,603	0	267,949	42,653	**$310,602**	$0	$0
TVE Parks and Open Space [8]	3,273,650	1,169,564	2,104,086	0	2,104,086	0	**$2,104,086**	$0	$0
Total Cost	**$10,928,872**	**$3,906,015**	**$7,022,857**	**$3,665,785**	**$3,185,007**	**$172,065**	**$7,022,857**	**$0**	**$0**
TOTAL	**$31,307,814**	**$8,975,834**	**$22,331,980**	**$13,004,579**	**$5,009,101**	**$788,052**	**$18,801,732**	**$2,069,425**	**$1,460,819**
INFRASTRUCTURE LAND COST [10]	**$522,200**	**$149,713**	**$372,487**	$216,910	$83,550	$13,144	**$313,604**	$34,517	$24,366
TOTAL Shared Infrastructure	**$31,830,014**	**$9,125,547**	**$22,704,467**	**$13,221,490**	**$5,092,651**	**$801,196**	**$19,115,337**	**$2,103,943**	**$1,485,184**

[1] Above cost estimates include 10% contingency and 35% soft costs.

[2] Improvements available for PFF Fee Credit assumes that there are sufficient Fee Credits to cover 100% of the improvements that are eligible for credit. If it is determined that the PFF Fee Credit will not cover the total of the improvements available for Fee Credit, then the remaining costs should be reimbursed directly from the existing PFF fund through a reimbursement agreement.

[3] Cost breakdown for proposed roadway improvements by percentage of project frontages along the said Roadway Improvements

[4] A portion of Sanitary Sewer and Water System Improvements are available for reimbursement through Fee Credits and/or other funds. Reimbursements for Sanitary Sewer and Water System infrastructure are the cost difference between the proposed infrastructure vs the required infrastructure to serve the Tra Vigne project.

[5] Cost breakdown by % of Flow equal to percentage of Land Area. For Sanitary Sewer Infrastructure Improvements breakdown does not include Bear Creek South in percentage of project area.

[6] Cost breakdown by % of Flow which is equal to percentage of Land Area. For Potable Water System Infrastructure Improvements breakdown includes all Projects.

[7] Cost breakdown by % of Flow which is equal to percentage of Land Area. Storm Drainage Infrastructure Improvements breakdown does not include Bear Creek West and Bear Creek South.

[8] Cost breakdown for proposed improvements by percentage of project area.

[9] Cost by % of Flow which is equal to percentage of Land Area. In-Tract Backbone allocations include Tra Vigne West, East, AT&T, and Bragg Crane only.

[10] Land cost based on Northstar, 8/30/17, preliminarliy allocated proportionate to fee credits and to cost distributions by area actual amounts TBD. *1/20/20*

5. IMPACT FEE OBLIGATIONS

The Project will pay various fees to fund a range of infrastructure and public facilities within the City and region, as estimated in **Table 4**. The majority of the fees will be paid prior to home construction.

Table 4 Estimated Impact Fee Obligations and Credits/Reimbursements

Item		Residential SF	Residential MF	Com'l	Other	Total	Fee Credits (1) & Reimbursements	Net Cost
Public Facilities Fees (PFF)								
Agricultural Land Mitigation		2,587,666	150,240	123,459		2,861,364		$2,861,364
Air Quality		200,651	43,180	69,934		313,765		$313,765
City Office Space		501,091	132,940	2,284		636,315		$636,315
Fire Stations		838,013	223,720	6,192		1,067,925		$1,067,925
Libraries		967,846	258,740	4,923		1,231,509		$1,231,509
Police Station Expansion		634,143	168,980	5,481		808,604		$808,604
Community Recreation Center		516,113	137,700	2,055		655,868		$655,868
Street Improvement		14,191,498	3,283,040	322,466		17,797,004	(2,933,499)	$14,863,504
Parkland		3,002,254	582,080	0		3,584,334	(3,584,334)	$0
Street Trees		150,220				150,220	(150,220)	$0
Traffic Signals		118,030	22,610	49,329		189,969	0	$189,969
TOTAL Public Facility Fees		23,707,525	5,003,230	586,121		29,296,876	(6,668,053)	$22,628,822
County Fees								
Regional Transportation Impact		3,575,526	679,786	135,374		4,390,685	0	$4,390,685
County Facilities		2,611,682	614,380	48,550		3,274,612	0	$3,274,612
TOTAL County Fees		6,187,208	1,294,166	183,924		7,665,298	0	$7,665,298
Other Agency Fees								
School Fees (Lodi USD)		9,335,100	1,301,520	56,840		10,693,460		$10,693,460
Water Charges		16,614,128	1,807,144	28,725		18,449,996	(1,719,630)	$16,730,366
Sewer Connection Charges (2)		6,622,556				6,622,556	(738,371)	$5,884,185
TOTAL Other Agency Fees		32,571,784	3,108,664	85,565		35,766,012	(2,458,001)	$33,308,012
Other								
Habitat Mitigation (per gross acre)					3,968,516	3,968,516	0	$3,968,516
Land Dedications (offsites)							(149,713)	-$149,713
Subtotal		62,466,516	9,406,059	855,610	3,968,516	76,696,701	(9,275,767)	**$67,420,935**
Fee Admin (PFF)	3.5%	829,763	175,113	20,514		1,025,391	(233,382)	$792,009
TOTAL		63,296,280	9,581,172	876,124	3,968,516	**77,722,092**	(9,509,149)	**$68,212,943**
per unit or sq.ft.		$58,990	$28,180	$8.63	$13,399			
		per SF Unit	per MF Unit	'Com'l sq.ft.	per acre			

(1) Fee credits/reimbursements for construction of facilities otherwise funded by fees. Fee credit shown is limited to estimated fee totals. See Table 4 for estimate of fee credits for specific offsite improvements (note: Table 4 excludes street tree fee credits).
(2) Multifamily and commercial charges to be estimated based on further engineering analysis. *4/19/19*

Impact Fee Credits/Reimbursements

The Project will be entitled to fee credits/reimbursements as estimated in **Table 4** for its construction of improvements that otherwise would be funded by fees paid by the Project and funded by other City CIP sources.

6. PUBLIC FINANCING STRATEGY

SOURCES AND USES OF FUNDING

Table 5 illustrates a potential set of funding sources and financing mechanisms for infrastructure and public facilities. The amount of financing from any given source or mechanism is constrained by feasibility considerations; additional funding requirements are met through the use of private sources of funding which may be partly reimbursed through fee credits and area fees paid by other new development benefitting from the facilities. Overall, the illustrative financing program meets standards of financial viability as described in the following chapter.

Table 5 Summary of Funding Sources and Uses

Item	Private Construction & Dedication	Assessments or Mello-Roos CFD (2)	Fees, Credits & Area of Benefit Reimbursements	TOTAL
Site Preparation/Mass Grading	$1,870,000	200,000		**$2,070,000**
Onsite Roads, Parks, Utilities (inc. backbone)	38,590,000	3,500,000		**42,090,000**
Offsite Roads, Utilities	13,800,000	1,270,000		**15,070,000**
Other Public Facilities				
Land Dedications	520,000			**520,000**
Other (3)	26,300,000	2,420,000		**28,720,000**
Total (before fees)	**$81,080,000**	**$7,390,000**		**$88,470,000**
Citywide Infra/Facilities Fees			77,700,000	**77,700,000**
(less) Fee Credits/Reimbursements (1)			(9,500,000)	**(9,500,000)**
(less) AOB Reimbursements (4)			(3,600,000)	**(3,600,000)**
Total	**$81,080,000**	**$7,400,000**	**$64,600,000**	**$153,070,000**

(1) Fee credits/reimbursement detail shown in Table 4. AOB reimbursements from Bear Creek West and Bear Creek South are shown in Table 3.
(2) Assessment bond or CFD bond assumes 5.0% interest rate and 30 year debt. Proceeds are net of 15% issuance costs & reserve. Total annual additional debt payments limited to 0.10% of assessed value, or total tax rate w/assessments and special taxes of 1.5%. Example is illustrative; district finance depends on timing of development and other financing.
(3) "Other Costs" include construction cost with 10% contingency, and 35% soft costs.
(4) AOB reimbursements includes a share of land costs for shared infrastructure. *1/20/20*

The actual mix, magnitude and timing of financing mechanisms and sources will depend on future market conditions at the time of development, prevailing interest rates and finance charges, and private capital markets. Specific financing mechanisms are described in greater detail in **Chapter 9**.

7. COST BURDEN ANALYSIS

ONE-TIME CAPITAL COST BURDENS PER UNIT AND SQ.FT.

METHODOLOGY

Table 6 shows preliminary infrastructure and public facility cost burdens. These allocations are intended to estimate burdens relative to land uses within the Tra Vigne Project only. A separate, detailed engineering analysis allocates offsite and oversized infrastructure that benefits other non-Project development areas for the purpose of fee credits and Area of Benefit development impact fees as shown in **Chapter 5**.

One standard measure of public facility and infrastructure burden compares capital costs to value created. When this measure exceeds 20 percent of value, the Project may begin to experience greater difficulty obtaining financing and increased private sector development risk. The measures shown in **Table 6** indicate that the Project's single-family residential slightly exceeds the measure. A combination of factors will assure future feasibility, including cost reductions, improved market conditions, pending revisions to City fees based on the recently updated General Plan, and a favorable financing environment.

Buildout of commercial uses may not occur until after buildout of the single-family development as the Project becomes established as a community. Other new development in the area will improve the viability of the commercial uses and the possibility that the commercial uses will be built sooner.

The cost allocations to individual uses are only for the purpose of generally illustrating burdens by land use; the Project will internally allocate costs as necessary to achieve a marketable balance overall. Fee credits and AOB allocations will be determined by a separate engineering analysis.

Table 6 Summary of Infrastructure and Public Facility Burdens

Item	Residential SF	Residential MF	Com'l	Other (3)	Total (3)
Infrastructure and Public Facilities	$58,200,000	$12,700,000	$17,500,000		$88,400,000
	66%	14%	20%	0%	100%
Public Facility Fees & Other Fees	$63,300,000	$9,600,000	$900,000	$4,000,000	$77,800,000
	81%	12%	1%	5%	100%
TOTAL Infrastructure & Public Facilities	$121,500,000	$22,300,000	$18,400,000	$4,000,000	$166,200,000
	73%	13%	11%	2%	100%
Infrastructure, Public Facilities and Fees	$121,500,000	$22,300,000	$18,400,000	$4,000,000	$166,200,000
Feasibility of One-Time Burden					
Units or Commercial Sq.Ft.	1,073	340	101,500		
Value per Unit or Commercial sq.ft.	$425,000	$220,000	$350		
Total Value	$456,000,000	$74,800,000	$35,500,000		$566,300,000
(less) Total City/Other Fee Credits (1)	($7,700,000)	($1,200,000)	($100,000)	($500,000)	($9,500,000)
Net Cost after Credits	$113,800,000	$21,100,000	$18,300,000	$3,500,000	$156,700,000
Net Infrastructure and Facilities Cost/Total Value	25%	28%	52%	na	28%
(less) Area Fee Reimbursements (2)	($2,400,000)	($500,000)	($700,000)	$0	($3,600,000)
Net Cost after Area of Benefit Reimbursements	$111,400,000	$20,600,000	$17,600,000	$3,500,000	$153,100,000
Net Infrastructure and Facilities Cost/Total Value	24%	28%	50%		27%

(1) Estimated fee credit/reimbursement allocated to uses proportionate to total fee obligations. Actual amounts will vary by fee and use.
(2) Estimated AOB reimbursements from non-Tra Vigne allocated to uses proportionate to Total Infra. and Public Facilities cost.
(3) "Other" includes habitat fees not allocated to specific uses. NOTE: totals may not match other tables due to rounding *1/20/20*

ANNUAL COST BURDENS

The annual tax burdens shown in **Table 7** indicate annual residential burdens under 1.5% of value. This burden includes annual payments for the 1% property tax general levy, plus other existing assessments and property tax overrides, and any additional assessments and special taxes required by the Project, e.g., special taxes for City services. It is likely that the commercial burdens would need to be partially distributed by the developer to other uses to reduce the burden on commercial property owners to a rate that is viable in the real estate market.

It is legally possible to burden property up to a total of 2 percent of assessed value annually (1.8% according to City policy); however, real estate markets typically limit annual tax burdens to 1.5 percent of value, including 1% property taxes. This limit depends on market conditions.

Any available capacity within the 1.5 percent, after paying for maintenance assessments and special taxes, is assumed to be available for Project public debt service payments for infrastructure if the developer chooses to issue CFD debt secured by the Project's special taxes.

In the event of the formation of a CFD for Tra Vigne infrastructure, issuance of bonds to finance capital infrastructure, and dedication of the financed facilities to the City, a transition event for financing of ongoing maintenance will occur. At the payoff of the bonds financing capital infrastructure, 20% of the annual assessment dedicated to the payment of this debt will continue to be assessed and transition to pay for ongoing maintenance of the capital facilities that were financed.[9]

The illustrative finance plan indicates an additional 0.08% to 0.10% of value available to support annual special taxes and corresponding capacity for additional improvements, while remaining under a combined burden below 1.50% of value. The actual amount and use of CFD infrastructure special taxes and infrastructure bonds will be determined by the developer at a future time.

Table 7 Summary of Annual Cost Burdens

	Residential			
Item	**SF**	**MF**	**Com'l**	**Total**
Infrastructure and Public Facilities	$58,200,000	$12,700,000	$17,500,000	$88,400,000
Annual Burden				
CFD or Assessment Funding for infrastructure Debt (1)	5,600,000	1,200,000	1,700,000	$8,500,000
Annual Debt Payment	$364,000	$78,000	$111,000	$553,000
Annual Cost per Unit or Com'l Sq.Ft.	$339	$229	$1.09	
Property Tax Rate (inc. overrides) (2)	1.15%	1.15%	1.15%	
Assessment or CFD Debt pmt above 1% prop. tax	0.08%	0.10%	0.31%	
Assessments & CFD Special Taxes for Services (3)	0.25%	0.15%		
Combined Burden of CFD and Taxes	1.48%	1.40%	1.46%	

(1) Additional debt assumptions shown on Table 5. Amount shown is gross before deducting 15% issuance cost.
(2) Includes additional overrides that can vary from 5% to 15%.
(3) Assessments and Special Taxes include maintenance districts to maintain Project infrastructure and facilities as described in the Fiscal Impact Analysis ($500/single-family unit $330/MF).
NOTE: totals may not match other tables due to rounding.

1/20/20

[9] Correspondence with City of Stockton, 1/16/19.

8. PROPOSED FINANCING MECHANISMS

It is likely that a combination of funding sources will be needed to assure that required infrastructure and public facilities are constructed in a timely manner. The following sections summarize funding sources and financing mechanisms that may be utilized in a financing strategy, for example as described in **Chapter 6**.

DEVELOPER EQUITY AND PRIVATE FINANCING

Private sources of debt and equity are the primary source for funding for public facilities and infrastructure, particularly since public financing mechanisms described in this chapter depend upon the construction of homes and the creation of development value before substantial public debt can be issued, and public debt is constrained by feasibility limits.

Private capital is at greatest risk, since public debt will be secured by value of the development and will be in the first position for repayment. Private capital depends on the success of the project and repayment from future land and development sales after the successful completion of infrastructure and public facilities.

The initial developer equity and private financing required for infrastructure and public facilities are anticipated to be partially reimbursed in various ways from public financing mechanisms. For example, the Project will be entitled to credits against certain Public Facility Fees and other fees; future development outside Tra Vigne will pay Area of Benefit (AOB) Fees to reimburse initial developers for oversizing of shared infrastructure and public facilities; CFD bonds may be issued and reimburse initial funding developers for certain eligible costs.

BENEFIT ASSESSMENT DISTRICTS

Under a Benefit Assessment District, property assessments are raised within a specific geographic area, with the proceeds going to provide public improvements or services that benefit the property owners within that area. Only improvements with property-specific benefits (e.g., roads and sidewalk, and sewer and water improvements) can be financed with assessments. There must be a logical relationship between the assessment method and amount and the benefit received by associated property owners or tenants. A special assessment district also requires the voter approval of the owners of a majority of the property within the district.

The City manages several citywide assessment districts for the purpose of landscape maintenance, and for drainage maintenance. This PFFP and the FIA propose that the Project would be annexed into those districts and zones created for the Tra Vigne Project to assure that the Project pays for the costs of required maintenance within the Tra Vigne zone.

It is expected that the Project will become a new zone within the City's Consolidated Landscape Maintenance Assessment District (LMAD) 96-2 Fund. The District will collect assessments from the Project to pay for its required maintenance and services costs. Funds generated through the LMAD would be restricted to maintenance, repair and replacement of parks, landscaping, and street lighting in the Project. It is also assumed that the Project would become a new zone within the City's existing Consolidated Storm Drainage Maintenance Assessment District No. 2005-1. Assessments collected from the Project's zone would fund the specific needs of the Project including operating, maintenance and eventual replacement of the drainage system.

COMMUNITY FACILITIES DISTRICTS

Community Facilities District (CFD) bonds can be issued and paid by special taxes levied on property owners. Special taxes not required for debt service may be used for "pay- as-you-go" funding of capital improvements. Although the Developer currently does not intend to utilize CFD bonds for capital or services, it is described and retained as an option.

In the event of the formation of a CFD for Tra Vigne infrastructure, issuance of bonds to finance capital infrastructure, and dedication of the financed facilities to the City, a transition event for financing of ongoing maintenance could occur. At the payoff of the bonds financing capital infrastructure, 20% of the annual assessment dedicated to the payment of this debt could continue to be assessed and transition from debt service to paying for ongoing maintenance of the capital facilities that were financed.[10]

The 1982 Community Facilities District Act enables cities, counties, special districts, and school districts to establish CFDs and to levy special taxes to fund a wide variety of public facilities and services. CFDs are subject to voter approval requiring two-thirds voter approval. Where there are fewer than 12 registered voters within the proposed CFD boundary, the CFD election would be a landowner vote instead of a registered voter vote.

The Tra Vigne financing strategy recognizes a practical limit on the ability to charge annual assessments or special taxes for capital and maintenance costs for infrastructure and public facilities. The limit assumed in the current strategy is a total 1.50 percent of value, or about a 35 percent special tax and/or assessment increase above the constitutionally mandated 1 percent property taxes and existing tax overrides, cumulatively ranging from 1.05 to 1.15 percent of assessed value. As taxes burdens increase to 1.50 percent or more of total home value, there is

[10] Correspondence with City of Stockton, 1/16/19.

a risk of adverse impacts on land and home prices that would offset financing benefits associated with the CFD special taxes. This Plan assumes that a CFD for infrastructure remains an option, however the developer has indicated that it may not be utilized due to its cost and stigma to home buyers.

CFD for Services

The FIA anticipates City formation of a CFD for Services. This CFD will charge an annual special tax to fund additional public services and maintenance required by the Project (excluding road maintenance, parks and open space, and drainage). Services will also be funded by assessments paid by the Project noted above, for example to pay for the Project’s open space, landscape and drainage maintenance. Public services will also be funded by new public tax revenues to the City's General Fund generated by Project residents and commercial activity.

The CFD special tax, specified by the City at $500 per single-family unit, in addition to other assessments for landscape and drainage, would create a homeowner average property tax burden of 1.40 to 1.50 percent of total land and building value, when added to other existing taxes and a potential CFD for infrastructure. Market conditions suggest that these burdens should not exceed about 1.50 percent; therefore, the PFFP illustrative financing plan assumes that any additional CFD bond debt for infrastructure should be sized to limit the overall tax burden, including all property taxes, assessments and special taxes, to 1.50 percent of total value or less.

STATEWIDE COMMUNITY INFRASTRUCTURE PROGRAM (SCIP)

SCIP is a pooled tax-exempt financing program which can finance impact fees and public improvements for private developments. Any city, county, or special district can participate in SCIP to provide the local agency the means of offering competitive financing to developers. The City of Stockton is a participating member. The bonds are issued by the California Statewide Communities Development Authority (CSCDA) which is a Joint Powers Authority sponsored by the League of California Cities and the California State Association of Counties to promote bond programs of public benefit to its members. The bonds are 30-year fixed rate tax-exempt bonds secured by property owner assessments. There are typically two issues a year (in the Spring and Fall). SCIP has issued over $500 MM in bonds since its inception in 2003 through 2018.[11]

[11] http://cscda.org/Infrastructure-Finance-Programs/Statewide-Community-Infrastructure-Program-(SCIP)

CITY AND OTHER AGENCY DEVELOPMENT IMPACT FEES

As described in **Chapter 5**, the City has adopted fees to fund a range of infrastructure and public facilities required to serve new development. The PFFP assumes that the developers will qualify for a credit/reimbursement against those fees as provided by the City's fee ordinances for certain developer-constructed infrastructure otherwise funded by fees.[12] Other agencies, including the County and school district, also charge impact fees to fund infrastructure and facilities serving the Project.

AREA OF BENEFIT (AOB) DEVELOPMENT IMPACT FEES

Area of Benefit (AOB) development impact fees would be created consistent with City policy[13] and charged as a condition of development to defray the cost of specified public infrastructure facilities required to serve new development in a given area, including the Project and other benefitting development. Proceeds of the fees can be used to reimburse initial developers for their funding of infrastructure that serves other new developments paying the AOB fees. **Chapter 4** describes estimated AOB impact fees and potential reimbursements to the Project from other area developments. The fees may also apply to separate development projects within the Project. The City will determine the amounts and implementation of the AOB.

The use of AOB fees assures that other new development in the area compensates Tra Vigne developers for benefits from infrastructure and oversizing of facilities constructed by Tra Vigne. Other options are available, for example, private reimbursement agreements between developers, or the formation of a CFD. Without the AOB reimbursements, Project feasibility is adversely affected.

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[12] See Stockton Municipal Code, Section 16.72.260 Public Facility Fees, D. Developer Construction of Facilities.

[13] See City of Stockton Municipal Code 16.72.050 Area of Benefit.

9. IMPLEMENTATION PLAN

This PFFP provides a set of financing tools that are likely to be refined over time and adapted as needed in response to changing economic conditions, availability of private and public financing, and Project infrastructure and facility needs. The financing described in this PFFP is one possible financing scenario; the strategy is intended to be flexible in order to adapt as needed to future events and market conditions.

UPDATES AND REVISIONS

It may be necessary to adjust this PFFP to the extent that the Project's entitlements are subsequently amended in a way that significantly affects the value of the Project, or substantial delays occur, for example, due to adverse economic conditions. Changes in financing mechanisms and City policies may also trigger a need to revisit the financing plan.

Relevant sections of the Fiscal Impact Analysis (FIA) may also need to be updated to reflect City fiscal conditions, actual service requirements, infrastructure maintenance costs, and tax revenues generated by the Project at the point in time when the initial phase of home development occurs.

ADOPTION OF FEE PROGRAMS

The City's adoption of Area of Benefit (AOB) fees is one method for the Project developers to be reimbursed for funding of infrastructure needed to serve new development in the area, in addition to serving the Project. The fees can be adopted by City ordinance, supported by a nexus study allocating costs.

AOB Fee programs can include (but are not limited to) the following:

1. Completion of specific facilities and infrastructure.
2. Adoption of an Area of Benefit ("AOB") Fee Ordinance. The AOB Fee Ordinance, consistent with City policy, will define the fee amount and adjustments, benefitting properties, allocation formula and other implementing terms. As a condition of approval, properties within the Area of Benefit will pay the fee amount defined in the ordinance with appropriate adjustments for inflation. Developers who funded the shared infrastructure will be reimbursed from the AOB fees paid by other benefitting properties. Appendix C provides an allocation framework for the creation of an AOB.

A Reimbursement Agreement will specify the amount by which the Project's initial funding exceeds the Project's proportionate share as determined by a formula allocating the oversized and shared infrastructure costs to all properties within an Area of Benefit (net of PFF credits allocated to the Project). The City will reimburse the Ownership for the Project's funding in excess of its share, as adjusted for inflation, as AOB fee revenues are paid by other developments subject to the AOB fee.

3. The fee program will include separate areas of benefit as necessary for facilities and infrastructure with different areas of benefit.
4. The Project will receive credit against Public Facility Fees (PFF) and other fees that would otherwise be required for Project-funded infrastructure. In addition, the City may reimburse the Developer using City funds, for example, PFFs collected from other developers.

FORMATION OF FINANCING DISTRICTS

Following approval of the Project's CEQA documentation, actions will be taken to form financing districts, for example, assessment districts and/or a CFD for infrastructure.

The Project will also be annexed into existing City maintenance districts and new zones created for the purpose of infrastructure maintenance.

The Project will participate in a Citywide Services CFD formed to augment existing districts and to fund services that could not otherwise be funded through assessment districts. The Project will participate in other City districts to assure adequate public services funding.

INFRASTRUCTURE AND PUBLIC FACILITIES MAINTENANCE

The maintenance of the roads, landscaping, parks, retention basins, trails, open space features and other public improvements and amenities within the Tra Vigne West and Tra Vigne East

Tentative Subdivision Maps will be provided by various service providers, including the City, and funded through a combination of revenue sources.

A Fiscal Impact Analysis (FIA) prepared for the Tra Vigne Project demonstrated that public tax revenues would be sufficient to fund required services from the City, assuming that General Fund revenues are supplemented by additional financing sources such as assessments collected by City assessment districts, and special taxes from a CFD for services as summarized below and in other sections of this report and the Project's FIA.

Maintenance of most infrastructure and public facilities will be a City maintenance responsibility. The cost of City services will be funded by normal taxes, fees and charges received by the City, for example, property taxes, sales taxes, State subventions (e.g., gas taxes), and fees and charges. In some cases, City funding may be supplemented by revenues from the following sources:

- Services CFD special taxes described above.
- Assessments from property owners, for example, from assessments collected within a new Project zone of the existing City Consolidated Landscape Maintenance Assessment District 96-2, and the City’s existing Consolidated Storm Drainage Maintenance Assessment District No. 2005-1.
- Payment by Tra Vigne residents and businesses for City water, wastewater, and storm drainage user fees;
- Other utilities (such as electricity, natural gas, and telephone) and services (such as solid waste collection) will be maintained through fees and charges of the appropriate service providers.

INFRASTRUCTURE PHASING AND FINANCING

The Developer has proposed a logical phasing of residential and commercial development and related infrastructure required to serve the new development. While actual timing, amount and location of development will depend on market and financial conditions, the proposed phasing provides a basis for planning and implementation of financing mechanisms described in this PFFP.

New development includes up to 1,410 units (including 340 multifamily units) and 101,500 square feet of commercial uses. Other development scenarios have been evaluated in the PFFP and other fiscal documents prepared for the Project, for example, to illustrate the fiscal and financial implications of a scenario in which a new school replaces a portion of residential development and fewer residential units are built.

The Project may be developed by multiple property owners (e.g., Tra Vigne West and Tra Vigne East); the estimated costs, phasing, credits and reimbursements described herein apply regardless of ownership but will be embodied in separate documentation applicable to each area. The separate parties will enter into private contracts to address financial issues between the two ownerships, for example, allocation of reimbursements depending on which developer proceeds first to build required infrastructure. For purposes of this document the term "Developer" refers to the Tra Vigne developers collectively.

Appendix B, the Engineer's Estimate of Probable Cost (2/28/19) includes detailed cost estimates for Project infrastructure and facilities. These costs and reimbursements will be revised as needed to reflect future plans and requirements, actual construction costs, any additional allowed land costs for rights-of-way, easements and dedications, planning and administrative costs consistent with City policies, and inflationary adjustments based on the timing of future reimbursements. Engineering costs have been rounded in the current document.

The appendix also documents the following:

- Anticipated infrastructure, costs and phasing required for new development;
- Qualified costs for oversized and shared infrastructure eligible for City fee credits and other reimbursements;
- Remaining costs (after fee credits and other City reimbursements) reimbursable from other development benefitting from oversized facilities through an AOB and/or private agreements.

The following sections describe these items in greater detail.

Infrastructure Linkage to Development Phases

Certain major offsite and backbone infrastructure will be needed in advance of any residential and commercial construction. Other in-tract improvements can be constructed as building construction proceeds.

The matrix in **Appendix B** lists planned public improvements and their linkage to Tra Vigne development phases. The table indicates the public improvements to be constructed in advance of or concurrently with certain phases to allow occupancy of homes and commercial space. **Appendix B** includes (by reference) maps showing infrastructure associated with each phase of development.

The proposed phasing of development and related improvements represents a logical and cost-effective pattern of development and is based on the infrastructure required to serve each phase of the development. The actual timing of future development phases will depend on market conditions and may vary from the phasing shown. The public improvements required for each phase may be modified at the time individual final maps and improvement agreements are submitted and approved for each phase.

Project infrastructure will be financed through a number of means. Following is a summary of the anticipated mechanisms to be utilized.

Fee Credits and Other Reimbursements

Infrastructure constructed by the Tra Vigne developer that is oversized and benefits other development will qualify for reimbursements through fee credits or cash paid by the City from its PFF fund or other funds. A "reimbursement agreement" between the City and the Developer will include terms related to specific fee credits, other cash reimbursements, actual costs upon City acceptance of infrastructure, based on invoices as reviewed and approved by the City, inclusion of interest charges from the time of acceptance until reimbursement, and deduction of a City administrative charge of 3.5 percent.

The City's Development Code states "If a developer is required, as a condition of approval of a development permit, to construct a public facility that has been designated to be financed with public facilities fees and if the facility has supplemental size, length, or capacity over that needed for the impacts of that development, a reimbursement agreement with the developer and a credit against the fee otherwise levied by this Development Code on the development project shall be offered."[14]

Shared costs that are not reimbursed by the City will be identified for reimbursement in an Area of Benefit (AOB) Fee paid by development that benefits from the facilities.

Fee credits and reimbursements include:

Offsite Road Improvements – The Developer is required to construct portions of West Lane, Eight Mile Road, and the intersection of the two, as well as other road improvements. A share of these facilities exceeds the improvements needed solely to serve the Tra Vigne Project and qualifies for reimbursement from Street Improvement Public Facility Fees.

[14] City Code 16.72.260 Public facilities fee, Section D. Developer Construction of Facilities.

As noted above, the City's Development Code requires the City to offer "a reimbursement agreement with the developer and a credit against the fee otherwise levied…". The City's PFFP administrative Guidelines generally describe credits and reimbursement. [15] [16] the specific form of reimbursement, credit, and terms of credit/reimbursement will be specified in further detail by the City.

Offsite Sanitary Sewer Improvements – The Developer is required to construct 24" sanitary sewer mains along West Lane and offsite through lands not owned by the Developer or part of the Project. The 24" sanitary sewer trunk line will be extended from the intersection of Road B and West Lane southerly to the northside of the Bear Creek Channel levee and proceed westerly approximately 3,564 lineal feet and tie into an existing transmission line. A share of these facilities exceeds the improvements needed solely to serve the Tra Vigne Project and qualifies for reimbursement from the portion of Wastewater Connection Fees designated for "future" facilities.

The City's Administrative Guidelines provide that "If the developer connects to the existing [sanitary sewer] collection system and installs mains in accordance with the Master Plan, developer is eligible for a full credit/reimbursement within its development of component (3) of the connection fee-future collection systems."[17]

Currently, the portion of the City's wastewater fee allocated to "future costs" is about 31.2 percent of the total fee. For a single-family unit, the "future component is $1,134 and the total fee is $3,634.[18] The Developer would receive wastewater fee credit equal to qualified costs for oversizing, or 31.2 percent of total cumulative wastewater fees, whichever is less.

Offsite Potable Water System Improvements – The Developer is required to construct water mains in Eight Mile Road and in West Lane, oversize in-tract water mains, and parallel water mains for water supply to future developments. A share of these facilities exceeds the improvements needed solely to serve the Tra Vigne Project and qualifies for reimbursement.

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[15] Note: the Administrative Guidelines appear to include a contradictory typographical error on pg. 18 where the text refers to generating insufficient revenue, unless the credit is only 50% of fees, to fund necessary improvements "…adjacent to developer properties". The text should say "…adjacent to developed properties."

[16] Public Facilities Fee Program Administrative Guidelines (updated 7/2018), pg. 18.

[17] Public Facilities Fee Program Administrative Guidelines (updated 7/2018), pg. 17.

[18] City of Stockton Municipal Code Title 16 Wastewater Connection Fee, North of Calaveras.

The qualifying costs would be reimbursed from Delta Water Support Project Surface Water Connection Fees.

The determination of the growth component of the Delta Water Supply Project was provided in an independent Surface Water Split Analysis conducted by Montgomery Watson Harza (August 2008). This analysis calculated that “66.7 percent of the project was attributable to growth, or new customers."[19]

The City’s Administrative Guidelines provide that “If the developer constructs a portion of the water system in accordance with the Master Plan, it is eligible for a full credit/reimbursement within its development for the fee for that portion of the cost which represents water transmission mains installed which exceed the requirements of the individual development as determined by the City.” [20]

Parkland Fees – The Developer is required to dedicate and construct parks and parklands. Facilities that include neighborhood parks as well as regional serving trails and Bear Creek open space. As indicated by the City’s Administrative Guidelines, dedication of land qualifies the developer for “…credit/reimbursement equal to the percentage of the fee that is needed to acquire the land… If the Developer also construction [sic] one of these facilities, it is eligible for a full credit/reimbursement of the fee of permits within its development, and reimbursement of the fees from other developments within the service area of the facility.”[21]

Park improvement costs would qualify for 100 percent credit against park dedication and improvement cost components of the current Parkland Fees.

Area of Benefit (AOB)/Developer Responsibility

The costs for infrastructure shared by and benefitting non-Tra Vigne development, net of fee credits and other reimbursements, will be allocated to an AOB formed by the City Council (with formation costs funded by the Developer) for the purpose of reimbursing the Developer. The Developer will build and fund this infrastructure and will be reimbursed for a share of the cost through the AOB.

While the City prefers that Tra Vigne property owners provide for cost sharing and reimbursement through private agreements, it may be necessary to include non-participating

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[19] See City Council Agenda, July 7, 2009 re: adoption of new fee.

[20] Public Facilities Fee Program Administrative Guidelines (updated 7/2018), pg. 17.

[21] Public Facilities Fee Program Administrative Guidelines (updated 7/2018), pg. 16-17.

property owners in an AOB to assure that if and when development occurs on their properties, they reimburse the initial infrastructure developer for a proportionate share of infrastructure costs.

Non-Tra Vigne developments, including the areas previously designated Bear Creek West and Bear Creek South, will participate in an AOB and will be required prior to initiation of construction to pay AOB fees (as adjusted to the time of payment by a construction cost index) to reimburse the Tra Vigne Developer, pursuant to a reimbursement agreement between the City and the Tra Vigne Developer, for the allocated costs of infrastructure (as approved by the City at the time of acceptance of the infrastructure) from which they benefit. The ATT and Bragg Crane properties are also assumed to participate in the AOB to pay for a share of certain infrastructure costs (if not otherwise addressed through private agreements between with the Tra Vigne Developer).

Engineer's AOB cost allocation percentages have been prepared and are incorporated by reference in **Appendix B**; additional costs for improvements' rights-of-way (ROW) and land dedications (not estimated in the current cost allocations) will also be included as allowed by City policies**.** The allocations to non-Tra Vigne developments refer to the areas previously designated Bear Creek West and Bear Creek South; for the purpose of the current discussion those previous designations are retained.

OTHER FINANCING MECHANISMS

In addition to the financing mechanisms summarized above, the Developer will use a combination of private equity, debt funding, land sales revenue, and may utilize district financing (e.g., CFD, special assessments) depending on future economic conditions, City policies and practices, and more detailed financial analysis. The PFFP report illustrates a financing scenario for evaluation purposes, however, the actual mix of financial mechanisms will depend on future decisions by the Developer.

INFRASTRUCTURE AND PUBLIC FINANCING

The following description of infrastructure items refers to engineering analysis identified in Appendix B and incorporated by reference.

WEST LANE (NORTHSTAR ITEMS 1A-1C)

West Lane will be widened from the intersection of Eight Mile Road southerly along the entire frontage of the Tra Vigne property to Bear Creek. The ultimate width of West Lane will vary between 128 feet and 140 feet depending on the forthcoming 2040 General Plan changes with the adoption of the new precise road plan. The Tra Vigne development will be responsible to improve approximately 89 feet and 101 feet of these widths respectively. Plan views and cross sections can be seen in **Appendix B**, Offsite & In-Tract, PFF & AOB, Exhibits 2.4 to 2.7.

There is one signal proposed along this portion of West Lane at the intersection of West Lane and the future Road B.

Phasing – As shown in **Appendix B**, **Table X.X**, the initial segment of road from Bear Creek to Road B, including the traffic signal, will be required concurrent with development of Tra Vigne West Phase 1; further roadway extensions will be completed with construction of Tra Vigne West Phase 3 and later phases.

Estimated Costs – Estimated costs (including the traffic signal) total $6.8 million as shown in **Appendix B**. The Project developer will be responsible for the improvements described above subject to the following credits and reimbursements:

Fee Credits – $629,000 of the road improvement costs (excluding non-reimbursed traffic signal improvements) qualify for PFF Road Fee credit.

Other City Reimbursements – As described above in the section “Fee Credits and Other Reimbursements”, the City may elect to reimburse the Developer from City PFF road fund accounts in advance of the Developer receiving fee credits.

AOB/Developer Responsibility – The remaining Developer-responsibility street improvement costs are the responsibility of Tra Vigne West. The signal also benefits Bear Creek West and is allocated 50% to Tra Vigne West and 50% to Bear Creek West.

Eight Mile Road (NorthStar Items 2A-2E)

Eight-Mile Road will be widened from the intersection of West Lane and Eight-Mile Road easterly up to and including the intersection at Leech Road. The ultimate width of Eight-Mile Road will vary between 132 feet and 156 feet depending on the forthcoming 2040 General Plan changes with the adoption of the new precise road plan. The Tra Vigne development will be responsible to improve approximately 91 feet and 115 feet of these widths respectively. The Developer will provide an RTD bus stop along Eight-Mile Road adjacent to the Commercial parcel. Land Use Plan views and cross sections can be seen in **Appendix B**, Exhibits 2.1 to 2.3.

There are three signals proposed along this portion of Eight-Mile Road at the following intersections: West Lane, Future Road C, and Leach Road.

Phasing – As shown in **Appendix B**, **Table X.X**, a segment of the road, including signals, will be needed upon construction of Tra Vigne West Phase 11; remaining segments, including signals, will be needed beginning with the commercial, multifamily and Tra Vigne East phases.

Estimated Costs – Estimated costs total $6.2 million (including traffic signals and bus stop) as shown in **Appendix B**. The Project developer will be responsible for the improvements described above subject to the following credits and reimbursements:

Fee Credits – $1.69 million of the road improvement costs (excluding signal and bus stop improvements) are components of the City's road system and therefore qualify for PFF Road Fee credit.

Other City Reimbursements – As described above in the section "Fee Credits and Other Reimbursements", the City may elect to reimburse the Developer from City PFF road fund accounts in advance of the Developer receiving fee credits.

AOB/Developer Responsibility – Segments of the road are allocated to Tra Vigne ownerships according to frontage. The RTD bus stop cost is allocated to Tra Vigne ownerships and to Bear Creek South and Bear Creek West proportionate to development area.

West Lane – Eight Mile Road Intersection (NorthStar Item 3)

Street and traffic signal improvements are required at the intersection of West Lane and Eight Mile Road. These improvements are mapped in **Appendix B**, Exhibit 2.1.

Phasing – As shown in **Appendix B**, **Table X.X**, the intersection improvements will be required concurrent with Tra Vigne West Phase 7 and subsequent phases including the commercial and multifamily parcels. The improvements are not triggered by Tra Vigne East phases.

Estimated Costs – The estimated cost totals $614,000 as shown in **Appendix B**. The Project developer will be responsible for the improvements described above subject to the following credits and reimbursements:

Fee Credits – The entire cost qualifies for PFF Road Fee credit.

Other City Reimbursements – As described above in the section "Fee Credits and Other Reimbursements", the City may elect to reimburse the Developer from City PFF road fund accounts in advance of the Developer receiving fee credits.

AOB/Developer Responsibility – The entire cost qualifies for PFF Road Fee credit and thus there is no remaining developer responsibility.

OFF-SITE SANITARY SEWER (NORTHSTAR ITEMS 4A-4B)

The Developer is required to construct 24" sanitary sewer mains along West Lane and offsite through lands not owned or part of the Project. The 24" sanitary sewer trunk line will be extended from the intersection of Road B and West Lane southerly to the northside of the Bear Creek Channel levee and proceed westerly approximately 3,564 lineal feet and tie into an existing transmission line. The location of the mains is mapped in **Appendix B**, Exh. 3.1.

Phasing – As shown in **Appendix B**, **Table X.X**, the mains are required upon initial construction of Tra Vigne West Phase 1 and all other Tra Vigne phases.

Estimated Costs – Estimated costs total $1.3 million as shown in **Appendix B**. The Project developer will be responsible for the improvements described above subject to the following credits and reimbursements:

Fee Credits – As described above in the section "Financing Mechanisms/Fee Credits and Other Reimbursements", the portion of the wastewater fee allocated to "future costs" is about 31.2 percent of the total fee. The share of wastewater facilities that are oversized for future development (other than Tra Vigne) are estimated at $738,000. The Developer would receive wastewater fee credit of $738,000 or 31.2 percent of total cumulative wastewater fees, whichever is less.

Other City Reimbursements – As described above in the section "Fee Credits and Other Reimbursements", the City may elect to reimburse the Developer from City PFF road fund accounts in advance of the Developer receiving fee credits.

AOB/Developer Responsibility – The remaining $557,000 of cost not reimbursed through fee credits is allocated to all Tra Vigne properties and to Bear Creek West according to estimated percentage flows.

OFFSITE POTABLE WATER SYSTEM (NORTHSTAR ITEMS 5A-5E)

The Developer is required to construct water mains in Eight Mile Road (12" and 24") and in West Lane (24"). A share of these facilities exceeds the improvements needed solely to serve the Tra Vigne Project. The location of the mains is shown in **Appendix B**, Exh. 3.1.

Phasing – As shown in **Appendix B**, **Table X.X**, certain segments of the mains are required upon initial construction of all Tra Vigne phases; other segments are not required until construction of the commercial and multifamily parcels and all Tra Vigne East phases.

Estimated Costs – Estimated costs total $4.3 million as shown in **Appendix B**. The Project developer will be responsible for the improvements described above subject to the following credits and reimbursements:

Fee Credits – As described above in the section "Financing Mechanisms/Fee Credits and Other Reimbursements", the Project qualifies for 66.7 percent (new development component) fee credits against the Delta Water Support Project, Surface Water Connection Fee. The oversized facilities and cost that qualifies for fee credits is estimated to be $1.25 million, or 66.7 percent of total cumulative Delta Water fees from the Project, whichever is less.

Other City Reimbursements – As described above in the section "Fee Credits and Other Reimbursements", the City may elect to reimburse the Developer from City Delta Water Support Project fund accounts in advance of the Developer receiving fee credits.

AOB/Developer Responsibility – The remaining $3 million of cost not reimbursed through fee credits is allocated to all Tra Vigne properties and to Bear Creek West and Bear Creek South according to estimated percentage flows.

West Lane/Bear Creek 24" Water Crossing (NorthStar Item 6A)

The Developer is required to construct a 24" water main undercrossing along West Lane under Bear Creek to connect to the existing City system and complete the system loop. The location of the mains is mapped in **Appendix B**, Exh. 3.1.

Phasing – As shown in **Appendix B**, **Table X.X**, the mains are required upon initial construction of Tra Vigne West Phase 1 and all other Tra Vigne phases.

Estimated Costs – Estimated costs total $560,000 as shown in **Appendix B**. The Project developer will be responsible for the improvements described above subject to the following credits and reimbursements:

Fee Credits – As described above in the section "Financing Mechanisms/Fee Credits and Other Reimbursements", the Project qualifies for fee credits against the Delta Water Support Project, Surface Water Connection Fee. The oversized facilities and cost that qualifies for fee credits is estimated to be $149,000. The Delta Water fee credits, in combination with Delta Water credits for other potable water facilities as described above, will not exceed the total qualified costs or 66.7 percent of total cumulative Delta Water fees due from the Project.

Other City Reimbursements – As described above in the section "Fee Credits and Other Reimbursements", the City may elect to reimburse the Developer from City Delta Water Support Project fund accounts in advance of the Developer receiving fee credits.

AOB/Developer Responsibility – The remaining $410,000 of cost not reimbursed through fee credits is allocated to all Tra Vigne properties and to Bear Creek West and Bear Creek South according to estimated percentage flows.

Off-site Intersection Required by EIR Mitigation (NorthStar Item 7)

Two intersections identified in the EIR require improvements due to the development of the Tra Vigne project. The first is the intersection of Lower Sacramento Road and Eight Mile Road where Eight Mile Road is to be widened. The second is the Intersection of Morada Lane and West Lane where Morada Lane westbound is to have a right turn lane added. These improvements are mapped in **Appendix B**, Exhibit 2.6.

Phasing – As shown in **Appendix B**, **Table X.X**, the intersection improvements are required upon initial construction of Tra Vigne West Phase 1 and all other Tra Vigne phases.

Estimated Costs – The estimated cost totals $613,000 as shown in **Appendix B**. The Project developer will be responsible for the improvements described above subject to the following credits and reimbursements:

Fee Credits – Because the improvements are a required mitigation, none of the cost qualifies for PFF Road Fee credit.

Other City Reimbursements – Because the improvements are a required mitigation, none of the cost qualifies for City reimbursements.

AOB/Developer Responsibility – The improvements benefit other developments and therefore qualify for inclusion in an AOB. The total costs are allocated to all Tra Vigne properties and to Bear Creek West and Bear Creek South proportionate to development area.

Shared Storm Drain System (NorthStar Items 8A-8C)

The development includes the construction of a regional detention basin, pump station, and associated improvements. A share of these facilities exceeds the improvements needed solely to serve the Tra Vigne Project. The location of these facilities is shown in **Appendix B**, Exh. 3.1.

Phasing – As shown in **Appendix B**, **Table X.X**, the storm drain system is required upon initial construction of Tra Vigne West Phase 1 and all other Tra Vigne phases.

Estimated Costs – Estimated costs total $2 million as shown in **Appendix B**. The Project developer will be responsible for the improvements described above subject to the following credits and reimbursements:

Fee Credits – No fees exist against which the system would qualify for fee credits.

Other City Reimbursements – No City plan or funding exists that would provide reimbursement for system improvements.

AOB/Developer Responsibility – The total costs of improvements are allocated to all Tra Vigne properties according to developable area.

On-site Water Backbone – Tra Vigne West (NorthStar Items 9A-9D)

The Developer is required to construct oversized water mains in various segments of road within Tra Vigne West. A share of these facilities exceeds the improvements needed solely to serve the Tra Vigne West Project. The location of the mains is mapped in **Appendix B**, Exh. 3.1.

Phasing – As shown in **Appendix B**, **Table X.X**, certain segments of the mains are required upon initial construction of any Tra Vigne West phases; other segments are not required until construction of the commercial and multifamily parcels.

Estimated Costs – Estimated costs total $800,000 as shown in **Appendix B**. The Project developer will be responsible for the improvements described above subject to the following credits and reimbursements:

Fee Credits – As described above in the section “Financing Mechanisms/Fee Credits and Other Reimbursements”, the Project qualifies for fee credits against the Delta Water Support Project, Surface Water Connection Fee. The oversized facilities and cost that qualifies for fee credits is estimated to be $220,000.

Other City Reimbursements – As described above in the section “Fee Credits and Other Reimbursements”, the City may elect to reimburse the Developer from City Delta Water Support Project fund accounts in advance of the Developer receiving fee credits.

AOB/Developer Responsibility – The remaining $580,000 of cost not reimbursed through fee credits is allocated to all Tra Vigne West properties according to estimated percentage flows.[22]

On-site Water Backbone – Tra Vigne East (NorthStar Item 13A)

The Developer is required to construct oversized water mains in various segments of road within Tra Vigne East. A share of these facilities exceeds the improvements needed solely to serve the Tra Vigne East Project. The location of the mains is mapped in **Appendix B**, Exh. 3.1.

[22] Note: NorthStar 2/28/19 estimates for 9A-9D “Remaining Responsibility” revisions included in this document.

Phasing – As shown in **Appendix B**, **Table X.X**, the mains are required upon initial construction of any Tra Vigne East phases.

Estimated Costs – Estimated costs total $410,000 as shown in **Appendix B**. The Project developer will be responsible for the improvements described above subject to the following credits and reimbursements:

Fee Credits – As described above in the section "Financing Mechanisms/Fee Credits and Other Reimbursements", the Project qualifies for fee credits against the Delta Water Support Project, Surface Water Connection Fee. The oversized facilities and cost that qualifies for fee credits is estimated to be $100,000.

Other City Reimbursements – As described above in the section "Fee Credits and Other Reimbursements", the City may elect to reimburse the Developer from City Delta Water Support Project fund accounts in advance of the Developer receiving fee credits.

AOB/Developer Responsibility – The remaining $310,000 of cost not reimbursed through fee credits is allocated to all Tra Vigne East properties according to estimated percentage flows.

In-Tract Infrastructure – Parks (NorthStar Items 10, 14)

The Developer will be responsible for construction and land dedication for required parks and improvements, including open space. The location of the parks and open space is mapped in **Appendix B**, Exh. 4.1.

Phasing – Parks and open space will be improved and dedicated as development proceeds, and as indicated in the phasing plan.

Estimated Costs – The total cost for park landscaping improvements is estimated to be $7.7 million. The Project developer will be responsible for the improvements described above subject to the following credits and reimbursements:

Fee Credits – The total cost of park improvements, plus the value of dedicated land, qualifies for PFF Parkland Fee credit.

Other City Reimbursements – No City reimbursements are anticipated.

AOB/Developer Responsibility – No allocations of park improvement and land costs are anticipated.

Other In-Tract Improvements

The Developer will be responsible for all other in-tract infrastructure not otherwise described above, including roads, potable water, sanitary sewer, drainage, landscaping, and other utilities (telephone, cable, electric, etc.). The Developer will fund these improvements through some combination of private equity, debt funding, land sales revenue, and may choose to utilize district financing (e.g., CFD, special assessments) depending on future economic conditions and more detailed financial analysis.

APPENDIX A

BURDEN ANALYSIS ALLOCATIONS

Note: These factors are only for the purpose of estimating relative burdens by land use for the Project.

Area of Benefit Fee allocations are based on a separate engineering analysis of specific improvements benefitting projects in addition to Tra Vigne.

Table A-1 Summary of Cost Burden Factors

Item	Residential SF	Residential MF	Com'l	Total
Units	1,073	340		1,413
Commercial Sq.Ft.			101,500	101,500
Acres net (exc. parks, roads, etc.)	180.3	11.7	10.5	202.5
%	89%	6%	5%	100%
Trips (2)				
Trip Factor (per unit or 1,000 sqft)	8.52	6.59	54.05	
Total Trips	9,142	2,241	5,486	16,868
%	54%	13%	33%	100%
Residents				
Residents/unit	3.25	2.10		
Total Residents	3,487	714		4,201
%	83%	17%		100%
Employees				
Sq.Ft./Employee			350	
Total Employees			290	290
%			100%	100%
Service Population (1)	3,487	714	145	4,346
%	80%	16%	3%	100%
Sewer/Water DUEs				
DUE Factor	1.00	0.65	0.50	
DUEs	1,073	220	51	1,343
%	79.9%	16.4%	3.8%	100.0%
Storm Drainage				
Factor/Res. Lot or Com. Acre	1.00	0.65	0.50	
Total	1,073	220	51	1,343
%	79.9%	16.4%	3.8%	100.0%

(1) Commercial trip factor of 67.56 adjusted by 20.0% for internal trips (DEIR Tables 3.13-10 and 3.13-11).
(2) An employee is assumed to equal 0.5 resident. *6/1/18*

Table A-2 Summary of Cost Burden Allocations

Item	Allocation Method	Residential SF	Residential MF	Com'l	Total
Site Preparation/Mass Grading	acres	$1,800,000	$100,000	$100,000	$2,000,000
Transportation					
Onsite		$13,400,000	$3,300,000	$8,000,000	$24,700,000
Offsite		5,200,000	1,300,000	3,100,000	9,600,000
Subtotal	trips	$18,600,000	$4,600,000	$11,100,000	$34,300,000
Parks	residents	$4,800,000	$1,000,000	$0	$5,800,000
Utilities					
Onsite (and oversized)		$9,300,000	$1,900,000	$400,000	$11,600,000
Offsite		4,400,000	900,000	200,000	5,500,000
Subtotal	sewer/water DUE	$13,700,000	$2,800,000	$600,000	$17,100,000
Other Facilities (land)	service pop.	$400,000	$100,000	$0	$500,000
Subtotal, Costs		**$39,300,000**	**$8,600,000**	**$11,800,000**	**$59,700,000**
Other Costs	48% of Costs	$18,900,000	$4,100,000	$5,700,000	$28,700,000
TOTAL		**$58,200,000**	**$12,700,000**	**$17,500,000**	**$88,400,000**
Per Unit of Commercial Sq.Ft.		**$54,000**	**$37,000**	**$172**	

Source: Northstar Engineering; MCD-North Stockton, LLC; Berkson Associates

Note: totals may not match other tables due to rounding. *1/20/20*

APPENDIX B

PROJECT PHASING PLAN AND INFRASTRUCTURE

Phasing Matrix

(incorporated by reference)

ENGINEER'S ESTIMATE OF PROBABLE COST

NorthStar Engineering Group, Inc.

2.28.19

(incorporated by reference)

OFFSITE & IN-TRACT, PFF & AOB

NorthStar Engineering Group, Inc.

(incorporated by reference)