

8/2020
SJCOG, Inc.

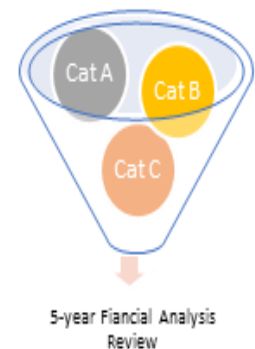
STAFF REPORT

SUBJECT: SJMSCP 5-Year Financial Analysis Update and 2021 SJMSCP Development Fee

RECOMMENDED ACTION: Motion to 1) Approve Adoption of the 5-Year Financial Analysis Update including Pursuing More Diverse Endowment Investment Tools and 2) Approve 2021 SJMSCP Development Fees as Adjusted Pursuant to the Financial Analysis Model

DISCUSSION:

Over the last many months, SJCOG, Inc. staff, Hausrath Economics Group (HEG) and the Habitat Technical Advisory Committee (HTAC) Financial Subcommittee have engaged in the required 5-year financial update to the San Joaquin County Multi-Species Habitat Conservation and Open Space Plan (SJMSCP). The last reviews were in 2007, 2011 and 2016, respectively with a summary of those reviews as an Executive Summary (attachment 1) provided.



For the 5-year review financial analysis update, SJCOG, Inc. staff, HEG and the HTAC Financial Subcommittee (Table 1) reviewed the adopted model which estimates the costs of implementation for fulfillment of the SJMSCP permits and defines the three fee categories (*Category A - Acquisition, Category B - Enhancement and Category C - Land Management, Monitoring & Administration*). The three main areas of focus were the categories of the fee model regarding land costs to be used for mitigation, required restoration/enhancement costs on preserve lands, and monitoring, management and administration of the program and preserves.

Table 1- Financial Subcommittee and Consultants

Chairman, Megan Aguirre, SJ County
John Beckman, BIA of the Great Valley
Matt Diaz, City of Stockton
Dan Gifford, Conservation
Melissa Farinha/Ian Ralston, CA Department of Fish and Wildlife, HCP Representatives
SJCOG, Inc. staff (Steve Dial, Steven Mayo, Laurel Boyd)
Legal Counsel for SJCOG, Inc.: Rod Attebery, Neumiller & Beardslee
Consultant for SJCOG, Inc.: Sally Nielsen, Hausrath Economics Group
Consultant for SJCOG, Inc.: Doug Leslie, ICF
Consultant for SJCOG, Inc.: Robert Spencer, Urban Economics

The proposed 2021 SJMSCP development fees were adjusted using the recommended 2020 SJMSCP 5-Year Financial Model Update for the respective categories and are compared to the 2020 SJMSCP Development fees (Table 2) in the most common habitat categories under the plan. The change is an overall increase of **35.4% in the most commonly impacted categories of Agricultural and Natural habitat classifications** from the prior year. The increase is due primarily to a rise in the land acquisition component (Category A) for agricultural land price values of comparable sales and part of the endowment related to enhancement (Category B) costs for preserves being updated to current costs.



Table 2- Compared 2021 & 2020 SJMSCP Development Fees – Most Common Fee Habitat Types

	2021 Fee - Proposed	2020 Fee - Adopted	Difference	Percent Change
Agricultural/Natural	\$17,363	\$12,822	\$4,541	35.4%

Table 3 illustrates the history of the SJMSCP development fees over the years since the funding shortfall was noted by the permitting agencies in 2006. The fees can fluctuate primarily based on the Category A – acquisition component of the fee formula over time.

Table 3- History and Annual Percentage Change for SJMSCP Development Fees

Fee Category	2007 Financial Update#	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Multi-Purpose Open Space	\$6,511	\$6,165	\$7,052	\$7,307	\$6,631	\$7,195	\$6,364	\$6,656	\$7,281	\$7,807	\$8,905	\$9,701	\$6,700	\$6,412	\$8,682
Agriculture/Natural	\$13,022	\$12,329	\$14,104	\$14,615	\$13,262	\$14,372	\$12,711	\$13,295	\$14,543	\$15,596	\$17,808	\$19,400	\$13,399	\$12,822	\$17,363
Vernal Pools	\$69,858	\$71,125	\$78,353	\$80,760	\$77,720	\$81,989	\$78,311	\$80,972	\$85,631	\$90,273	\$109,737	\$116,871	\$101,033	\$100,788	\$161,286
	(wetted)	(wetted)	(wetted)	(wetted)	(wetted)	(wetted)	(wetted)	(wetted)	(wetted)	(wetted)	(wetted)	(wetted)	(wetted)	(wetted)	(wetted)
	\$34,958	\$35,143	\$40,565	\$42,071	\$38,328	\$41,534	\$37,087	\$39,047	\$42,784	\$46,869	\$66,437	\$72,523	\$54,576	\$52,833	\$71,544
Percentage of Change Yearly	(upland)	(upland)	(upland)	(upland)	(upland)	(upland)	(upland)	(upland)	(upland)	(upland)	(upland)	(upland)	(upland)	(upland)	(upland)
		-5.3%	14.4%	3.6%	-9.3%	8.4%	-11.6%	4.6%	9.4%	7.2%	14.2%	8.9%	-30.9%	-4.3%	35.4%

Projects participating under the SJMSCP benefit from a pre-determined streamlined processing of the project rather than navigating through a potentially very long, cumbersome and expensive regulatory process outside the habitat plan. By opting for participation, the project can **choose** any number of ways to provide mitigation for the impacts of the project through the plan and even control much of the mitigation, costs if desired. The options are:

1. Pay a fee;
2. Redesign the project to avoid/minimize impacts;
3. Provide land in lieu of the SJMSCP fee which the project will negotiate the easement/fee title costs (Category A component); or
4. Any combination of the above options.

Or, the project proponent can choose to not participate in the plan (opt out) and fulfill mitigation requirements on their own with state and federal permitting agencies independently.

RECOMMENDATION:

The HTAC Financial Subcommittee and HTAC (with the abstention of SJ County due to more discussion internally with the new director needed) approved Categories A, B, C and the total proposed fee and recommend the SJCOG, Inc. Board to 1) Approve Adoption of the SJMSCP 5-Year Financial Analysis Update including pursuing more robust investment opportunities for endowment funds, and 2) Approve 2021 SJMSCP Development Fees as Adjusted Pursuant to the Financial Analysis Model

FISCAL IMPACT:

Development fees provide funding for SJCOG, Inc. to mitigate project impacts covered under the SJMSCP permits for the subsequent calendar year beginning January 1st.

BACKGROUND:

The HTAC Financial Subcommittee maintained the formula model for fee calculations to allow for response to market fluctuations and cost changes which need to be reflected in the mitigation fee. The formula is still categorized into three distinct components to better calculate an accurate fee per acre [FEE = Category A (acquisition) + Category B (assessment & enhancement) + Category C (management, monitoring & administration)].

Category A (acquisition) – *Comparable Land Sales*

This category is directly related to land valuation based on comparable land sales in San Joaquin County in specific zones of the plan area (Central Zone, Central Southwest Transition Zone and Delta Zone) over an established 2-year period meeting the established criteria used for comparable land sales (attachment 2). Cost estimates for this category will continue to be evaluated on a yearly basis by taking all qualified fee title comparable sales in each zone to set a weighted cost per acre similar to the methodology in the Financial Analysis Update in 2016 but without SJCOG, Inc. easement appraisals.



This 2020 fee model update also revises the fee title/easement valuation percentage method for determining the cost of easement acquisition in the model to be lowered to 56% with a mid-term review of the 5-year term based on the data collected by SJCOG, Inc. staff. The collected data by SJCOG, Inc. staff tracks easements by appraisals which indicate the value of the property in the “before” condition and the value of the property encumbered by the SJCOG, Inc. easement. This data (which only becomes a richer database over time) provides the basis for

calculating average percentage of easement acquisition of fee title value that reflects actual SJCOG, Inc. experience with easement terms and conditions.

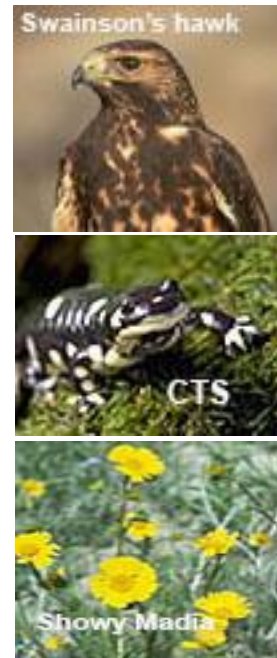
The model update results in a **44%** increase in the Agricultural/Natural Habitat types of Category A (Acquisition) component to be **\$11,740.00**. The reason for the increase is the rise in comparable fee title land sale values.

Category B (assessment & enhancement) – *Refined Cost Factors*

The recommended changes to this category include updated and refined cost factors for biological site assessment, preserve enhancement and management planning, and preserve enhancement unit costs. These unit costs reflect current assessment of enhancement practices for different types of preserve lands. In addition, the updated analysis redistributes preserve acres between grasslands and agricultural landscapes to more accurately reflect the mitigation purposes described in the adopted SJMSCP.

Going forward, the **unit** cost factors (per acre or per year for some items) will be adjusted only by the California CPI. However, the **total** cost for Category B is also a function of the SJMSCP Annual Report data updated annually with the acres remaining to be acquired and the number of years remaining in the permit term. The fee per acre is a function of those total calculated costs and the land conversion acres remaining.

The model update results in a **29%** increase in the Agricultural/Natural Habitat types of Category B (Assessment & Enhancement) component to be **\$4,942.00**.



Category C (Management, Monitoring & Administration) – *Refined Cost Factors/Long Term Investment*

The recommended changes to this category include refined monitoring cost factors and updated management and administration cost factors that are based on analysis of SJCOG, Inc. spending in these categories. The update includes refinement to the approach to post-permit costs and pivoting to a more robust diversified endowment investment strategy for a higher return on investment yield that provides for a net annual yield of 3.25% after absorbing inflation and management costs.

Annual cost updates will continue to use the California Consumer Price Index (CPI), as reported by the California Department of Finance, for the preceding 12-month fiscal year (e.g. July – June) to keep up with inflation on an annual basis.

The model update results in a **20%** decrease in the Agricultural/Natural Habitat types of Category C (Management, Monitoring & Administration) component from prior years to be **\$681.00**.

In summary, the SJMSCP fees is calculated using the SJMSCP Financial Analysis formula model [FEE = Category A (acquisition) + Category B (assessment & enhancement) + Category C (management, monitoring & admin)] shown in final fee table 4 below and Attachment 3 (SJMSCP Cost and 2021 Fee Analysis). The overall result in the fee analysis is a **35.4%** increase in the most commonly impacted Agricultural and Natural Habitat Classifications fees for 2021.

Table 4 - 2021 SJMSCP Development Fees - *Proposed*

Habitat Type	Category A	Category B	Category C	Total Fee	Rounded Fee
Other Open Space	\$5,870 .00	\$2,471.00	\$341.00	\$ 8,682.00	\$8,682
Natural/Ag Lands	\$11,740.00	\$4,942.00	\$681.00	\$17,363.00	\$17,363
Vernal Pool Grasslands	\$57,036.00	\$12,826.00	\$1,682.00	\$71,544.00	\$71,544
Vernal Pool Wetted	\$56,057.00	\$103,580.00	\$1,649.00	\$161,286.00	\$161,286

COMMITTEE ACTIONS:

- HTAC FINANCIAL SUB-COMMITTEE: Recommended Approval to HTAC
- HTAC: Recommended Approval (SJ County abstained)
- Management and Finance: Information
- Executive Committee: Information
- SJCOG, Inc. Board: Action Required

Prepared by: Steven Mayo, Program Manager

Attachment 1 – Exec Summary of All SJMSCP Financial Analysis Updates

The SJMSCP fee is based on the original fee model from 1996 which was adopted with the federal and state take permits approval in 2001. After years of plan operation (2001-2005), a funding shortfall was noted in 2005/2006 which lead to a change in the model to calculate the SJMSCP fees moving forward over the life of the permits. The SJMSCP Development Fee is updated annually based on the model and the SJCOG, Inc. staff conducts a 5-Year Review of the model to ensure transparency and accuracy of the SJMSCP Development Fee. The SJMSCP is in a 5-Year Review cycle which pertains to the RFQ. This Fee Analysis Update will be used for establishment of the 2021-2025 SJMSCP Development Fees.

The SJMSCP is operated under the premise that the development fees shall cover all the costs associated with the habitat plan for the acquisition of the mitigation lands (18,204 acres acquired – 2019 Annual Report), endowment funds associated with the mitigation preserve lands (e.g. enhancements, restoration, monitoring and reporting), development project coverage (e.g. biological review and take measures) and administration of the plan.

Simply stated, the SJMSCP fees is calculated using the SJMSCP Financial Analysis formula model [$FEE = \text{Category A (acquisition)} + \text{Category B (assessment \& enhancement)} + \text{Category C (management \& admin)}$]. The three components of the formula are adjusted using a specific mechanism which relates to the individual component in the fee based on the most current data. With the adjustments, the SJMSCP Fee has fluctuated up and down over the years as shown below.

History and Annual Percentage Change for SJMSCP Development Fees

Fee Category	2007 Financial Update#	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Multi-Purpose Open Space	\$6,511	\$6,165	\$7,052	\$7,307	\$6,631	\$7,195	\$6,364	\$6,656	\$7,281	\$7,807	\$8,905	\$9,701	\$6,700	\$6,412
Agriculture/Natural	\$13,022	\$12,329	\$14,104	\$14,615	\$13,262	\$14,372	\$12,711	\$13,295	\$14,543	\$15,596	\$17,808	\$19,400	\$13,399	\$12,822
Vernal Pools	\$69,858 (wetted)	\$71,125 (wetted)	\$78,353 (wetted)	\$80,760 (wetted)	\$77,720 (wetted)	\$81,989 (wetted)	\$78,311 (wetted)	\$80,972 (wetted)	\$85,631 (wetted)	\$90,273 (wetted)	\$109,737 (wetted)	\$116,871 (wetted)	\$101,033 (wetted)	\$100,788 (wetted)
	\$34,958 (upland)	\$35,143 (upland)	\$40,565 (upland)	\$42,071 (upland)	\$38,328 (upland)	\$41,534 (upland)	\$37,087 (upland)	\$39,047 (upland)	\$42,784 (upland)	\$46,869 (upland)	\$66,437 (upland)	\$72,523 (upland)	\$54,576 (upland)	\$52,833 (upland)
Percentage of Change Yearly		-5.3%	14.4%	3.6%	-9.3%	8.4%	-11.6%	4.6%	9.4%	7.2%	14.2%	8.9%	-30.9%	-4.3%

The following summarizes the changes made during each prior 5-Year Fee Analysis Updates:

2011 Fee Analysis 5-Year Review

1. Third Party Costs - Under the SJMSCP, jurisdictions and development projects are provided ‘take coverage’ of federal, state and other species through federal and state permits for conversion of open space to non-open space use under the habitat plan. The SJMSCP uses predetermined processes and mitigation requirements to allow streamlined processing of projects within San Joaquin County. Most participating projects flow through the streamlined processing and pre-determined mitigation established under the plan with easy. In the rare instance someone chooses to not comply or alter the streamlined processing under the SJMSCP, costs are incurred which the habitat fees do not capture (e.g. excessive staff time, legal costs, etc.).

The HTAC Financial Sub-committee has recommended a Third Party Reimbursement Agreement (attachment 1) be used with these specific instances.

2. Acquisition Legal Costs - The acquisition of conservation easements or fee title of land is required under the SJMSCP to fulfill the obligations of the permits. Over the course of 10 years pursuing and acquiring mitigation lands to offset the impacts under the permits, it has become evident the SJMSCP fees did not include a very important and common practice in the acquisition of mitigation lands which is the extensive review by legal experts on both sides of the acquisition process. Many steps have been taken to reduce the legal review of documents by standardizing form easement and purchase documents under the plan but each individual transaction can require minor alterations. The selling landowner is responsible for their legal review or consultation during the transaction but SJCOG, Inc. staff does err on the side of caution when alterations are requested in a transaction by having legal counsel review all documents.

The HTAC Financial Sub-committee reviewed the costs of legal involvement to acquire mitigation under the plan and concluded those costs were not being captured currently. To remedy this issue, the sub-committee recommended an increase of \$17.45 per acre to a specific part of the Category C (Management and Administration) component of the financial model. The \$17.45 per acre increase to the Category C (Management and Administration) component will be made in the 2012 fee analysis and then after the Category C (Management and Administration) component will be indexed only by CPI.

3. Fee Analysis Comparable Land Sale Process - SJCOG, Inc staff and HTAC established a very transparent evaluation process for collection of comparable land sales within San Joaquin County to be used during setting the SJMSCP fees but it has not been formally adopted. The SJMSCP has used comparable agricultural land sales which fits the established criteria set by SJCOG, Inc. in 2006 to help establish the Category A (Acquisition) component of the fee. The use of comparable land sales has allowed the SJMSCP fee to be closely tied to actual San Joaquin County agricultural land costs of those properties which the habitat plan would seek for mitigation.

The HTAC Financial Sub-committee recommends formal adoption of the evaluation process and criteria used to select comparable land sales to help establish the Category A (Acquisition) component of the SJMSCP fee.

4. SJMSCP Fee Title Comparable Sale Inflation Percentage - In the original model created and adopted by SJCOG, Inc. Board, the model used an inflation percentage to bring old land sales up to date with current land sales during the land boom experienced in 2002 – 2006. SJCOG, Inc. staff and sub-committee members agreed the current 10% did not reflect current times. After much discussion of SJMSCP easement acquisition costs and SJMSCP Financial Model sample runs in order to provide the most accurate, legally defensible and fair rate to be applied, the consensus was a reduction from the current 10% in the model for fee title sales to 6.1% to be used for the next SJMSCP financial analysis cycle.

The HTAC Financial Sub-committee recommends the reduction from 10% to 6.1% for the fee title comparable sale inflation percentage applied to select comparable land sales to help establish the Category A (Acquisition) component of the SJMSCP fee.

2015 Fee Analysis 5-Year Review

The overall structure of the SJMSCP financial analysis model was not changed in this update. One overall change in approach is to estimate costs for preserve acquisition, management, monitoring and administration for the remainder of the permit term (including costs in perpetuity) instead of for the 50-year permit term. Dividing these costs by the remaining acres of land conversion results in the calculated fees.

For the financial analysis update, the existing methods and data regarding costs associated with various parts of the SJMSCP. The three main areas of focus were the categories of the fee model regarding land costs to be used for mitigation, required restoration/enhancement costs on preserve lands, and

monitoring, management and administration of the program and preserves. The detailed comparable analysis using actual agricultural real estate transactions in San Joaquin County will continue as the basis for the acquisition cost estimates as it has proven to be the most reliable indicator of market changes. Other SJCOG, Inc. data and information were incorporated into the updated Financial Analysis model for acquisition costs as well. Updated management and enhancement planning and restoration/enhancement costs for specific habitat types were provided by the SJMSCP land management firm, supplemented in a few cases with estimates from other conservation entities gathered. The SJMSCP land management firm also provided updated estimates for detailed monitoring costs. Financial Sub-committee analyzed the SJMSCP budget and consulted with staff and legal counsel for updates to project management, administration, and legal costs. Consultants and staff also evaluated alternatives of estimating post-permit costs and the amount of the endowment needed to fund those costs in perpetuity.

2018 Annual Fee Analysis Update (mid-term action)

The Category A – Acquisition component of the fee model was altered by the Financial Sub-committee to stay in line with empirical data collected on easements under the habitat plan based on appraisal value to theoretical fee title value. The choice was made to adjust the easement to fee title value from 70% to 61% for the remainder of the 5-Year process and re-evaluate in the next update.

2020 Fee Analysis 5-Year Review

During the current review, the Financial Sub-committee made the following minor alterations to the fee model and process:

1. The Category A – Acquisition alterations by the Financial Sub-committee were removal of easement appraisal valuations from the comparable data cost per acre data leaving only fee title transactions under the established criteria, the reduction of easement to fee title value percentage from 61% to 56% for this cycle with a mid-term review of the percentage.
2. The Category B component was updated with the most recent SJMSCP reporting from 2019 Annual Report, updated cost values for enhancement projects on preserves for the habitat type projects from the land management firm, and appropriation of mitigation land types by impact type (e.g. cross-over zone mitigation in Southwest Zone).
3. The Category C component consisted of updates to the administrative aspects of the plan, biological costs for project review and post permit functions of the endowment accounts with investment strategies (e.g. a more diversified portfolio for higher yield on investment) for preserves funds under the habitat plan to ensure funding.

Attachment 2 – 2021 Fee Study Property List - Props 24 Month

DRAFT MATERIAL ONLY

Attachment 1 - SIMSCP Comparable Land Sales

Table A. Central Zone Properties

Analysis Date - June/August 2020	Address	APN	Zone	Sale Date	Price	Acres	Price/Acre	Hab Type	Appreciated Price	Appreciated Price/Acre
Prior CTT Prop 116	19843 S Corral Hollow Road, Tracy, CA	212-080-02	Cen/SW	8/3/2018	\$1,020,000.00	57.69	\$17,680.71	C34	\$1,258,495.22	\$21,814.79
Prior CTT Prop 119	19298 Altier Avenue, Tracy, CA	213-190-02	Central	8/24/2018	\$1,075,000.00	97.57	\$11,036.45	C34	\$1,326,355.25	\$13,579.97
Prior CTT Prop 6-8	11355 N. Liberty Road, Galt, CA	007-120-22-23-25	Central	9/14/2018	\$3,000,000.00	202.14	\$14,841.20	G	\$3,669,572.13	\$18,153.62
Prior CTT Prop 106	12525 French Camp Road, Manteca, CA	204-150-04-13	Central	9/17/2018	\$1,572,000.00	60.45	\$26,004.96	C34	\$1,922,855.39	\$31,809.13
Prior CTT Prop 123	31613 Kesson Road, Tracy, CA	244-170-03-255-240-07	Central	10/9/2018	\$5,586,000.00	296.09	\$18,871.62	C34	\$6,773,374.58	\$22,883.02
Prior CTT Prop 228	19450 Dutch Rd, Lockeford, CA	019-150-22-019-160-05	Central	10/16/2018	\$2,950,000.00	112.23	\$26,304.28	C34	\$3,455,809.36	\$30,792.15
Prior CTT Prop 137	8130 W Line Road, Tracy, CA	253-220-40	Cen/SW	10/30/2018	\$1,245,000.00	49.95	\$24,944.92	C34	\$1,509,640.41	\$30,283.66
Prior CTT Prop 34	7298 W State Route 12, Lodi, CA	055-150-38	Central	11/7/2018	\$1,250,000.00	64.03	\$19,522.10	C34	\$1,502,418.07	\$23,464.23
Prior CTT Prop 136	1401 W Crt Road, French Camp, CA	191-300-15	Central	12/28/2018	\$2,690,500.00	128.10	\$21,003.12	C34	\$3,205,209.66	\$25,021.15
Prior CTT Prop 208	6425 Dougherty Rd, Acampo, CA	007-140-47	Central	12/31/2018	\$700,000.00	40.00	\$17,500.00	C34	\$833,914.43	\$20,847.86
Prior CTT Prop 164	5455 W Canal Blvd, Tracy, CA	213-150-08-22	Central	3/15/2019	\$1,571,000.00	142.50	\$10,973.68	C34	\$1,763,480.77	\$12,375.30
Prior CTT Prop 158	13775 Lone Tree Rd, Escalon, CA	208-050-10	Central	4/4/2019	\$1,690,000.00	56.63	\$29,831.58	C34	\$1,938,070.09	\$34,257.53
Prior CTT Prop 190	29797 S Foster Road, Tracy, CA	255-120-11	Central	4/7/2019	\$3,500,000.00	146.35	\$24,151.27	C34	\$4,202,078.33	\$28,747.37
Prior CTT Prop 208	24055 Arthur Rd Escalon, CA	229-070-10	Central	4/30/2019	\$2,820,000.00	100.70	\$28,003.97	C34	\$3,239,598.54	\$32,170.79
ORT Prop 75	11141 N Alpine Rd, Stockton, CA	063-040-03-15-24-093-160-01	Central	5/10/2019	\$3,271,255.00	251.49	#N/A		\$0.00	#N/A
CTT Prop 19	20260 Acampo Rd, Clements, CA	023-080-21	Central	7/10/2019	\$1,000,000.00	40.38	\$24,764.74	OG	\$3,173,230.17	\$14,804.68
CTT Prop 145	3322 Lehman Rd, Tracy, CA	255-040-20	Cen/SW	8/19/2019	\$2,871,000.00	52.20	\$55,000.00	C34	\$3,176,133.59	\$60,845.47
CTT Prop 142	Chilman Rd, Tracy, CA	253-260-14	Cen/SW	8/27/2019	\$900,000.00	59.10	\$15,238.43	C34	\$995,653.16	\$16,846.92
CTT Prop 133	4904 W Canal Blvd, Tracy, CA	213-060-09	Central	10/3/2019	\$770,000.00	46.43	\$16,584.11	C34	\$835,469.28	\$17,994.17
ORT Prop 281	5990 W Line Rd, Tracy, CA	253-330-37	Cen/SW	10/16/2019	\$2,102,000.00	60.04	\$35,009.99	C34	\$2,380,722.62	\$39,986.72
CTT Prop 120	2166 Heath Rd, Manteca, CA	213-300-27	Central	10/21/2019	\$2,020,000.00	42.86	\$4,666.36	C34	\$2,170,005.01	\$5,063.11
CTT Prop 77	7320 Austin Rd, Stockton, CA	181-090-14	Central	11/8/2019	\$2,652,000.00	75.77	\$35,000.66	C34	\$2,849,300.59	\$37,604.60
CTT Prop 15	19001 Alpine Rd, Lodi, CA	019-150-21	Central	11/15/2019	\$1,500,000.00	66.75	\$22,471.91	C34	\$1,611,506.36	\$24,143.75
CTT Prop 138	1000 Ochsner Rd, Tracy, CA	244-110-34-47	Central	12/7/2019	\$304,500.00	88.03	\$3,435.67	C34	\$855,801.98	\$12,579.77
CTT Prop 128	6860 S Fick Rd, Stockton, CA	185-060-36-080-29-31	Central	1/7/2020	\$1,845,000.00	115.91	\$15,971.52	C34	\$2,143,044.49	\$18,765.39
CTT Prop 74	21530 Cord Rd, Clements, CA	023-200-26	Central	1/15/2020	\$390,000.00	122.23	\$7,081.35	G	\$397,295.17	\$7,669.29
CTT Prop 23	22920 Acampo Rd, Clements, CA	023-180-26	Central	1/28/2020	\$560,000.00	79.65	\$7,030.76	G O	\$589,788.76	\$7,404.35
CTT Prop 81	6294 Stanley Rd, Stockton, CA	187-070-20	Central	2/28/2020	\$2,034,500.00	77.73	\$26,161.07	C34	\$2,119,949.20	\$27,273.24
CTT Prop 133	20033 Lammers Rd, Tracy, CA	209-290-34	Cen/SW	5/20/2020	\$2,299,000.00	143.67	\$16,001.95	C34	\$2,323,434.07	\$16,172.02
CTT Prop 21	24943 N McIntire Rd, Clements, CA	023-120-08	Central	5/27/2020	\$975,000.00	40.04	\$24,350.65	G O	\$985,362.43	\$24,609.45
ORT Prop 5 B	9990 S Austin Rd, Manteca, CA	201-110-10	Central	6/8/2020	\$3,025,000.00	93.07	\$32,502.42	C34	\$3,025,000.00	\$32,502.42
* SUCO, Inc. Preserves										
TOTAL					\$56,127,755.00	2989.69	\$19,442.74		\$65,905,231.92	\$22,044.17

Table B. Delta Properties

Address	APN	Zone	Sale Date	Price	Acres	Price/Acre	Hab Type	Appreciated Price	Appreciated Price/Acre
3750 Corbin Road, Stockton, CA	191-389-039-040-130-041-150-08	Delta	9/26/2018	\$6,000,000.00	544.03	\$11,029.41	C34	\$5,731,751.32	\$10,536.31
Prior CTT Prop 76-79									
14320 Fick Road, Tracy, CA	189-980-239	Delta	1/14/2019	\$3,631,000.00	250.38	\$14,501.96	C34	\$3,499,586.07	\$13,977.10
Prior CTT Prop 131	191-170-020	Delta	1/13/2019	\$1,572,500.00	98.57	\$15,954.47	C34	\$1,472,216.39	\$14,943.39
1700 W Urdine Road, Stockton, CA									
Prior CTT Prop 87B	162-110-036	Delta	6/13/2019	\$388,000.00	50.00	\$7,760.00	C34	\$378,037.59	\$7,561.75
						#N/A		\$0.00	#N/A
CTT Prop 89	191-100-020	Delta	9/16/2018	\$1,498,500.00	124.72	\$11,998.88	C34	\$1,429,594.43	\$11,462.43
ORT Prop 142	162-120-016	Delta	3/20/2020	\$1,359,000.00	83.74	\$15,989.97	C34	\$1,330,447.99	\$15,887.84
CTT Prop 86	189-230-23	Delta	5/27/2020	\$3,619,000.00	240.92	\$15,021.58	C34	\$3,611,979.32	\$14,969.60
14400 S Wing Levee Rd, Tracy, CA									
TOTAL					\$18,001,000.00	1392.28	\$12,929.15	\$17,452,979.62	\$12,535.54

Table C. Southwest Zone Properties

SOUTHWEST ZONE PROPERTIES										NO. USED
Address	APN	Zone	Sale Date	Price	Acres	Price/Acre	Hab Type	Appreciated Price	Appreciated Price/Acre	
Prior CTT Prop 138	19660 W Corral Hollow Road, Tracy, CA	SW	3/14/2019	\$426,000.00	60	\$7,083.33	BNC	\$409,618.31	\$6,826.97	
Prior CTT Prop 152	26106 Patterson Pass Road, Tracy, CA	SW	3/13/2019	\$800,000.00	76.69	\$10,431.61	G	\$774,452.55	\$10,098.48	
CTT Prop 110	19101 Patterson Pass Road, Tracy, CA	SW	8/17/2018	\$1,200,000.00	241.45	\$4,969.97	G	\$1,143,795.62	\$4,739.19	
Prior CTT Prop 301	19620 W Corral Hollow Road, Tracy, CA	SW	10/16/2019	\$76,000.00	44	\$1,727.27	BCN	\$74,705.60	\$1,697.85	
SUCOG, Inc.	Connolly Union Livestock Ranch	SW		\$0.00		#N/A	G	\$0.00	#N/A	
TOTAL				\$2,501,000.00	422.14	\$5,924.57		\$2,402,572.08	\$5,691.41	

10 comparables required for Study

Pick lower of two options
 12.75% Indicator Fee Title - Central and Southwest Transition Zone
 -2.55% Indicator Fee Title - Delta Zone

Attachment 3 – SJMSCP Cost and 2021 Fee Analysis

TABLE A.1
2020 Five-Year Economic Analysis and Fee Update
SJMSCP Fee Update - 2020 (for 2021 SJMSCP Development Fee Cycle)
Category A Per-Acre Acquisition Cost Factors by Zone (2020 dollars)

		Central Zone	Primary Zone of the Delta	Southwest Zone ³
Fee title value ¹	a	\$22,300	\$12,500	na
Easement percent of fee title value ²	b	56%	56%	na
Easement costs	a × b	\$12,488	\$7,000	\$1,000

- 1. SJCOG, Inc. Fee Study Property List, Table A and Table B
- 2. SJCOG, Inc. Appraisals as of June 2020
- 3. Based on standard easement cost in Southwest Zone of \$1,000/acre.

TABLE A.2
2020 Five-Year Economic Analysis and Fee Update
SJMSCP Fee Update - 2020 (for 2021 SJMSCP Development Fee Cycle)
Per Acre Acquisition Cost by Preserve/Habitat Type (2020 dollars)

Preserve/Habitat Type		SJMSCP Zone			Total Weighted Acquisition Cost	Transaction Costs ⁵	Total Land Acquisition Costs Per Acre
		Central Zone	Primary Zone of the Delta	Southwest Zone			
		A	B	C	A + B + C = D	D × 5% = E	D + E
Easement cost by zone ¹	d	\$12,488	\$7,000	\$1,000			
Agricultural Lands							
Percent in zone ²	e	98%	2%	0%			
Weighted costs ³	d × e	\$12,262	\$126	\$0	\$12,388	\$619	\$13,007
Natural Lands							
Non-vernal pool natural lands							
Percent in zone ²	f	77%	4%	18%			
Weighted costs ³	d × f	\$9,648	\$311	\$183	\$10,142	\$507	\$10,649
Vernal pool grasslands ⁴		n/a	n/a	n/a	\$17,840	\$892	\$18,732
Vernal pool wetted ⁴		n/a	n/a	n/a	\$17,840	\$892	\$18,732

1. See Table A.1.

2. Percent of total lands in each category assumed to be in a given zone. Based on 1996 Economic Analysis.

3. Weighted average cost based on generalized proportion of total preserve land in each zone. Assumes easement acquisition for lands categorized as agriculture and all natural lands except vernal pool habitat.

4. Assumes fee title acquisition for vernal pool lands. Vernal pool habitat fee title land costs assumed to be about 80% of average Central Zone fee title costs.

5. Transaction costs include biological baseline reporting, appraisal, escrow, and survey costs. Costs are estimated at 5 percent of acquisition cost.

TABLE A.3
2020 Five-Year Economic Analysis and Fee Update
SJMSCP Fee Update - 2020 (for 2021 SJMSCP Development Fee Cycle)
Total Acquisition Costs by Habitat Type, Remainder of Permit Term (2020 dollars)

Preserves by Habitat Type	Land Acquisition Cost Per Acre	Preserve Acres Remaining to be Acquired	Total Costs of Acquisition
Agricultural lands	\$13,007	40,459.85	\$526,261,282
Natural lands			
Non-vernal pool natural lands	\$10,649	24,335.82	\$259,152,147
Total for Non-vernal pool Natural /Ag Lands	\$12,121	64,795.67	\$785,413,429
Vernal pool grasslands	\$18,732	15,720.66	\$294,479,309
Vernal pool wetted	\$18,732	2,115.00	\$39,618,180

Sources: SJCOG, Inc., SJMSCP 2019 Annual Report, and Hausrath Economics Group.

TABLE A.4
2020 Five-Year Economic Analysis and Fee Update
SJMSCP Fee Update - 2020 (for 2021 SJMSCP Development Fee Cycle)
Category A Acquisition
Fee Calculations (2020 dollars)

Habitat Type	Preserve Land Acquisition	2020 Fees	Percent Change 2020 - 2021
Costs associated with non-vernal pool natural/agricultural lands conversion	\$785,413,429		
Natural (non vernal pool)/Agricultural land conversion (acres) , remaining	49,654.31		
Multi-purpose open space conversion (acres), remaining ¹	34,494.82		
Multiplier for natural/agricultural land conversion	1		
Multiplier for multi-ourpose open space conversion ¹	0.5		
Acquisition Component of Natural (non vernal pool)/Agricultural Lands Fee	\$11,740	\$8,144	44%
Acquisition Component of Multi-Purpose Open Space Fee ¹	\$5,870	\$4,072	44%
Costs associated with vernal pool grasslands	\$294,479,309		
Vernal pool grassland conversion (acres), remaining	5,163.08		
Acquisition Component of Vernal Pool Grasslands Fee	\$57,036	\$34,978	63%
Costs associated with vernal pool wetted	\$39,618,180		
Vernal pool wetted conversion (acres), remaining	706.75		
Acquisition Component of Vernal Pool Wetted Fee	\$56,057	\$34,339	63%

1. As described in SJMSCP Section 7.4.1.2, the fee calculation allocates the costs associated with agricultural habitat and non vernal pool natural lands preserves to conversion of both those high value lands (agricultural land and non-vernal pool natur land) and lower value multi-purpose open space. In other words, the SJMSCP does not enhance multi-purpose open space la but allocates some of the costs of enhancements on agricultural and natural lands preserves to the conversion of multi-purp open space lands to assist with the financing of those enhancements.

Sources: SJCOG, Inc., SJMSCP 2019 Annual Report, and Hausrath Economics Group.

TABLE B.1

2020 Five-Year Economic Analysis and Fee Update

SJMSCP Fee Update - 2020 (for 2021 SJMSCP Development Fee Cycle)

Category B Assessment, Planning, Restoration and Enhancement

SJMSCP Preserve land by habitat type, enhancement analysis, and enhancement cost per preserve acre (2020 dollars)

Habitat Type	Total Preserve Acres (including neighboring lands preserves)	Percent of Preserve Acres Enhanced ¹	Acres Benefiting from Enhancements	Perimeter Hedgerow or Other Linear Habitat Feature (acres) ²	Enhancement Cost per Acre ³	Total Enhancement Cost	Enhancement Cost per Preserve Acre	2015 Update	
	1	2	3	4	5	6	7	Values	% Change
Agricultural Habitat Lands ⁴	57,935	10%	5,794	776	\$71,000	\$55,096,000	\$951	\$727	31%
Natural Lands									
Ditches	378	33%	126		\$310,000	\$39,060,000		\$116,600	166%
Grasslands	14,559	33%	4,853		\$19,600	\$95,118,800		\$19,900	-2%
Oak woodlands	858	33%	286		\$29,000	\$8,294,000		\$31,300	-7%
Riparian	2,725	33%	908		\$85,000	\$77,208,333		\$92,054	-8%
Submerged aquatic in the Delta	10	100%	10		\$59,000	\$590,000		\$67,140	-12%
Subtotal	18,530		6,183		\$35,623	\$220,271,133			
Other natural lands ⁵	6,445	33%	2,148		\$35,623	\$76,530,860			
Subtotal Non VP Natural	24,975					\$296,801,993	\$11,884	\$11,033	8%
Vernal pool wetted	2,121	33%	707		\$103,700	\$73,315,900	\$34,567	\$57,000	82%
Vernal pool grasslands	15,811	33%	5,270		\$12,500	\$65,879,167	\$4,167	\$13,300	-6%
Subtotal All Natural Lands	42,907		14,309			\$435,997,060			
Total	100,842		20,103			\$491,093,060			

See notes on following page

1. Enhancement criteria derived from the SJMSCP, Section 5.4.6.

2. Unlike most other habitat types, agricultural lands are enhanced by treating linear features that run along the edge of or through fields--features such as roads or drainage ditches. In these cases, the land a direct enhancement activity is substantially less than that area benefiting from the enhancement. This has the advantage of minimizing impacts to agricultural land production. Installing pollinator hedgerows edges of fields and grassland borders along irrigation and drainage ditches, and planting nest trees and associated shrubs and grasses, are enhancements used in the cost analysis to represent the range of typ agricultural land enhancements outlined in the SJMSCP. In addition to benefits to species, these linear features offer benefits of preventing soil erosion and reducing costs for weed control and linear water conveyance infrastructure maintenance. They also enhance the entire field they are associated with, meeting the 10 percent enhancement criterion while also minimizing loss of productive agricultural land. The enhancement cost estimate for agricultural lands is therefore based on the acres of hedgerow or other linear feature multiplied by the cost per acre to install hedgerows and similar linear features.

3. The enhancement cost applies to the acres where construction and/or installation actually takes place. In the case of hedgerows or other linear features, this is only the relatively small area of activity, not the total area that is thereby enhanced. Enhancement cost includes costs for materials, construction labor, and equipment. In addition to the installation activity, the cost per enhanced acre also includes a cost for oversight and contract administration and three years of maintenance and monitoring. For vernal pool wetted restoration, the cost includes 5 monitoring years during a 10-year restoration monitoring period.

4. For agricultural habitat lands, a SJMSCP describes a broad range of enhancement activities and a generalized target of 10 percent enhancement; providing benefits to species without substantially reducing amount of agricultural land in production. This can be achieved by implementing the linear features described in footnote 2. Pollinator hedgerows or similar linear features enhance the entire field that they are associated with, thereby counting toward the 10 percent enhancement criteria while taking substantially less land out of production.

5. Estimated based on the weighted average cost for all other non-vernal pool natural lands.

Sources: Table A.1, SJCOG, Inc., ICF, and Hausrath Economics Group

TABLE B.1 - ENHANCEMENT COST ESTIMATE FOR EXISTING PRESERVES

2020 Five-Year Economic Analysis and Fee Update

SJMSCP Fee Update - 2020 (for 2021 SJMSCP Development Fee Cycle)

Category B Assessment, Planning, Restoration and Enhancement

SJMSCP Preserve land by habitat type, enhancement analysis, and enhancement cost per preserve acre (2020 dollars)

Habitat Type	Existing Preserve Acres	Percent of Preserve Acres Enhanced ¹	Acres Benefiting from Enhancements	Perimeter Hedgerow or Other Linear Habitat Feature (acres) ²	Enhancement Cost per Acre ³	Total Enhancement Cost	Enhancement Cost per Preserve Acre
	1	2	3	4	5	6	7
Agricultural Habitat Lands ⁴	17,475.149	10%	1,748	234	\$71,000	\$16,618,811	\$951
Natural Lands							
Ditches	-	33%	-		\$310,000	\$0	
Grasslands	564.530	33%	188		\$19,600	\$3,688,263	
Oak woodlands	-	33%	-		\$29,000	\$0	
Riparian	44.050	33%	15		\$85,000	\$1,248,083	
Submerged aquatic in the Delta	-	100%	-		\$59,000	\$0	
Subtotal	608.580		203		\$24,334	\$4,936,346	
Other natural lands ⁵	30.600	33%	10		\$24,334	\$248,204	
Subtotal Non VP Natural	639.180					\$5,184,550	\$8,111
Vernal pool wetted	6.000	33%	2		\$103,700	\$207,400	\$34,567
Vernal pool grasslands	90.345	33%	30		\$12,500	\$376,438	\$4,167
Subtotal All Natural Lands	735.525		245			\$5,768,388	
Total	18,210.674		1,993			\$22,387,199	

See notes on following page

1. Enhancement criteria derived from the SJMSCP, Section 5.4.6.

2. Unlike most other habitat types, agricultural lands are enhanced by treating linear features that run along the edge of or through fields--features such as roads or drainage ditches. In these cases, the land area direct enhancement activity is substantially less than that area benefiting from the enhancement. This has the advantage of minimizing impacts to agricultural land production. Installing pollinator hedgerows at edges of fields and grassland borders along irrigation and drainage ditches, and planting nest trees and associated shrubs and grasses, are enhancements used in the cost analysis to represent the range of types agricultural land enhancements outlined in the SJMSCP. In addition to benefits to species, these linear features offer benefits of preventing soil erosion and reducing costs for weed control and linear water conveyance infrastructure maintenance. They also enhance the entire field they are associated with, meeting the 10 percent enhancement criterion while also minimizing loss of productive agricultural land. The enhancement estimate for agricultural lands is therefore based on the acres of hedgerow or other linear feature multiplied by the cost per acre to install hedgerows and similar linear features.

3. The enhancement cost applies to the acres where construction and/or installation actually takes place. In the case of hedgerows or other linear features, this is only the relatively small area of activity, not the area that is thereby enhanced. Enhancement cost includes costs for materials, construction labor, and equipment. In addition to the installation activity, the cost per enhanced acre also includes a cost for project oversight and contract administration and three years of maintenance and monitoring. For vernal pool wetted restoration, the cost includes 5 monitoring years during a 10-year restoration monitoring period.

4. For agricultural habitat lands, a SJMSCP describes a broad range of enhancement activities and a generalized target of 10 percent enhancement; providing benefits to species without substantially reducing the amount of agricultural land in production. This can be achieved by implementing the linear features described in footnote 2. Pollinator hedgerows or similar linear features enhance the entire field that they are associated with, thereby counting toward the 10 percent enhancement criteria while taking substantially less land out of production.

5. Estimated based on the weighted average cost for all other non-vernal pool natural lands.

Sources: Table A.1, SJCOG, Inc., ICF, and Hausrath Economics Group

TABLE B.2
2020 Five-Year Economic Analysis and Fee Update
SJMSCP Fee Update - 2020 (for 2021 SJMSCP Development Fee Cycle)
Category B Assessment, Planning, Restoration and Enhancement Cost Factors(2020 dollars)
Remainder of Permit Term

Remaining years in permit term	31	used in formulae below to calculate costs for the remainder of the permit term
Biological Site Assessment		
Number of site visits per year	8	assumes 6 hours per visit
Annual cost	\$6,960	
Total Site Assessment cost remainder of permit term	\$215,760	
Preserve Management Plan Preparation		
Number of management plans per year	12	assumes 40 hours per plan
Annual cost	\$69,600	
Total Preserve Management Plan cost remainder of permit term	\$2,157,600	
Preserve Enhancement Plan Preparation		
Average cost per enhancement plan	\$4,060	assumes 28 hours per plan for each enhancement project
Average acres per project	240	
Average cost per preserve acre	\$17	
Preserve Enhancements on Agricultural Lands		
Enhancement cost per preserve acre	\$951	from Table B1
Preserve Enhancements on Non-Vernal Pool Natural Lands		
Enhancement cost per preserve acre	\$11,884	from Table B1
Vernal Pool Creation/Enhancement		
Enhancement cost per preserve acre	\$34,567	from Table B1
Vernal Pool Upland Grassland Enhancement		
Enhancement cost per preserve acre	\$4,167	from Table B1

Sources: SJCOG, Inc., ICF, and Hausrath Economics Group

TABLE B.3
2020 Five-Year Economic Analysis and Fee Update
SJMSCP Fee Update - 2020 (for 2021 SJMSCP Development Fee Cycle)
Category B Assessment, Planning, Restoration and Enhancement (2020 dollars)
Cost Allocation by Habitat Type
Remainder of Permit Term

			Costs - Remainder of Permit Term				
			<u>Total cost allocated by preserve type percent of total preserve land remaining to be acquired</u>		<u>Cost per acre multiplied by preserve acres remaining to be</u>	<u>Cost per acre multiplied by preserve acres by type remaining to be acquired</u>	
Preserves by Habitat Type	Acres Remaining to be Acquired ¹	Percent of Total	Biological Site Assessment	Preserve Management Plans	Preserve Enhancement Plans	Preserve Enhancements	Vernal Pool Restoration
Agricultural lands	40,459.85	49%	\$105,645	\$1,056,454	\$687,817	\$38,477,189	na
Non-vernal pool natural lands	24,335.82	29%	\$63,544	\$635,437	\$413,709	\$289,206,001	na
Vernal pool grasslands	15,720.66	19%	\$41,048	\$410,485	\$267,251	\$65,502,729	na
Vernal pool wetted	2,115.00	3%	\$5,523	\$55,225	\$35,955	na	\$73,108,500
	82,631.33	100%	\$215,760	\$2,157,600	\$1,404,732	\$393,185,919	\$73,108,500

1. Includes 600 acres of neighboring lands preserves.
Sources: SJCOG, Inc., SJMSCP 2019 Annual Report, ICF, and Hausrath Economics Group.

2020 model totals	\$271,349	\$1,808,865	\$904,432	\$334,878,209	\$45,093,357
Percent change with 2021 update	-20%	19%	55%	17%	62%

TABLE B.4
2020 Five-Year Economic Analysis and Fee Update
SJMSCP Fee Update - 2020 (for 2021 SJMSCP Development Fee Cycle)
Category B Assessment, Planning, Restoration and Enhancement
Fee Calculations (2020 dollars)
Remainder of Permit Term

Habitat Type	Biological Site Assessment	Preserve Management Plans	Preserve Enhancement Plans	Agricultural and Non VP Natural Land Enhancement	Total for Agricultural and Non VP Natural Land (incl. assessment and plans)	Vernal Pool Restoration / Enhancement	Total for Vernal Pool (incl. assessment and plans)	2020 Fees	Percent Change 2020 - 2021
Costs associated with non-vernal pool natural/agricultural lands conversion	\$169,189	\$1,691,891	\$1,101,526	\$327,683,190	\$330,645,796				
Natural (non vernal pool)/Agricultural land conversion (acres), remaining	49,654.31	49,654.31	49,654.31	49,654.31	49,654.31				
Multi-purpose open space conversion (acres), remaining ¹	34,494.82	34,494.82	34,494.82	34,494.82	34,494.82				
Multiplier for natural/agricultural land conversion	1	1	1	1	1				
Multiplier for multi-purpose open space conversion ¹	0.5	0.5	0.5	0.5	0.5				
Assessment & Enhancement Component of Natural (non-vernal pool)/Agricultural Lands Fee	\$3	\$25	\$16	\$4,898	\$4,942			\$3,831	29%
Assessment & Enhancement Component of Multi-Purpose Open Space Fee	\$2	\$13	\$8	\$2,449	\$2,471			\$1,916	29%
Costs associated with vernal pool grasslands	\$41,048	\$410,485	\$267,251			\$65,502,729	\$66,221,513		
Vernal pool grassland conversion (acres), remaining	5,163.08	5,163.08	5,163.08			5,163.08	5,163.1		
Assessment & Enhancement Component of Vernal Pool Grasslands Fee	\$8	\$80	\$52			\$12,687	\$12,826	\$15,274	-16%
Costs associated with vernal pool wetted	\$5,523	\$55,225	\$35,955			\$73,108,500	\$73,205,203		
Vernal pool wetted conversion (acres), remaining	706.75	706.75	706.75			706.75	706.8		
Assessment & Enhancement Component of Vernal Pool Wetted Fee	\$8	\$78	\$51			\$103,443	\$103,580	\$63,915	62%

1. As described in SJMSCP Section 7.4.1.2, the fee calculation allocates the costs associated with agricultural habitat and non-vernal pool natural lands preserves to conversion of both those high value lands (agricultural land non-vernal pool natural land) and lower value multi-purpose open space. In other words, the SJMSCP does not enhance multi-purpose open space lands but allocates some of the costs of enhancements on agricultural and n: lands preserves to the conversion of multi-purpose open space lands to assist with the financing of those enhancements.

Sources: SJCOG, Inc., SJMSCP 2019 Annual Report, ICF, and Hausrath Economics Group.

TABLE C.1

2020 Five-Year Economic Analysis and Fee Update**SJMSCP Fee Update - 2020 (for 2021 SJMSCP Development Fee Cycle)****Category C (part)****Compliance and Effectiveness Monitoring Cost Assumptions (2020 dollars)****Remainder of Permit Term (for all preserve acres)**

Remaining years in permit term	31	
Compliance Monitoring		
Annual cost per acre, including reporting	\$4.00	
Total Compliance Monitoring Cost - Remainder of Permit Term	\$7,546,528	all acres
Effectiveness Monitoring, including reporting		
Habitat Mapping		
Annual cost per acre	\$4.00	annualized per acre assuming every 5 years
Total habitat mapping cost - remainder of permit term	\$6,393,100	all acres, except Vernal Pool Zone
Swainson's Hawk Monitoring		
Annual cost per acre	\$6.00	assume annual surveys
Total Swainson's hawk monitoring cost - remainder of permit term	\$9,755,235	in all but Southwest Zone
Vernal Pool Monitoring		
Annual cost per acre	\$5.00	annualized per acre assuming every 5 years
Total vernal pool monitoring cost - remainder of permit term	\$7,808,411	in Vernal Pool Zone and Central Zone Vernal Pool Preserves
Burrowing Owl Monitoring		
Cost per survey year, all preserves	\$24,500	
Total burrowing owl monitoring cost - remainder of permit term	\$253,167	assume every 3 years
Fall Crane Monitoring		
Cost per survey year, all preserves	\$13,200	
Total fall crane monitoring cost - remainder of permit term	\$81,840	assume every 5 years
Riparian Brush Rabbit Monitoring		
Cost per survey year, all preserves	\$14,800	
Total fall crane monitoring cost - remainder of permit term	\$45,880	assume every 10 years
Southwest Grasslands Monitoring		
Covered plant survey cost per acre per year	\$1.00	
San Joaquin kit fox survey cost per acre per year	\$1.00	
Total Southwest grasslands monitoring cost - remainder of permit term	\$521,519	Southwest Zone only
Effectiveness Monitoring Cost - Remainder of Permit Term	\$24,859,151	

Sources: SJCOG, Inc. and **SJMSCP 2019 Annual Report**, ICF, and Hausrath Economics Group.

TABLE C.1
2020 Five-Year Economic Analysis and Fee Update
SJMSCP Fee Update - 2020 (for 2021 SJMSCP Development Fee Cycle)
Category C (part)
Compliance and Effectiveness Monitoring Cost Assumptions (2020 dollars)

ASSUMPTIONS FOR POST PERMIT COSTS	
Acres Monitored, Year 50	
All acres	100,842
All but Vernal Pool Zone	82,910
All but Southwest Zone	91,221
Vernal Pool Zone	17,932
Central Zone Vernal Pool Preserves	1,325
Southwest Zone	9,621
Annual Average Compliance & Effectiveness Monitoring Cost at end of Permit	\$1,410,100
Percent of annual cost assumed to continue in perpetuity	25%
Effectiveness Monitoring Cost in perpetuity, annual cost	\$352,525

TABLE C.2

2020 Five-Year Economic Analysis and Fee Update

SJMSCP Fee Update - 2020 (for 2021 SJMSCP Development Fee Cycle)

Category C (part)

Project Management & Administration Cost Assumptions (2020 dollars)

Remainder of Permit Term

Remaining years in permit term	31		
Project Management & Administration cost			
Total annual project management & administrative staff cost	\$898,000	2.25 FTE + CFO time: salaries, benefits, OH, updated 8/3/2020	
Legal and other direct costs	\$71,840	8%	% of cumulative total to 12/31/2019, per expense analysis
Total annual project management & administration cost	\$969,840		
Total Project Management & Administration cost remainder of permit term	\$30,065,040		
Allocation to Project Management & Administration, based on allocation of actual costs to 12/31/2019			
Project management cost allocation	\$24,052,032	80%	\$6,643,586 Cumulative total actual through 12/31/2019
Administration cost allocation	\$6,013,008	20%	\$1,478,404 Cumulative total actual through 12/31/2019
Habitat Plan Environmental Consulting			
Annual cost for consulting services	\$291,000		estimate based on last four years expenditures
Total Habitat Plan Environmental Consulting remainder of permit term	\$9,021,000		
Land Manager Coordination/Oversight			
Annual cost	\$6,600		average cost for HTAC meetings and support
Total Land Manager Coordination/Oversight cost remainder of permit term	\$204,600		
Financial Plan 5-Year Review and Update			
Number of five-year updates for remainder of the permit term	6		
Consultant contract, every 5 years	\$85,000		cost per contract
Legal review, every 5 years	\$16,000		
Total Financial Plan 5-Year Review and Update cost remainder of permit term	\$606,000		

Sources: SJCOG, Inc. and SJMSCP 2019 Annual Report, ICF, and Hausrath Economics Group.

ASSUMPTIONS FOR POST PERMIT COSTS		
Annual Average Management & Administration cost at end of permit	\$969,840	
Percent of annual cost assumed to continue in perpetuity	50%	
Annual Management & Administration cost in perpetuity (all preserves)	\$485,000	(roughly 1 FTE)

TABLE C.3
2020 Five-Year Economic Analysis and Fee Update
SJMSCP Fee Update - 2020 (for 2021 SJMSCP Development Fee Cycle)
Category C Permit Term Costs (2020 dollars)
Adjustments for Remaining Fund Balance

Cost Category	Total Cost - Remainder of Permit Term
Compliance Monitoring	\$7,546,528
Effectiveness Monitoring, including reporting	24,859,151
Project Management	24,052,032
Administration	6,013,008
Habitat Plan Environmental Consulting	9,021,000
Land Manager Coordination/Oversight	204,600
Financial Plan 5-Year Review and Update	606,000
	\$72,302,320
Category C Fund Balance as of 12/31/2019 for costs on existing preserves	(\$25,186,646)
Net cost for remainder of the permit term	\$47,115,673

Table C.4

2020 Five-Year Economic Analysis and Fee Update**SJMSCP Fee Update - 2020 (for 2021 SJMSCP Development Fee Cycle)****SJMSCP Endowment Fund Cash Flow (2020 Dollars) - DIVERSIFIED PORTFOLIO**

Inflation **3.00%**
Investment Management Fees **1.00%**
Real Return On Investments **3.25%**
Total Nominal Return On Investments **7.25%**

Calendar Year	2021	2022	2023	2024	2025	2026	2027	2028
	21	22	23	24	25	26	27	28
Category C Fee Revenue	\$276,084	\$276,084	\$276,084	\$276,084	\$276,084	\$276,084	\$276,084	\$276,084
Investment Earnings ¹	<u>\$152,244</u>	<u>\$166,165</u>	<u>\$180,538</u>	<u>\$195,378</u>	<u>\$210,701</u>	<u>\$226,522</u>	<u>\$242,856</u>	<u>\$259,722</u>
Total Revenue	\$428,329	\$442,249	\$456,622	\$471,463	\$486,785	\$502,606	\$518,940	\$535,806
Beginning Fund Balance	<u>\$4,546,403</u>	NA	NA	NA	NA	NA	NA	NA
Closing Fund Balance	\$4,974,732	\$5,416,981	\$5,873,603	\$6,345,066	\$6,831,851	\$7,334,457	\$7,853,397	\$8,389,203
Calendar Year	2029	2030	2031	2032	2033	2034	2035	2036
	29	30	31	32	33	34	35	36
Category C Fee Revenue	\$276,084	\$276,084	\$276,084	\$276,084	\$276,084	\$276,084	\$276,084	\$276,084
Investment Earnings ¹	<u>\$277,135</u>	<u>\$295,115</u>	<u>\$313,679</u>	<u>\$332,846</u>	<u>\$352,637</u>	<u>\$373,070</u>	<u>\$394,168</u>	<u>\$415,951</u>
Total Revenue	\$553,220	\$571,199	\$589,763	\$608,931	\$628,721	\$649,154	\$670,252	\$692,035
Closing Fund Balance	\$8,942,423	\$9,513,622	\$10,103,385	\$10,712,316	\$11,341,037	\$11,990,191	\$12,660,443	\$13,352,478
Calendar Year	2037	2038	2039	2040	2041	2042	2043	2044
	37	38	39	40	41	42	43	44
Category C Fee Revenue	\$276,084	\$276,084	\$276,084	\$276,084	\$276,084	\$276,084	\$276,084	\$276,084
Investment Earnings ¹	<u>\$438,442</u>	<u>\$461,664</u>	<u>\$485,641</u>	<u>\$510,397</u>	<u>\$535,957</u>	<u>\$562,349</u>	<u>\$589,598</u>	<u>\$617,733</u>
Total Revenue	\$714,526	\$737,748	\$761,725	\$786,481	\$812,042	\$838,433	\$865,682	\$893,817
Closing Fund Balance	\$14,067,004	\$14,804,752	\$15,566,477	\$16,352,958	\$17,164,999	\$18,003,432	\$18,869,114	\$19,762,931
Calendar Year	2045	2046	2047	2048	2049	2050	Total	Ongoing
	45	46	47	48	49	50	Year 21 - 50	51+
Category C Fee Revenue	\$276,084	\$276,084	\$276,084	\$276,084	\$276,084	\$276,084	<u>\$8,282,525</u>	\$0
Investment Earnings ¹	<u>\$646,782</u>	<u>\$676,775</u>	<u>\$707,743</u>	<u>\$739,717</u>	<u>\$772,731</u>	<u>\$806,817</u>	<u>\$12,941,072</u>	<u>\$837,525</u>
Total Revenue	\$922,866	\$952,859	\$983,827	\$1,015,801	\$1,048,815	\$1,082,901	\$21,223,597	\$837,525
Net Post-Permit Costs	NA	NA	NA	NA	NA	NA	NA	<u>\$837,525</u>
Net Cash Flow	\$922,866	\$952,859	\$983,827	\$1,015,801	\$1,048,815	\$1,082,901	\$21,223,597	\$0
Closing Fund Balance	\$20,685,797	\$21,638,656	\$22,622,483	\$23,638,284	\$24,687,099	\$25,770,000	\$25,770,000	\$25,770,000

1. Investment Earnings = (Prior Year Closing Fund Balance + (Annual Fee Revenue / 2) x (Real Return On Investments).

TABLE C.5
2020 Five-Year Economic Analysis and Fee Update
SJMSCP Fee Update - 2020 (for 2021 SJMSCP Development Fee Cycle)
Category C Monitoring and Program Management/Administration, including endowment for post-permit costs (2020 dollars)
Cost Allocation by Habitat Type

Preserves by Habitat Type	Total Preserve		Remainder of		
	Acres ¹	Percent of Total	Permit Term	Post permit	Total
Non-vernal Pool Natural/Ag lands	82,910	82%	\$38,737,435	\$6,809,704	\$45,547,139
Vernal pool grasslands	15,811	16%	7,387,258	1,298,616	\$8,685,874
Vernal pool wetted	2,121	2%	990,979	174,206	\$1,165,185
	100,842	100%	\$47,115,673	\$8,282,525	\$55,398,198

Note: Net of existing fund balance allocated to Category C permit-term and post-permit costs.
1. includes 600 acres of neighboring lands preserves.
Sources: SJCOG, Inc. and SJMSCP 2019 Annual Report, ICF, Urban Economics, and Hausrath Economics Group.

TABLE C.6
2020 Five-Year Economic Analysis and Fee Update
SJMSCP Fee Update - 2020 (for 2021 SJMSCP Development Fee Cycle)
Category C Monitoring and Program Management/Administration, including endowment for post-permit costs
Fee Calculations (2020 dollars)

Habitat Type	Remainder of Permit Term	Post permit	Total	2020 Fees	Percent Change 2020 - 2021	Post Permit Share of Total
Costs associated with non-vernal pool natural/agricultural lands conversion	\$38,737,435	\$6,809,704	\$45,547,139			
Non-vernal pool Natural/Agricultural land conversion (acres) , remaining	49,654.31	49,654.31	49,654.31			
Multi-purpose open space conversion (acres), remaining ¹	34,494.82	34,494.82	34,494.82			
Multiplier for natural/agricultural land conversion	1	1	1			
Multiplier for multi-purpose open space conversion ¹	0.5	0.5	0.5			
Monitoring & Administration Component of Natural (non-vernal pool)/Agricultural Lands Fee	\$579	\$102	\$681	\$847.22	-20%	15%
Monitoring & Administration Component of Multi-Purpose Open Space Fee ¹	\$290	\$51	\$341	\$424.16	-20%	15%
Costs associated with vernal pool grasslands	\$7,387,258	\$1,298,616	\$8,685,874			
Vernal pool grassland conversion (acres), remaining	5,163.08	5,163.08	5,163.08			
Monitoring & Administration Component of Vernal Pool Grasslands Fee	\$1,431	\$252	\$1,682	\$2,580.93	-35%	15%
Costs associated with vernal pool wetted	\$990,979	\$174,206	\$1,165,185			
Vernal pool wetted conversion (acres), remaining	706.75	706.75	706.75			
Monitoring & Administration Component of Vernal Pool Wetted Fee	\$1,402	\$246	\$1,649	\$2,533.80	-35%	15%

Note: Net of existing fund balance allocated to Category C permit-term and post-permit costs.

1. The fee calculation allocates the costs associated with agricultural habitat and non-vernal pool natural lands preserves to conversion of both those high value lands (agricultural land and non-vernal pool natural land) and lower value multi-purpose open space, thereby assisting with the financing of management and monitoring on agricultural and natural lands preserves.

Sources: SJCOG, Inc., SJMSCP 2019 Annual Report, ICF, Urban Economics, and Hausrath Economics Group.

	Category A	Category B	Category C		
2021 Fees - Draft Proposed	Acquisition	Assessment & Enhancement	Monitoring, Management & Administration, & Post-permit Endowment	Total	Total Rounded
Other Open Space	\$5,870.00	\$2,471.00	\$341.00	\$8,682.00	\$8,682
Natural/Ag Lands	\$11,740.00	\$4,942.00	\$681.00	\$17,363.00	\$17,363
Vernal Pool Grasslands	\$57,036.00	\$12,826.00	\$1,682.00	\$71,544.00	\$71,544
Vernal Pool Wetted	\$56,057.00	\$103,580.00	\$1,649.00	\$161,286.00	\$161,286
	Category A	Category B	Category C		
2020 Fees - Adopted	Acquisition	Assessment & Enhancement	Monitoring, Management & Administration, & Post-permit Endowment	Total	Total Rounded
Other Open Space	\$4,072.00	\$1,916.00	\$424.16	\$6,412.16	\$6,412
Natural/Ag Lands	\$8,144.00	\$3,831.00	\$847.22	\$12,822.22	\$12,822
Vernal Pool Grasslands	\$34,978.00	\$15,274.00	\$2,580.93	\$52,832.93	\$52,833
Vernal Pool Wetted	\$34,339.00	\$63,915.00	\$2,533.80	\$100,787.80	\$100,788

Difference Per Acre (\$)	Acquisition	Assessment & Enhancement	Monitoring, Management & Administration, & Post-permit Endowment	Total	Total Rounded
Other Open Space	\$1,798	\$555	(\$83)	\$2,270	\$2,270
Natural/Ag Lands	\$3,596	\$1,111	(\$166)	\$4,541	\$4,541
Vernal Pool Grasslands	\$22,058	(\$2,448)	(\$899)	\$18,711	\$18,711
Vernal Pool Wetted	\$21,718	\$39,665	(\$885)	\$60,498	\$60,498

Percent Difference	Acquisition	Assessment & Enhancement	Monitoring, Management & Administration, & Post-permit Endowment	Total	Total Rounded
Other Open Space	44.2%	29.0%	-19.6%	35.4%	35.4%
Natural/Ag Lands	44.2%	29.0%	-19.6%	35.4%	35.4%
Vernal Pool Grasslands	63.1%	-16.0%	-34.8%	35.4%	35.4%
Vernal Pool Wetted	63.2%	62.1%	-34.9%	60.0%	60.0%