



SAN FRANCISQUITO CREEK  
JOINT POWERS AUTHORITY

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**Notice of Special Meeting of the  
Finance Committee  
October 28, 2020 at 3:00 p.m.**

**Due to the risk of COVID-19 transmission, this meeting will be held remotely. If you require an accommodation pursuant to the Americans with Disability Act, please contact the Clerk of the Board at the phone number or email listed at the bottom of this Agenda by 10:00 am on the day of the meeting.**

**Join Zoom Meeting**

**<https://us02web.zoom.us/j/89865640319?pwd=T0dMNGlpVzBVZGRLQkpndnQzeFpQQT09>**

**Meeting ID: 898 6564 0319**

**Passcode: 654862**

**AGENDA**

**Or by phone: (669) 900-6833,,89865640319#,,,,,,0#,,654862#**

1. ROLL CALL
2. APPROVAL OF AGENDA
3. PUBLIC COMMENT: *Individuals may speak on any topic for up to three minutes; during any other Agenda item, individuals may speak for up to three minutes on the subject of that item.*
4. REGULAR BUSINESS : Funding Map
5. ADJOURNMENT

PLEASE NOTE: This Board meeting Agenda and supporting documents related to items on the Agenda can be viewed online by 3:00 p.m. on October 27, 2020 at [sfcjpa.org](http://sfcjpa.org) -- click on the "Meetings" tab near the top. To be added to or removed from the Board Meeting distribution list, please e-mail [jpa@sfcjpa.org](mailto:jpa@sfcjpa.org).

**NEXT MEETING:** Regular Board meeting, November 19, 2020 at 3:30 PM, location to be determined

## SFCJPA Finance Committee

### Upstream Project Funding Roadmap – DISCUSSION DRAFT

This document is intended to inform committee member’s discussions regarding future funding directions, options, and opportunities.

The following table is Valley Water’s estimate, and does not include all permitting costs, nor mitigation and ongoing compliance reporting and mitigation/restoration management.

The current estimate of project funding shortfall is *roughly* summarized below:

Unidentified Funding Scenarios				
Unidentified Funding/ Potential Shortfall	Assuming all grants & USACE (best case)	Assuming all preliminarily- awarded grants w/NO USACE (likely)	Assuming NO FEMA or USACE (conservative)	Assuming one grant & NO USACE <sup>1</sup> (unlikely)
		\$15,209,818	\$19,279,818	\$22,279,818

<sup>1</sup> Total project cost minus \$2.875M in Prop 1 Grant funding and \$5M in Valley Water Contribution (not including labor).

**Table 1**

### Approximate project elements schedule:

		2020	2021	2022	2023	2024	2025
Newell		P & D	Permits				
Channel work	P & D	Permits					
Bayshore transition wall		P & D	Permits				
Pope-Chaucer		P & D	Permits				

### Approximate project elements schedule with estimated funding needs<sup>1</sup>:

		2020	2021	2022	2023	2024	2025
<b>Newell</b>							
	Permits						
	Real estate						
	Construction						
	Constr. Mgmt						



	Mitigation				8,740		
Federally Non-Participating Costs				437,000 <sup>ii</sup>			
<b>Newell Total: \$445,740</b>							
<b>Channel widening</b>							
	Permits	120,000					
	Real estate		3,200,000				
	Construction			7,460,000			
	Constr. Mgmt			1,050,000	6,000		
	Mitigation				100,000	76,000	
<b>Channel Widening Total: \$12,012,000</b>							
<b>Pope-Chaucer</b>							
	Permits	10,000	110,000				
	Real estate						
	Construction				5,440,000	1,360,000	
	Constr. Mgmt				816,000	200,000	4,000
	Mitigation					108,800	27,200
<b>Pope-Chaucer Total: \$8,075,800</b>							
<b>Bayshore transition wall</b>							
	Permits	7,000	110,000				
	Real estate						
	Construction			4,160,000	1,040,000		
	Constr. Mgmt			634,000	156,000		
	Mitigation				104,000		
<b>Bayshore Transition Wall: Total \$6,211,000</b>							
<b>Combined Total by year</b>		<b>2020 \$</b>	<b>2021 \$</b>	<b>2022 \$</b>	<b>2023 \$</b>	<b>2024 \$</b>	<b>2025 \$</b>
		137,000	3,420,000	13,741,000	7,670,740	1,744,800	31,200
<i>With Bayshore removed</i>			3,310,000	9,741,000	5,670,740		
<i>With Measure S passage (assuming \$3M additional VW contribution for this project)</i>				8,741,000	4,670,740	744,800	

Table 2

## Potential Funding Strategies

Short term (1 – 2 years)	Medium term (2 - 3 years)	Long term (3 – 5+ years)
Direct member agency contributions via funding agreements	Direct member agency contributions via funding agreements	Direct member agency contributions via funding agreements
Valley Water “Safe Clean Water & Natural Flood Protection” parcel tax revenue allotment (\$5M already assumed and counted)	Valley Water “Safe Clean Water & Natural Flood Protection” parcel tax revenue allotment (\$5M already assumed and counted <sup>iii</sup> )	Valley Water “Safe Clean Water & Natural Flood Protection” parcel tax revenue allotment (\$5M already assumed and counted)
Financing (‘construction loan’) backed by member contributions.	Financing (‘construction loan’ <sup>iv</sup> ) backed by member contributions.	Financing (‘construction loan’) backed by member contributions.
State Agency Grants (existing)	Capital Campaign – one-time community & philanthropic contributions	Capital Campaign – one-time community & philanthropic contributions
Federal Agency Grants (existing)	State Agency Grants (new)	State Agency Grants (new)
	Federal Agency Grants (new) <ul style="list-style-type: none"> <li>Including ACOE leading on Pope-Chaucer bridge<sup>v</sup></li> </ul>	Federal Agency Grants (new)
	Form an Assessment District <sup>vi</sup>	Assessment District - on-going revenues for repayment of construction loans, bond issuance, long-term maintenance, mitigation and restoration management, etc.

## Discussion

In charting a “funding map” for the upstream projects, it’s important to consider all of the project components.

The Pope-Chaucer Bridge and the Channel Widening elements are interdependent and critical elements for providing protection to the ‘flood of record’ level. The Bayshore transition wall completes the ‘Downstream project’ transition where the two project segments (up and downstream) connect. This project element has some risks: the work is close to residences (potentially disruptive), access is difficult, and there are known cultural resources in the vicinity which have a high potential to complicate construction and add costs. At the same time, this part of the project isn’t needed for flow capacity



purposes and leaving it 'as is' will not increase upstream flooding potential. It is not a bottleneck.

One possible scenario is to 'back burner' the Bayshore Transition Wall project element until sometime in the future. This would help close the funding gap by ~\$6.2M. However, this would potentially 'orphan' this project element, making its future completion more difficult. The implications of not proceeding with this project element would need to be discussed with our partners at Valley Water.

A potential source of funding is the Army Corps of Engineers (ACOE), although this also carries some risks, which the committee and Board should consider.

## **Discussion of Funding Options**

### Member agency contributions –

Pro: Local control, clear and unambiguous commitment, predictable.

Con: Potentially politically difficult during lean budget times, difficult to be 'fair', given differing resources,

### Grants (State and federal) –

Pro: Outside funding, JPA projects contribute to meeting State and federal flood mitigation goals, fosters strong working partnerships with local partners.

Con: Often highly competitive, not guaranteed, high administrative cost, require local funding match (no such thing as a free lunch).

### Army Corps of Engineers (ACOE) funding –

The use of ACOE 'CAP 205' funding is governed by the ACOE's mandatory cost/economic benefit calculations. Based on conversations with the ACOE, the Bayshore transition wall project element does not pencil-out. The channel widening project elements might meet their conditions. The Pope-Chaucer Bridge does meet their requirements. This is 'worth' about \$7M to the JPA. However, there are also some constraints and conditions to working with the ACOE the JPA should consider, including foregoing control over project construction and construction management.

Pro: The ACOE can provide a significant amount of funding. The ACOE process might include a more streamlined regulatory approval process. The ACOE process would likely utilize existing project designs.

Con: The project funding may be subject to federal budget changes. The ACOE process is lengthy, potentially adding 2 – 5 years to the project timeline. The ACOE's control of contracting and contractor management would preclude any role the JPA may have in contractor performance specifications and oversight. Some staff at some regional and



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State-level agencies have a less-than-positive opinion of the ACOE – there may be some chance the JPA could be ‘tarred with the same brush’.

### Financing –

Pro: Interest rates are very low right now, there are a number of ways to structure a ‘construction loan’ – internally among members, utilizing the State’s I-Bank, or one or more members on behalf of the JPA, keeps funding local and in the JPA’s control.

Con: There IS a cost of money - financing a project will add a few percentage points to the overall cost of the project.

### Capital Campaign –

Pro: Community-driven/Community-sourced support, unrestricted funds (in the sense that funds can be used for a variety of capital costs), the outcome of a successful campaign is not only financial resources, but community awareness.

Con: A VERY significant investment in fundraising costs (board and executive time, planning, coordination, communications, etc.) with a lot of lead-time for preparation.

### Assessment District (Benefit Assessment District) –

Pro: Stable, on-going, local revenue source, tied to the benefits of flood mitigation provided by the JPA’s mission and projects, the annual cost per parcel of any assessment is likely to be less than the current annual mandatory flood insurance premiums, enables long-term stewardship activities and/or repayment of capital project loans.

Con: A VERY significant investment in planning and campaign costs (board and executive time, planning, polling, communications, outreach, etc.), for the purposes of the ballot campaign the ED would need to ‘step aside’ of one role or the other, a 2/3 vote threshold is a high bar to pass and there is no guarantee of success, parcel taxes are ascribed by benefit – the greatest beneficiaries may (in some cases) be the least able to pay. A lot of lead-time for preparation and a tight, detailed schedule for board and staff to follow.

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<sup>i</sup> These cost figures are based on estimates provided by Valley Water for % break-out between years, and what % is for construction vs. construction project management. (roughly 85/15). Permit costs are estimated, not actual – we are still refining these figures.

<sup>ii</sup> I am not yet clear on what this means, or who is responsible for these costs.

<sup>iii</sup> If the 2020 Measure S passes, this number will increase to \$10M, perhaps a little more – closing our funding gap by as much as another \$5M.

<sup>iv</sup> Financing could be from banks, member agencies, or the State (Infrastructure State Revolving Fund or “I-Bank”) if the JPA had a defined source of revenue (see assessment district), or a member agency secured an I-Bank loan on the JPA’s behalf.



<sup>v</sup> Army Corps of Engineers (ACOE) as funding source = project lead. This has pros and cons. Pros = no (or less) State/Federal permitting. Cons = little or no public process, little influence/control, state/regional agency enmity, potential friction with existing plaintiff, uncertain timeline.

<sup>vi</sup> Assessment Districts include Mello-Roos Districts, which are also known as Community Facilities Districts (CFDs) and Benefit Assessment Districts (BADs).