Reclamation District 2103
Bear River O&M Assessment District

Presented by

Seth Wurzel
Economic & Planning Systems, Inc.

Kim Floyd
Kim Floyd Communications

Fran Borcalli
Wood-Rodgers

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Purpose and Need for Assessment District

- Protect public safety through ongoing, sustainable levee repair and maintenance (O&M)
- Meet FEMA requirements for Accreditation of Bear River Phase 1 Improvements
- Comply with requirements of State grant funding
  - Acceptance of EIP funding from DWR was predicated on commitment by RD 2103 to adequately maintain the improved levees.
  - Funding may have to be returned if this condition is not met.

Current revenue not adequate to meet O&M criteria for levee certification and FEMA Accreditation

Purpose and Need

- New development did not drive the need for levee improvements
  - Prior to improvements, levees did not meet FEMA standards for 100-Year Flood Protection
  - Levees needed to be improved to meet FEMA standards
- Developers and State paid entire cost of Phase 1 levee improvements saving local property owners $20 million
- Local property owners are being asked to pay only the cost of O&M for Phase 1
- Consistent with assessments recently passed in neighboring communities

Benefits of Certification & Accreditation

- Certification and Accreditation Results in:
  - Results in approx. 1,800 Acres being removed from the 200-Year floodplain.
  - Removes 230 Parcels with Structures from the 200-Year levee failure floodplain.
  - Avoids the requirements of mandatory flood insurance for properties with a federally guaranteed mortgage for those properties removed from FEMA floodplain.
  - Provides the City with the ability to continue to issue new building permits in the areas with greater than 100-Year protection.
  - Maintains the rights of property owners to improve, replace, and build structures on their property.

Timing is Critical

- Preliminary DFIRMS from FEMA - May 2010
- Letter of Final Determination from FEMA - August 2010
- New maps effective 6 months later - February 2011
  - Only <u>certified</u> levees will be recognized in new FIRMS
  - Large portions of RD 2103 in SFHA Zone A with mandatory insurance requirements
    - $1,200 (grandfathered rate) to $2,800 per year.
  - Portions of the Bear River benefit area will be removed from SFHA upon certification and accreditation
  - RD 2103 can submit map revision request once levee is certified, and ***before*** new FIRMS take effect

O&M Funding Need

- Outlined in March 29, 2010 O&M Needs Assessment Letter by MBK
  - Current Revenue from Existing Assessment: approx. $37,000
    - Funding stream to remain intact and used to complete grazing and rodent control activities
  - Total Additional Need: $164,300
  - Bear River Apportioned Cost: **$81,790**
    - Based on 5 miles of the total 10.8 miles of levees maintained by RD 2103.

Benefit Assessment Requirements

- Procedure & Requirements governed by Proposition 218
  - Assessments must be based on the Benefit conferred to the property
  - Property owner vote
  - Votes weighted by assessment
  - Approval requires 50% of weighted ballots returned to be in favor of the assessment
  - Engineer's Report prescribes benefit calculation and assessment methodology

Assessment Methodology

- **Step 1:** Identify benefits received from levee maintenance (Land & Structure Benefits)
- **Step 2:** Identify area of benefit (Boundary)
- **Step 3:** Quantify the benefits on a per parcel basis (Damage Avoided = Benefits)
- **Step 4:** Apportion the costs of O&M proportionately based on share of total benefits

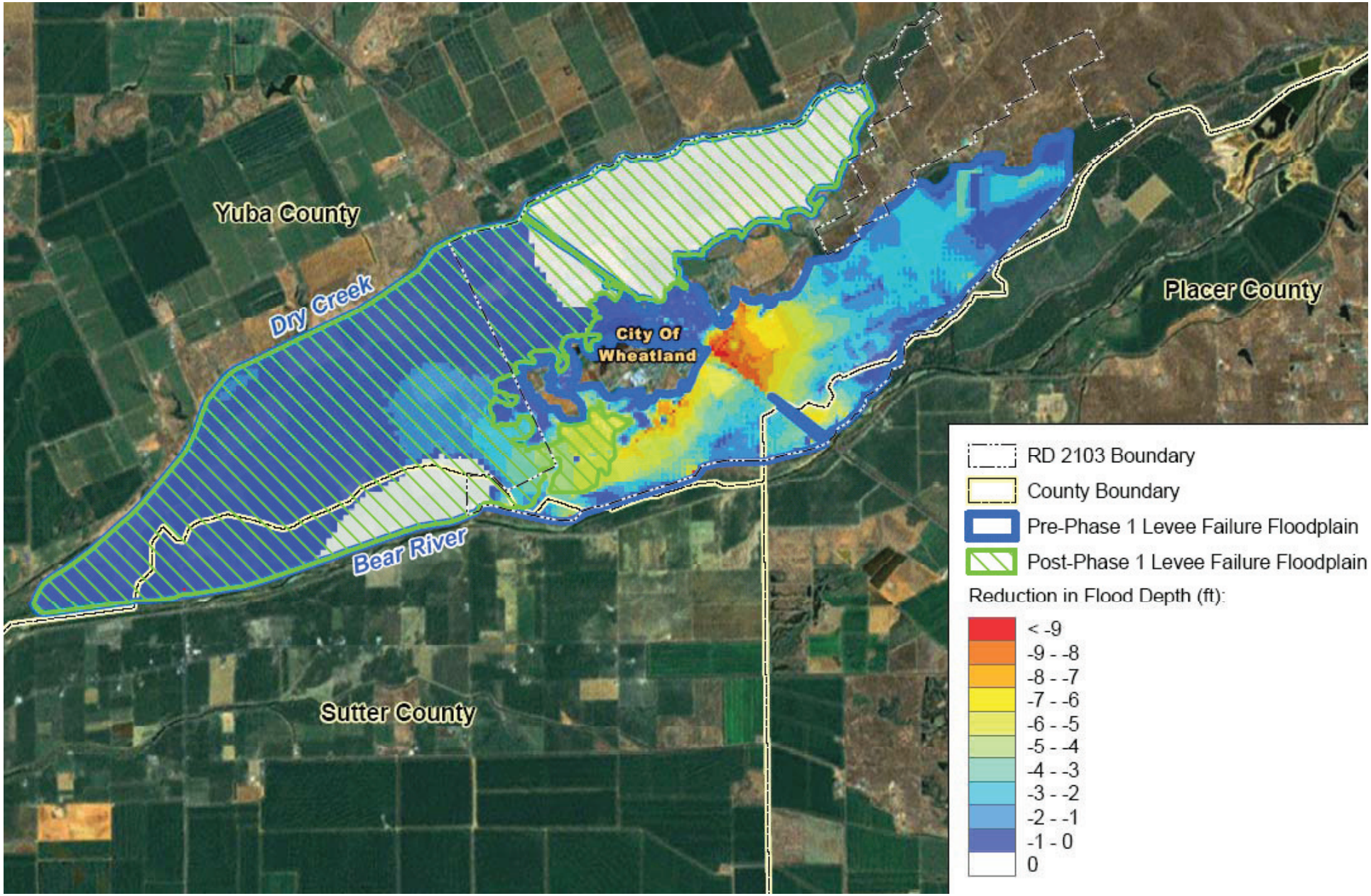
Identified Benefits

Flood Damage Reduction

2 Factors – Structures and Land

- Reduced Damage to Structure & Contents
  - Reduction in flood depth
- Reduced Damage to Land based
  - Removal from the floodplain
  - Reduction in length of unimproved levees protecting land

Area of Benefit



Benefit Methodology

Benefits =

Structure & Content Damage

- » Based on Structure Type and Size
- » Reduction in Flood Depth

+

Land Damage

- » Based on Land Use
- » Acreage
- » Residual Flooding

Structure & Content Damage

Damage = Relative Structure Value x Building Square Footage x % Flood Damage Reduction

- Relative Structure Values: Based on USACE (US Army Corps of Engineers)
- Flood depth reduction: Benefit Map
- % Flood Depth Reduction: Depth/Damage Curve (USACE)
- Assessor's parcel database:
  - land use / structure type
  - building square footage (if not provided, assumptions made based on industry standards)

Structure Damage Reduction

Example

- Single Family Home: 1,500 SF
  - Existing Flood Depth: 8'
  - Remaining Flood Depth: 3'
  - Assumed Foundation Height: 1'

  Adjusted: From 7' to 2'

Damage Relative to Finished Floor

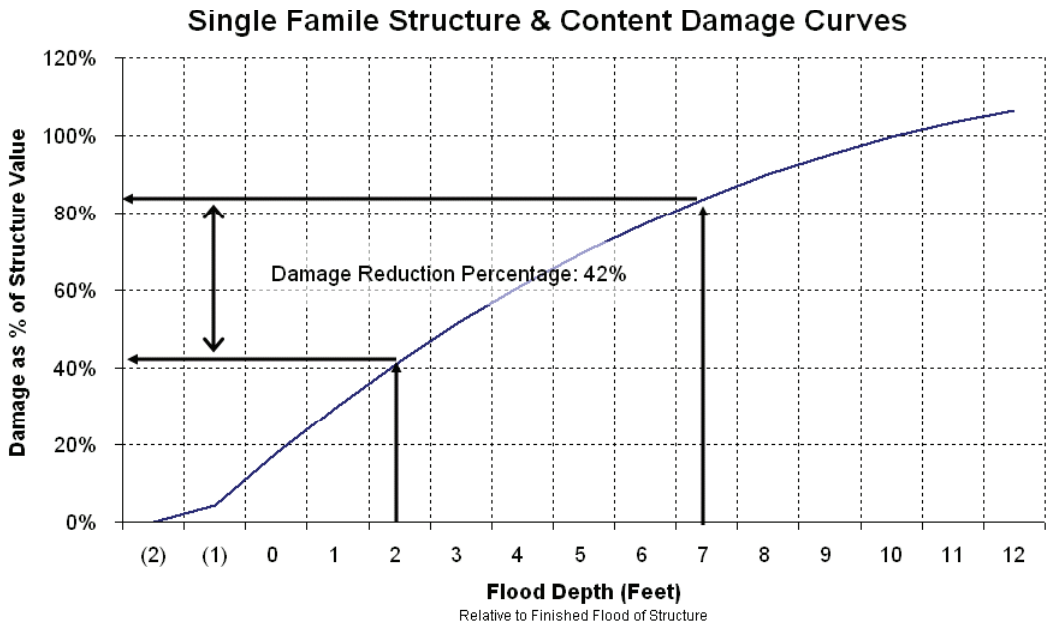
@ 7': Damage = 84%

@ 2': Damage = 42%

Damage Reduction = 42%

Damage = 1,500 SF x $60

PSF X 42% = $37,800 of Benefits



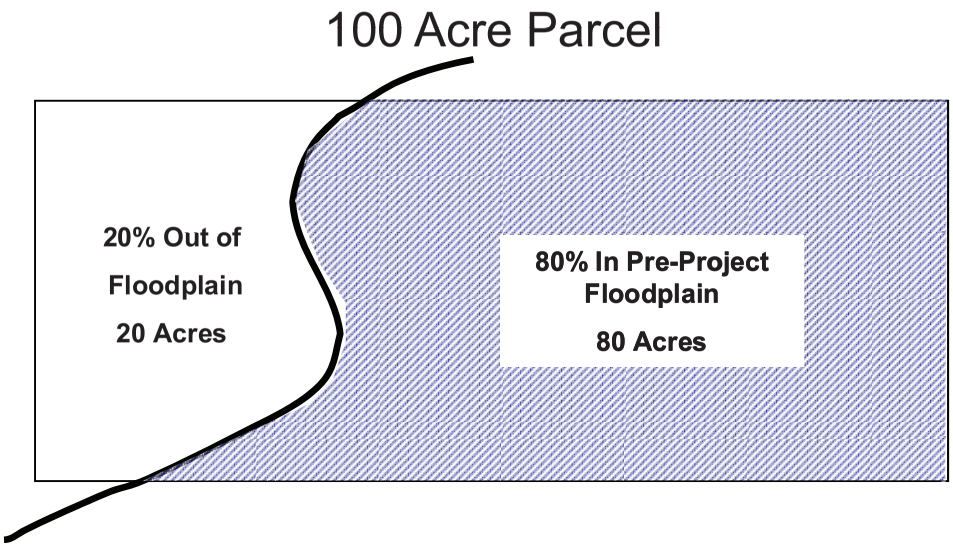
Land Damage

Damage = 20% x Land Value x Acreage x Residual Benefit Factor (where applicable)

- 20%: Assumed damage to land
- Land Value: From appraisal by land use
- Acreage: Assessor's Data or County GIS data
- Residual Benefit Factor: 29%
  - Only applied to those parcels in the residual floodplain
  - Based on % of levees improved that protect basin (5 of 17.46 Miles = 29%)

Land Damage (Cont.)

- Only % of the acreage in Pre-Project Flood Plain is assessed.

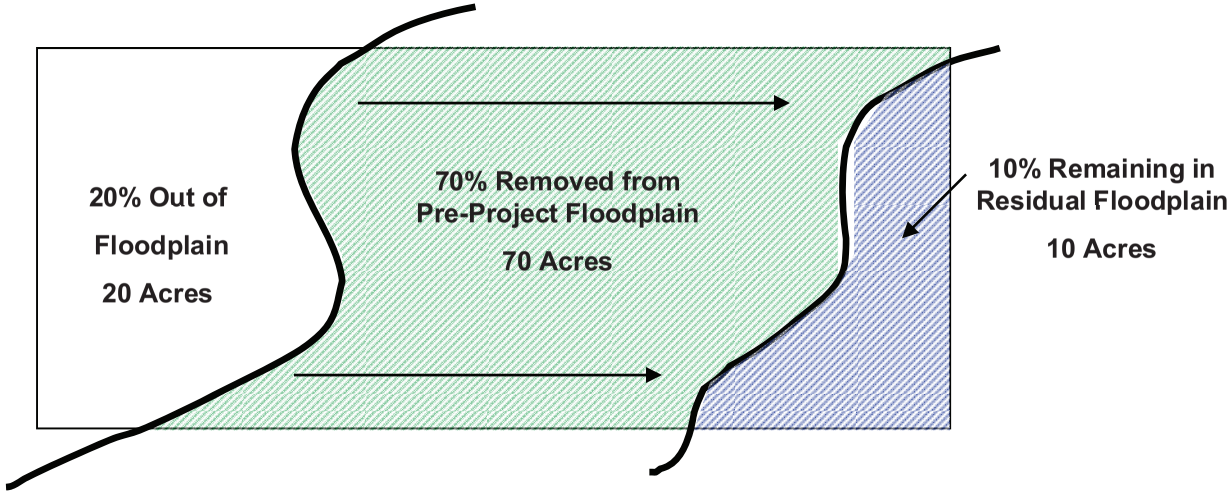


80% of the parcel (80 Acres) is included in Land Damage Equation.

Land Damage (Cont.)

- Parcels (or portions of) in the Residual Floodplain, have a Residual Benefit Factor applied to "Residual Acreage"

100 Acre Parcel



80% of parcel (80 Acres) is included in Land Damage Equation
70 Acres at full Benefit, 10 Acres at 29% Benefit

Assessment Calculation

- Determine Assessment Rate

$$\frac{\text{Total Assessment Budget}}{\text{Total Benefits for All Parcels}} = \text{Rate / \$Benefit}$$

- Preliminary Assessment Rate

$$\frac{\$81{,}790}{\$10{,}962{,}575} = \$.00746 \text{ / \$Benefit}$$

Preliminary Rates

- Every parcel is unique, rates are calculated on a parcel by parcel basis

- Single Family Example

  1,500 SF Home on .18 Acre Parcel

  Pre-Project Depth 8' – Post Project Depth 3'

(1,500 SF x $60/SF x 42%) +

(.18 Acres x $45,000/Acre x 20% x 0.29)

= $38,269.80 of Benefit

$38,269.80 x $.00746/Benefit$ = **$285.52**

Summary of All Rates

Parcels within RD 2103 Boundary

343 (Total of 450 Parcels Benefit, remainder in RD 817)

Average Assessment: $194

Maximum: $6,647

Summary of Residential Rates

267 Parcels within District Boundary

Average Residential Assessment: $102

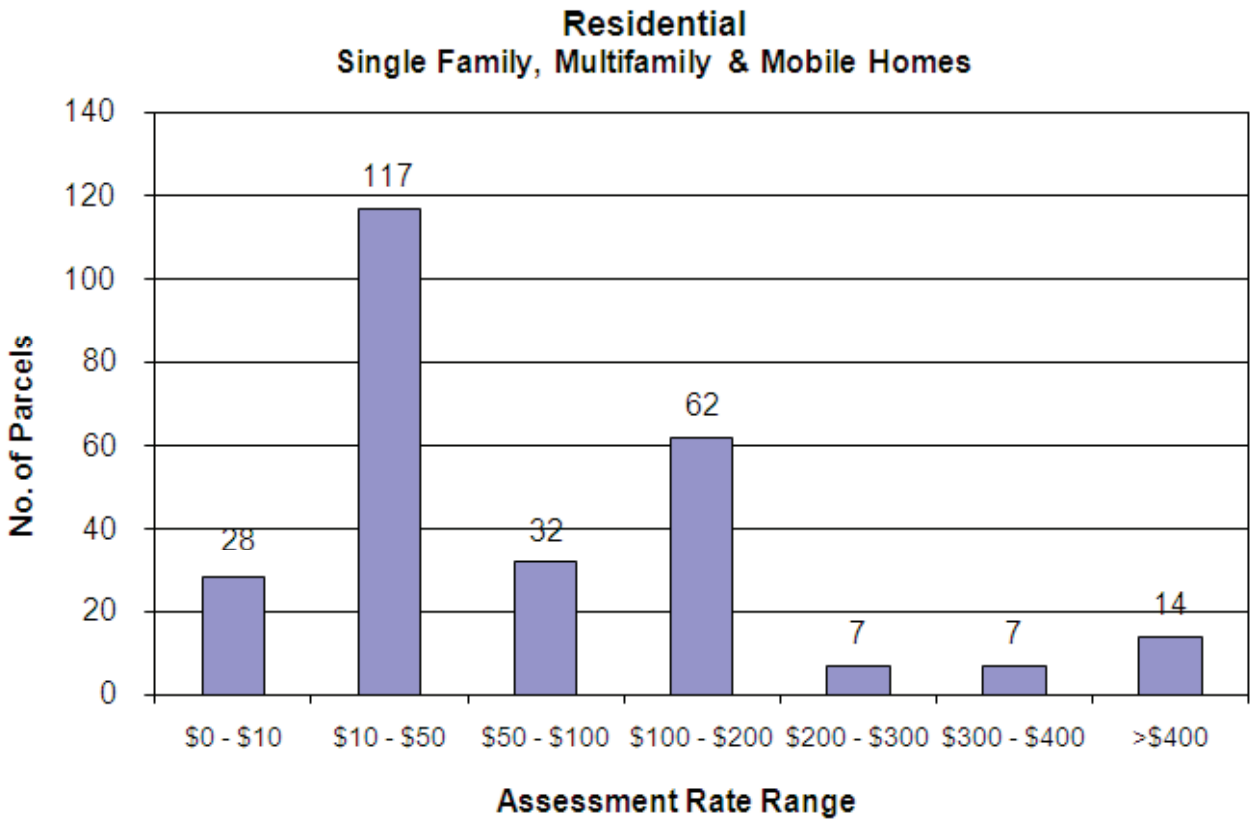
Maximum: $711

Includes:

Single Family

Multifamily

and Mobile Homes



Summary of Rural / Ag Rates

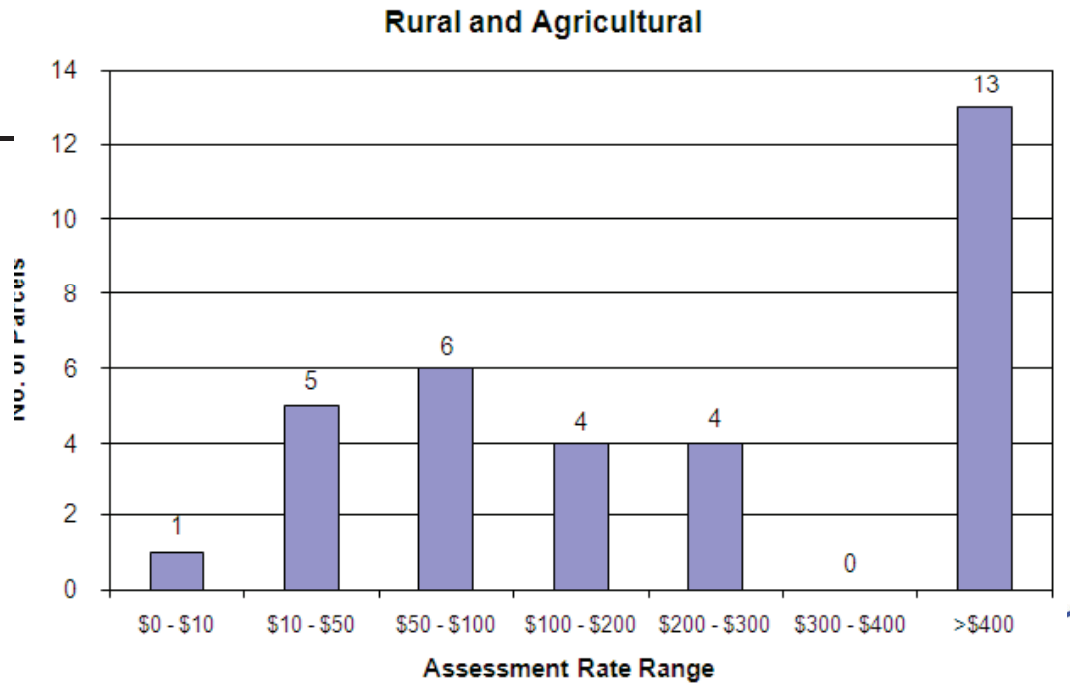
33 Rural / Ag Parcels within District Boundary

Average Assessment per Parcel: $654

Maximum: $5,664

Assessor's Land Use Description	Assessment per Benefit Acre
Vacant > 50 acres	**$ 8.26**
Vacant Rural Homesite <5 acres	**$ 21.02**
Vacant Rural Homesite 5-10 acres	**$ 21.02**
Vacant Rural Homesite 10-20 acres	**$ 21.02**
Ranchette -- 20 to 50 acres	**$ 8.26**
Pears	**$ 8.26**
Walnuts	**$ 15.02**
Almonds	**$ 15.02**
Orchards	**$ 8.26**
Irrigated Pasture	**$ 8.26**
Native Pasture	**$ 8.26**
Irrigated Field Crops	**$ 8.26**
Non-irrigated Field Crops	**$ 8.26**

- Assumes complete removal from the floodplain

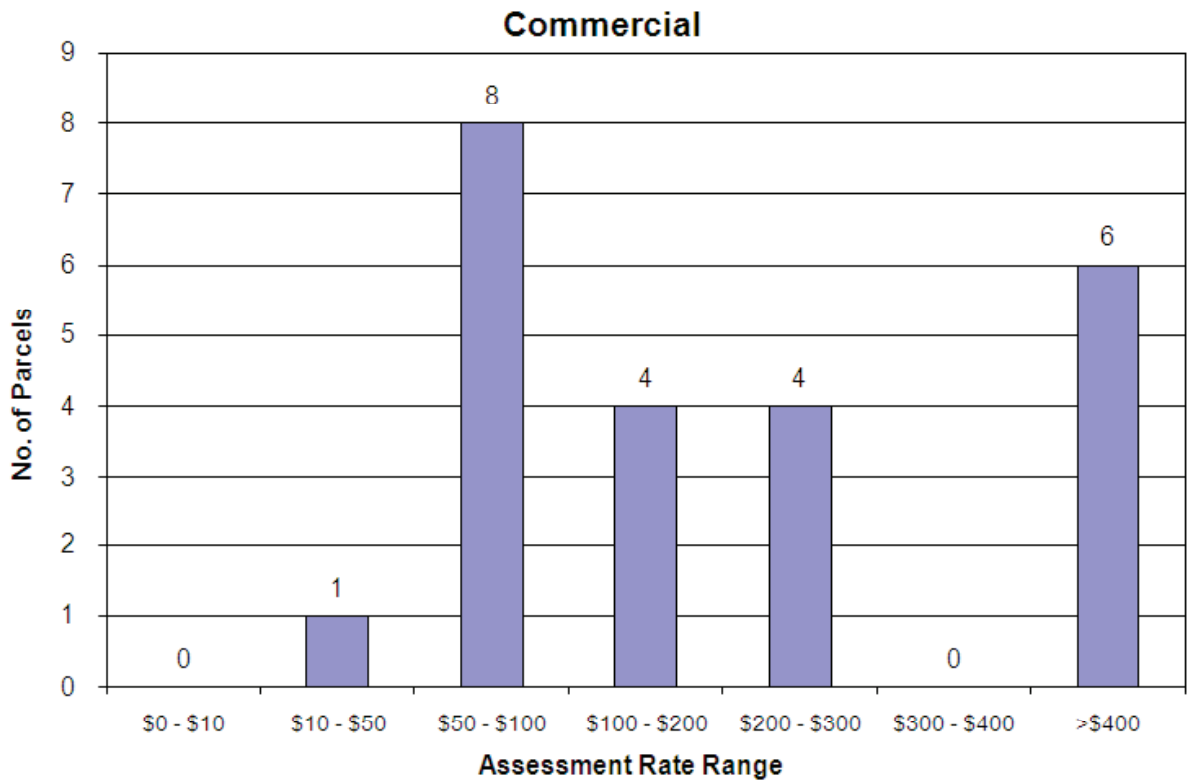


Summary of Commercial Rates

23 Commercial Parcels within District Boundary

Average Commercial Assessment: $280

Maximum: $1,509

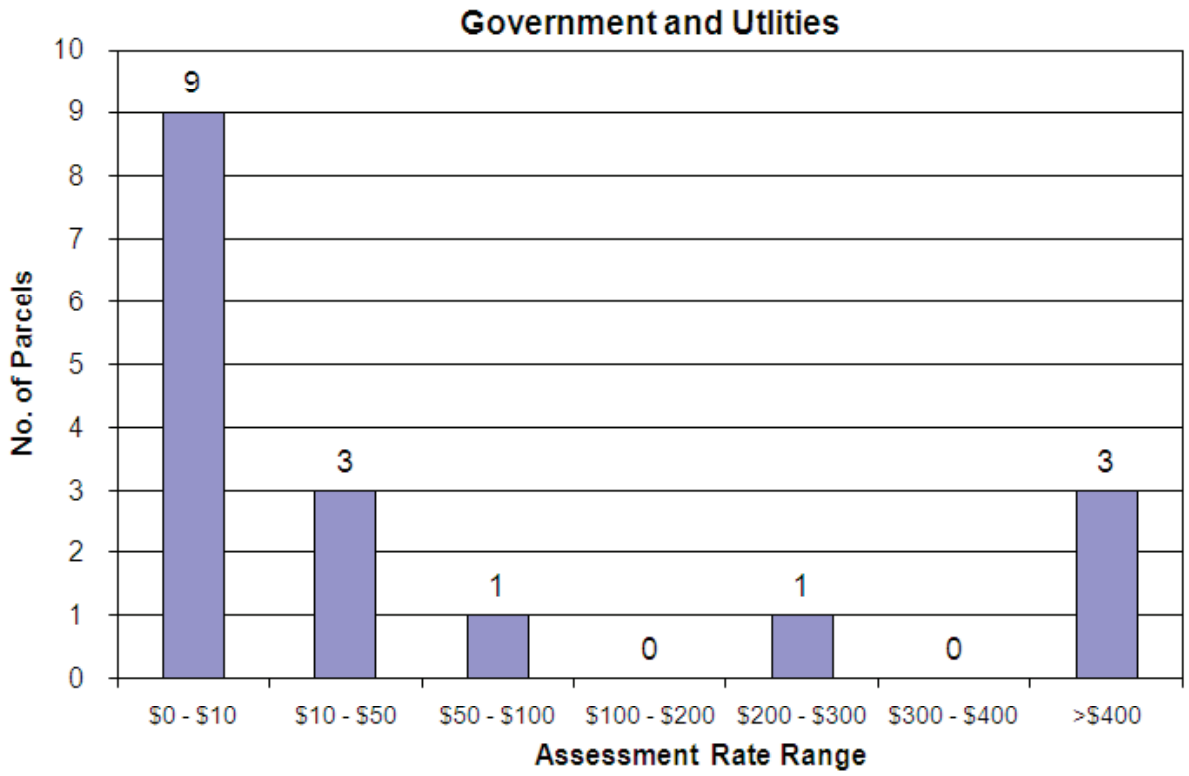


Summary of Government & Utility Rates

17 Government & Utility Parcels

Average Government & Utility Assessment: $570

Maximum: $6,647



Implementation Considerations

- Assessments can be phased
  - FEMA Accreditation needs positive vote to assure sustainable funding is in place
  - Funding can be phased in as assessments are needed
- Development over time will grow the assessment base; assessments may not need to be levied at maximum rate
- Annual escalator to reflect inflation and labor costs

Seeking Board direction on implementation

Legislative Process

- Board Resolution of Intention (ROI)
  - Intent to Levy Assessment
  - Order Mailing of Ballots
  - Schedules a Public Hearing
- Public Hearing
  - Minimum 45 Days from Mailing of Ballots
- Tabulation of Ballots
  - Immediately Following Public Hearing, Public Process
- Final Board Resolution of Formation (ROF)

Tentative Schedule

To make August 10 deadline for 10/11 tax roll

- Mailing of Newsletter – Week of May 3
- Public Open House – May 13
- Board Initial Resolution – May 20
- Ballots Mailed – May 24
- Additional Public Outreach As Needed - June
- Public Hearing – July 15
- Tabulation – July 19
- Final Board Resolution – July 22

Re-Cap

- Improvements needed as part of plan to keep property out of 100-year floodplain
- Assessment needed for FEMA Accreditation of Phase 1 improvements
- Allows for lower flood insurance rates and avoids mandatory insurance for a large portion of Bear River Benefit Area
- Preserves ability for City & County to issue building permits
- Assessment apportioned based on benefit received
- Phased approach, future development will provide additional base

Questions & More Information

RD 2103 Assessment District Hotline

(530) 870-4478

Online Information

www.wheatland.ca.gov/RD2103

Phased Implementation Concept

- Phase in rates over five years
- Property owners pay insurance then assessment, not both, and ease in assessment.
- Provide time for new development to occur and broaden assessment base.
- Coincides with schedule
  - More outreach time
    - Not constrained with August Deadline for tax roll submission
  - New FIRMS effective February 2011
  - Provides time to process LOMR

Year	Payment
1 (FY 10-11)	$0 Assessment (Flood Insurance)
2 (FY 11-12)	25% of Assessment
3 (FY 12-13)	50% of Assessment
4 (FY 13-14)	75% of Assessment
5 (FY 14-15)	100% of Assessment
6 and beyond	100% + Inflationary Rate

Inflationary Increase

- Commence inflationary increases in Year 6
- Primary costs of the district are tied to labor
- Labor cost based inflationary index is appropriate
  - Recommend using the increase in the June to June CPI-W for San Francisco-Oakland-San Jose, All Items w/ Base year 1982-84 = 100
    - June to June index provides time for calculation
    - CPI-W reflects Blue-Collar Workers Costs
    - San Francisco-Oakland-San Jose is closest MSA
  - Minimum of 0%, Maximum of 4%
  - Average Increase per year since 1996 is 2.8%,
    - Maximum = 6.68%
    - Minimum = -0.21%
    - Over 4% four times

Mechanics of Vote

- Gov't Code §53739 allows:
  - District to charge lesser rate than what is approved by voters and gradually increase charges over time
  - Property owners vote on the maximum rate (i.e. "up to" their specified rate)
  - A specific formula for increases over time (i.e. inflationary rate increases)