

## Mill Site Funding Mechanisms

### 8.3.2 Infrastructure Financing Overview

The expected slow pacing and dispersed pattern of development of the Mill Site and the lack of a master developer at the time of LCP submittal will limit the financing options available for funding needed infrastructure and public facilities. At the same time potential City funding options such as redevelopment agency funding, have been curtailed by the State and the ongoing economic weakness affecting the City's tax base. Nonetheless, a financing strategy depending upon private investment and establishment of a land secured financing district can assure adequate funding for infrastructure as the Mill Site develops.

The basic outline of the financing framework is illustrated on **Figure 8-2**. There are three major components to this strategy: 1) continued refinement of funding obligations (infrastructure needs and costs); 2) implementation of the funding obligations (creation of the mechanisms that assure funding and financing); and 3) administering the actual funding and financing process.

#### **Mello-Roos Community Facilities District (CFD).**

The Mello-Roos Community Facilities Act of 1982 enables the City to establish a Community Facilities District (CFD) for portions of the City and to levy special taxes to fund a wide variety of municipal facilities and services. In this instance a CFD will be created to fund infrastructure construction, park improvements, emergency response services, operations and maintenance of infrastructure and parks. However, given the fact that special tax capacity will only emerge following and proportional to development on the Mill Site, CFD financing will mainly be used to reimburse private investment as a part of the development process. Some CFD funding may be available for funding infrastructure items that can be deferred until such time as development of the Mill Site has largely been completed. The CFD special tax will be limited by the overall property-related tax limit as the City requires that special taxes in combination with the one percent base property tax and any overrides must fall within a 2 percent property tax maximum. Under the City's policy any benefit assessments such as the proposed LLMD, or Homeowner's association dues are excluded from this calculation.

The CFD would be initially established for the entire Mill Site area. As individual Large Lots development applications are processed a "zone of benefit" unique to the development application would be created as an amendment to the CFD. These individual zones of benefit would specify the precise special tax obligations and terms applicable to each proposed development.

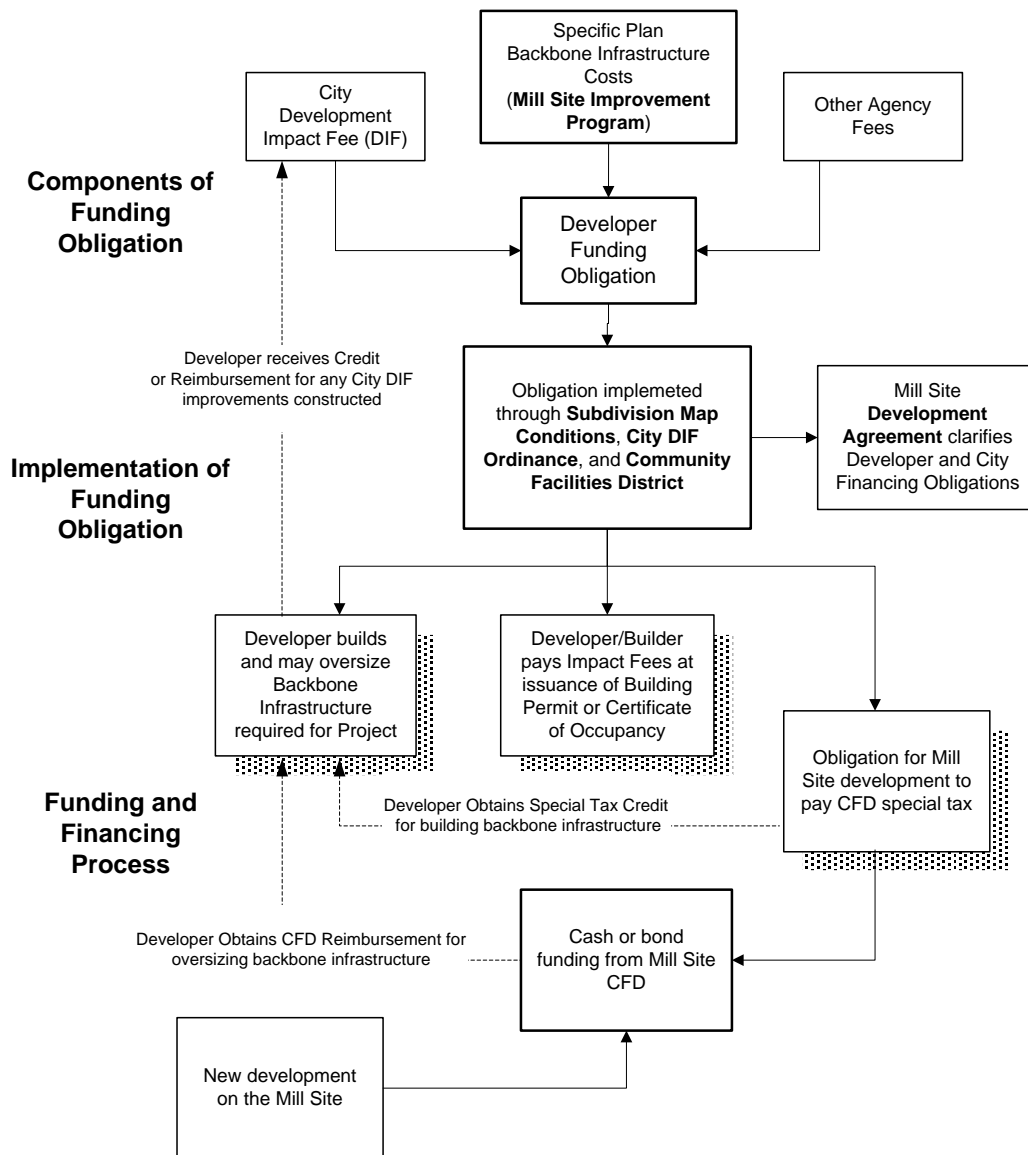
#### **Development Agreement**

Development Agreement(s) could be negotiated and signed between site developer(s) and the City of Fort Bragg, which would clarify the funding obligations of the developers and the

City for site infrastructure and facilities. The Development Agreement could be used to assure the creation of a CFD and its related special tax structure and also the infrastructure oversizing obligations that will run with any Master Tentative Map conditions.

**Figure 8-2**

**Specific Plan Infrastructure Financing Framework**



**Development Impact Fees**

The City of Fort Bragg could adopt, pursuant to Government Code Section 66000, a Citywide Development Impact Fee (DIF) program that funds a range of City infrastructure

including water, sewer and wastewater, drainage, parks, transportation, and other public facilities both on and off the Mill Site. The Development Impact Fee would be set through the preparation of a Nexus Study, which details all anticipated capital improvement projects and then ascribes the cost of these projects to future development projects based on the impact of the project. A Development Impact Fee schedule would be updated annually through a consumer price index (CPI) adjustment and every five to ten years following City Council approval of an updated nexus study. Over time as the development envisioned in the occurs, The City's development impact fees for on-site improvements are expected to fund approximately \$43 million of infrastructure and facilities on the Mill Site. Development impact fees for a single family house will be approximately \$37,000. There may be additional fees associated with off site development such as water storage, treatment and water pipes. In addition to the DIF charged by the City, other agencies may also charge development impact fees. At this time the Fort Bragg School District levies a fee, consistent with the provisions of SB 50, upon new residential and commercial development.

**Capacity Fees.** The City of Fort Bragg charges capacity fees for all new development within City limits. Capacity fees are paid to the City for the privilege of connecting to City Water and Sewer services. The capacity fee reimburses the City of Fort Bragg for past expenditures to develop excess capacity at the sewer and water treatment facilities to meet the needs of future development. In 2017, the capacity fee for a single family home was \$4,483 for water and \$3523 for sewer.

**Reimbursement Agreements.** Reimbursement Agreements provide an alternative means for financing improvements in instances where infrastructure is funded by the property owner or developer advancing the full costs of public improvements that benefit parcels or areas of land that have not contributed toward the costs of public improvement. Reimbursement Agreements may be used to allow a property owner or developer to recoup costs associated with providing infrastructure to a particular project that also provides direct benefit to other properties (e.g., a new roadway).

**Other Infrastructure Funding Sources.** Certain capital improvements in the MSSP Area may be eligible for state or federal grants. This is particularly true for certain alternative transportation, resource protection, wetland creation, and recreation and open space projects. The City has been quite successful during recent years garnering grant funding from State and federal sources and will continue to explore potential grant funding opportunities as they arise.