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# Vacaville Downtown Specific Plan: Financing Strategy

Prepared for the City of Vacaville

November 5, 2021


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Advanced Planning Division
City of Vacaville
650 Merchant Street
Vacaville, CA 95688

Via: Tyra.Hays@cityofvacaville.com

Dear Ms. Hays:

We are pleased to provide you with a copy of the final Financing Strategy for the City of Vacaville Downtown Specific Plan (VDTSP).

As outlined in our scope of work, the Financing Strategy identifies a range of potential funding sources that generally align with the improvements identified for inclusion in the VDTSP and provides a listing of actions that the City should take to implement or coordinate execution of the Financing Strategy.

As always, it was a pleasure working with the City on this important project. Please do not hesitate to contact me directly if you have any questions or concerns regarding this document, our research, or key recommendations. I may be reached by phone at (530) 574-9285 or by email at aaronnousaine@bae1.com.

Sincerely,

Aaron Nousaine

Aaron Nousaine, MCRP
Associate Principal

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# EXECUTIVE SUMMARY

Implementation of the Vacaville Downtown Specific Plan (VDTSP) and the associated Downtown Improvement Program (DIP) will be a long-term project that will require collaboration. The purpose of this document is to identify the public improvements needed to implement the VDTSP, identify appropriate funding sources and financing mechanisms, and identify actions that the City should take to coordinate execution of the Financing Strategy.

## Principals for Strategic Funding Allocation

Several principles will help the City to determine the best approach to funding various actions and improvements at various points in time, including the extent to which:

1) The costs and benefits are spread equitably throughout the community
2) Public funds are used to leverage additional outside funds
3) Actions generate and capture long-term value to generate return on investment

The City may also pursue various approaches, or a combination thereof, to prioritizing the improvements list. Some of the most common approaches include:

1) Prioritization of Funds Towards Actions with the Greatest Impact
2) Prioritization of Funds to Leverage Outside Sources
3) Prioritization of One-Time Capital Improvements versus Ongoing Operations and Maintenance

## Categories of Improvements

City staff have categorized the projects into five separate categories, or "families," including:

- Near-term Projects (i.e., implementable within the next year);
- Placemaking and Community Identify Projects;
- Complete Streets Projects;
- Business Assistance Program Projects; and
- Water and Sewer Infrastructure Improvements.

Within these categories, the projects align with 14 different improvement types, including

- Bicycle Facilities
- Economic Development
- Gateways and Wayfinding
- Lighting
- Parking
- Parks and Recreation
- Pedestrian Amenities
- Placemaking
- Public Art
- Public Works – Creeks/Streets
- Roadways and Alleys
- Street Trees and Landscaping
- Transit and Alternative Modes
- Utilities

## Funding Sources and Financing Tools

With a range of improvement types and projects, the Vacaville Downtown Plan will draw on a range of both broad-based and project specific funding sources to support both short-term and long-term implementation. This includes sources that are locally controlled, such as General Fund monies and Development Impact Fee (DIF) revenue, among others, as well as funding from regional, state, and federal agencies, and funding from assorted private sources.

### *Types of Funding Sources*

The following is a list of potential funding sources and programs that are available through a variety of local, regional, state, and federal agencies and organizations.

**Table 1: Types of Funding Sources**

| Local Funding | Regional/ State Funding | Federal Funding | Private/Nonprofit Funding |
|---|---|---|---|
| General Fund Monies<br>*Measure M*<br>*Measure I*<br>*Measure G*<br>Transient Occupancy Tax (TOT)<br>Development Impact Fees and Mitigations<br>Mills Act Contracts<br>User Fees, Rents and Concessions | Transportation Development Act Article 3 (TDA-3)<br>Yolo-Solano Air Quality District (AQMD) Clean Air Funds<br>Affordable Housing & Sustainable Communities (AHSC)<br>Urban Greening Grants (UGG)<br>Active Transportation Program (ATP)<br>State highway Operation and Protection Program (SHOPP)<br>Proposition 68 (Prop 68) Per Capita Program<br>Local Streets and Roads Program (LSRP)<br>Local Transportation Funds (LTF)<br>Energy Conservation Assistance Act (ECAA)<br>California Public Utility Commission Rule 20A | Community Development Block Grant (CDBG)<br>Federal Emergency Management Agency (FEMA) Disaster Mitigation | Private Donations<br>Sponsorship Programs<br>Private Charities and Foundations<br>*American Association of Retired Persons (AARP) Community Challenge*<br>*National Endowment for the Arts (NEA) Our Town* |

### *Types of Financing Tools*

**Table 2: Types of Financing Tools & Mechanisms**

| Financing Tools |
|---|
| Cost Reimbursement Agreements |
| Municipal Bonds |
| Special Assessment Districts |
| Business Improvement Districts (BIDs) |
| Landscaping and Lighting Assessment Districts (LLADs) |
| Mello-Roos Community Financing Districts (CFDs) |
| Community Revitalization Investment Authority (CRIA) |
| Enhanced Infrastructure financing Districts (EIFDs) |
| Infrastructure State Revolving Loan Fund (ISRF) |
| Drinking Water State Revolving Fund (DWSRF) |
| Clean Water State Revolving Fund (CWSRF) |

## Financing Strategy Implementation Actions

The following is a list of actions that the City should consider implementing to execute the financing strategy.

1. **Prioritize and Refine Annual Implementation Plan**

   Identify critical path improvements and prepare an annual action plan.

2. **Review and Update Impact Fee Program(s)**

   Review existing impact fee programs; undertake updates as necessary to incorporate improvements identified in the plan.

3. **Review and Update Capital Improvement Plans**

   Review and update the existing City enterprise fund Capital Improvement Plans (CIP) (e.g., water and sewer utilities) and incorporate plan area improvement.

4. **Assess Need for Change(s) to Special District(s)**

   Review existing special tax and benefit assessment districts, and BID to determine whether amendments are necessary and/or whether new districts should be formed.

5. **Inventory Local Match Funding Sources**

   Identify funds to serve as a local match to leverage grant funding opportunities.

6. **Pursue Outside Grant Opportunities**

   Aggressively pursue grants that reduce the cost burden on local taxpayers.

7. **Create a Reimbursement Policy**

   Establish and implement a reimbursement policy to follow in the event that a developer wishes to advance funds for improvement costs that exceed their fair-share.

8. **Create a Mills Act Incentive Program**

   Establish a Mills Act incentive program for owners of qualified properties.

9. **Update the Consolidated Plan**

   Amend or update the City's Consolidated Plan to incorporate Downtown improvements.

10. **Assess Support for Local Funding Tools**

    Assess the willingness of the community to absorb an increase in local revenues, such as TOT or local sales and use taxes.

11. **Assess Eligibility for the National Register**

    Assess the eligibility of different structures and facilities within the Downtown for the National Register of Historic Places, such as the Old School Bridge.

12. **Update User Fee Schedule**

    Review and update the City's existing fee structure for use of existing and planned City facilities, such as for use of the Ulatis Park stage, senior center, etc.

13. **Create Parklet Program**

    Conduct outreach to businesses to secure commitments to design and establish parklets and pocket parks in appropriate locations throughout the Downtown.

14. **Create Sponsorship Program**

    Conduct outreach to recruit sponsorships for publicly visible Downtown improvements, such as signage, parklets, the CreekWalk, and other related improvements.

# FINANCING STRATEGY OVERVIEW

Implementation of the Vacaville Downtown Specific Plan (VDTSP) and the associated Downtown Improvement Program (DIP) will be a long-term project that will require collaboration between the City of Vacaville, property owners, businesses, and developers. Funding for proposed public improvements, as well as ongoing maintenance and operations, will represent key challenges. The City will play a key role in the development of infrastructure to support buildout of the VDTSP by planning and designing infrastructure system improvements, providing a framework to allocate the financial burden for public improvements among various parties, leveraging private investments with available public resources, and providing tools to raise funds and finance the necessary improvements. The purpose of this document is to identify the public improvements needed to implement the VDTSP, identify an array of appropriate funding sources and financing mechanisms, and provide a list of actions that the City should take to implement or coordinate execution of the Financing Strategy.

## Financing Strategy Principles

The DIP is targeted for implementation over the next 20 plus years. Funding sources for some actions and improvements can be identified at the outset, while the best means to fund other actions will be determined at the time the City is ready to implement them, depending on the resources available at the time. Several principles will help the City to determine the best approach to funding various actions and improvements at various points in time:

***Equity of Costs/Benefits***

The costs of implementing the DIP should be spread as equitably as possible, taking care to limit the imposition of new costs on the segments of the community that have the least ability to absorb them. Where certain segments of the community will benefit disproportionately from an action, the costs should be spread accordingly.

***Leveraging City Resources***

Leveraging will involve using outside sources of funding to augment City resources to fund implementation of the DIP. The City will leverage General Fund resources and in-kind staff time by aggressively seeking grants (e.g., regional, state, and federal transportation infrastructure grants), local matching funds, in-kind contributions from partners, and other resources from regional, state, federal, business, and philanthropic sources (e.g., National Endowment for the Arts) to help pay for actions and limit the cost to the City, local residents, and businesses.

***Long-Term Cost Savings***

While some actions may require initial capital outlays, whenever possible these actions should generate long-term value that can be leveraged to repay and even generate a return on investment (ROI). For example, improvements to Downtown infrastructure

that facilitate desirable new development and increase property values will generate new property taxes to the City, which can be used to repay debt obligations, defray maintenance and operations costs, and/or improve the City's level of service. The same can be said for projects that catalyze economic development, such as near- and intermediate-term projects that improve the commercial viability of Downtown businesses which generates additional tax revenue (e.g., sales tax, property tax, etc.).

## Downtown Improvement Program

The City of Vacaville can consider two primary strategies for the prioritization of funds available to implement the DIP. The first strategy is to focus available funds on those DIP improvements and actions that have the greatest impact on Downtown revitalization and redevelopment. The second strategy is to utilize funds that the City of Vacaville controls to leverage funding that is available from other sources, implementing improvements opportunistically, as funding becomes available. The City may ultimately choose to use an approach that strategically combines these two prioritization methods. For example, the City may wish to utilize available City controlled funds to quickly implement short-term projects that telegraph the City's intent to residents, businesses, and the development community, while similarly prioritizing critical path projects. The City can then take a more opportunistic approach with lower-priority projects, and those whose cost exceeds what the City can fund independently, to ensure that City resources are being leveraged to provide access to additional outside funding.

### *Prioritization of Funds Towards Actions with the Greatest Impact*

As mentioned previously, the DIP improvements with the most substantial costs to the City of Vacaville are infrastructure projects, such as the water and sewer system improvements. Staff from the City's Public Works Department have estimated the costs for Public Works items included in the DIP at many millions of dollars. Given the magnitude of the costs, the City will likely struggle to identify all of the necessary funding for timely implementation of some aspects of the DIP. Recognizing this, it will be important for the City to direct its available financial resources to those DIP improvements and actions that are most critical, and cost-effective for achieving the goals of the VDTSP.

### *Prioritization of Funds to Leverage Outside Sources*

The City should try to strategically utilize funds to leverage funds that would otherwise not be available from other outside sources. Primarily this will involve utilizing locally controlled funds to serve as the source of required matching funds for various grant programs. To the extent possible, the City should make sure that eligible projects are included in the capital improvement lists for key funding sources such as the City's development impact fee program. Inclusion of specific DIP projects in the capital facilities plan for the development impact fee program is very important, so that as development proceeds citywide, new development can contribute a fair share of the costs. This may require impact fee program amendments. The City should also be alert to opportunities to include priority projects in any newly authorized local funding programs, and/or for new statewide funding programs, as they arise.

### *One-Time Capital Improvements vs. Ongoing Operations and Maintenance*

Please note that the DIP is primarily focused on one-time capital improvement costs. The funding sources and financing tools identified in the Financing Strategy are, therefore, primarily focused on identifying ways to pay for these one-time costs. Nonetheless, the City will also be responsible for covering ongoing operations and maintenance costs for some improvements, such as the costs associated with maintaining water and sewer facilities, costs associated with ongoing upkeep of street trees, furniture, and related improvements, etc. Recognizing this, the inventory of funding sources and financing tools provided below identifies those that reasonably align with the City's ongoing operation and maintenance needs. These generally include locally controlled funding sources, like special district funds, sales and use taxes, and transient occupancy tax (TOT) revenue. Other sources that are generally not appropriate for ongoing operations and maintenance include those that simply don't allow it, as well as those that represent a one-time grant of funds, including both private and public grant programs. Nonetheless, some improvements straddle the line between a one-time capital improvement and an ongoing cost, such as periodic street tree planting and patching and resurfacing of roadways and alleyways. These types of improvements can often be covered as-if they are one-time capital outlays and are eligible for a broader array of funding.

### *Categories of Improvements in the Downtown Improvement Program*

The DIP includes 69 different "projects." To facilitate implementation, City staff have categorized the projects into five separate categories, or "families," including:

- Near-term Projects (i.e., implementable within the next year);
- Placemaking and Community Identify Projects;
- Complete Streets Projects;
- Business Assistance Program Projects; and
- Water and Sewer Infrastructure Improvements.

Within these categories, the projects align with 14 different improvement types, including

- Bicycle Facilities
- Economic Development
- Gateways and Wayfinding
- Lighting
- Parking
- Parks and Recreation
- Pedestrian Amenities
- Placemaking
- Public Art
- Public Works – Creeks/Streets
- Roadways and Alleys
- Street Trees and Landscaping
- Transit and Alternative Modes
- Utilities

Table 1 provides a summary of the improvements identified in the DIP, along with their primary category and improvement type. The table also identifies funding sources that would likely align with the anticipated improvement type, order of magnitude cost, and anticipated phasing of both near- and long-term improvements.

The following are brief descriptions of each of the five key families of improvements, each which includes an assortment of improvements, including those within different improvement type categories:

*Near-Term Projects*

This family of projects includes those that are already scheduled for completion and those which have already secured funding, or which are expected to secure funding within the next six to 12 months. It includes a diversity of improvement types, including a number of sewer system improvement projects, signage improvements, and placemaking improvements, such as signage updates, a murals program, and Ulatis Creek bank repairs, among others.

*Placemaking and Community Identity Projects*

The second family of improvement projects includes a variety of additional placemaking type improvements that are intended to enhance the Downtown built environment, reinforce the Downtown brand, and ensure the clear communication of the community's vision and identity. It includes preparation of a wayfinding master plan, additional bicycle signage, preparation of a landscaping plan, design of the CreekWalk and Town Center, and restoration of the Old School Bridge, among other types of improvements.

*Complete Streets Projects*

The complete streets family of improvements includes all projects within the street right of way. The purpose of this grouping is to ensure that related improvements are closely coordinated in order to limit disruptions and duplications of effort, such as the repeated closing of certain street segments to accommodate multiple different improvements. This family includes preparation of a Complete Streets Master Plan that will serve as the primary planning tool for future active transportation projects aimed at prioritizing walking and biking within Downtown Vacaville while seeking to balance passenger and transit vehicle needs. This family of improvements, and the Complete Streets Master Plan more specifically, include evaluation and design level planning and cost estimation for bike paths and lanes, new and extended sidewalks and bulb-outs, street furniture, landscaping, irrigation, lighting, and green storm water improvements within the public right-of-way and City-owned parking lots.

*Business Assistance Program Projects*

This family of improvements are oriented towards the promotion of economic development and commercial revitalization within the Downtown. It includes preparation of a digital media strategy, a business ombudsman program, an upper floor renovation program, and a storefront redesign program, as well as active business recruitment and small business assistance.

*Water and Sewer Infrastructure Improvements*

The final family of improvements includes water and sewer infrastructure improvements and upgrades. This family includes a variety of significant capital improvements that will be needed to accommodate redevelopment and growth within the Downtown area, including the replacement of aging water and sewer lines along certain street segments and alleyways. Please note that some of the projects identified in this category may be paid for through developer contributions that are negotiated as part of one-time development agreements. To the extent that planned development does not occur, the City may need to identify alternative funding sources in order to complete the needed improvements in a timely fashion.

The following are brief descriptions of each of the 14 improvement type categories:

*Bicycle Facilities*

The DIP includes bicycle specific improvement projects, in addition to roadway improvement projects that also include bicycle facilities, such as the planned complete streets projects. Some of these are scheduled as near-term improvements. These improvements are generally lower cost, with the Ulatis Creek Class I Shared Use Path being the main exception. This type of project includes preparation of the bicycle and pedestrian master plan, as well as various complete street designs, as well as physical bicycle and pedestrian improvements. Funding sources that align well with these improvements include the Caltrans Active Transportation Program (ATP), the Transportation Development Act Article 3 (TDA-3) Program, the State Highway Operation and Protection Program (SHOPP), and the Strategic Growth Council Housing and Sustainable Communities (AHSC) program.

*Economic Development*

Projects identified in the Economic Development category include creation of a digital marketing program, promoting ride-share connectivity, connecting small businesses with professional business development assistance, designation of an official "business ombudsman" to usher businesses through the City's permitting process, and two programs intended to incentivize property owners to activate ground floor spaces and renovate upper floor spaces to increase the vibrancy of the Downtown. Some of the more likely funding sources for these activities include General Fund monies and the BID, as well as TOT, which would be well suited for supporting development of a Downtown digital media strategy. The small business assistance program is primarily envisioned as a deepening of the relationship between the City, the Downtown community, and the Solano Small Business Development Center (SSBDC) and the Solano County Economic Development Corporation, and involves fairly limited direct costs. Funding sources that align with efforts to better activate first floor store fronts and incentivize upper floor renovation and usage may likely include

General Fund monies and BID revenues, but may also include execution of Mills Act contracts with offer tax abatement benefits to owners of historic properties.

*Gateways, Signage and Wayfinding*

Projects that fall into the signage and wayfinding improvement type category generally include preparation of the wayfinding master plan, as well as additional signage improvements and retrofits. Funding sources that align well with these improvements generally include the General Fund, business improvement district (BID), and transient occupancy tax (TOT).

*Lighting*

Projects in the lighting improvement type category include support for the DBA Lighting Incentives and preparation of the Lighting Master Plan, as well as upgrading of the public parking lighting and public walkway lighting. Funding sources that align well with these improvements generally include the California Energy Commission's Energy Conservation Assistance Act (ECAA) program, the SHOPP program, local BID funding, and the LLAD.

*Parking*

There are a number of projects in the Complete Streets family that fall into the parking improvement type category. These projects include creating designs for parking consolidation, installation of lot amenities, and improvements to lot configuration. Funding sources that align well with these improvements generally include local BID revenue, General Fund monies, TOT revenue, and LLAD.

*Parks and Recreation*

This improvement type category currently includes improvements to the Andrews Park Stage. Funding sources that align well with these improvements include General Fund monies and revenue from the existing facilities development impact fee program.

*Pedestrian Amenities*

Projects in the pedestrian amenities improvement type category include new sidewalks, intersection and crossing enhancements, and other accessibility improvements (e.g., Americans with Disabilities Act, or ADA, oriented improvements) throughout the Downtown. Funding sources that align well with these improvements generally include the Local Streets and Roads Program (LSRP), AHSC, SHOPP, and Caltrans ATP, as well as Measure M funding and CDBG funding which may assist with implementation of ADA improvements.

*Placemaking*

Projects identified in the placemaking improvement type category fall under a variety of improvement families, including near-term projects, placemaking and community

identity, and complete streets projects. These improvements generally include design efforts for the creation of new parklets, the CreekWalk, and the Town Center, as well as preparation of the Site Furnishings Master Plan, establishment of a murals program, and renovation of the Old School Bridge, among other improvements. Due to the nature of placemaking and public art improvements, there are relatively few outside sources available to fund these improvements. The City will, therefore, likely need to apply local resources, like General Fund or local BID revenue, to fund these improvements. Nonetheless, the City may also look into options to apply to the UGG program and the National Endowment for the Arts (BEA) Our Town program for supplemental funding. Renovations to the Old School Bridge also may not be eligible for most Caltrans or DOT funding, which is generally focused on state or interstate transportation routes versus local roadways. Nonetheless, the bridge has historical significance and may be a good candidate for CDBG funding and private donations.

*Public Works – Creeks/Streets*

The public works – creeks/streets improvement type category includes the repair of damaged and deteriorating pavement in downtown alleys and parking lots, as well as repairs that are needed along the banks of Ulatis Creek. Funding sources that align well with the creek bank improvements include General Fund and Proposition 68 funding, while those that align with the streets and parking improvements include Measure M and Gas Tax funding.

*Roadways and Alleys*

This improvement type category includes a variety of complete streets redesign projects, including along Davis, Dobbins, McClellen, and Mason streets Funding sources that align well with the complete streets and bicycle and pedestrian improvements include LSRP and SHOPP.

*Street Trees and Landscaping*

The street trees and landscaping improvement type category includes a variety of activities, such as preparation of a Street Tree Master Plan, clearance of vegetation along Ulatis Creek, expansion of the LLAD to include all of the Downtown, designation of a landscaping easement throughout the Downtown, repopulating the existing planters, and implementation of a stormwater bio-retention pilot program. Funding sources that align well with these improvements generally include the LLAD, local BID revenue, the General Fund, and the UGG program.

*Transit and Alternative Travel Modes*

This improvement type category includes two curbside management improvement projects, one for the high school and one for rideshare pickup and drop-off areas in the Downtown. Due to the limited cost associated with these improvements, these improvements are likely good candidates for a General Fund allocation.

*Utilities*

The utilities improvement type category is the largest within the DIP and includes those that may be most directly necessary to facilitate desired new development in the Downtown, though some will not be necessary until well into the plan implementation period. For example, two of the three highest cost improvements include completion of the water supply, pumping, storage and transmission or distribution system improvements that are already identified in the Water Master Plan and which are necessary to support projected Citywide growth and development. The other highest cost improvements in this category include fire flow water distribution improvements. Due to their association with new development, these costs may be funded through the City's existing Fire Flow Fee. The remaining improvements in the utilities category primarily include water and sewer system improvements, as well as undergrounding of utility lines. Anticipated funding sources for most of these improvements include development impact fees, utilities operating and maintenance funds and user fees, Rule 20A funding and the City's water and sewer system replacements fund, as well as funding from the Drinking Water State Revolving Fund (DWSRF), the Clean Water State Revolving Fund (CWSRF), and the Infrastructure State Revolving Fund (ISRF).

### *Improvement Prioritization and Phasing*

The City of Vacaville can consider two primary strategies for the prioritization of funds available to implement the DIP. The first strategy is to focus available funds on those DIP improvements and actions that will have the greatest impact on Downtown revitalization and redevelopment. The second strategy is to utilize funds that the City of Vacaville controls to leverage funding that is available from other sources, implementing improvements opportunistically, as funding becomes available. The City may ultimately choose to use an approach that strategically combines these two prioritization methods. For example, the City may wish to utilize available City controlled funds to quickly implement short-term projects that telegraph the City's intent to residents and the development community, while similarly prioritizing critical path projects. The City can then take a more opportunistic approach with lower-priority projects, and those whose cost exceeds what the City can fund independently, to ensure that City resources are being leveraged to provide access to additional outside funding.

*Prioritization of Funds Towards Actions with the Greatest Impact*

As mentioned previously, the DIP improvements with the most substantial costs to the City of Vacaville are infrastructure projects, such as the water and sewer system improvements. Staff from the City's Public Works Department have estimated the costs for Public Works items included in the DIP at many millions of dollars, as shown in Table 1. Given the magnitude of the costs, the City will likely struggle to identify all of the necessary funding for timely implementation of some aspects of the DIP. Recognizing this, it will be important for the City to direct its available financial resources to those DIP improvements and actions that are most critical, and cost-effective for, achieving the goals of the VDTSP.

*Prioritization of Funds to Leverage Outside Sources*

The City should try to strategically utilize funds to leverage funds that would otherwise not be available from other outside sources. Primarily this will involve utilizing locally controlled funds to serve as the source of required matching funds for various grant programs. To the extent possible, the City should make sure that eligible projects are included in the capital improvement lists for key funding sources such as the City's development impact fee program. Inclusion of specific DIP projects in the capital facilities plan for the development impact fee program is very important, so that as development proceeds citywide, new development can contribute a fair share of the costs. This may require impact fee program amendments. The City should also be alert to opportunities to include priority projects in any newly authorized local funding programs, and/or for new statewide funding programs, as they arise.

## Table 3: Inventory of Planned Improvements and Potential Funding Sources

| Category | Name of Planned Improvement | Description [a] | Improvement Type [b] | Primary Funding [c] | Alternate Funding [d] |
|---|---|---|---|---|---|
| Near-Term Priority Project | Wayfinding Master Plan—Directional Trailblazer Signs (Phase 1) | Install trailblazer directional signs throughout the Plan Area to improve accessibility and visibility to the Downtown. Specifically, this includes installing two types of trailblazer signs, mainly affixed to existing streetlights or placed on separate posts throughout the city. | Gateways, Signage, and Wayfinding | Business Improvement District - TABS funding is most of this funding | |
| Near-Term Priority Project | Alley Sewer System Replacement | Replace aging sewer lines and laterals in the Downtown alleys and other locations, including the Elm Street to Stevenson Street backyard sewer, Peach Tree Avenue alley to the Mason Street sewer, the Trianon Way alley sewer, and the Kentucky Street/Mason Street sewer. | Utility | Sewer—Major Replacement | |
| Near-Term Priority Project | Elmira Trunk Sewer System Lining | Provide cured-in-place-pipe liner to the trunk main along Main Street and Elmira Road from Davis Street to Nut Tree Road; coat the manhole. | Utility | Sewer—Major Replacement | |
| Near-Term Priority Project | Andrews Park Sewer System | Replace the elevated sewer system that crosses Ulatis Creek behind the McBride Senior Center. | Utility | Sewer—Major Replacement | |
| Near-Term Priority Project | Downtown Sewer System Improvements | Upsize the sewer system in the alley north of Peach Tree Avenue, in West Street, and in the alley west of Mason Street and complete all relevant improvements in this area. | Utility | Sewer—Major Replacement | |
| Near-Term Priority Project | Design—Main Street Placemaking | Install Main Street gateways, Town Center expansion Phase 1, decorative intersections, and extended sidewalk. | Placemaking | Sponsorships; Private Donations | Business Improvement District; Strategic Growth Council Urban Greening Grant |
| Near-Term Priority Project | Downtown Alley Paving (Phase 1) | Repair damaged and deteriorating pavement in Downtown alleys. | Public Works—Streets | Measure M | - |
| Near-Term Priority Project | Davis Street Sign Retrofit | Replace neon with LED lighting on the overhead gateway sign. | Gateways, Signage, and Wayfinding | General Fund | - |

## Table 3: Inventory of Planned Improvements and Potential Funding Sources

| Category | Name of Planned Improvement | Description [a] | Improvement Type [b] | Primary Funding [c] | Alternate Funding [d] |
|---|---|---|---|---|---|
| Near-Term Priority Project | Ulatis Creek/CreekWalk Bank Repairs (Phase 1) | Repair west creek bank erosion along Ulatis Creek; repair damage to banks that resulted from 2017 storms. | Public Works—Creeks | Federal Emergency Management Agency; General Fund | Infrastructure State Revolving Loan Fund |
| Near-Term Priority Project | Murals Program | Identify a process to permit murals and incorporate them into the Public Art Master Plan at a later date. | Public Art | General Fund; Measure M; Business Improvement District | National Endowment for the Arts Our Town; Community Development Block Grant; Private Donations |
| Near-Term Priority Project | Landscaping Design—Clearing (Phase 1) | Clear vegetation along Ulatis Creek north of the historic School Street Bridge, adjacent to the library and restaurant. | Street Trees and Landscaping | General Fund; Business Improvement District; Private Donations; Landscaping and Lighting Assessment District | - |
| Placemaking | Parklet Design—Main Street | Install parklets and other street improvements, such as extended sidewalks, retail displays, or outdoor eating areas, along Main Street with locations to be determined. | Placemaking | General Fund; Measure M; Business Improvement District | Community Development Block Grant; Private Donations |
| Placemaking | Wayfinding Master Plan (Phase 2) | Install new gateway signs, pedestrian signage, and freeway-oriented signage at different access points into Downtown catering to drivers, pedestrians, and bicyclists. Replace/enhance the existing freeway marquee signs. | Gateways, Signage, and Wayfinding | Caltrans Active Transportation Program; Measure M; General Fund | Transient Occupancy Tax Funding; Business Improvement District; American Association of Retired Person; National Endowment for the Arts Our Town |
| Placemaking | Bicycle Signage (Phase 1) | Install new bicycle signage. | Gateways, Signage, and Wayfinding | Caltrans Active Transportation Program; Measure M; General Fund | Transient Occupancy Tax Funding; Business Improvement District; American Association of Retired Person; National Endowment for the Arts Our Town |

## Table 3: Inventory of Planned Improvements and Potential Funding Sources

| Category | Name of Planned Improvement | Description [a] | Improvement Type [b] | Primary Funding [c] | Alternate Funding [d] |
|---|---|---|---|---|---|
| Placemaking | Landscaping Design—Clear (Phase 2) | Clear vegetation along Ulatis Creek downstream of the historic School Street Bridge. | Street Trees and Landscaping | General Fund; Business Improvement District; Private Donations; Landscaping and Lighting Assessment District | Strategic Growth Council Urban Greening Grant; Proposition 68 |
| Placemaking | Ulatis Creek Bank Repairs (Phase 2) | Repair creek bank erosion along Main Street from the School Street Bridge to the pedestrian bridge north of Wilson Street. | Public Works—Creeks | General Fund | - |
| Placemaking | CreekWalk Design | Create a CreekWalk promenade that provides additional connection to Andrews Park and Downtown Vacaville. | Placemaking | Strategic Growth Council Urban Greening Grant | Sponsorships; Proposition 68; Community Development Block Grant; Private Donations |
| Placemaking | Town Center Design | Plan the Town Square/Town Center to include phased infill development and pedestrian amenities. | Placemaking | General Fund; Business Improvement District | Sponsorships; American Association of Retired Person; National Endowment for the Arts Our Town |
| Placemaking | Design/Master Plan—Art | Work with the Arts Advisory Committee to prepare a Public Art Master Plan to address the Main Street Art Walk and Main Street Arts Fair. | Public Art | General Fund; Business Improvement District | National Endowment for the Arts Our Town; Community Development Block Grant |
| Placemaking | Parking Lot Identification Art Piece | Install parking lot identification art piece. | Public Art | General Fund; Business Improvement District | State Highway Operation & Protection Program; National Endowment for the Arts Our Town; Community Development Block Grant; Donations; Sponsorships |
| Placemaking | School Street Bridge | Restore and preserve the historic 1911 bridge (School Street Bridge). | Placemaking | General Fund, Community Development Block Grant | Donations; Sponsorships |

## Table 3: Inventory of Planned Improvements and Potential Funding Sources

| Category | Name of Planned Improvement | Description [a] | Improvement Type [b] | Primary Funding [c] | Alternate Funding [d] |
|---|---|---|---|---|---|
| Placemaking | Andrews Park Stage Cover | Install shaded cover to the upper park stage and upgrade the lower picnic area to improve accessibility. | Parks and Recreation | General Fund; User Fees | Community Development Block Grant |
| Complete Streets | Design/Master Plan—Bike/Ped | Prepare a Bike and Scooter Master Plan. | Bicycle Facilities | Caltrans Active Transportation Program | Affordable Housing & Sustainable Communities; Caltrans Sustainable Transportation Planning Grants; Yolo-Solano Air Quality Management District Clean Air Funds; Transportation Development Act-3; Local Transportation Development Funds |
| Complete Streets | Complete Street Design—Catherine Street | Redesign Catherine Street as a complete street including bike lanes. | Bicycle Facilities | Caltrans Active Transportation Program | Affordable Housing & Sustainable Communities; Transportation Development Act-3; State Highway Operation & Protection Program; Local Transportation Development Funds |
| Complete Streets | Complete Street Design—E. Monte Vista Avenue | Redesign East Monte Vista Avenue to include bike facilities including median. | Bicycle Facilities | Caltrans Active Transportation Program | Affordable Housing & Sustainable Communities; Transportation Development Act-3; State Highway Operation & Protection Program; Local Transportation Development Funds |
| Complete Streets | Complete Street Design—Markham Avenue | Redesign Markham Avenue to include bike lanes. | Bicycle Facilities | Caltrans Active Transportation Program | Affordable Housing & Sustainable Communities; Transportation Development Act-3; State Highway Operation & Protection Program; Local Transportation Development Funds |

## Table 3: Inventory of Planned Improvements and Potential Funding Sources

| Category | Name of Planned Improvement | Description [a] | Improvement Type [b] | Primary Funding [c] | Alternate Funding [d] |
|---|---|---|---|---|---|
| Complete Streets | Bicycle Facility Improvements Design—Ulatis | Implement an Ulatis Creek Class I shared-use path (East Monte Vista Avenue to I-80). | Bicycle Facilities | Caltrans Active Transportation Program | Affordable Housing & Sustainable Communities; Transportation Development Act-3; State Highway Operation & Protection Program; Local Transportation Development Funds |
| Complete Streets | Bicycle Facility Improvements—Davis Street | Implement Davis Street Class II bike lanes. | Bicycle Facilities | Caltrans Active Transportation Program | Affordable Housing & Sustainable Communities; Transportation Development Act-3; State Highway Operation & Protection Program; Local Transportation Development Funds |
| Complete Streets | Bicycle Facility Improvements—Dobbins Street | Implement Dobbins Street and Merchant Street Class II bike lanes. | Bicycle Facilities | Caltrans Active Transportation Program | Affordable Housing & Sustainable Communities; Transportation Development Act-3; State Highway Operation & Protection Program; Local Transportation Development Funds |
| Complete Streets | Bicycle Facility Improvements—Markham Avenue | Implement Markham Avenue Class II bike lanes. | Bicycle Facilities | Caltrans Active Transportation Program | Affordable Housing & Sustainable Communities; Transportation Development Act-3; State Highway Operation & Protection Program; Local Transportation Development Funds |

## Table 3: Inventory of Planned Improvements and Potential Funding Sources

| Category | Name of Planned Improvement | Description [a] | Improvement Type [b] | Primary Funding [c] | Alternate Funding [d] |
|---|---|---|---|---|---|
| Complete Streets | Bike and Pedestrian Facility Improvements—McClellan Street | Implement McClellan Street Class II bike lanes. | Bicycle Facilities | Caltrans Active Transportation Program | Affordable Housing & Sustainable Communities; Transportation Development Act-3; State Highway Operation & Protection Program; Local Transportation Development Funds |
| Complete Streets | Bicycle Facility Improvements—Ulatis Creek | Implement an Ulatis Creek Class I shared-use path (East Monte Vista Avenue to I-80). | Bicycle Facilities | Caltrans Active Transportation Program | - |
| Complete Streets | Ride-Share Connectivity | Collaborate with ride-share providers to subsidize rides to the Downtown. | Economic Development | Caltrans Active Transportation Program | - |
| Business Assistance Program | Digital Media Strategy | Create a digital media strategy to include website development and maintenance and approaches to social media marketing and influence development. | Economic Development | General Fund; Business Improvement District | Business Improvement District |
| Business Assistance Program | Small Business Assistance | Provide a small-business startup assistance program and mentoring in cooperation with the Solano Small Business Development Center. | Economic Development | Business Improvement District; General Fund | SCORE[e]; Community Development Block Grant |
| Business Assistance Program | Business Ombudsman Program | Designate a business ombudsman or create "how-to" resources for businesses seeking support with navigating the City's permitting and incentives programs. | Economic Development | General Fund | Community Development Block Grant |
| Business Assistance Program | Active Business Recruitment | Recruit prospective "homeplace" and name-brand businesses to Downtown. | Economic Development | General Fund; Business Improvement District | Community Development Block Grant |
| Business Assistance Program | Active Storefront Incentives | Provide incentives such as no-/low-cost loans to businesses for storefront redesigns that better activate the streetscape. | Economic Development | General Fund; Business Improvement District | Mills Act Contracts; Community Development Block Grant |

## Table 3: Inventory of Planned Improvements and Potential Funding Sources

| Category | Name of Planned Improvement | Description [a] | Improvement Type [b] | Primary Funding [c] | Alternate Funding [d] |
|---|---|---|---|---|---|
| Complete Streets | Stormwater Design and Improvements | Implement a Stormwater Bio-retention Pilot Program. | Street Trees and Landscaping | Caltrans Sustainable Transportation Planning Grant (SB 1); Strategic Growth Council Urban Greening Grant | Clean Water State Revolving Fund; Prop 68; General Fund; Community Development Block Grant |
| Complete Streets | Lighting Design—Incentives | Support DBA lighting incentives. | Lighting | Landscaping and Lighting Assessment District; Energy Conservation Assistance Act | Community Development Block Grant |
| Complete Streets | Design/Master Plan—Lighting | Prepare a Lighting Master Plan. | Lighting | Landscaping and Lighting Assessment District; Energy Conservation Assistance Act | Community Development Block Grant |
| Complete Streets | Lighting Design—Parking | Upgrade public parking lighting. | Lighting | Landscaping and Lighting Assessment District; Energy Conservation Assistance Act | Community Development Block Grant |
| Complete Streets | Lighting Design—Walkways | Upgrade public walkway lighting. | Lighting | Landscaping and Lighting Assessment District; Energy Conservation Assistance Act | Community Development Block Grant |
| Complete Streets | Design Parking Consolidation—Merchant and Dobbins Street | Remove on-street parking along portions of Merchant and Dobbins Streets. | Parking | Business Improvement District; General Fund | Transient Occupancy Tax Funding; Community Development Block Grant; Landscaping and Lighting Assessment District |
| Complete Streets | Downtown Parking Lot Amenities | Install lot lighting, shade trees, cameras, waste receptacles, signage, and wayfinding. | Parking | Business Improvement District; General Fund | - |

## Table 3: Inventory of Planned Improvements and Potential Funding Sources

| Category | Name of Planned Improvement | Description [a] | Improvement Type [b] | Primary Funding [c] | Alternate Funding [d] |
|---|---|---|---|---|---|
| Complete Streets | Downtown Parking Lot Configuration Improvements | Improve the configuration of existing lots (nine lots). | Parking | Business Improvement District; General Fund | Transient Occupancy Tax Funding; Community Development Block Grant; Landscaping and Lighting Assessment District |
| Complete Streets | Pedestrian Facility Improvements—Catherine Street | Fill sidewalk gaps along Catherine and Wilson Streets to prevent gaps in pedestrian circulation. | Pedestrian Amenities | Local Streets and Roads Program | Affordable Housing & Sustainable Communities; State Highway Operation & Protection Program; Caltrans Active Transportation Program; Local Transportation Development Funds; Community Development Block Grant |
| Complete Streets | Pedestrian Facility Improvements—E. Monte Vista Avenue | Enhance the crosswalk and roadway pavement at this intersection, which experiences heavy pedestrian use by students. Use colored pavers, scoring patterns, asphalt stamps, or high-visibility crosswalks to create a more interesting aesthetic and make it easier for motorists to safely see the intersection. | Pedestrian Amenities | Local Streets and Roads Program | Affordable Housing & Sustainable Communities; State Highway Operation & Protection Program; Caltrans Active Transportation Program; Local Transportation Development Funds; Community Development Block Grant |
| Complete Streets | Pedestrian Facility Improvements—Mason Street | Enhance the Mason and Merchant Streets intersection/crossing. | Pedestrian Amenities | Local Streets and Roads Program | Affordable Housing & Sustainable Communities; State Highway Operation & Protection Program; Caltrans Active Transportation Program; Local Transportation Development Funds; Community Development Block Grant |

## Table 3: Inventory of Planned Improvements and Potential Funding Sources

| Category | Name of Planned Improvement | Description [a] | Improvement Type [b] | Primary Funding [c] | Alternate Funding [d] |
|---|---|---|---|---|---|
| Complete Streets | ADA Improvements | Upgrade crosswalks, ramps, and sidewalks to current ADA standards. | Pedestrian Amenities | Measure M | Community Development Block Grant; Affordable Housing & Sustainable Communities; State Highway Operation & Protection Program; Caltrans Active Transportation Program; Local Streets and Roads Program; Local Transportation Development Funds; Community Development Block Grant |
| Complete Streets | Design/Master Plan—Amenities | Prepare a Site Furnishings Master Plan. | Placemaking | General Fund; Business Improvement District | National Endowment for the Arts Our Town; Community Development Block Grant |
| Complete Streets | Downtown Parking Lots Upgrades | Repair damaged pavement; replace signage and striping; address drainage issues. | Public Works—Streets | Measure M | Gas Tax; Local Streets and Roads Program; Infrastructure State Revolving Loan Fund; Local Transportation Development Funds |
| Complete Streets | Complete Street Design—Davis Street | Redesign Davis Street as a complete street including bike lanes. | Roadways and Alleys | Local Streets and Roads Program | - |
| Complete Streets | Complete Street Design—Dobbins Street | Redesign Dobbins Street as a complete street including Class II bike lanes. | Roadways and Alleys | Local Streets and Roads Program | - |
| Complete Streets | Complete Street Design—McClellan Street | Redesign McClellan Street as a complete street including bike lanes. | Roadways and Alleys | Local Streets and Roads Program | - |
| Complete Streets | Complete Street Design—Mason Street | Redesign Mason Street as complete street including bike lanes. | Roadways and Alleys | Local Streets and Roads Program | - |
| Complete Streets | Landscaping Design—Expand | Expand the lighting and landscape district (LLD) to include all streets in Downtown. | Street Trees and Landscaping | General Fund | - |

## Table 3: Inventory of Planned Improvements and Potential Funding Sources

| Category | Name of Planned Improvement | Description [a] | Improvement Type [b] | Primary Funding [c] | Alternate Funding [d] |
|---|---|---|---|---|---|
| Complete Streets | Landscaping Design—Plant | Plant trees in existing planters throughout Downtown. | Street Trees and Landscaping | Strategic Growth Council Urban Greening Grant; Affordable Housing & Sustainable Communities | - |
| Complete Streets | Landscaping Design—Easements | Designate a landscape easement on all streets in Downtown. | Street Trees and Landscaping | General Fund; Landscaping and Lighting Assessment District | - |
| Complete Streets | Design/Master Plan—Street Trees | Prepare a Street Tree Master Plan to provide a framework for placement and maintenance of street trees throughout Downtown. | Street Trees and Landscaping | General Fund; Business Improvement District | Strategic Growth Council Urban Greening Grant; Proposition 68 |
| Complete Streets | Curbside Management Improvements—High School | Establish High School Zones (drop-off and pickup). | Transit and Alternative Travel Modes | Safe Routes to School Active Transportation Program; General Fund | Caltrans Active Transportation Program |
| Complete Streets | Curbside Management Improvements—Rideshare | Establish Ride for Hire Zones (drop-off and pickup). | Transit and Alternative Travel Modes | Safe Routes to School Active Transportation Program; General Fund | Caltrans Active Transportation Program |
| Complete Streets | Overhead Utility Undergrounding | Place overhead utility lines underground within Wilson Street and Catherine Street. | Utility | California Public Utility Commission Rule 20A | Development Impact Fee; Infrastructure State Revolving Loan Fund; Community Development Block Grant |
| Water and Sewer Infrastructure Improvement | Various Fire Flow Water Distribution Improvements and Alley Water Replacements | Upsize various pipelines to meet fire flow requirements for anticipated land uses within Downtown (approximately 8,990 lineal feet of new 12-inch and 3,510 lineal feet of 8-inch-diameter pipelines).<br>Replace aging water lines and laterals in the Downtown alleys and other locations. | Utility | Water Replacements; Municipal Bond; Utilities O&M; Mello-Roos Community Financing Districts or Similar | Development Impact Fee and Utilities Department O&M budget |

## Table 3: Inventory of Planned Improvements and Potential Funding Sources

| Category | Name of Planned Improvement | Description [a] | Improvement Type [b] | Primary Funding [c] | Alternate Funding [d] |
|---|---|---|---|---|---|
| Water and Sewer Infrastructure Improvement | Multiple Water System Improvements to Support Citywide Growth | Implement water supply, pumping, storage, and transmission or distribution system improvements, as identified in the Water Master Plan for future needs. These projects are specifically called out as Developer Funded projects. | Utility | Municipal Bond; Development Impact Fee; Mello-Roos Community Financing Districts or Similar | Development Impact Fee and Utilities Department O&M budget |
| Water and Sewer Infrastructure Improvement | Multiple Water System Improvements to Support Citywide Growth and Address Existing Needs | Implement water supply, pumping, storage, and transmission or distribution system improvements, as identified in the Water Master Plan for existing needs. These projects are specifically called out as Mix Benefit projects. | Utility | Municipal Bond; Development Impact Fee; Utilities O&M; Mello-Roos Community Financing Districts or Similar | Development Impact Fee and Utilities Department O&M budget |
| Water and Sewer Infrastructure Improvement | Monte Vista Sewer System Upsize | Upsize sewer system to 12 inches, 15 inches, and 18 inches in Stinson Avenue and Monte Vista Avenue from Cottonwood Street to Dobbins Street. | Utility | Sewer—Major Replacement | Development Impact Fee and Utilities Department O&M budget |
| Water and Sewer Infrastructure Improvement | Mason Street Sewer System | Upsize 6-inch-diameter sewer in Mason Street at Merchant Street. | Utility | Sewer—Major Replacement | Development Impact Fee and Utilities Department O&M budget |
| Water and Sewer Infrastructure Improvement | Birch Street Area Sewer System | Upsize 1,600 lineal feet of sewer to 15-inch sewer in the Davis Street area from the Interstate 80 westbound interchange to Stevenson Street. | Utility | Sewer—Major Replacement | Development Impact Fee and Utilities Department O&M budget. Partially funded and in final design phase |

*Notes:*

*a. Provides a brief description of the planned improvement.*
*b. Identifies the general category into which each improvement falls (e.g., utility, placemaking, bicycle facilities).*
*c. Identifies the most likely primary funding source anticipated for each improvement. Refer to Appendix K, "Financing Strategy," and Table 5.3.3-1 for funding source definitions.*
*d. Lists other funding sources that the City may want to consider as alternative and/or supplemental funding sources for each improvement.*
*e. 501C3 nonprofit small business assistance organization*

*Select improvement projects are subject to change.*

# FUNDING SOURCES AND FINANCING TOOLS

With a range of improvement types and projects, the Vacaville Downtown Plan will draw on a range of both broad-based and project specific funding sources to support both short-term and long-term implementation. This includes sources that are locally controlled, such as General Fund monies and Development Impact Fee (DIF) revenue, among others, as well as funding from regional, state, and federal agencies, and funding from assorted private sources.

***Types of Funding Sources***

The following section lists potential funding sources and programs available through local, regional, state, and federal agencies and organizations. Local funding is typically the least competitive, but is often already allocated to existing funding priorities. Increasing the amount of local funding available may require additional taxation. Local funding can be leveraged for one-time capital costs, ongoing operations and maintenance, and can be used to leverage outside funding and as a dependable source for debt repayment. Federal funding is generally limited and allocated based on fixed funding criteria; though a significant amount of federal funding is also provided as pass-through dollars to regional and state agencies. The identified regional and state funding programs vary in size and are most well suited to off-setting one-time fixed improvement costs. The regional and state funding sources are mostly competitive.

**Table 4: Types of Funding Sources**

| Local Funding | Regional/ State Funding | Federal Funding | Private/Non-Profit Funding |
|---|---|---|---|
| General Fund Monies<br>*Measure M*<br>*Measure I*<br>*Measure G*<br>Transient Occupancy Tax (TOT)<br>Development Impact Fees & Mitigations<br>Mills Act Contracts<br>User Fees, Rents & Concessions<br>Sewer Replacement<br>Water Replacement | Transportation Development Act Article 3 (TDA-3)<br>Yolo-Solano Air Quality District (AQMD) Clean Air Funds<br>Affordable Housing & Sustainable Communities (AHSC)<br>Urban Greening Grants (UGG)<br>Active Transportation Program (ATP)<br>State highway Operation & Protection Program (SHOPP)<br>Proposition 68 (Prop 68) Per Capita Program<br>Local Streets & Roads Program (LSRP)<br>Local Transportation Funds (LTF)<br>Energy Conservation Assistance Act (ECAA)<br>California Public Utiilty Commission Rule 20A<br>Caltrans Sustainable Transportation Planning Grants | Community Development Block Grant (CDBG)<br>Federal Emergency Management Agency (FEMA) Disaster Mitigation | Private Donations<br>Sponsorship Programs<br>Private Charities & Foundations<br>*American Association of Retired Persons (AARP) Community Challenge*<br>*National Endowment for the Arts (NEA) Our Town* |

*Local Funding Sources*

The City should consider using locally controlled funds strategically (i.e., in a way that leverages local monies to secure funds available from other sources). For example, the City could utilize local funds as the required matching source for state or federal grant programs or where other funding sources and financing tools are not available or appropriate. Local funding should also be reserved to offset the costs of ongoing operations and maintenance activities which are typically not eligible for outside funding.

### General Fund Allocations

The General Fund is the main operating fund for the City of Vacaville and is the least restrictive of all potential funding sources. The use of General Fund monies is at the discretion of the City Council. Subject to the need to balance many budgeting needs, the City Council could decide to spend General Fund dollars on any of the desired implementation items. The total budget in the 2020-2021 fiscal year is $106.8 million. Major expenditure categories within the General Fund include the Police Department (40 percent), Fire Department (27 percent), City Administration (12 percent), Public Works (11 percent), Parks and Recreation (seven percent), and other non-departmental expenditures (three percent). Major General Fund revenue sources include property taxes in lieu of sales taxes, known as the State triple flip (20 percent), property taxes, including property taxes in lieu of vehicle license fees (ILVLF) and

redevelopment agency pass-through (19 percent), Measure M three-quarter cent transactions and use tax revenue (17 percent), Measure I and G excise taxes (10 percent), and other revenue sources such as franchise tax, paramedic tax, transient occupancy tax (TOT), property transfer tax, business license tax and public safety sales tax. While General Fund resources are available for use at the City's discretion, the use of such monies would likely divert resources from other City priorities, such as police and fire services, planning, public works, or other core municipal services; thus, it should be expected that General Fund allocations for plan implementation will be limited. Nonetheless, some of the improvements identified within the DIP are also part of the City's broader inventory of funding priorities, such as those identified in the CIP. Some also align well with existing General Fund revenue sources, such as those that can be funded using Measure I and G funding for street maintenance and utility infrastructure.

**Measure M** – Approved by voters in 2012, Measure M established a quarter-cent transactions and use tax intended to fund essential services, like police and fire services, street lighting, etc. and to make investments in the community. Measure M was increased in 2016 to three-quarters of a cent.

**Measure I** – Approved by voters in 1989 and reapproved in 2012, the Measure I excise tax applies a monthly charge of $4.83 per residential property, a two percent increase in TOT, and per employee charge for commercial businesses, which generates approximately $2.6 million in General Fund revenue to fund street maintenance, library services, cultural events, and recreational activities.

**Measure G** – Approved by voters in 2005, Measure G replaced existing fees on water and sewer operations with a one percent tax on the assets of the utility funds and a five percent franchise tax on utility operations.

### Transient Occupancy Tax (TOT)

This special tax is charged to visitors who rent overnight accommodations (e.g., hotels, motels, short-term rentals like Airbnb and VRBO, etc.) for 30 days or less. Revenues are collected at the time of payment by the lodging operator and lodging establishments located within the City of Vacaville remit the TOT collections to the City General Fund. The applicable TOT rate is set by the local jurisdiction and can be increased or decreased with local voter approval. Many communities, when proposing an increase in the TOT rate, designate subsequent revenue for a specific use, such as community marketing, tourism development, or wayfinding improvements. However, revenue from a TOT measure may be either restricted or unrestricted. While TOT revenue is more often used to fund ongoing branding and tourism development efforts, such revenue may also be used over time to offset capital improvement costs

for things like gateway improvements and branding, implementation of the wayfinding strategy, parking management, and other efforts geared toward improving the downtown as a visitor destination. The current TOT rate in Vacaville is eight percent, plus the two percent Measure I excise tax, which brings Vacaville in line with other jurisdictions in Solano County, which have TOT rates equal to 10 percent, with the exception of Benicia and Dixon which have nine percent TOT rates and Vallejo which has an 11 percent TOT rate. Due to this parity with nearby jurisdictions, voters may be reluctant to further increase the TOT rate in order to fund Downtown improvements.

### Impact Fees and Mitigation Requirements

Development impact fees (DIF) are another potential funding source for roadway improvements, utility improvements and upgrades, streetscape improvements, and parks and recreational open space, among other improvements. These fees, paid by new residential and commercial development projects, can only be used to pay for improvements that can be demonstrated to serve new residents and businesses (from new development), but these fees can be combined with other sources to fund a project that serves both new and existing residents or businesses. A nexus study, which calculates the new increment of development, estimates the portion of an improvement project attributable to that increment of growth, and allocates the costs across the new development projects by land use, is required by state law for implementation. Additional impact fees could be considered as a means to fund improvements if a nexus can be established. Similarly, to the degree that a project requiring discretionary approvals generates impacts in a way not covered by the existing impact fee schedule, the City may also negotiate additional mitigation requirements which may also be used for desired improvements. According to current fee schedule, the City of Vacaville levies a variety of impact fees, including for sewer facilities, parks and recreation, greenbelt preservation, traffic management, and police and fire services, among others. The City is currently conducting an impact fee study, to potentially update the impact fee structure.

Due to the nexus requirement, impact fees must be used to offset the costs of providing facilities that serve new development. While this generally precludes the correction of existing deficiencies, it may allow for the expansion of water and sewer facilities if they are demonstrated to serve new development. Improvements that facilitate mobility, such as the bicycle and pedestrian improvements, may be eligible uses of transportation and traffic impact fee revenues. Other negotiated mitigation requirements and community benefits agreements, by comparison, may include any variety of public improvements, ranging from roadway and intersection improvements, parking management, and utilities upgrades, to landscaping and street furniture, park and/or parklet improvements, or contributions to local arts programs, among other options. The exact nature of any such agreements will depend on the willingness and ability of the developer to make public concessions in exchange for approval, as well

as the priorities of the community regarding implementation of the Downtown Plan. Note that these types of public benefits agreements may apply to new developments outside of the downtown area if the new development is perceived to have a relationship to the downtown area, such as generating new residents who will want to travel to and spend time in the downtown area, utilize downtown parking, sidewalks, and/or other bicycle and pedestrian facilities included in the DIP.

### Mills Act Contracts

The Mills Act of 1972 authorizes participating local governments the authority to enter into contracts with the owners of qualifying historic properties to actively engage in restoration and maintenance in exchange for abatement of property taxes. Mills Act contracts are in use in communities throughout the state, including the cities of Los Angeles, Pasadena, and Berkeley, among many others. Each local government establishes its own criteria for eligibility in the program and specifies the scope and number of contracts allowed under the local program. Note that the State of California is not a signatory of the Mills Act contracts, meaning that they are agreements between the property owner and the local government only. Contracts are executed for a minimum ten-year term and are renewed annually thereafter and transferred to new owners when the property is sold. According to the California Office of Historic Preservation, "Mills Act participants may realize substantial property tax savings of between 40% and 60% each year for newly improved or purchased older properties because valuations of Mills Act properties are determined by the Income Approach to Value rather than by the standard Market Approach to Value."[1] Qualifying properties must be listed on a federal, state, county, or City register of historic landmarks or within designated historic districts. Both owner-occupied residences and income-producing commercial properties can qualify. Mills Act contracts may represent a good option for providing incentives to Downtown property owners interested in renovating commercial spaces and/or upper floor residential spaces.

### User Fees and Concessions

To the extent that new facilities charge fees for access or usage, said fees can be used to offset the costs of operations and maintenance. User fees may include new parking fees, as well as park usage fees, either for day use or for special events. If concessions are provided, such as snack stands, food trucks, or vending machines, concession fees may also be used to offset operations and maintenance costs, such as for supporting a Main Street event series. User and concession fees are insufficient to offset construction costs for most types of public facilities, but can be part of a balanced and multifaceted financing strategy and/or help provide funding for ongoing operations and maintenance once improvements are in place. The primary exceptions

[1] California Office of Historic Preservation. (2021). *Mills Act Program: Mills Act Questions and Answers.* Available at: https://ohp.parks.ca.gov/?page_id=21412

are for water and sewer services, with charge residents and businesses on a monthly basis to defray the cost of debt service on capital improvements, as well as ongoing operations and maintenance costs. While Downtown businesses may struggle to afford increased utility costs associated with an increased user fee, the water and sanitation districts may be able to spread the cost more broadly across the consumer base, such that the impact on individual users would be more limited. Nonetheless, increases in user fees often must be approved by rate payers, which can be a barrier.

*Regional and State Funding Sources*

The following section describes a number of state and Regional funding sources that generally align with the improvements and actions identified in the DIP.

### Transportation Development Act Article 3 (TDA-3)

The Metropolitan Transportation Commission (MTC) administers the Transportation Development Act Article 3 (TDA-3) funding program for pedestrian and bicycle projects within the nine-county MTC region. The funding is generated by a quarter-cent sales tax assessed statewide for transportation improvements, with MTC administering funds to the Solano Transportation Authority (STA) and other transportation authorities in the region. The typical annual funding amount received by the STA, who then allocates the funds to local projects, is between $350,000 to $400,000. Successful applications for funding must be ready to implement and complete the project within the three-year eligibility period; meet all requirements of the California Environmental Quality Act (CEQA) within the past three years if construction is required; agree to maintain the facility; and include the project in a locally approved bicycle, pedestrian, transit, multimodal, complete street, or other relevant plan. Projects eligible for funding include construction or engineering of a bicycle or pedestrian improvements; maintenance of shared-use paths or bikeways, dependent on class construction; bicycle and/or pedestrian safety education program; development of comprehensive bicycle or pedestrian facilities plans; and restriping buffered bicycle lanes. In general, STA will allocate TDA-3 funds to projects requiring a match, but may also fund cost overruns or smaller projects. TDA-3 alone may not be sufficient for most eligible projects in Downtown Vacaville, though TDA-3 may represent one part of a larger funding package that includes City matching funds for some of the bicycle facility projects and complete streets redesign efforts.

### Yolo-Solano Air Quality Management District (AQMD) Clean Air Funds

The Clean Air Funds program is administered by the Yolo-Solano Air Quality Management District (AQMD) and offers grants for projects designed to reduce emissions from mobile sources. The Clean Air Funds Program is funded by a four-dollar surcharge on all vehicles registered in the district, as authorized by the Assembly Bill 2766, and by property tax revenues collected in northeastern Solano County as authorized under Assembly Bill 8. As the program aims to reduce mobile emissions,

private business, non-profit organizations, and public agencies are encouraged to apply if their proposals include projects that fall under one of four categories: clean technologies and low-emission vehicles; alternative transportation; transit; and public education. In the past, the Clean Air Funds program has awarded projects relating to replacing diesel trucks and off-road equipment that do not qualify for other regional programs; new electric or alternative fuel vehicles; design and construction of pedestrian and bicycle facilities; transit projects; and public information and education programs. The Yolo-Solano AQMD has awarded approximately $2.5 million within the last five years and allocated $400,000 in funding for the 2020 program cycle. Based on the 2020 allocation, YSAQMD Clean Air Funds would be appropriate for small scale projects related to bicycle infrastructure, such as the Bike and Scooter Master Plan.

### Affordable Housing and Sustainable Communities (AHSC) Program

The California Strategic Growth Council administers the Affordable Housing and Sustainable Communities (AHSC) program to provide affordable housing and transportation infrastructure funding for transit-oriented development and related infrastructure projects that reduce greenhouse gas (GHG) emissions. Eligible applicants include local governments; transportation and transit agencies; non-profit and for-profit housing developers; joint power authorities; K-12 school, college, and university districts; and federally recognized Native-American tribes. Because the AHSC program is funded by California's Greenhouse Gas Reduction Fund (GGRF), the program's primary objectives are to reduce GHG emissions and vehicle miles travelled (VMT) and to increase accessibility of housing, employment, and other key destinations through low-carbon transportation options, such as walking, biking, and public transit. Eligible projects may include affordable housing developments; active transportation improvements, such as sidewalks, paths, and bike lanes; transportation-related amenities, such as bus shelters, benches, or shade trees; and other programs that demonstrate improvements to connectivity and accessibility of jobs and housing, increase options for mobility, reduce air pollution, and encourage infill development. Applications for Round 6 funding are due in June of 2021 and estimated funding per project ranges from $1.0 million to $30 million. While several DIP improvements could be eligible for AHSC funding individually, such as the Ulatis Creek Shared Use Path, it may be more advantageous for the City group a number of related projects together as part of the application for AHSC funding. Similarly, the pedestrian amenity projects and roadway and alley improvements may also be eligible for AHSC; particularly the complete streets components that promote alternative modes of transportation.

### Urban Greening Grants (UGG) Program

Implemented by the Strategic Growth Council (SGC) and the California Natural Resource Agency (CNRA), the Urban Greening Grant (UGG) was created under the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Proposition 84). The act authorizes grants to be appropriated for

urban greening projects and plans that reduce energy consumption, conserve water, improve air and water quality, and provide other community benefits. Eligible applicants include cities, counties, non-profit organizations, special districts, and joint power authorities. A minimum of 80 percent of awarded funds are expected to go to disadvantaged and low-income communities, per AB 1550. For the most recently completed funding round (Round 3), the SGC and CNRA awarded 40 projects nearly $24 million in funding, for an average funding award of just under $600,000, including $680,286 to the Vacaville Community Services Department for creek restoration. Competitive applicants include those developing master urban greening plans that result in projects that meet State environmental goals. Eligible projects from the list of planned improvements may include the Stormwater Bio-retention Pilot Program, the Street Tree Master Plan, restoration and bank repairs on Ulatis Creek, and street tree planting. The CreekWalk promenade may also be eligible.

### Active Transportation Program (ATP)

The Caltrans Active Transportation Program (ATP) consolidates funding from various transportation programs at both the state and federal level, including the federal Transportation Alternatives Program (TAP), Bicycle Transportation Account (BTA), and Safe Routes to School program. Approximately $440 million was approved and awarded through the 2019 ATP and distributed into three categories: Statewide competition, Metropolitan Planning Organization (MPO) with 200,000 or more residents, and small urban and rural regions with less than 200,000 residents. The purpose of the ATP is to encourage and increase use of active modes of transportation, including walking and biking, as well as the safety and mobility of non-motorized users. Eligible entities include local, regional, or state agencies; Caltrans and transit agencies; natural resources and public land agencies; public school districts; tribal governments; private non-profit organizations and other entities responsible for transportation or recreational trails. Eligible projects may include infrastructure projects, such as capital improvements; non-infrastructure projects, such as education, encouragement, and enforcement activities; combination projects, such as those that combine infrastructure and non-infrastructure projects; and transportation plans located in disadvantage communities, such as community-wide bicycle, pedestrian, safe routes to school, or other active transportation plans. Given these criteria, several planned improvements may be eligible for ATP funding, including bike path planning and related improvements, complete streets initiatives, and the school drop-off zone projects. In addition, pedestrian amenities projects may be eligible to the extent that they promote increased walkability and improved safety.

### State Highway Operation and Protection Program (SHOPP)

The purpose of the State Highway Operations and Protection Program (SHOPP) is to maintain the integrity of the state highway system. Funding for this program is provided through gas tax revenues. This funding source is specific to Caltrans and is

not a grant program. Projects are nominated for funding within each Caltrans District office. Proposed projects are sent to Caltrans Headquarters for programming on a competitive basis statewide. Final project determinations are subject to additional review. Individual Districts are not guaranteed a minimum level of funding. SHOPP projects are based on statewide priorities within each program category (i.e. safety, rehabilitation, operations, etc.) within each Caltrans District. Projects included in the program are capital improvements relevant to the maintenance, safety, operation, and rehabilitation of the state highway system that do not add new capacity to the system. SHOPP also funds legally mandated project categories such as retrofitting existing facilities to comply with the Americans with Disabilities Act (ADA) and has a $42 million reservation to augment projects to include complete street elements. The City of Vacaville may consider the SHOPP program for several of the planned improvements in Downtown Vacaville, including the complete streets projects and the pedestrian and lighting improvements that promote safety and walkability, to the extent that these projects are located on or adjacent to state highways.

### Caltrans Sustainable Transportation Planning Grant (SB1)

The Sustainable Transportation Planning Grant program is administered by Caltrans and includes the Sustainable Communities Grant and Strategic Partnership Grant programs. The program included a total of $34 million in funding for the 2021-2022 fiscal year. The Sustainable Communities Grants are intended to encourage local and regional planning that furthers various state goals, including those that implement the Regional Transportation Plan Guidelines adopted by the California Transportation Commission. The Strategic Partnerships Grant, by comparison, is designed to identify and address transportation deficiencies on the state highway system in partnership with Caltrans. Eligible planning projects must have a transportation nexus and are expected to directly benefit the multi-modal transportation system.

### Proposition 68 (Prop 68) Per Capita Program

The Parks and Water Bond Act of 2018 (Proposition 68) created a fund available for capital projects related to the rehabilitation existing parks infrastructure and to address deficiencies. The program allocated $185 million statewide on a per capita basis, with Solano County receiving an allocation of $715,590 and the City of Vacaville receiving an allocation of $177,952. The deadline for submitting project applications is December 31, 2021. Funding must be used for capital outlays, including the acquisition of land, or improvements to existing property beyond its original condition. Operation, maintenance, and repairs are not eligible. In addition, projects not serving a “severely disadvantaged community,” which include those with median household incomes equal to less than 60 percent of the statewide median, require a 20 percent local match. Projects such as the CreekWalk, as well as the upper park stage shade cover, may be good candidates for funding, as well as the bank repairs if they help to increase access to the outdoors. The Parks and Recreation improvements identified

are unlikely to be eligible as they are not related to outdoor activities, while bicycle facility projects may not be eligible if they are directly connected to parks.

### Local Streets and Roads Program (LSRP)

Under SB1, the of Road Maintenance and Rehabilitation Account (RMRA) provides $5.0 billion annually for maintenance, repair, and safety improvements on state highways, local streets and roads, bridges, tunnels, and overpasses, including $1.5 billion to the Local Streets and Roads Program (LSRP). Prior to receiving a formulas-based allocation, a city or county must submit an adopted list of proposed projects by May 1st of each year to the California Transportation Commission (CTC). The 2019-2020 project list that Vacaville submitted included asphalt and concrete rehabilitation, and overlays on six City streets. Of the planned improvements identified for the DIP, the projects that may be eligible for LSRP funding include the intersection and crossing enhancements at East Monte Vista Avenue and Cernon Street, and at Mason Street and Merchant Street; the ADA improvements on Merchant Street between Mason Street and Main Street, on Main Street from McClellen Street to West Street, and on Dobbins from Main Street to Monte Vista Avenue; and the repairs to deteriorating pavement in the downtown alleys. LSRP may also be used for complete streets initiatives, including pre-construction and construction.

### Local Transportation Funds (LTF)

Local Transportation Development (LTF) Funds are equal to one-quarter cent of the statewide retail sales tax receipts. The funds are returned to each county by the State Board of Equalization based on the pro-rata share of statewide retail sales and use taxes collected within each area. Administration of LTF funds is undertaken by Solano Transportation Authority. LTF can be used for the administration of the Transportation Development Act (TDA), pedestrian and bicycle facilities, the public transit system (both operations and capital), and for street and road projects. TDA requires that two percent of the annual estimate be set aside for bicycle and pedestrian improvements. Claims for administrative, pedestrian and bicycle, and public transit are to be funded first. Any remaining funds, after deducting operating costs, may be allocated for streets and road purposes. Projects eligible for funding are identified should be included in the City's overarching Capital Improvement Program (CIP).

### Energy Conservation Assistance Act (ECAA)

The California Energy Commission's (CEC) Energy Conservation Assistance Act (ECAA) program provides low-interest loans of one percent to public entities with projects with proven energy or demand cost savings. Eligible applicants include cities, counties, special districts, public colleges and universities, public care institutions and hospitals, University of California system, and California State Universities system. Eligible projects may include lighting system upgrades; installation of pumps and motors, streetlights and LED traffic signals, energy management systems and equipment controls, building insultation, heating and ventilation equipment, and water and wastewater treatment equipment; renewable and combined-heat-and-power projects; and load-shifting projects, such as energy storage. Loan agreement terms and conditions states that the loan can fund 100 percent of the project cost within a 17-year (maximum) simple payback and that the loan must be repaid from energy savings within a maximum of 20 years.

### California Public Utility Commission (CPUC) Rule 20A Undergrounding

The Rule 20A program managed by the California Public Utility Commission requires utility companies to allocate a certain amount of work credits each year to cities and unincorporated counties for conversion projects that are subsequently paid for in whole, or in part, by the utility ratepayers. Projects must be in the public interest by eliminating an unusually heavy concentration of overhead powerlines; involve a street or road with high public traffic volumes; benefit a civic or public recreation area; and/or be listed as an arterial street or major collector as defined in the Governor's Office of Planning and Research (OPR) Guidelines.[2] Participating jurisdictions must accumulate enough Rule 20A work credit allocations to fund each nominated project,

[2] Governor's Office of Planning and Research. (2020). *General Plan Guidelines and Technical Advisories*. Available at: https://opr.ca.gov/planning/general-plan/guidelines.html

with allocations given out each year by the utility. Participating jurisdictions can accumulate credits over time until they have sufficient funding to complete a project and may also borrow forward five years to obtain additional credits. Once enough credits are available, the jurisdiction must then form a "utility underground district," which can be done by resolution, in order to initiate the project.

*Federal Funding Sources*

The following section describes a number of federal funding sources that generally align with the improvements and actions identified in the DIP.

### Community Development Block Grants

The City of Vacaville is designated as entitlement jurisdiction under the U.S. Department of Housing and Urban Development (HUD) Community Planning and Development (CPD) program and is subsequently eligible for formula based funding allocations under the Community Development Block Grant (CDBG), HOME Investment Partnership, and Emergency Shelter Grant (ESG) entitlement programs. Funds received through these programs can be used to support a wide array of public services and infrastructure improvements, so long as they provide benefits to low- and moderate-income persons, prevent or eliminate slums or blight, and help to remediate urgent threats to the health or welfare of the community for which other funds are not available. Use of entitlement funds is guided through the preparation of a five-year Consolidated Plan, as well as annual action plans. According to the current One-Year Action Plan, the City proposes to apply $32.8 million in federal, state, local, for-profit and non-profit resources and donations, which is being directed towards addressing the City's housing needs, including lower-income housing, acquisition and rehabilitation, and homeless services, among other priorities. Upon completion of the next Consolidated Plan in 2025, the City may elect to divert some resources towards implementation of the DIP, though this may divert resources from other City priorities.

### Federal Emergency Management Agency (FEMA) Disaster Mitigation

The Federal Emergency Management Agency (FEMA) manages five different hazard mitigation assistance grant programs, including three that can be used for flood hazard mitigation. These include the Hazard Mitigation Grant Program (HMGP), the Flood Mitigation Assistance (FMA) program, the Building Resilient Infrastructure and Communities (BRIC) program. The HMGP assists communities following a Presidential major disaster declaration and does not align with the needs of the DIP, while the FMA and BRIC may represent options for possible federal funding for creek bank restoration projects and are identified as such in the existing CIP.

*Private/Non-Profit Funding Sources*

In addition to public funding sources from various levels of government, private funding may play a role in Downtown Plan implementation.

### Private Donations

Contributions from private donors, such as individuals, businesses, or charitable foundations, whose interests align with the goals of the VDTSP are another potential source of funds that could support either capital improvements or ongoing operations and maintenance. Donations can take the form of cash contributions or in-kind donations of time or materials. One particular type of improvement identified in the DIP that should be targeted for private in-kind funding are the arts-oriented improvements, like the mural program, Main Street Arts Fair, the Call for Artists to Implement the Arts Plan, and the Main Street Art Walk. The City should work with local arts groups who can organize volunteer labor and provide donations of in-kind materials. Other improvements that may benefit from private donations include some of the other placemaking, streetscape, and park improvements, where smaller donations could be combined to achieve larger goals.

### Sponsorship Programs

Similar to private donation drives, organized sponsorship programs solicit larger donations from individuals, business, and organizations which can be used to fund improvements. Sponsorship campaigns often include some form of public recognition, such as participation in ribbon cutting ceremonies, naming rights to a park or public space, or a commemorative plaque. Some of the specific items that may benefit from sponsorship programs include the Gateway signage, which often features logos from local community organizations (e.g., Lions Club, Downtown Vacaville Business Association, etc.). Another category of improvement well suited to a sponsorship approach to funding is the construction and maintenance of parklets, particularly those that most directly benefit specific businesses. The City should identify property owners and/or business owners whose properties front on key streets who would like to construct parklets in the adjacent right-of-way. In exchange for these benefits, the owners should be willing to design, construct, and maintain the parklets at their cost, in accordance with applicable guidelines for design and maintenance.

### Private Charities and Foundations

In addition to donations from private individuals and named sponsors, additional voluntary donations may be available from private charities and foundations. Funds are often secured through the submission of applications to charities and foundations with stated missions which align with the goals of the project in question. Improvements that could be at least partially funded with funding from private charities and foundations include bicycle and pedestrian facilities; gateway, signage,

and wayfinding improvements; and placemaking, urban greening, and public arts installations; among other possible improvements. Two possible options include:

### *American Association of Retired Person (AARP) Community Challenge*

There are various philanthropic organizations located throughout the United States that offer grant programs in support of assorted community development goals. One such organization, the American Association of Retired Person (AARP), provides small grants through the Community Challenge program to fund quick-action projects that can support efforts to make communities more livable for people of all ages. Eligible projects include improvements to public spaces, such as open spaces and parks; increase availability of accessible and affordable housing; delivery of a range of transportation and mobility options, such as increased connectivity, walkability, and other roadway improvements; civic engagement through innovative and tangible projects relating to "Smart Cities"; and diversity and inclusion initiatives. In the past, AARP has approved physical improvement projects, temporary demonstrations that lead to long-term change, and projects involving innovative social and educational programming. The program generally prioritizes one-time investments over ongoing programmatic funding and prioritizes projects based on the estimated long-term impact that the project will demonstrate, particularly those over the age of 50. AARP also scores projects based on the capacity of the sponsoring entity to deliver within awarded budget and schedule. They also prioritize projects that exhibit creativity and an emphasis on community engagement. Entities eligible to apply for funding primarily include non-profits and government agencies, though other applicants are considered on a case-by-case basis. There is no limit to how much each eligible Community Challenge project may receive. Grants can range from several hundred dollars to tens of thousands of dollars, depending on the project size and estimated community impact. Based on these eligibility criteria, the AARP Community Challenge program may be an option for providing supplemental funding in support of placemaking and wayfinding improvements, as well as the Town Square planning and design initiatives could be funded by AARP.

### *National Endowment for the Arts (NEA) Our Town Program*

Our Town is a creative placemaking grant program administered by the National Endowment for the Arts. The Our Town program provides funding for projects that integrate arts, culture, and design activities into the local community. In efforts to improve local economic, physical, and social outcomes of the community, the Our Town program requires a partnership between a local government entity and non-profit organization, one of which must be a cultural organization, and that the project engages in partnerships with other sectors, such as food and agricultural, economic development, education and youth, energy and environment, health, housing, public safety, transportation, and workforce development. Successful Our Town projects include art engagement projects through artist residency programs, art festivals,

performances, public art, and community co-creation of art; cultural planning projects, such as cultural district or public art planning and creative assessment mapping; design projects, such as artist and designer-facilitated community planning and design of artist space or cultural facilities; and artist and creative industry support projects which provide services that support entrepreneurs and businesses in the creative industries or artists professionally through skill development and accessing markets and capital. Cost share and matching grants range from $25,000 to $150,000, with a minimum cost share and match equal to the grant amount. Although it requires an artistic component, this source may be used primarily for placemaking, meaning that in addition to the Public Art Master Plan and other arts-based improvements identified, Our Town funding may be used towards the gateway and wayfinding initiatives, the Town Square Plan, and any of the various arts and placemaking improvements.

### *Types of Financing Tools*

The following section summarizes common financing tools and mechanisms which are most useful in combination with municipal bonds to advance "big-ticket" projects that require up-front funding, as well as a reliable source for debt repayment. Nonetheless, some of the financing tools discussed below may also be used to generate ongoing funds that the City could use to fund projects on a "pay-as-you-go" basis or to pay for ongoing operations and maintenance activities.

**Table 5: Types of Financing Tools & Mechanisms**

| Financing Tools |
|---|
| Cost Reimbursement Agreements |
| Municipal Bonds |
| Special Assessment Districts |
| Business Improvement Districts (BIDs) |
| Landscaping and Lighting Assessment Districts (LLADs) |
| Mello-Roos Community Financing Districts (CFDs) |
| Community Revitalization Investment Authority (CRIA) |
| Enhanced Infrastructure financing Districts (EIFDs) |
| Infrastructure State Revolving Loan Fund (ISRF) |
| Drinking Water State Revolving Fund (DWSRF) |
| Clean Water State Revolving Fund (CWSRF) |

Many of the financing tools require some level of public support. For example, general obligation bonds require two-thirds voter approval, while establishment or modification of a special district requires a majority vote of the impacted property owners. Similarly, most of the financing tools discussed here place a financial burden on the owners of property within the district which can impact the competitiveness of real estate compared to alternative locations elsewhere in the community.

### Cost Reimbursement Agreements

In some cases, developers may elect to pay the full up-front cost for infrastructure improvements that are required for their own development, but for which they cannot be held wholly responsible. In these cases, many communities will execute a cost reimbursement agreement with the original developer, under which future projects that benefit from the infrastructure in question (e.g., water and sewer improvements, roadways, etc.) will be charged impact fees, or make other similar payments, that are then passed on the first developer as reimbursement. The relative cost share is typically determined based on the extent to which each development is expected to benefit from the new improvements. Cost reimbursement agreements are typically executed between a developer, or developers, and the local jurisdiction.

### Municipal Bonds

General Obligation Bonds, or G.O. Bonds, are tax-free municipal bonds backed either by the full faith and credit of the issuing jurisdiction, or by a pledge by the local jurisdiction to levy additional ad valorem property taxes in an unlimited amount, as necessary to satisfy debt service. Due to the broad pledge of revenues associated with General Obligation Bonds, the State Constitution requires two-thirds voter approval prior to issuance. General Obligation Bonds have historically provided the lowest borrowing costs due to the broad security pledge. By comparison, revenue bonds are tax-free municipal bonds that are issued to cover the costs of construction for revenue-generating public facilities, where the anticipated cash flow is sufficient to cover operating costs and debt service. Revenue bonds are often used to finance construction of and improvements to paid municipal parking facilities, among other revenue generating uses.

Revenues from bond issuance can fund a wide variety of activities. However, bonds are best suited for one-time infrastructure investments, rather than ongoing maintenance or operations. General obligation bonds may be well suited to paying for major streetscape improvements (e.g., adding curb cuts, ramps and railings, landscaping, and parklets), and in building and improving park spaces like the CreekWalk Promenade and the Town Square. Revenue bonds may also be used for similar purposes, but are best suited for use in combination with other public and private funding for planning and construction of specific revenue generating improvements. In these cases, revenue bonds are issued based on the anticipated revenue raised through parking fees or in combination with special districts.

### Special Assessment Districts

A special assessment district can be used to fund any improvement that provides a “direct and special” benefit to the assessed property. By this definition, improvements like parking facilities, sidewalks, parklets, and lighting can be funded via special assessments, while “general” benefits like parks and schools may not.

There are two primary challenges in establishing special assessment districts, particularly for those in already developed areas. The first is that total property taxes can only increase a certain amount before they begin to disadvantage new development relative to properties not subject to an assessment. This is particularly problematic in Downtown Vacaville, where retail properties are somewhat disadvantaged compared to other commercial areas within the community. The second is that assessment districts require a majority vote of property owners, weighted by property value. All the affected properties must stand to benefit from that particular improvement, and no assessment can exceed "reasonable cost".

### Business Improvement Districts (BIDs)

A Business Improvement District (BID) is a common type of self-taxing Special Assessment District that assesses business and/or property owners to fund maintenance, marketing, and other activities, including additional public services or improvements. To establish a BID, the City must adopt a resolution of intention. The BID is established if the resolution of intention is not protested by a majority of the affected taxpayers. Once formed, the BID is limited to those types of improvements or activities that were specified upon formation. A standard BID assesses the businesses located within the district. A property-based business improvement district (PBID) assesses the owners of property within the district. Although not common, BIDs and PBIDs can be established in overlapping areas.

Established in 1999, the Downtown Vacaville Business Improvement District (DVBID) is a 501(c)6 non-profit representing 420 active member-businesses within a one-quarter mile (i.e., seven by six block) area in central Vacaville. The DVBID raises revenue through member dues and primarily responsible for marketing and promotion, and special events, as well as assisting the City with maintenance of public streetscape improvements, safety and security, and parking management, among other activities. The City should continue coordinating with the DVBID to facilitate implementation of the DIP, particularly as it relates to improvements that benefit local businesses, like streetscape improvements, gateway signage and wayfinding, bicycle and pedestrian improvements, ADA and intersection upgrades, parklet construction and maintenance, and placemaking efforts, such as the CreekWalk and Arts Fair. Nonetheless, with limited revenue being generated by the existing membership the DVBID as it is currently organized may have only limited potential to fund DIP improvements.

Another option is for the City and local stakeholders to consider establishing a PBID in the Downtown that would raise revenue based on an annual property tax assessment. This would spread the financial burden for Downtown improvements more broadly than with the existing DVBID, ensuring that all property owners contribute their fair share. Revenues from a PBID could then be used to guarantee issuance of a bond that could

fund more significant improvements, such as gateway signage and wayfinding, streetscape improvements, and parking and parking management improvements. PBID revenue and associated bond proceeds would also be particularly valuable to the City in support water and sewer infrastructure replacement and upgrading which benefit existing Downtown properties, but which are difficult to fund through increases in general user fees and/or development impact fees. To the extent that PBID revenue exceeds that which is necessary to support debt service on bond issuance, surplus revenue could also be used to support ongoing maintenance of Downtown infrastructure and improvements, as well as for assorted Downtown programming. The PBID could be established either in association with the existing DVBID or as a separate entity. Prior to forming a PBID, the City should assess the ability of the affected parcels to support an additional assessment without imposing undue economic stain.

### Landscaping and Lighting Assessment Districts (LLADs)

A landscaping and lighting assessment district (LLAD) is another type of special district established by a local government to finance the costs of landscaping and lighting in public areas. Revenues are most often used toward the installation and maintenance of landscaping, statues, fountains, general lighting, traffic lighting, recreational and playground equipment, and public restrooms. Revenues can also be used to back revenue bonds, which can fund acquisition of land for parks and open space, as well as the construction of community centers, auditoriums, and other similar public uses. By law, the levy associated with a LLAD cannot be tied to the value of land or improvements, but must be established using a "benefit formula" that allocates benefits and costs to providing service to each parcel. LLADs that provide ongoing services may remain in place for as long as service is provide. A majority vote is required to establish a LLAD, as well as to increase the assessment rate. A LLAD could be used to directly fund the construction and maintenance of landscaping along Main Street or in any of the public spaces along the corridor, like the proposed parklets. Funds may also be used to support intersection improvements throughout the Downtown. If the revenue from a LLAD is insufficient to fully fund construction activities, the funds could be used to back issuance a revenue bond; in which case future annual assessment revenue would be dedicated to debt service and would be unavailable to fund ongoing maintenance. Prior to forming a LLAD, the City should assess the ability of the affected parcels to support an additional assessment without imposing undue economic stain.

### Mello-Roos Community Facilities Districts (CFDs)

Community Facilities Districts (CFDs or Mello-Roos) are another form of Special Tax District that can be used to fund infrastructure improvements and ongoing operations and maintenance. California law allows CFDs to fund a much wider range of improvements than Special Assessment Districts -- including park facilities and open

space, as well as infrastructure. CFDs also differ from assessment districts in that they do *not* require that a strict nexus be established between the special tax paid and the benefits conferred on a given parcel. A two-thirds vote of registered voters is required to form the district. CFDs are most commonly formed in undeveloped areas, where a two-thirds vote of property owners is required (so long as there are no more than 12 registered voters living within the proposed district). If bonds are sold by the district, property owners located within the district will pay the yearly special tax until the bonds are paid in full. Therefore, a CFD could be used to back issuance of community facilities bonds, or the revenue may be used to fund improvements or ongoing maintenance on a pay-as-you-go basis. As with the two other special district types, the City will want to assess the degree to which the participating properties could support an additional tax levy, without imposing undue economic strain.

### Community Revitalization Investment Authority (CRIA)

A Community Revitalization Investment Authority (CRIA) new form of redevelopment in California. As of January 2016, local agencies are authorized to designate "community revitalization and investment areas" to carry out infrastructure, affordable housing, and economic revitalization activities with tax increment financing. Similar to the prior redevelopment law, 25 percent of tax increment revenues must be spent on affordable housing. Formation of a CRIA is allowed in areas where at least 80% of the land contains any combination of Census Tracts and/or Block Groups where at median household income is less than 80% of the statewide, citywide or countywide annual median income, and the area meets at least three of the following criteria:

- Unemployment rate at least three percentage points higher than the statewide average annual unemployment rate
- Crime rates for violent or property crime offenses, at least five percent higher than statewide average
- Deteriorated or inadequate infrastructure
- Deteriorated or inadequate residential structures

According to information provided in the VDTSP Priority Development Area (PDA) Profile, the 2018 median household income in the Plan Area was $52,115, which was equal to roughly 68 percent of the citywide median income. This means that the Plan Area would meet the first of the required criteria for creation of a CRIA. As evidenced by the DIP improvements list, the Plan Area also features deteriorated and/or inadequate infrastructure; though available data from the Bureau of Labor Statistics indicates that the 2020 average unemployment rate in Vacaville was below the statewide average. The City should further evaluate whether the Plan Area meets at the two remaining criteria to confirm whether or not a CRIA could be used to facilitate funding for DIP improvements, such as the replacement and upsizing of the existing water and sewer infrastructure, as well as other economic development oriented

improvements, like complete streets upgrades and improvements to Downtown signage and wayfinding.

### Enhanced Infrastructure Financing Districts (EIFDs)

The Enhanced Infrastructure Financing District (EIFD) is another funding mechanism that was signed into law to serve as a post-redevelopment tool in 2014. Its main purpose is to finance a wide array of infrastructure projects with "communitywide significance," from parks and brownfield remediation to transit improvements and affordable housing. Unlike a CRIA, an area designated for an EIFD does not have to meet stringent qualifying criteria. An EIFD can be created by a city, county, or joint powers authority to fund specific infrastructure and economic development projects. EIFDs can also leverage multiple funding streams to achieve these goals — including tax increment, assessment revenues, increases in ILVLF, user fees, and other sources such as state and federal grants. EIFDs share a number of similarities to CRIAs. For example, the governing structure must include at least two members of the public, any taxing entity *other* than a school district can participate, and they may not form until the successor redevelopment agency has wound down. Unlike a CRIA, however, an EIFD can be established *without* voter approval, and does not require an affordable housing set-aside. EIFDs may not issue debt without a 55 percent vote of the District's registered voters, nor can revenues be used to fund ongoing maintenance and operations. The City would need to determine the percent of the ad valorem property tax increment that the City of Vacaville (and other cooperating agencies) controls, and the magnitude of tax increment that could be generated over time, in order to evaluate the potential efficacy of establishing an EIFD for the Downtown area.

### Infrastructure State Revolving Loan Fund (ISRF)

The California Infrastructure and Economic Development Bank (I-Bank) manages the Infrastructure State Revolving Fund (ISRF) program to provide loans to public agencies and non-profits for a wide variety of public infrastructure and economic expansion projects. Eligible applicants must be local government entities, or non-profit organizations sponsored by public agencies, and meet the criteria for an infrastructure or economic expansion project. Subsidies are available based on the local unemployment rate and median household income. Eligible project categories include rehabilitation of city streets, rehabilitation and/or replacement of water and wastewater treatment facilities; new parks and recreational facilities; flood control measures; educational, cultural, and social facilities; goods movement related infrastructure; and expanded public transit. Applications are accepted continuously with loans ranging from $50,000 to $25 million. The ISRF program could be paired with local revenues (used for debt service) to fund a variety of the planned improvements, including the water and sewer system upsizing and upgrades, creek bank repairs, and repairs to Downtown alleyways.

### Drinking Water State Revolving Fund (DWSRF)

The Drinking Water State Revolving Fund (DWSRF) is part of a long-standing partnership between the State of California and the United States Environmental Protection Agency (EPA). Similar to the ISRF, the program makes low-cost financing available to local jurisdictions, and water and sanitation districts, to facilitate infrastructure improvements and upgrades that ensure safety and availability of public water systems. Projects eligible for the DWSRF program include the rehabilitation, replacement, or installation of water distribution and transmission improvements that bring water pressure to safe levels or prevent contamination due to leaky pipes, among other eligible improvements. Loans made under the program have terms up to 30 years, with interest rates that are at or below market, including interest free loans. The State also offers guarantees on loans made through similar local and regional funds that meet the project criteria of the revolving fund. For the 2020-2021 fiscal year, the California State Water Resources Board received 314 requests for funding totaling $2.9 billion, with an average funding request of $9.4 million. The program executed financing on approximately $350 million in loans in the 2019-2020 fiscal year, with roughly 15 percent going to small water systems. Eligible projects in Downtown Vacaville include replacing the aging water and sewer lines, to the extent that the existing condition of the aging lines undermines water quality.

### Clean Water State Revolving Fund (CWSRF)

The Clean Water State Revolving Fund (CWSRF), similar to the DWSRF, provides low-cost financing to protect California's waters from pollution, with $450 million available per year on average. CWRF provides below-market interest rates, 30-year financing, loan forgiveness, and is compatible with other funding sources. There are no limits on the amount financing available for a project, but financing is ultimately based on available funds and the City's ability to repay the debt. A wide range of projects, from treatment works to stormwater management to water conservation, are eligible. Projects in the DIP that may be eligible for CWSRF funding include the stormwater bio-retention pilot program and the Ulatis Creek bank repairs. The City may also want to confirm whether replacement of aging sewer lines and laterals would or would not be eligible for funding under this program to the extent that the improvements guard against ground and surface water contamination.

# FINANCING STRATEGY IMPLEMENTATION ACTIONS

The following is a list of actions that the City should consider implementing to execute the financing strategy. These actions are by no means exhaustive but provide initial direction to City staff and stakeholders regarding things that can be done to position the City and its partners to leverage the funding sources and financing tools that are currently available.

1. **Prioritize and Refine Annual Implementation Plan**

   Identify critical path improvements and prepare an annual action plan that identifies the improvements to be implemented and provides staff and stakeholders with an annual work plan that clearly identifies funding priorities and objectives.

2. **Review and Update Impact Fee Program(s)**

   Review existing impact fee programs; undertake updates as necessary to incorporate improvements identified in the plan so that new development can help pay for improvements. Consider the extent to which certain improvements may have citywide benefits, so that developments outside of the downtown can also help pay their fair share for Downtown improvements; establish a plan area impact fee for improvements that primarily benefit development within the Downtown Plan area.

3. **Review and Update Capital Improvement Plans**

   Review and update the existing City enterprise fund Capital Improvement Plans (CIP) (e.g., water and sewer utilities) and incorporate plan area improvements, as appropriate, to be paid for by ratepayers over time as part of routine improvements and maintenance, etc. Adjust rates if appropriate.

4. **Assess Need for Change(s) to Special District(s)**

   Review existing special tax and benefit assessment districts, and BID to determine whether amendments are necessary and/or whether new districts should be formed to help raise funds for specific improvements and/or to help finance the cost of improvements over time. Conduct outreach to property owners to determine their support for changes and determine most viable course of action.

5. **Inventory Local Match Funding Sources**

   Identify funds to serve as a local match to leverage grant funding opportunities.

6. **Pursue Outside Grant Opportunities**

   Aggressively pursue grants that can help to reduce the cost burden on local taxpayers to pay for improvements.

7. **Create a Reimbursement Policy**

   Establish and implement a reimbursement policy to follow in the event that a developer wishes to advance funds for improvement costs that exceed their fair-share of improvements that are necessary for projects to move forward.

8. **Create a Mills Act Incentive Program**

   Establish a Mills Act incentive program for owners of qualified properties who undertake qualifying improvements.

9. **Update the Consolidated Plan**

   Prepare an amendment, or update when appropriate, the City's Consolidated Plan to incorporate Downtown improvements that align with the City's community and economic development objectives under the HUD CPD entitlement programs.

10. **Assess Support for Local Funding Tools**

    Assess the willingness of the community to absorb an increase in local revenues, such as TOT or local sales and use taxes to function as a dedicated funding source for Downtown improvements and/or ongoing operations and maintenance costs.

11. **Assess Eligibility for the National Register**

    Assess the eligibility of different structures and facilities within the Downtown for the National Register of Historic Places, such as the Old School Bridge. Listing of historic structures can make them eligible for a variety of dedicated funding sources and can improve the marketability of structures or facilities for private donations, funding from charitable organizations, and sponsorships that promote preservation.

12. **Update User Fee Schedule**

    Review and update the City's existing fee structure for use of existing and planned City facilities, such as for use of the Ulatis Park stage, senior center, and gymnasium, recognizing the need to repair and improve those facilities.

13. **Create Pocket Park Program**

    Recognizing the opportunity created by the ongoing Coronavirus pandemic, and the widespread adoption of outdoor dining, conduct proactive outreach to the local business community to secure commitments from local businesses to design and establish pocket parks in appropriate locations throughout the Downtown. Establish

clear design guidelines for use by businesses and clearly define how such improvements are to be permitted, expediting the process wherever possible.

### 14. Create Sponsorship Program

Conduct active outreach to the local business community to recruit sponsorships for publicly visible Downtown improvements, such as signage, parklets, the CreekWalk, and other related improvements. To the extent that sponsorships do not cover the full cost of the identified improvements, consider ways that sponsorships can be used to leverage additional outside funding prior to committing City funds.