

RESOLUTION NUMBER R-297231

ADOPTED ON OCTOBER 22, 2002

WHEREAS, on August 15, 2002, the Planning Commission of the City of San Diego held a public hearing on the proposed Strategic Framework Element Action Plan and unanimously recommended City Council approval of the Action Plan, with revisions as specified in Planning Commission Resolution No. 3299-2-PC; and

WHEREAS, the Strategic Framework Element Action Plan reiterates the goals identified in the Strategic Framework Element, and summarizes outstanding issues identified as a result of and by numerous public meetings, community workshops, education media presentations, citizen subcommittees, and The City of San Diego; and

WHEREAS, the purpose of the Strategic Framework Element Action Plan is to assist public decision makers, advisory groups, non-profits, civic organizations, other public agencies, business owners and residents in:

- 1) implementing programs to update other elements of the City of San Diego Progress Guide and General Plan, including amendments to community plans;
- 2) amending Council policies, other City of San Diego standards and guidelines and the municipal code;
- 3) establishing a Pilot Village Program;

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4) creating a finance strategy for public facilities and infrastructure;
5) encouraging the application of the Transit Oriented Development (TOD) Guidelines;
6) identifying other steps necessary, to execute the growth strategies of the Strategic Framework Element; and

WHEREAS, the City Council of the City of San Diego held a public hearing on October 24, 2002, to consider the Strategic Framework Element Action Plan, a proposed five-year implementation program for the Strategic Framework Element; and

WHEREAS, the City Council has considered all maps, exhibits and written documents contained in the file for this project on record in the City of San Diego, and has considered the oral presentations given at the public hearing; NOW THEREFORE,

BE IT RESOLVED, that the Council of the City of San Diego approves the Strategic Framework Element Action Plan as recommended by the City Manager, with modifications as set forth below, a copy of which is on file in the office of the City Clerk as Document No.

RR-297231:

1. Delete the references to 2020 Housing Goals by Community Plan Area. The specific modifications are those set forth in the Errata Sheet dated August 30, 2002 (from the Planning Commission meeting of August 15, 2002) and further modified by the Errata Sheet dated October 21, 2002 (response from the Planning Department to public comment and the October 16, 2002 memo from the Mayor, Councilmember Atkins and Councilmember Peters) which are attached hereto as Exhibits C and D, respectively, and incorporated by reference.

2. Add the following language to Goal 3.g-Fiscal Impact Review: Analyze development proposals with regard to the adequacy of sewer, water, storm drain, fire, police, schools, libraries, parks, transportation and open space.

3. Add the following language to Goal 6.d-Distribution of Housing: Develop policies through the Housing Element Update that promote universal design and visitocility.

4. Add the following language to Goal 5.a-Mobility, second bullet: Take strong leadership role to secure increased funding for transit operation and capital improvements, for example, an extension of TransNet.

5. Add the following language to Goal 9.a-Transit-Oriented Development Design Guidelines-Encourage application of elements of the Transit Oriented Development (TOD) Design Guidelines in centers and corridors identified on the City of Villages Opportunity Areas map where discretionary review is required, until community plan amendments and rezones, as needed, are prepared for each site. The TOD Guidelines will not supercede community plan density or land use recommendations.

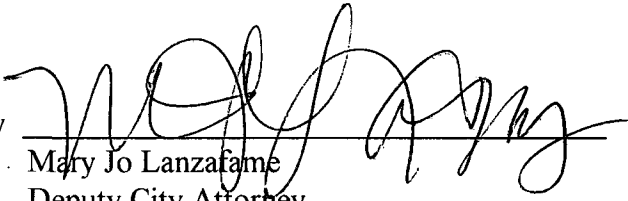
6. Delete references to parking and parking reductions from Goal 9.c-Land Development Code, bullet 6. Bullet 6 should read: Analyze on-site and off-site parking requirements in areas adjacent to transit services, and consider public and private parking facilities as part of the community infrastructure necessary to support increased densities with the most efficient use of land.

BE IT FURTHER RESOLVED, that the Council establishes the Pilot Village Program.

BE IT FURTHER RESOLVED that the Council hereby adopts the findings of the Strategic Framework Finance Subcommittee as a foundation for a Public Facilities and

Infrastructure Financing Strategy which are attached hereto, attached as Exhibit E, and incorporated by reference.

APPROVED: CASEY GWINN, City Attorney

By 
Mary Jo Lanzafame
Deputy City Attorney

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Action Plan Errata Sheet August 30, 2002

The following text shows changes to the June 2002 City of Villages Action Plan in strike-out/underline format, including revisions recommended by the Planning Commission at their hearing of August 15, 2002. All other text contained in the June 2002 Action Plan remains unchanged, except that typographical errors will be corrected, and bulleted items shown as sub-items to numbered Action Items will be reformatted as numbered lists (shown as 1), 2), 3), ...) in the final document, to allow for easier referencing.

Strike-out/underline edits:

Introduction - Public Facilities and Infrastructure Overview

Additional ~~Improved~~ infrastructure and public facilities must be in place in order for many of the proposed village locations to be viable.

Introduction - Monitoring Program

- Economic indicators, for the purpose of monitoring community economic performance and establishing priorities for public investment at the regional and community levels.

Introduction - Planning Department Action Plan Priorities:

- *Action 1.a Use the City of Villages Technical Map with Draft Regional Transit Vision (Appendix C) as the starting point to identify potential village centers and corridors in community plans. ~~on the City of Villages map.~~
- *Action 1.e Revise Council Policy 600-23 to clarify designations of open space and retention of City-owned open space throughout the City, and collaborate with other agencies to reduce consumption of land and help preserve the San Diego region's backcountry and rural lands.
- *Action 3.a Adopt ~~Develop~~ a financing strategy that identifies new revenue sources and encourages the formation of partnerships to remedy the public facilities shortfall for parks, libraries, local streets and sidewalks, and fire stations in urbanized communities. Pursue regional funding for the Multiple Species Conservation Program and Transit First.
- *Action 4.a Adopt a Conservation Element of the General Plan that addresses: resource protection, energy conservation, pollution prevention, watershed and habitat protection, storm water and urban runoff, land development, social equity, and education.

*Action 4.b. Pursue energy independence and develop energy conservation, supply, and efficiency programs.

Action Goal 8.a Design neighborhood-specific strategies to promote equitable development and avoid displacement of existing residents, and preserve desired neighborhood character.

Action 9.a Require application of elements of the Transit-Oriented Development Design Guidelines in centers and corridors identified on the Strategic Framework Element City of Villages Map.

*Action 9.b With extensive public input, amend community plans to designate village sites, implement relevant Strategic Framework Element and Action Plan recommendations, and investigate whether existing community plan densities are located in areas that support the Strategic Framework Element policy recommendations. Ensure that zoning is applied to implement community plans and that the California Environmental Quality Act (CEQA) process is followed. In addition, prepare criteria for community plan amendments that increase residential density, prepare Community Identity and expanded Community Facilities elements, and identify employment lands. Initially amend five to eight community plans.

Action 9.c.6) Develop parking strategies and adjust Land Development Code parking requirements, as necessary, to implement the City of Villages vision for well designed, mixed-use, moderate/higher density centers. (Note: staff added this Action Item to the high priority list after the Planning Commission hearing-).

Action 9.g Establish a Pilot Village Program.

ACTION ITEMS:

1.a City of Villages Map

Use the City of Villages Technical Map with Regional Transit Vision (Appendix C) as the starting point to identify mixed-use Neighborhood and Urban Village Centers and Transit Corridors in community plans on the City of Villages map. (Note: this map was formerly called the "Illustrative" map.)

1.b Urban Design Element

Update the Urban Design Element of the General Plan. Urban design is the art and science of building cities. It helps to differentiate one city from another, gives a special quality that adds value to the land, and attracts people to these places. A successful urban

design plan will help create great parks, plazas, streets, architecture, and neighborhoods. As such, the recommendations contained within the Urban Design Element will influence the implementation of many other policies contained within the Strategic Framework Element. Some of the components to address in the update include:

- 4) Use the Land Development Manual as a base for a comprehensive Urban Design Manual.

1.d-d Environmentally Sensitive Lands

- 2) Consider amendments related to riparian resource protection as needed to protect watersheds and habitat.

1.e-e Open Space

- 2) Collaborate with the County of San Diego and other government agencies to reduce consumption of land and help preserve the San Diego region's backcountry and rural lands. Investigate tools, such as transfer of development rights, that rights that could be used as incentives to open space preservation.

3.a Financing Strategy

Adopt Develop a financing strategy that identifies new revenue sources and encourages the formation of partnerships to remedy the public facilities shortfall for parks, libraries, local streets and sidewalks, and fire stations in urbanized communities. The City should also pursue, as a part of the financing strategy, regional funding for the Multiple Species Conservation Program (MSCP) and Transit First.

3.b General Plan Public Facilities Element

- 1) Update the Public Facilities Element of the General Plan to establish citywide Citywide priorities for the provision of facilities and to provide guidance for the Community Plan Facilities elements.
- 2) Establish service standards for public facilities and infrastructure that are flexible, but provide an equivalent level of service.
- 3) Evaluate increases in fees with nexus to infrastructure needs, and identify and evaluate sources of direct and indirect subsidies to growth.
- 4) Establish facilities financing options for village development including private investment.
- 5) Add a goal to maintain fiscal capacity per capita in real terms.

3.c Community Facilities Element

- 2) Establish policy direction on the desired character, prioritization, phasing thresholds, and mix of needed community facilities.

- 3) Establish a link between financing and phasing plans to the Capital Improvement Program (CIP).

3.d Community Facilities Financing Plans

- 1) Identify all existing and future public facilities needed in each community.
- 6) Link financing and phasing plans to the Capital Improvement Program (CIP).
- 7) Review impact fee policies, refine the nexus rationale, and require an annual update of impact fees to address inflation and cost increases, to maintain service levels as population grows.
- 8) Ensure that public facilities are developed concurrent with need.

3.e Recreation Element

Update the Recreation Element of the General Plan to:

- 1) Develop a Park Master Plan that includes a needs assessment and implementation strategies to meet urban park needs and address inequitable access to recreational resources.
- 3) Expand options for how communities can meet park and recreation standards. The standards should take into account community character and preferences, land constraints, joint use opportunities, and the potential for integrating public/social space with recreation space. The standards should be flexible, but provide an equivalent level of service.
- 4) Monitor the loss or addition of community open space and parkland by community planning area.
- 5) Develop policies designed to protect and enhance regional parks.

4.a Conservation Element

Adopt a Conservation Element into the General Plan that further addresses, but is not limited to the Strategic Framework policy recommendations for resource protection, pollution prevention, watershed and habitat protection, energy conservation and efficiency, storm water and urban runoff, land development, environmental equity, and education policies.

4.b Energy Programs

Pursue energy independence and ~~D~~develop energy conservation, supply, and efficiency programs that:

- 4) Determine the feasibility of clean/renewable energy bonds to finance energy infrastructure improvements.
- 7) Support energy conservation and efficiency programs to reduce demand.

8) Reduce reliance upon non-renewable energy sources.

4.c Sustainable Green Buildings

Evaluate and revise City policies, codes, guidelines, and practices to work toward the ~~citywide~~ Citywide development of sustainable, or green buildings that use renewable energy and conserve energy through design, location, construction, and operation. Sustainable Green building techniques include: ---

- 2) Make progress toward the ~~citywide~~ Citywide use of sustainable green building techniques in private development.
- 3) Provide incentives to builders/owners that employ sustainable green building techniques.

4.d Storm Water and Urban Runoff

8) Continue ongoing development of storm water and urban runoff pollution prevention programs.

- 0 Consider Use of City facilities (e.g., parks) for filtration and revegetation systems to improve water quality and prevent urban runoff pollution, if it enhances the primary use of the facility.

4.e Environmental Education

4) Promote use of Crime Prevention Through Environmental Design (CPTED) measures (see Action 2.d) to help protect natural resources and deter illegal activities such as illegal dumping, grading, litter, storm water pollution, graffiti, and tree and landscape destruction.

4.f Topographic and Open Space Resources

- 5) Monitor the loss or addition of community open space and parkland by community planning area.
- 6) Protect and enhance regional parks through planning and acquisition.

4.h Air Quality

Protect and improve air quality.

- 1) Work with MTDB, the Air Pollution Control District (APCD), and others to improve air quality.

5.c Street Network

- 1) Establish new street/trail connections in communities where the existing street layout is inefficient-dysfunctional for pedestrians and bicyclists.

5.e Walkable Destinations

- 6) Amend the City's grading regulations to require convenient pedestrian access points from new development to adjacent uses and streets. The access points must meet Americans With Disabilities Act (ADA) standards.

Lead Department: Planning/Development Services • Staff Funding: Yes

5. a Mobility

- 2) Work with MTDB, and SANDAG, and others to provide high-quality transit services to villages through implementation of the Transit First program.
 - ◇ Demonstrate a high level of transit/land use integration and pursue transit right-of-way dedication to support the Transit First network through village design and development.
 - ◇ Require transit improvements as mitigation measures for traffic impacts of private development projects.

~~5.g~~ Grading (Note: Added as a bullet under "5.e Walkable Destinations.")

~~Amend the City's grading regulations to require convenient pedestrian access points from new development to adjacent uses and streets. The access points must meet Americans With Disabilities Act (ADA) standards.~~

~~Lead Departments: Planning/Development Services • Staff Funding: To be determined~~

6.c Housing Supply

- 1) Encourage mixed-use, co-housing, companion units, smaller lot and size (square footage) homes, and single-room occupancy residential hotel developments.

7.a Economic Prosperity Element

- 1) Address the importance of the environment in economic prosperity.
- 10) Identify areas where land uses should be restricted and where middle-income employment land uses should be expanded. In general, the range of permitted land uses should be most restricted in the northern portion of the City and less restrictive in the southern portion.
- 15) Evaluate the growth impacts resulting from economic incentive actions.
- 16) Develop and utilize economic indicators.

7.b Employment Lands

As a part of Action 9.b, amend groupings of community plans to:

- 9) Identify underutilized City-owned land that can be served by transit with potential for use as employment land and prepare comprehensive plans for such lands as appropriate.

Lead Departments: Planning/Community and Economic Development/Real Estate Assets/General Services • Staff Funding: Yes

7.d Living Wage

Adopt Living Wage, or similar legislation as a way to achieve a higher standard of living for all San Diegans.

~~7.e Public Lands (Note: Added as a bullet under "7.b Employment Lands.")~~_r

~~Identify underutilized City-owned land that can be served by transit with potential for use as employment land and prepare comprehensive plans for such lands as appropriate.~~

~~Lead Departments: Planning/Real Estate Assets/General Services • Staff Funding: No~~

Renumber 7.f – 7.i to 7.e – 7.h, respectively.

8.a Equitable Development

- 9) ~~Encourage non-profit group~~ resident education programs focusing on residents' legal rights, opportunities for home ownership, home-buying and selling strategies, and skills in negotiating for equitable development in the midst of gentrification.
- 10) Support community-based acquisitions (e.g. through community development corporations or cooperatives) of community-serving assets.

9.a Transit-Oriented Development Design Guidelines

Require application of elements of the Transit-Oriented Development (TOD) Design Guidelines in centers and corridors identified on the Strategic Framework Element City Element City of Villages Map, where discretionary review is required, until community plan amendments and rezonings, as needed, are prepared for each site. The TOD Guidelines will not supercede community plan density or land use recommendations.

9.b Community Plan Amendments

- 1) Through an extensive public outreach process, designate mixed-use village sites and prepare plans for village development. ~~master plans.~~
- ◊ Prepare ~~comprehensive~~ environmental analysis and rezones for the sites as necessary.
 - ◊ Address village parking needs through a combination of solutions such as: management of parking resources, shared use agreements, development of community parking structures, increased transit services, parking districts, and other means.
 - ◊ Prepare detailed land use and design guidelines.
 - ◊ Amend redevelopment plans as necessary.
 - ◊ Provide public facilities commensurate with need.
 - ◊ Provide public/civic space as a part of the village project.
 - ◊ Improve opportunities for walking, bicycling, and transit use.
 - ◊ Require discretionary review for village projects that are inconsistent with community plan recommendations.
- 2) Implement relevant Strategic Framework Element and Action Plan recommendations for Urban Form, Neighborhood Quality, Public Facilities, Conservation and the Environment, Mobility and Walkable Communities, Housing, Economic Prosperity, and Equitable Development.
- 3) Investigate whether existing planned community plan densities are located in areas that support the Strategic Framework Element policy recommendations through the community plan amendment process.
- 4) Ensure that zoning is applied to implement the land use designations and other policies of community plans.
- 5) Prepare comprehensive environmental analysis for community plan updates consistent with CEQA.
- 6) Consider Council Policy, General Plan, or Land Development Code amendments to establish criteria for community plan amendments that increase residential density.- The criteria should address whether:
- ◊ the proposed development implements the relevant policy recommendations of the Strategic Framework Element; and
 - ◊ the proposed development pays for the public facilities needs generated by the project; and
 - ◊ the City of San Diego, or other public agencies, have funding identified to reduce the existing facilities shortfall, or the project demonstrates an extraordinary public benefit to the City and community.
- ~~Prepare Community Facility elements as described in Action 3.c.~~
- ~~Prepare Community Identity elements as described in Action 1.e.~~
- ~~Intensify employment lands as described in Action 7.b.~~
- ~~Address community specific application of storm water quality recommendations as described in Actions 4.a and 4.d.~~

Action Plan Errata Sheet
October 21, 2002

Corresponding edits to the Table of Contents will be done after City Council action.

Page 1. (Introduction) Revise the second sentence of the second paragraph as follows:

~~The Element includes a City of Villages Opportunity Areas Map (Appendix A) to be included in the Land Use Element of the General Plan, that identifies the potential types of villages throughout the City. Village categories include: Regional Center, Downtown San Diego, Subregional Districts, Urban Village Centers, Neighborhood Village Centers, and Transit Corridors. [Category 2]~~

Page 2. (Introduction, Monitoring Program) Revise the first paragraph and first bullet as follows:

~~The Planning Department will prepare an annual report on the City of Villages Implementation Monitoring Plan to the Planning Commission and City Council. A public/private stakeholders group should be established to advise the Planning Department on all monitoring issues. [Category 4] The Implementation Monitoring Plan will measure progress toward attainment of the following factors:~~

- ~~• 2020 Housing Goals by Community Plan Area (Appendix A). Housing Goals are listed in a table that identifies the range of residential units, by community plan area, that would fully implement the City of Villages strategy related to housing supply. This is the range of units that was used as the basis for the Strategic Framework Element Environmental Impact Report analysis. [Category 1]~~

Pages 4-5. (Introduction – Planning Department Action Plan Priorities) Revise the first paragraph and Action Items as follows:

~~The Action Plan identifies many actions that are needed to implement the Strategic Framework Element. The Planning Department has already started to work on, or will take the lead on completing the following high priority Action Items in late 2002-20045.~~

~~*Action 1.a Use the City of Villages Technical Map with Draft Regional Transit Vision (Appendix C) as the starting point to identify potential village centers and corridors in the Land Use Element community plans. [Category 2]~~

~~Action 3.b Adopt a General Plan Public Facilities Element. [Category 3]~~

~~Action 9.a Require application of elements of the Transit Oriented Development Design Guidelines in centers and corridors identified on the Strategic Framework Element City of Villages Map. [Category 4]~~

Action 9.e Adopt a Land Use Element of the General Plan to 1) establish the relationship between the General Plan and the community plans; and 2) include the City of Villages Opportunity Areas Map. [Category 2]

Page 7. (Goal 1: Protect Our Distinctive Urban Form) Revise Action Item as follows:

1.a City of Identification of Villages Map

Use the City of Villages Technical Map with Regional Transit Vision (Appendix C) as the starting point to identify opportunities for mixed-use Neighborhood and Urban Village Centers and Transit Corridors in community plans the Land Use Element of the General Plan using the City of Villages Opportunity Areas Map (Appendix A) and the framework of village categories contained in the Strategic Framework Element. Any land use designation changes and rezonings for village sites would occur through the community plan amendment process (See Action 9.b) [Category 2]

Page 14. (Goal 3: Provide Public Facilities and Services) Add Action Item as follows:

3.d Community Facilities Financing Plans

8) Require that public facilities reasonably attributable to new development will be provided by new development and not by existing residents. [Category 3]

Page 16. (Goal 3: Provide Public Facilities and Services) Insert Action Items as follows:

3.g Fiscal Impact Review

- 1) The City should conduct an annual review of the fiscal impacts of private development throughout the City to serve as a policy guide regarding the amount, intensity, location and timing of new development. [Category 3]
- 2) Analyze development proposals to identify the demand for public facilities which would result from discretionary projects and to identify specific facility improvements which would be provided by the project. [Category 3]

And, revise 3.gh Information Infrastructure

Page 19. (Goal 4: Promote Conservation and Protect the Environment) Add Action Items as follows:

4.d Storm Water and Urban Runoff

9) Funding to comply with the Regional Water Quality Control Board (RWQCB) municipal permit regulations will be applied to jurisdiction responsibilities related to "new development and significant redevelopment" projects under the rubric of watershed planning and watershed plan implementation. [Category 6]

10) Support regional funding for water quality watershed planning and management.
[Category 6]

Page 27. (Goal 6: Increase Housing Affordability) Add Action Item as follows:

6.c Housing Supply

- 13) Use the City of Village Opportunity Areas Map (Appendix A) as a reference for determining the existence of an adequate inventory of sites available for future housing development. [Category 2]

Page 34. (Goal 9: Facilitate City of Villages Development) Delete Action Item 9.a as follows:

~~9.a Transit Oriented Development Design Guidelines~~

~~Require application of elements of the Transit Oriented Development (TOD) Design Guidelines in centers and corridors identified on the Strategic Framework Element City of Villages Map where discretionary review is required, until community plan amendments and rezonings, as needed, are prepared for each site. The TOD Guidelines will not supercede community plan density or land use recommendations.~~

~~Lead Departments: Planning/Development Services Staff Funding: Yes~~
[Category 4]

Page 35. (Goal 9: Facilitate City of Villages Development) Revise Action Items as follows:

9.b Community Plan Amendments

- 6) Consider Council Policy, General Plan, or Land Development Code amendments to establish criteria for community plan amendments that increase residential density. The criteria should address whether, for considering density increases in any community in the future should include the following:
- a) community support,
 - a)b) the proposed development implements the relevant policy recommendations of the Strategic Framework Element;
 - b)c) the proposed development pays for the public facilities needs generated by the project and there is an approved plan for funding and constructing public facilities necessary to support the density increase;
 - d) the density increase is part of a community plan update accompanied by the appropriate environmental review, and
 - e)e) the City of San Diego, or other public agencies, have funding identified to reduce the existing facilities shortfall, or the project demonstrates an extraordinary public benefit to the City and community.

[Category 4]

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~~7) Monitor compliance with City of Villages 2020 Housing Goals Table (Appendix A).~~

Add:

9) Require analysis of the potential effects of the proposed project in relation to existing community conditions. [Category 4]

10) Some future community plan amendments may propose an increase in density within the community over that which was assumed in the existing community plan. To the extent that the project results in unmitigated environmental impacts or is of a controversial nature that warrants a higher level of environmental review, such a project would necessitate the preparation of an Environmental Impact Report. [Category 4]

Page 36. (Goal 9: Facilitate City of Villages Development) Delete Action Item as follows:

9.c Land Development Code

~~3) Expedite permit processing for projects that meet policy goals by increasing the types of projects that can be processed through ministerial review and establishing criteria to make deviations easier in certain circumstances.~~

~~[Category 4]~~

Page 37. (Goal 9: Facilitate City of Villages Development) Add Action Items as follows:

9.e Land Use Element

13) Use the City of Village Opportunity Areas Map and utilize village categories and locational criteria to identify villages. [Category 2]

14) Prepare an existing conditions report including land use, public infrastructure and open space inventories as a background study for the Land Use Element. [Category 4]

STRATEGIC FRAMEWORK

DATE: June 11, 2002

TO: Members of the City Council, and
Planning Commission

FROM: Robert McGill, Strategic Framework Citizen Committee
Finance Subcommittee Chair

SUBJECT: Findings of the Strategic Framework Citizen Committee
Finance Subcommittee

One of the greatest challenges in implementing the current and future planning for the City will be to provide the necessary public facilities to adequately serve the population. The City faces a \$2.5 billion (2002 dollars) shortfall in public facility needs to be resolved over the 20 year planning horizon. This shortfall in facilities has been identified based on current community plans, and exists independent of the proposed Strategic Framework.

The Finance Subcommittee members of the Strategic Framework Citizen Committee began their work to address this challenge over a year ago. The group represents a broad base of citizens ranging from economists and bankers to builders, community leaders, and land use professionals. These citizens have also met numerous times with independent municipal financial advisor, Kelling, Northcross & Nobriga, in the preparation of a Facilities Financing Study for the City.

The Finance Subcommittee was charged with the task of identifying the shortfall or "gap" in City provided community facilities. The Subcommittee was further charged with identifying what sources may be available or could be financed to provide the current revenue needs for park and recreation facilities, local street traffic flow and pedestrian improvements, libraries, and fire stations in the twenty-six "Urbanized Communities." Regional facilities such as airports and the transit system, user fee funded water and sewer utilities, storm water facilities, and ongoing operations and maintenance, were not included in this task.

The Subcommittee recommends four interconnected approaches to achieve needed City infrastructure and public facilities. These four approaches complement one another and are summarized as priorities:

1. Fiscal reform

State level - Especially critical is the need to address the inequitable redistribution by the state of property tax proceeds that renders the City of San Diego share well below that of the other

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large California cities, including Los Angeles, Oakland and Sacramento. The League of California cities and the San Diego Association of Governments, over the past several years, have worked on proposals that could reduce the current fiscal incentive that favors retail development over housing. It is recommended that the City clearly support efforts that could lead to greater state-local fiscal equity for San Diego and its citizens.

Local level - Locally based financing sources and their utilization should be further probed. Broader application of redevelopment as a tool should be considered, in addition to examining the ways that redevelopment dollars are allocated to neighborhoods. New legislative approaches for tax increment financing of public facilities should also be pursued. Current mechanisms that can be useful as local community funding sources include assessment districts, community facility districts, infrastructure financing districts, and Community Development Block Grants. Community generated funding sources could be employed to partially match citywide investment as a criterion for certain types of community facilities.

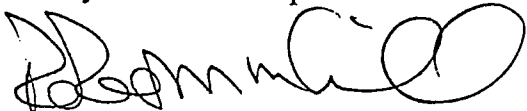
2. **“Regionalization” of infrastructure expense** – Greater steps should be taken toward “regionalization” of the infrastructure expense borne by the citizens of the City of San Diego. For example, to the extent the City is able to achieve transit-oriented development, an enhanced amount of regional transportation funding should be forthcoming in support of such regionally beneficial land use and transportation patterns. It is also very important that the program that is proposed for voter reauthorization of the TransNet transportation sales tax include incentives to achieve beneficial land use patterns. This should include specific funding for transportation projects in cities with land use plans that can achieve such benefits for the region.
3. **Efficient use of shared resources** – The efficient use of shared resources can help the City meet facility needs. Coordination between the City’s Park and Recreation, Library and other systems with the school districts, the transit agency, and utility providers can create or enhance opportunities for the joint use and functioning of public facilities and activities.
4. **Additional user fee and revenue measures** – In addition to pursuing the above approaches, user fee and revenue options should be considered in order to make funding available for needed facilities. A portion of general fund dollars currently used by the City for other purposes, such as residential trash collection, could be replaced by user fees similar to the fees applied by all other cities in the region. The Finance Subcommittee reviewed the findings of independent municipal financial advisor, Kelling, Northcross & Nobriga, and concluded there are several major revenue options available. A chart (Table 1) is provided on page 3 of the accompanying consultant prepared Facilities Financing Study that details the revenues that could be generated by a number of sources. The financial advisor has projected the need for an annual revenue stream of \$95 million to finance and build the facilities within the 20-year planning horizon. It could be carried out by the flexible application of some mix of these identified sources, and financed through the use of bonding, based on a “quality of life” or similar measure before the voters. This would allow the City to leverage the revenue stream.

The Finance Subcommittee further identified those options that most merit review by the City, including the following:

- Instituting a residential refuse collection fee (requiring a citywide majority vote)
--\$33 million in annual cost-based revenue from an approximate \$9 monthly charge to those users currently receiving 'no-charge' City funded trash collection service
- Application of a utility users tax (majority vote)
--\$45 million in annual generated revenue based on the example of a 2.5% tax
- Increasing the transient occupancy tax (majority vote)
--\$23 million in annual additional revenue based on the example of an increase of 2.5% to a total of 13%, (San Diego would maintain its competitive advantage over both Los Angeles and San Francisco which have rates of 14%)
- Increasing the real property transfer tax (majority vote)
--\$21 million in annual generated revenue based on the example of a rate at or below other peer cities of \$2.75 per one-thousand dollars of property valuation at sale

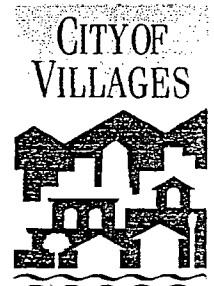
The required ongoing annual revenue stream of \$95 million would be somewhat exceeded by combining the above examples (\$122 million), providing for a degree of flexibility in the selection or full application of these sources. This is based on the assumption the City will pay for the facility improvements with a combination of generated revenues and bonding. It is important to note that there are additional revenue mixes that could also be utilized in order to resolve the City public facilities shortfall. For example, the "Recommended Financing Options Listing," attached to this memorandum, includes the above examples as well as two additional measures for consideration: Increases to the Business License Tax, and Transfers from Municipal Utilities (reinstatement of the nearly phased out Water/Sewer Utility Right-of-Way Fee).

The action recommended by the Finance Subcommittee is that the City pursue a funding and financing program fully sufficient to rectify over 20 years the identified \$2.5 billion shortfall in park and recreation facilities, local street traffic flow and pedestrian improvements, libraries, and fire stations. It is further recommended the City combine the use of directly generated revenues with bonding to carry out needed improvements that will enhance quality of life for all San Diegans.



Robert McGill
Strategic Framework Citizen Committee,
Finance Subcommittee Chair

Attachment



R-297231

Recommended Financing Options Listing - Finance Subcommittee
(including Comparison with other California cities)
June 2002

	<u>Voter Requirement</u>	<u>Basis of Levy</u>	<u>Revenue Generation</u>	<u>Comparison with other California cities</u>
Refuse Collection Fee	50% to amend the City Municipal Code	City-wide, on residential collection	Approximately \$33 million a year to replace General Fund appropriations through a monthly fee of approximately \$9.	Los Angeles- fee is partial cost recovery; Most other cities fully recapture costs <u>(San Diego- currently no refuse collection fee)</u>
Utility Users Tax	50%	City-wide.	\$45 million a year for a 2.5% tax rate.	Los Angeles- 10.3%; San Francisco-7.5% for Commercial accounts; Sacramento- 5%-7.5% <u>(San Diego- currently no utility users tax)</u>
Transient Occupancy Tax	50% if for general purposes	City-wide. Primarily derived from visitors	\$23 million a year for a 2.5% increase (resulting total rate of 13%)	Los Angeles and San Francisco, both 14%; Sacramento- 12% <u>(San Diego- now 10.5%)</u>
Real Property Transfer Tax	50%	Levied on property sales.	\$21 million a year at a tax rate of \$2.75 per \$1000 valuation.	Los Angeles- \$4.50 per \$1000; San Francisco- \$6.80 Sacramento- \$2.75 <u>(San Diego- now \$0.55 per \$1000)</u>
Business License Tax	50%	City-wide, although specific rates could reflect policy priorities.	Additional \$4.7 million from doubling of current rates of general business licenses. Alternatively, an increase from \$5 to \$100 per employee at large firms would generate additional \$23.7 million a year (would represent 3.4% of the \$668m General Fund)	Los Angeles- 11% of General Fund San Francisco- 14% of General Fund Sacramento- 2% of General Fund <u>(San Diego- now 0.7% of General Fund)</u>
Transfers from Municipal Utilities (e.g. Utility right-of-way fees)	None, although may be vulnerable to Prop. 218 challenge	Effect would be City-wide.	\$15.8 million per 5% "right-of-way fee" on water and sewer enterprises (if City reinstated the fee being phased out since 1998, it would represent 2.3% of the General Fund)	Los Angeles- 4% of General Fund San Francisco- 2.8% of General Fund Sacramento- 1.3% of General Fund <u>(San Diego- phased out)</u>

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