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THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: November 30, 2007

IBA Report Number: 07-116

City Council Meeting Date: December 4, 2007

Item Number: Supplemental

Otay Mesa Community Plan

OVERVIEW

On Tuesday, December 4, 2007 the City Council will be asked to consider utilizing \$800,000 from the Appropriated Reserves to complete the Otay Mesa Community Plan. This item is on the City Council Docket as supplemental and the backup information for this action was not received by the IBA until mid-morning on Friday, November 30, 2007 allowing for limited time for fiscal and policy analysis.

The Otay Mesa Community Planning area is bounded by the Otay River Valley and the City of Chula Vista on the North, the international Border on the South, Interstate 805 on the west, and the County of San Diego on the east. The Otay Mesa Community Plan was initially adopted in 1981. The need for an update to the plan was identified in the late 1990's and work began on a comprehensive update in 2001. However, due to limited resources, activity diminished. In 2004, in an effort to accelerate the process, the Otay Mesa Planning Coalition made up of a group of developers agreed to fund the technical support of the update. In July of 2007, the City chose to transfer consultant management funding responsibilities from the Coalition to the City. When the transfer occurred, the City suspended the consultants work. In August, City staff asked the technical consultants that had been working on the plan the prior two years to submit scopes of works and budget to complete their part of the project. In addition to completing the technical support aspect of the project, the City will need to hire planning consultants. The planning consultant will be selected through a Request for Proposal Process (RFP).

Office of Independent Budget Analyst

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FISCAL/POLICY DISCUSSION

Completing the Otay Mesa Community Plan is an essential part of the City's overall planning process. However, the IBA has concerns with the timing of placing this item on the City Council's docket and why this plan was not discussed as part of the Fiscal Year 2008 Budget Process when funds were allocated for other community planning purposes.

Timing of Action

As stated above in the Overview section, the City chose to transfer consultant services from the Coalition to the City in July. However, the IBA was not able to identify any discussion on the Otay Mesa Community Plan during the Fiscal Year 2008 City Council Budget Deliberations. However, it should be noted that during the those budget deliberations, \$400,000 was added to the City Planning and Community Investments Department for the purpose of updating the City Community Plans of Uptown, Old San Diego, Greater North Park, and Greater Golden Hills. It concerns the IBA that funding for Otay Mesa was not mentioned during the 2008 Budget Process and the Council is now being asked to fund the project as a supplemental item on the December 4, 2007 City Council agenda from the Appropriated Reserves. ***\$800,000 is a significant expenditure from the Appropriated Reserves of \$7.0 million. Given this, the City Council and the public are owed more than a day to review this request.***

Funding Sources

Funding of the City's community plans has been an ongoing challenge. In the past, updating of the community plans has been funded through the City's General Fund.

Facilities Benefit Assessment (FBA) provides 100% of funds for public facilities projects which service a designated area of benefit and identified in a Public Facilities Financing Plan (PFFP). The dollar amount of the assessment is based upon the cost of each public facility equitably distributed over a designated area of benefit in the community planning area.

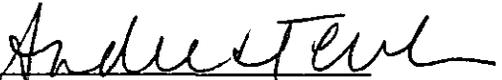
However, with the City's financial situation, funding for planning related personnel and projects has been severely reduced or completely eliminated. In the past the City has explored alternative methods of funding community plans. Some examples include using Facilities Benefit Assessment (FBA) or private funds. Preliminary discussions between the Community Planning and Community Investment's staff and the City Attorney indicate that FBA funds cannot be used for a community plan, except possibly for the specific planning of a public facility. The use of Private funds creates a challenge depending on the group funding the plan and possibility of a conflict of interest. The IBA does not support the use of private funds for community plans.

CONCLUSION

Completing the Otay Mesa Community Plan is an essential part of the City's overall planning process. However, the IBA recommends continuing this item to the earliest possible date to allow more time for the public and the Council to review this item. In addition, the IBA recommends that when this item returns in the future that a breakdown be included on the scope of work and what the \$800,000 will pay for. A final recommendation is that in the future, items such as the Otay Mesa Community Plan be included in the City's Annual Budget discussions.



Jeffrey Sturak
Fiscal & Policy Analyst



APPROVED: Andrea Tevlin
Independent Budget Analyst.

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THE CITY OF SAN DIEGO
MAYOR JERRY SANDERS

MEMORANDUM

DATE: November 27, 2007

TO: Honorable Council President Scott Peters

FROM: William Anderson, FAICP, Deputy Chief Operating Officer, Land Use & Economic Development

SUBJECT: Supplemental Docket for December 3, 2007

This memo is a request to place the appropriation of \$800,000 in funding for the Otay Mesa Community Plan Update on the City Council's Supplemental Docket of December 3, 2007. As a high priority for the Mayor and the City, the Otay Mesa Community Plan Update has reached a critical junction in the public process, and the Mayor's office believes it is in the best interest of the City to find the funding necessary for the remaining work needed to complete the process. Appropriation of the funding is critical so the momentum, stakeholder interest, and work completed to date for the update are respected and not lost due to time delays in the process.

For the past two years, the City agreed to accept resources from the Otay Mesa Planning Coalition so the update process could progress. The City agreed to evaluate the Coalition's development proposals, but did not commit to any recommendations. Without the funding commitment from the Coalition, diminished City resources would not have advanced the update as far as its current status. In July, the City chose to transfer consultant contractual management and funding responsibilities from the Coalition to the City. The timing was appropriate as City staff is now developing independent staff recommendations. City Planning & Community Investment anticipates the continued use of consultants to complete the community plan update process, which includes continuing public outreach, completing the technical studies, drafting the policy document, completing the EIR, preparing a Public Facilities Financing Plan, and creating a zoning implementation program. The appropriation of the requested funding would allow staff to coordinate with the Purchasing Department on the process of hiring any consultants needed to complete the update process, and then continuing with the update process.

Without the funding commitment, there is the risk of rising contractual costs with delay, and the City could be at financial risk if a continued and expeditious commitment to completing the plan update is not demonstrated. The technical studies associated with the EIR and the update process

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To Honorable Council President Scott Peters

November 27, 2007

may become dated without the timely completion of the update, thus requiring new or updated studies should staff resources and/or funding for the update be found at a later time. Please docket the request for funding for the Otay Mesa Community Plan Update on the City Council's December 3rd Supplemental Docket.



William Anderson

Deputy Chief Operating Officer

TM/tm

cc: Phil Rath, Policy Advisor, Mayor Jerry Sanders
Councilmember Ben Hueso, District 8

RECEIVED
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CITY CLERK'S OFFICE
SAN DIEGO, CA

REQUEST FOR COUNCIL ACTION
CITY OF SAN DIEGO

1. CERTIFICATE NUMBER
(FOR AUDITOR'S USE ONLY)

2800413

TO: CITY ATTORNEY
2. FROM: (ORIGINATING DEPARTMENT) CITY PLANNING & COMMUNITY INVESTMENT
3. DATE: October 29, 2007

4. SUBJECT: (MAXIMUM OF 10 WORDS)
Appropriate \$800,000 from the General Fund Appropriated Reserve
PRIMARY CONTACT (NAME, PHONE, MAIL STA.) Theresa Millette, x55206, MS 4A
6. SECONDARY CONTACT (NAME, PHONE, MAIL STA.) Mary Wright, x34528, MS5A
7. CHECK BOX IF REPORT TO COUNCIL IS ATTACHED:

8. COMPLETE FOR ACCOUNTING PURPOSES

FUND	100			9. ADDITIONAL INFORMATION / ESTIMATED COST:
DEPARTMENT	065 102			Transfer \$800,000 of appropriations from the General Fund Appropriated Reserve (Dept 602/Fund 100) to the City Planning and Community Investment Department (Dept 065/Fund 100) for the completion of the Otay Mesa Community Plan Update.
ORGANIZATION				
OBJECT ACCOUNT	4881			
JOB ORDER	000102			
C.I.P. NUMBER				
AMOUNT	\$800,000			

10. ROUTING AND APPROVALS

ROUTE (#)	APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED	ROUTE (#)	APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED
1	DEPARTMENT DIRECTOR	<i>William Anderson</i> WILLIAM ANDERSON	11-16-07	8	DEPUTY CHIEF	<i>William Anderson</i> WILLIAM ANDERSON	11-27-07
2	DSD/EAS	<i>Terry Bumgardner</i> TERRI BUMGARDNER	11/16/07	9	COO	<i>Jay Goldstone</i> JAY GOLDSTONE	11.27.07
3	COUNCIL LIAISON	<i>Ed Plank</i> ED PLANK	11/16/07	10	CITY ATTORNEY	<i>Shirley Edwards</i> SHIRLEY EDWARDS	11/27/07
4	AUDITOR	<i>Theresa Millette</i> THERESA MILLETTE	11/27/07	11	ORIGINATING DEPARTMENT	<i>Theresa Millette</i> THERESA MILLETTE	11/28/07
5	EOCP	EXEMPT PER MEMO DATED 11-15-05			DOCKET COORD:	COUNCIL LIAISON:	
	E&CP	<i>Patricia...</i>	11/28/07		COUNCIL PRESIDENT	<input type="checkbox"/> SPOB	<input type="checkbox"/> CONSENT
7	FH	<i>Patricia...</i>	11/19/07		<i>WS</i>	<input type="checkbox"/> REFER TO:	<input checked="" type="checkbox"/> ADOPTION COUNCIL DATE: 12/4/07

11. PREPARATION OF: RESOLUTION(S) ORDINANCE(S) AGREEMENT(S) DEED(S)

1. Amend the Fiscal Year 2008 Appropriation Ordinance to authorize the City Auditor and Comptroller to transfer \$800,000 of appropriations from the General Fund Appropriate Reserve (Dept 602/Fund 100) to the City Planning and Community Investment Department (Dept 065/Fund 100) for the completion of the Otay Mesa Community Plan Update.

2. Authorize the Mayor or his designee to negotiate and execute, for and on behalf of the City, all documents, including contracts, subcontracts, agreements, extensions, and /or renewals necessary, so long as consistent and in compliance with all San Diego Administrative Regulations, City Council Policies, the San Diego Municipal Code, the City Charter (including City Attorney approval) and applicable law, for the completion of the Otay Mesa Community Plan Update, contingent upon the City Auditor and Comptroller first certifying that funds are available

11A. STAFF RECOMMENDATIONS:

1. Approve the appropriation.. *EL 11/28/07*

2. Authorize the Mayor or his designee to negotiate and execute, for and on behalf of the City, all documents, including contracts, subcontracts, agreements, extensions, and /or renewals necessary, so long as consistent and in compliance with all San Diego Administrative Regulations, City Council Policies, the San Diego Municipal Code, the City Charter (including City Attorney approval) and applicable law, for the completion of the Otay Mesa Community Plan Update, contingent upon the City Auditor and Comptroller first certifying that funds are available

12. SPECIAL CONDITIONS (REFER TO A.R. 3.20 FOR INFORMATION ON COMPLETING THIS SECTION.)

COUNCIL DISTRICT(S): 8

COMMUNITY AREA(S): Otay Mesa Community Planning Area

ENVIRONMENTAL IMPACT: This activity is not a "project" and is therefore not subject to CEQA pursuant to State CEQA Guideline Section §15060(c)(3).

HOUSING IMPACT: No housing impact with this action.

OTHER ISSUES: No other issues with this action.

REPORT TO THE CITY COUNCIL
EXECUTIVE SUMMARY SHEET

DATE ISSUED: REPORT NO.
ATTENTION: Honorable Council President and City Council
Docket of
ORIGINATING DEPT.: City Planning & Community Investment
SUBJECT: Appropriation of \$800,000 from the General Fund Appropriated Reserve
COUNCIL DISTRICTS: 8
STAFF CONTACT: Theresa Millette, 619-235-5206

REQUESTED ACTION:

1. Authorize the City Comptroller to transfer \$800,000 of appropriations from the General Fund Appropriated Reserve (Dept 602/Fund 100) to the City Planning and Community Investment Department (Dept 065/Fund 100) for the completion of the Otay Mesa Community Plan Update;
2. Authorize the Mayor or his designee to negotiate and execute, for and on behalf of the City, all documents, including contracts, subcontracts, agreements, extensions, and /or renewals necessary for the completion of the Otay Mesa Community Plan Update, contingent upon the City Auditor and Comptroller first certifying that funds are available.

STAFF RECOMMENDATION:

- Appropriate the funds.
- Authorize the Mayor or his designee to negotiate and execute, for and on behalf of the City, all documents, including contracts, subcontracts, agreements, extensions, and /or renewals necessary for the completion of the Otay Mesa Community Plan Update, contingent upon the City Auditor and Comptroller first certifying that funds are available.

EXECUTIVE SUMMARY:

The Otay Mesa Community Plan Update is a high priority for the Mayor and the City. The City embarked on the update in 2001, but due to resource and staff constraints, work did not progress in a timely manner. In the spring of 2004, a coalition of developers provided technical resources and consultants to the City Planning & Community Investment Department in order to accelerate work on the update. The coalition members included Pardee Homes, D.R. Horton Homes, Centex Homes, Integral Communities, Sunroad Enterprises, McMillin Land Development, and Brown Field Technology Park, LLC, who were interested in pursuing land use changes that involved plan amendments which would not otherwise be considered while an update was in process. The City agreed to accept resources and accelerate the process, but did not commit to recommend favorably on coalition proposals. Without the funding commitment from the coalition, diminished City resources would not have advanced the update as far as its current status. The Otay Mesa Community Plan Update has reached a critical junction in the public process, and the City is now in a position to fund the remaining work needed to complete the process. City Planning & Community Investment anticipates the continued use of consultants to complete the community plan update process, which includes continuing public outreach, completing the technical studies, drafting the policy document, completing the EIR, preparing a Public Facilities Financing Plan, and creating a zoning implementation program. The appropriation of the requested funding would allow staff to coordinate with the Purchasing

Department on the process of hiring any consultants needed to complete the update process, and then continuing with the update process.

Without the funding commitment, the update process may not be completed in a timely fashion due to diminished City resources. The technical studies associated with the EIR and the update process may become dated without the timely completion of the update, thus requiring new or updated studies should staff resources and/or funding for the update be found at a later time.

FISCAL CONSIDERATIONS:

The \$800,000 allocation from the Appropriated Reserve is requested because the Otay Mesa Update has reached a critical junction in the public process, and because funding is needed to complete the process in a timely fashion. Based on the scopes of work submitted by the consultants previously under contract with the coalition, staff has determined that the \$800,000 appropriation will allow the update process to be completed. There may be an opportunity for some of the technical studies to be funded through the Public Facilities Financing Plan, but this decision will be coordinated with Facilities Financing staff upon completion of the studies, the final costs, and reimbursement determination.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

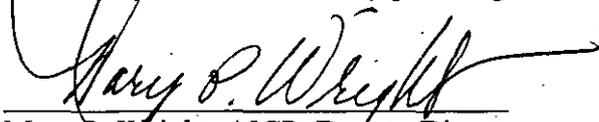
None.

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS:

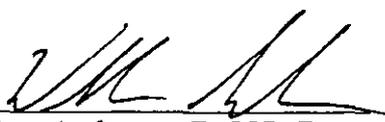
Public outreach and participation have been integral components throughout the update process, including more than 40 public workshops, planning group meetings, Planning Commission workshops, and Roundtables. Outreach will continue to interested property owners and stakeholders, and includes continued discussions on alternative land uses, workshops, the draft policy when released, and on issues related to the update at the monthly meetings of the Otay Mesa Community Planning Group.

KEY STAKEHOLDERS and PROJECTED IMPACTS:

The projected impact of the funding appropriation would be that the update process would continue and the momentum and work to date would not be lost. Key stakeholders in the update process include the Otay Mesa Community Planning Group, the Otay Mesa Chamber of Commerce, SANDAG, Caltrans, adjacent jurisdictions, and all other interested property owners in the Otay Mesa community planning area.



Mary R. Wright, AICP, Deputy Director
City Planning & Community Investment



William Anderson, FAICP, Deputy Chief
Land Use and Economic Development

WRIGHT/TM

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CITY CLERK'S OFFICE
SAN DIEGO, CA
RECEIVED

RESOLUTION NUMBER R- _____

DATE OF FINAL PASSAGE _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO AUTHORIZING APPROPRIATION OF \$800,000 FROM THE GENERAL FUND APPROPRIATED RESERVE TO THE CITY PLANNING & COMMUNITY INVESTMENT DEPARTMENT FOR THE COMPLETION OF THE OTAY MESA COMMUNITY PLAN UPDATE.

WHEREAS, the completion of the Otay Mesa Community Plan Update is a high priority for the Mayor and the City; and

WHEREAS, the City's progress with the Otay Mesa Community Plan update was accelerated over the past two years with consultant resources and technical studies funded by the now disbanded Otay Mesa Planning Coalition; and

WHEREAS, the Otay Mesa Community Plan Update has reached a critical junction in the public process and the City is now in a position to fund the remaining work needed to complete the process; and

WHEREAS, the City's intent is to utilize the existing technical studies and complete the remaining work for the update process in an expeditious manner in order to move into the public hearing process; NOW, THEREFORE,

BE IT RESOLVED, by the Council of The City of San Diego, as follows:

1. Authorize the City Comptroller to transfer \$800,000 of appropriations from the General Fund Appropriated Reserve (Dept 602/Fund 100) to the City Planning and Community Investment Department (Dept 065/Fund 100 for the completion of the Otay Mesa Community Plan Update.

2. The Mayor or his designee is hereby authorized to negotiate and execute, for and on behalf of the City, all documents, including contracts, subcontracts, agreements, extensions, and /or renewals necessary, so long as consistent and in compliance with all San Diego Administrative Regulations, City Council Policies, the San Diego Municipal Code, the City Charter (including City Attorney approval) and applicable law, for the completion of the Otay Mesa Community Plan Update, contingent upon the City Auditor and Comptroller first certifying that funds are available.

APPROVED: MICHAEL J. AGUIRRE, City Attorney

By Rachel Lipsky
Rachel Lipsky
Deputy City Attorney

RL:pev
11/27/07
Or.Dept:Plan
R-2008-484
Aud.Cert:2800413

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of _____.

ELIZABETH S. MALAND
City Clerk

By _____
Deputy City Clerk

Approved: _____
(date)

JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor