

DATE ISSUED: May 23, 2001 REPORT NO. 01-108

ATTENTION: Land Use and Housing Committee
Agenda of May 30, 2001

SUBJECT: Torrey Highlands Public Facilities Financing Plan and Facilities
Benefit Assessment

REFERENCE: "Torrey Highlands Public Facilities Financing Plan and Facilities
Benefit Assessment, Fiscal Year 2002," May 2001 Draft.

SUMMARY

Issues: 1) Should the Council adopt the Torrey Highlands Public Facilities Financing Plan (PFFP) for Fiscal Year 2002? 2) adopt a Resolution of Intention to designate an area of benefit for Facilities Benefit Assessments (FBA) in Torrey Highlands? 3) adopt a Resolution of Designation? and 4) approve the setting of Development Impact Fees (DIF) consistent with the FBA in Torrey Highlands?

Manager's Recommendation: Adopt the four resolutions.

Planning Commission Recommendation: None.

Community Planning Group Recommendation: There is no established planning group in Torrey Highlands. The public facilities financing plan is supported by the developers of the subarea.

Environmental Impact: The City of San Diego, as lead agency, has prepared and completed Environmental Impact Report (EIR) No. 93-0152 and Mitigation, Monitoring, and Reporting Program for the Torrey Highlands Subarea Plan, which covers this action. The City Council shall review and consider the previously certified EIR prior to adoption of the Resolution of Intention.

Fiscal Impact: Approval of the PFFP will provide the framework to assure that needed public facilities for Torrey Highlands will be funded by new development and provided as needed.

Code Enforcement Impact: None by this action.

Business Impact Statement: The proposed assessments are substantially higher than the existing development impacts fees, due to substantial estimated cost increases. Failure to assure the required infrastructure would have an adverse impact on the development of the area.

BACKGROUND

On October 22, 1996, the City Council adopted the first public facilities financing plan for Torrey Highlands (Subarea IV of the North City Future Urbanizing Area) pursuant to a phase shift to planned urbanizing. This financing plan adopted development impact fees (DIF) as the basis for funding the required infrastructure. It has not been updated since its first adoption as little development occurred in Torrey Highlands until satisfaction of Phase 1 of the Transportation Phasing Plan in February of this year. The draft FY 2002 Public Facilities Financing Plan proposes to replace the adopted development impact fees in Torrey Highlands with a facilities benefit assessment (FBA).

DISCUSSION

The Public Facilities Financing Plan details the public facilities that will be needed through the ultimate development of the Torrey Highlands area which is presently estimated to be by the year 2011. Torrey Highlands is in its earliest stages of development, with most of the community facilities yet to be provided. This plan contains the detail on all of the public infrastructure needed in the area, including information on funding and timing. Many of the projects listed serve the adjacent planning areas, which are jointly contributing to their funding. Details of these joint funding arrangements are outlined in the plan. It should be noted that some of these cost allocations may require adjustment in future updates of all the affected financing plans as development proceeds.

The current draft PFFP for Torrey Highlands identifies total project needs of \$291,012,082, broken down as follows:

| Amount | Funding Source | Percentage of Total |
|---------------|--|---------------------|
| \$ 64,555,578 | Assessments (FBA) | 22.2% |
| \$ 4,828,955 | Subdividers | 1.7% |
| \$221,627,549 | Others (i.e. adjacent communities, Caltrans, Transnet) | 76.1% |

The proposed assessments for Fiscal Year 2002 are as follows:

| | |
|-----------------------------|-----------|
| Single-family dwelling unit | \$ 26,195 |
| Multi-family dwelling unit | \$ 18,337 |
| Local Mixed Use (LMXU) Acre | \$211,397 |
| Commercial Acre | \$157,958 |
| Limited Commercial Acre | \$ 46,890 |
| Employment Center Acre | \$140,931 |
| Institutional Acre | \$ 39,293 |

The proposed assessments for Fiscal Year 2002 are based on estimated costs of facilities to be funded by this program, increased by an inflation factor of 5 percent to the year of construction. It also takes into account cash on hand using a 5 percent interest rate. The goal of the FBA is to insure that funds will be available in sufficient amounts to provide community facilities when programmed.

Council has previously directed that the same assessment rates are appropriate Development Impact Fees for all properties in Torrey Highlands that have never been assessed or otherwise agreed to pay Facilities Benefit Assessments. Therefore, it is recommended that the above proposed Fiscal Year 2002 Assessments also be adopted as Development Impact Fees for Torrey Highlands. The Facilities Benefit Assessment will be collected at the building permit issuance stage of development and deposited into special interest earning accounts for Torrey Highlands. Annually the Council receives a status report on the program and authorizes the appropriation of funds for construction of facilities which are programmed for the next fiscal year in the Capital Improvements Program budget.

The proposed Resolution of Intention will set a date for a public hearing on the Facilities Benefit Assessment. Prior to the public hearing, mailed notice will be given to all property owners within the proposed area of designation of the date of the hearing and their right to file a protest with the City Clerk prior to the start of the hearing. Notice will also be given by publication of the Resolution of Intention in the City's official newspaper. Unless overruled by a four-fifths vote of the Council, written protests by owners of more than one-half of the area of the property proposed to be included within the Area of Benefit shall cause the proceedings to be abandoned. A letter advising of today's meeting was mailed to all property owners as shown on the proposed assessment roll, or otherwise known to staff.

ALTERNATIVES

Do not approve the proposed Public Facilities Financing Plan and Facilities Benefit Assessment or the setting of Development Impact Fees. This is not recommended because the new fees will insure that new development contributes its proportional share for new facilities identified in the community plan. In the absence of these fees, alternative sources would have to be identified to fund the share of the identified facilities attributable to new development.

Respectfully submitted,

S. Gail Goldberg
Planning Director

Approved: P. Lamont Ewell
Assistant City Manager

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Note: The attachment is not available in electronic format. A copy is available for review in the Office of the City Clerk.

Attachment: 1. Draft FY 2002 Torrey Highlands Public Facilities Financing Plan, May 2001