

DATE ISSUED: November 6, 2002 REPORT NO. 02-261

ATTENTION: Land Use and Housing Committee
Agenda of November 13, 2002

SUBJECT: Otay Mesa Public Facilities Financing Plan and Facilities Benefit
Assessment Fiscal Year 2003

REFERENCE: "Otay Mesa Public Facilities Financing Plan and Facilities Benefit
Assessment Fiscal Year 2003," October 2002 Draft

SUMMARY

Issues – Should the City Council: 1) approve the Fiscal Year (FY) 2003 Otay Mesa Public Facilities Financing Plan; 2) adopt a Resolution of Intention to designate an area of benefit for a Facilities Benefit Assessment (FBA) in Otay Mesa; 3) adopt a Resolution of Designation; and 4) approve the setting of Development Impact Fees (DIFs) consistent with the FBA in Otay Mesa?

Manager's Recommendation – Adopt the four resolutions.

Community Planning Group Recommendation – At the October 16, 2002, meeting the Otay Mesa Planning Group unanimously approved and recommended adoption of the draft FY 2003 Public Facilities Financing Plan and Facilities Benefit Assessment. Attachment Three is a resolution, passed by the Otay Mesa Planning Group, with the recommendation and issues to be addressed during the FY 2004 Update to the Public Facilities Financing Plan.

Environmental Impact – As this plan is a financing measure only, it is exempt from CEQA under Section 15061 (b)(3) of the State CEQA Guidelines.

Fiscal Impact – Adoption of this Financing Plan and Facilities Benefit Assessment will continue to provide a funding source for required public facilities.

Business Impact Statement – The proposed assessments in the Otay Mesa area are higher than the existing assessments; but, failure to assure the required infrastructure would have

an adverse impact on the development of the area.

BACKGROUND

The proposed FY 2003 Otay Mesa Public Facilities Financing Plan (PFFP) is the annual update of the PFFP approved October 2001 and incorporates changes that have occurred since then. These changes include: revisions to the development schedule; increased public facility costs due to inflation, project size and scope changes; changes in timing of several projects within the constraints of required timing thresholds; and increases in the FBA rates to reflect the obligations to construct or reimburse for the required facilities.

DISCUSSION

Council Policy 600-36 directs the City Manager to prepare an Annual Review for each FBA area. This proposed FY 2003 Otay Mesa Public Facilities Financing Plan and Facilities Benefit Assessment has been prepared in accordance with that Policy.

The PFFP details facilities that will be needed through the ultimate development of the Otay Mesa community, which is presently estimated to be FY 2031. Otay Mesa is a partially developed community with some community facilities in place. The cost of facilities yet to be constructed are apportioned equitably among the undeveloped parcels within the Area of Benefit. The FBA will be collected at the time of building permit issuance and deposited into special interest earning accounts for Otay Mesa.

The draft PFFP incorporates the following changes (detailed in Attachments One and Two), which have occurred since the last update:

1. The proposed FBA rates have increased 15% over FY 2002 rates or 9.5% over current FY 2003 rates.
2. Composite road shares (62% East and 38% West) based on extensive transportation studies and modeling are used for road segments funded from both the East and the West subareas.
3. Net contributions of \$853,724 are programmed from the West to East subareas based on the composite road share ratios.
4. Interfund loans totaling \$5.5 million from West to East are programmed beginning in FY 2007 with final payback in FY 2012. These interfund loans are required to maintain the scheduling of infrastructure improvements throughout the community.
5. Phases one and two of the recently configured Southbound Truck Route are financed from the East FBA for \$1,130,000 in FY 2003.
6. Population based facilities in the West have been accelerated to meet development thresholds.

City staff will continue to work closely with the Otay Mesa Community Planning Group to address and work through issues identified in Attachment Three. The FY 2004 update to the financing plan will address these concerns.

Facilities Benefit Assessment (FBA)

Remaining public facility needs, based on estimated development, is projected to be \$897,516,913. Funding sources are broken down as follows:

AMOUNT	FUNDING SOURCE	% OF TOTAL
\$45,830,918	East Sub-area FBA	4.0%
\$69,498,539	West Sub-area FBA	6.1%
\$82,621,656	Developer/Subdivider	7.3%
\$938,705,998*	Other (Primarily CalTrans Projects)	82.6%
\$1,136,657,111	TOTAL	100.00%

* Amount shown includes SR-125 project budgeted at \$530M. Only a small portion of this project lies within the Otay Mesa community.

The proposed FY 2003 FBA rates, reflecting a 15.0% increase from the FY 2002 schedule, are shown below:

PROPOSED		
	EAST FBA	WEST FBA
Single Family Dwelling Unit	N/A	\$7,909
Multiple Family Dwelling Unit	N/A	\$5,536
Commercial Acre	\$47,771	\$45,476
Industrial Acre	\$15,764	\$15,818
OIC I100 Acre	\$15,764	N/A
OIC I300 Acre	\$46,338	N/A
OIC I400 Acre	\$61,625	N/A

Council has previously directed that assessments are appropriate development impact fees for all

properties in the Otay Mesa Area that have never been assessed or otherwise agreed to pay a Facilities Benefit Assessment. Therefore, it is recommended that the above-proposed Fiscal Year 2003 Assessments also be adopted as Development Impact Fees for Otay Mesa.

Since the FY 2003 PFFP proposes an increase in the Facilities Benefit Assessment over and above the inflationary rate programmed, the proposed Resolution of Intention will set a date for a public hearing. Prior to the public hearing, mailed notice will be given to all assessable property owners of developable land within the proposed area of designation indicating the date of the hearing and their right to file a protest with the City Clerk. 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.

ALTERNATIVE

Do not adopt the proposed Fiscal Year 2003 Public Facilities Financing Plan and Facilities Benefit Assessment. This is not recommended because the proposed fees will ensure that new development contributes its proportionate share for new facilities identified in the community plan. In the absence of these fees, alternative funding sources will have to be identified to fund new development's share of the identified facilities or public facilities will have to be deferred or deleted.

Respectfully submitted,

S. Gail Goldberg, AICP
Planning Director
GOLDBERG/GRR

Approved: P. Lamont Ewell
Assistant City Manager

Attachments: 1. [Community-wide Impacts](#)
2. [Project Specific Changes](#)
3. [Otay Mesa Community Planning Group Resolution](#)
4. Draft Fiscal Year 2003 Otay Mesa Public Facilities Financing Plan dated October 2002. Note: The size of this attachment precludes general distribution; a copy is available for review in the office of the City Clerk.