

DATE ISSUED: September 25, 2003 REPORT NO. 03-196

ATTENTION: Land Use and Housing Committee
Agenda of October 1, 2003

SUBJECT: Del Mar Mesa Public Facilities Financing Plan and Facilities Benefit Assessment

REFERENCE: "Del Mar Mesa Public Facilities Financing Plan and Facilities Benefit Assessment, Fiscal Year 2004," September 2003 Draft

SUMMARY

Issues – Should the Council: 1) adopt the Del Mar Mesa Public Facilities Financing Plan (PFFP) for Fiscal Year 2004; 2) adopt a Resolution of Intention to designate an area of benefit for Facilities Benefit Assessments (FBA) in Del Mar Mesa; 3) adopt a Resolution of Designation; and 4) approve the setting of Development Impact Fees (DIF) consistent with the FBA in Del Mar Mesa?

Manager's Recommendation – Adopt the four resolutions.

Planning Commission Recommendation – None.

Community Planning Group Recommendation – At its September 11, 2003, meeting, the Del Mar Mesa Community Planning Board reviewed and approved the financing plan.

Environmental Impact – The City of San Diego, as lead agency, has prepared and completed Environmental Impact Report (EIR) No. 95-0353 and Mitigation, Monitoring, and Reporting Program for the Del Mar Mesa Specific Plan, which covers this action.

Fiscal Impact – Approval of this Public Facilities Financing Plan (PFFP) and Facilities Benefit Assessment will continue to provide a funding source for the required public facilities.

Code Enforcement Impact – None by this action.

Business Impact Statement – The Facilities Benefit Assessments in Del Mar Mesa have been increased to accommodate increasing public facilities costs and scheduling requirements, and should therefore have a minimal business or economic impact.

BACKGROUND

Council Policy 600-36 calls for an annual review of all existing Facilities Benefit Assessments. This is the annual review and will serve as the basis for the Capital Improvement Program as it pertains to programming FBA funds in the Del Mar Mesa specific plan area over the next twelve years. The most recent review of the Del Mar Mesa Public Facilities Financing Plan and FBA was approved by Council on May 28, 2002, by Resolution R-296567. This Public Facilities Financing Plan and Facilities Benefit Assessment revises and updates the FY 2002 plan.

The Public Facilities Financing Plan details the public facilities that will be needed through the ultimate development of the Del Mar Mesa area, which is presently estimated to be 2015. Del Mar Mesa is primarily an undeveloped community, with most of its community facilities to be provided in the future. The facilities needed are in the transportation, park, fire, library, water and sewer, police, and open space categories. As the projected population of Del Mar Mesa does not, in many cases, meet community plan standards for full facility requirements, many facilities will be shared with adjacent communities. The goal of the FBA is to insure that funds will be available in sufficient amounts to provide community facilities when needed.

DISCUSSION

The revised Financing Plan for development in Del Mar Mesa identifies total project needs estimated at \$357,308,125. Funding for these projects comes from a variety of sources, including:

| <u>AMOUNT</u> | <u>FUNDING SOURCE</u> | <u>PERCENTAGE OF TOTAL</u> |
|----------------------|------------------------------|----------------------------|
| \$29,044,556 | Del Mar Mesa FBA Assessments | 8.1% |
| \$5,328,193 | Developers | 1.5% |
| \$51,910,050 | Pacific Highlands Ranch FBA | 14.5% |
| \$18,080,450 | Black Mountain Ranch FBA | 5.1% |
| \$11,723,850 | Torrey Highlands FBA | 3.3% |
| \$11,347,000 | Carmel Valley FBA | 3.2% |
| \$1,697,000 | Sorrento Hills Developers | 0.5% |
| \$4,900,000 | Sewer Fees | 1.4% |
| \$8,227,000 | Cost Reimbursement District | 2.3% |
| \$7,597,000 | Grants/Mitigation Purchases | 2.1% |
| <u>\$207,453,026</u> | Other Funding | <u>58.0%</u> |
| \$357,308,125 | TOTALS | 100.0% |

The following changes have occurred since the last plan update:

1. Based on approved plans and maps, the amount of projected residential development has decreased by 2 single-family units. The total estimated build-out is now 582 single-family units.
2. There have been significant increases in the construction costs for Del Mar Mesa Road (43-3) and Camino Santa Fe Road (43-4) due to the realignment of the roads. Grading, maintenance, and mitigation costs have all increased because of this realignment.
3. There have been significant increases in the cost of construction of the neighborhood (43-14) and community (43-15) parks, the police station (43-22), and the fire station (43-16).

The changes listed above, in addition to the inflation factor of 5%, resulted in a proposed increase of 22.5% in the FBA assessment over the FY 2003 level.

The proposed assessments for Fiscal Year 2004 in Del Mar Mesa are as follows:

| | |
|---|-----------|
| Single-family dwelling unit (AR-1-1 zone) | \$53,719 |
| Single-family dwelling unit (AR-1-2 zone) | \$50,496 |
| Multifamily dwelling unit | \$37,603 |
| Commercial Acre | \$110,661 |

The Del Mar Mesa Community Planning Group unanimously approved the Public Facilities Financing Plan but want staff to pursue discussion of the following prior to the next update: (1) the transportation phasing plan, (2) the potential development of fewer residential units than projected in the Specific Plan, and (3) removal of the Camino Santa Fe Road project through an updated traffic study.

Development Impact Fees (DIF) for all properties in Del Mar Mesa that have never been assessed Facilities Benefit Assessments will be assessed DIF at the same rate as FBAs. Therefore, it is recommended that the above proposed Fiscal Year 2004 Assessments also be adopted as Development Impact Fees for Del Mar Mesa (see Exhibit A).

The Facilities Benefit Assessment will be collected at building permit issuance and deposited into a special interest earning fund for Del Mar Mesa. 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 meeting, all property owners within the proposed area of designation will receive a mailed notice advising of the hearing date and their right to file a protest with the City Clerk prior to 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 last 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 assessments will insure that new development contributes its proportional share for 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, AICP
Planning Director

Approved: P. Lamont Ewell
Assistant City Manager

GOLDBERG/CR

Attachment: Draft FY 2004 Del Mar Mesa Public Facilities Financing Plan, September 2003

Note: Due to the size of the attachment, only a limited distribution was made. A copy is available for review in the Office of the City Clerk.

**DEL MAR MESA PUBLIC FACILITIES FINANCING PLAN
(Development Impact Fee Analysis)**

- 1) What is the purpose of the Impact Fee? – The proposed Impact Fees are to ensure that redevelopment provides its fair share funding for community public facilities.
- 2) What is the use to which the fee is to be applied? – The Impact Fees will be used to finance transportation, park, fire, library, water, sewer, police and open space facilities. A list of the public facilities projects begins on page 27 of the Del Mar Mesa Public Facilities Financing Plan.
- 3) What is the reasonable relationship between the fee’s use and the type of development project on which the fee is imposed? – The Impact Fees will be used to provide for a fair share contribution for community infrastructure projects needed to serve both residential and non-residential development based on the increased intensity of their development. Credit will be given for any existing development.
- 4) What is the reasonable relationship between the need for the public facility and the type of development project on which the fee is imposed?
 - Transportation Projects: Both residential development and non-residential development utilize the communities’ transportation system which requires various street projects, traffic signal interconnect systems, landscaping and medians.
 - Park and Recreation Projects: Residential development utilizes the communities’ parks and improvements are necessary based on the population build-out and the General Plan standards to maintain the existing levels of service.
 - Fire Projects: Both residential and non-residential development utilizes fire department services and a new station is necessary based on the population build-out to maintain the existing levels of service.
 - Police Projects: Both residential and non-residential development utilizes police department services and a new station is necessary based on the population build-out to maintain the existing levels of service.
 - Water and Sewer Lines: Both residential and non-residential development utilizes water and sewer lines and new or expanded lines are necessary based on the population build-out to maintain the existing levels of service.
 - Library Projects: Residential development utilizes the community libraries and expansions are necessary based on the population build-out and the General Plan standards to maintain the existing levels of service.