

DATE ISSUED: January 30, 2004 REPORT NO. 04-029

ATTENTION: Land Use and Housing Committee
Agenda of February 4, 2004

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

REFERENCE: "Torrey Highlands Public Facilities Financing Plan and Facilities Benefit Assessment, Fiscal Year 2004," January 2004 Draft

SUMMARY

Issues - Should the Council: 1) adopt the Torrey Highlands 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 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 for those developments which have never been assessed or otherwise agreed to pay an FBA.

Manager's Recommendation - Adopt the four resolutions.

Planning Commission Recommendation - None.

Community Planning Group Recommendation - No planning group has been formed in Torrey Highlands.

Environmental Impact - The City of San Diego, as lead agency, has prepared and completed Environmental Impact Report (EIR) No. 93-152 and the 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 this Public Facilities Financing Plan and Facilities Benefit Assessment will continue to provide a funding source for the public facilities identified in

the subarea plan.

Code Enforcement Impact - None by this action.

Business Impact Statement - The assessments in the Torrey Highlands 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

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 Torrey Highlands (Subarea IV) over the next eight year period. The most recent review of the Torrey Highlands Public Facilities Financing Plan and Facilities Benefit Assessment was approved by Council on June 10, 2003, by Resolution R-298074. This Public Facilities Financing Plan and Facilities Benefit Assessment revises and updates that Fiscal Year 2003 plan.

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 a partially developed community, with some of the community facilities in place. Facilities needs have been determined based on what will be required by the projected population of Torrey Highlands at build-out. The facilities required include a library, fire stations, a community park and two neighborhood parks, numerous trails, and major transportation facilities. Many of the facilities listed are located in and shared with neighboring community planning areas as identified in the respective project descriptions. Cost allocations have been made based on planned development limits.

The revised Financing Plan for development in Torrey Highlands identifies total remaining project needs estimated at \$428,214,000. The funding sources for these projects are broken down as follows:

<u>Amount</u>	<u>Funding Source</u>	<u>Percentage of Total</u>
\$106,652,000	Assessments (FBA)	24.9%
\$19,670,000	Subdividers	4.6%
\$301,892,000	Other	70.5%

The proposed assessments for Fiscal Year 2004 are as follows:

Single-family dwelling unit	\$56,145
Multi-family dwelling unit	\$39,303

Local Mixed-use Acre	\$453,090
Commercial Acre	\$338,554
Limited Commercial Acre	\$100,500
Institutional Acre	\$84,218
Employment Center Acre	\$301,987

The proposed assessments for Fiscal Year 2004 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 3 percent interest rate. The goal of the FBA is to insure that funds will be available in sufficient amounts to provide community facilities when needed.

The 57% increase in the proposed rate of assessment over the existing fee is attributable to substantial cost increases for a limited number of projects already underway and in immediate need of additional funds. These are summarized as follows:

- Project T-1.2, SR56 (Expansion to a 6-Lane Freeway) – 38.5% increase (+\$2,290,000) due to the costs of right-of-way and construction.
- Project T-1.3, SR-56/Camino Del Sur Interchange – 33% increase (+\$9,726,000) as a result of change orders due to the costs of right-of-way and construction.
- Projects T-2.1 and T-2.2, Camino Del Sur (Northerly of SR-56) – 38.6% increase (+\$3,649,810) due to the costs of construction.
- Project P-1, Neighborhood Park South – 60.5% increase (+\$2,247,089) due to the costs of mitigation, site improvements and escalating construction cost estimates.

Cost increases for other projects in Torrey Highlands are roughly in line with the 5% rate of inflation.

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 2004 Assessments also be adopted as Development Impact Fees for Torrey Highlands (see Attachment 2). 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 Torrey Highlands Transportation Phasing Plan limits development in the planning area until certain transportation improvements are assured. It is included as an appendix to the PFFP. The Plan requires that before the 35,000 average daily traffic (ADT) level in the community can be exceeded, the projects listed in Phase Four must be assured. Currently, the residential limitation of 17,000 ADTs has been reached and, therefore, issuance of residential building permits has ceased. The retail/commercial limitation of 18,000 ADTs has not yet been reached. There may

be a proposal by residential developers in the community to amend the Transportation Phasing Plan to shift some of the remaining retail/commercial ADTs to the residential category to allow additional residential development. Staff is deferring a recommendation on this proposal pending agreement among the various developers, both residential and commercial. It is anticipated that the current phase of the Plan will not be satisfied until approximately FY 2008, when Project #20, the I-5/SR-56 northbound connectors, might be assured. The draft PFFP is based on the existing limitations of the Transportation Phasing Plan.

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 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 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, AICP
Planning Director

Approved: P. Lamont Ewell
Assistant City Manager

GOLDBERG/GH

Note: Attachment 1 is not available in electronic format. A copy is available for review in the Office of the City Clerk.

Attachments: 1. Draft FY 2004 Torrey Highlands Public Facilities Financing Plan, January 2004
[2. Development Impact Fee Analysis](#)