

DATE ISSUED: May 12, 2004 REPORT NO. 04-102

ATTENTION: Land Use and Housing Committee
Agenda of May 19, 2004

SUBJECT: North University City Public Facilities Financing Plan and Facilities
Benefit Assessment

REFERENCE: “North University City Public Facilities Financing Plan and Facilities
Benefit Assessment, Fiscal Year 2005,” May 2004 Draft

SUMMARY

Issue(s) – Should the Council: 1) Approve the North University City Public Facilities Financing Plan (PFFP) for Fiscal Year 2005; 2) Adopt a Resolution of Intention to designate an area of benefit for a Facilities Benefit Assessment (FBA) in the North University City portion of the University City Community Planning Area; 3) Adopt a Resolution of Designation; and 4) Approve the setting of Development Impact Fees (DIF) consistent with the FBA in North University City for those developments which have never been assessed or otherwise agreed to pay an FBA.

Manager’s Recommendation – Adopt the four resolutions.

Community Planning Group Recommendation – The University City Community Planning Group (UCPG) will vote on the May 2004 draft North University City Public Facilities Financing Plan, Fiscal Year 2005 on May 11, 2004. The Land Use and Housing Committee will be apprised of the planning group’s vote prior to the LU&H meeting.

Environmental Impact - None by this action.

Fiscal Impact – Adoption of this revised Public Facilities Financing Plan and Facilities Benefit Assessment will continue to provide a funding source for the public facilities identified in the North University City Community Plan.

Business Impact Statement – The proposed assessments in the North University City 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 (FBA). This is the annual review and will serve as the basis for the Capital Improvement Program as it pertains to programming FBA funds in North University City over the next eight year period.

DISCUSSION

The Public Facilities Financing Plan details the public facilities that will be needed through the ultimate development of the North University City area, which is presently estimated to be the year 2012. North University City is a partially developed community with many community facilities already in place. There are also several major projects expected to begin construction in the next year, including the Nobel Athletic Area and North University City Community Library and the Judicial Drive Undercrossing. The remaining needed facilities are in the park, transportation and library categories. This Public Facilities Financing Plan and Facilities Benefit Assessment revises and updates the Fiscal Year 2003 Plan (R-296810 dated July 16, 2002).

Since the adoption of the current Financing Plan in July 2002, staff has conducted an extensive review of the proposed project costs and development schedules. Significant changes include:

NUC-29, 29A – Nobel Athletic Area, Park and Library. An increase of \$4 million was necessary to meet new LEED standards and Storm Water Program requirements.

NUC-A-Genesee Avenue Widening and NUC-18- Regents Road Bridge – A study is underway to review these two projects and other traffic alternatives in the University Community area. The EIR is expected to be completed in November 2004. The increase determined necessary for these projects total \$25,000,000.

The proposed FBA is based on current estimated costs of facilities to be funded under this program, increased by an inflation factor of 4% to the year of construction, as supported by the San Diego Consumer Price Index and the Los Angeles/San Diego Construction Cost Index. An interest rate of 4% is assumed for cash on hand. The costs of the facilities are then apportioned equitably among the undeveloped parcels within the Area of Benefit. The objective of the FBA program is to insure that sufficient funds will be available to construct community facilities as the community develops.

The Proposed Public Facilities Financing Plan and Facilities Benefit Assessment identifies a remaining total estimated project cost of \$200,564,960. The funding sources for these projects are as follows:

AMOUNT	FUNDING SOURCE	PERCENTAGE OF TOTAL
\$22,876,320	Developer/Subdividers	11.4%
\$31,225,450	Other	15.6%
\$146,463,190	FBA	73.0%

The increases listed above necessitate a revision both in the project cost and the rate of assessment, resulting in a proposed increase of 10% in the FBA assessment over the FY 2004 rate.

The proposed assessments for Fiscal Year 2005 in North University City are as follows:

LAND USE	CURRENT ASSESSMENT	PROPOSED ASSESSMENT PER UNIT OR PER ADT IN FY 2005
Single Family Dwelling Units (SFDUs)	\$ 9,395	\$10,335
Multi-Family Dwelling Units (MFDUs)	\$ 6,577	\$ 7,235
Average Daily Trips (ADTs)	\$ 633	\$ 696

TYPE OF DEVELOPMENT	PROPOSED DEVELOPMENT
Residential	1,690 MFDUs
Commercial (includes Office and Scientific Research)	56,150 ADTs

The FBA will be collected at the building permit issuance stage of development and deposited into a special interest earning fund for North University City. 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 annual Capital Improvements 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 notices will be sent 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.

ALTERNATIVE

1. Do not approve the proposed North University City Public Facilities Financing Plan and Facilities Benefit Assessment, Fiscal Year 2005 - May 2004. This is not recommended because the proposed fees will insure that new development contributes its proportional share for new facilities identified in the University

Community Plan. In the absence of these fees, alternative funding 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: George Loveland
Assistant City Manager

GOLDBERG/JLC

Attachment: 1. Draft Fiscal Year 2005 North University Public Facilities Financing Plan
2. Development Impact Fee Analysis

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.

**NORTH UNIVERSITY CITY 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, and library facilities. A list of the public facilities projects begins on page 21 of the North University City 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.
 - 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.