

DATE ISSUED:

REPORT NO.

ATTENTION: The Land Use and Housing Committee
Agenda of June 16, 2004

SUBJECT: Midway/Pacific Highway Corridor Public Facilities Financing Plan

REFERENCE: "Midway/Pacific Highway Corridor Public Facilities Financing Plan
Fiscal Year 2005," May 2004 Draft

SUMMARY

Issues - Should the Committee: 1) approve a Public Facilities Financing Plan for FY 2005 for the Midway Pacific Highway Corridor Community; 2) rescind the existing Development Impact Fees; and 3) approve the establishment of new development fees for all property within the Midway/Pacific Highway Corridor community?

Manager's Recommendations – Approve the Midway/Pacific Highway Corridor Public Facilities Financing Plan – May 2004, rescind the existing Development Impact Fees and establish new Development Impact Fees for the Midway/Pacific Highway Corridor community.

Planning Committee's Recommendations – The Midway/Pacific Highway Corridor Community Planning Group will vote on the May 2004 draft Midway/Pacific Highway Corridor Public Facilities Financing Plan, Fiscal Year 2005 on June 9, 2004. The Land Use and Housing Committee (LU&H) will be apprised of the Community Planning Group's vote prior to the LU&H meeting.

Environmental Impact – None. The activity is a financing measure only.

Fiscal Impact – Adoption of this financing plan will continue to provide new development's share of funding for required public facilities.

BACKGROUND

Development Impact Fees were established in 1987 by the City Council to mitigate the impact of new development in urbanized communities. Fees were based on the facility needs of each community. This plan updates the Midway/Pacific Highway Corridor community facilities Public Facilities Financing Plan that was adopted in June, 1991.

DISCUSSION

Public Facilities Financing Plan

The draft Midway/Pacific Highway Corridor Public Facilities Financing Plan describes the public facilities that will be needed for the Midway/Pacific Highway Corridor as it develops according to the Community Plan. Since Midway/Pacific Highway Corridor is an urbanized community, many of the community facilities and infrastructure are already in place. A majority of the remaining needed facilities are in the categories of transportation, park, library and fire improvements.

The proposed fees reflect the current costs of the facilities identified in the Midway/Pacific Highway Corridor Community Plan and are necessary to maintain existing levels of service in the community. A summary of the proposed impact fees for Midway/Pacific Highway Corridor is as follows:

Residential Units

Transportation	\$7,489	per dwelling unit
Park & Rec	\$ 557	per dwelling unit
Library	\$ 60	per dwelling unit
Fire	<u>\$ 15</u>	per dwelling unit
TOTAL FEE	\$8,121	per dwelling unit

Commercial and Industrial

Transportation	\$1,070	per trip
Fire	\$ 15	per 1,000 square feet

The total impact fee for residential development will increase from \$515 to \$8,121 per dwelling unit. This increase is primarily due to adjusted needs and costs for transportation, park, library and fire projects.

The estimated DIF cost basis for transportation facilities has increased from \$290,000 to \$218,084,242, resulting in a fee increase from \$371 to \$7,489 per dwelling unit for Residential and \$53 to \$1,070 per trip for Commercial and Industrial development. The estimated cost for park and recreation facilities increased from \$200,000 to \$1,922,500. The number of dwelling units at buildout also has increased resulting in a fee increase from \$127 to \$557. The library fee increased from \$0 to \$60, based on an estimate of \$11,053,000 to complete a new facility located in the Peninsula, but shared by both Peninsula and Midway/Pacific Highway Corridor Communities. The estimated cost for fire services decreased from \$500,000 to \$473,765 resulting in a fee decrease from \$17 to \$15 per dwelling unit for Residential and \$17 to \$15 for Non-residential development. The fire portion of the residential impact fees is based on an average cost per dwelling unit using 1,000 square feet of gross building area to determine that fee.

Projected costs of all projects are \$456,562,174. Eligible projects in the amount of \$220,688,507 will serve as the basis for the development impact fees, which will be collected at the time building permits are issued. Since these costs are for projects, which will benefit both the existing community and future development, costs will be shared with new development expected to provide a pro-rata share of DIF eligible projects. Those portions of project costs not funded by new development through impact fees will need to be identified by future City Council actions in conjunction with the adoption of Annual Capital Improvement Program Budgets.

ALTERNATIVE

Do not approve the proposed Public Facilities Financing Plan and Development Impact Fee Schedule. This is not recommended because the new fees will ensure that new development continues to contribute its fair share for facilities identified in the Community Plan. In the absence of these fees, alternative funding sources would have to be identified to fund new development's share of the identified facilities.

Respectfully submitted,

S. Gail Goldberg, AICP
Planning Director

Approved: George Loveland
Assistant City Manager

GOLDBERG/ELL

Attachment: 1. Draft Midway/Pacific Highway Corridor Public Facilities Financing Plan – May, 2004.

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.