

DATE ISSUED: October 4, 2004 REPORT NO. 04-230

ATTENTION: Land Use & Housing Committee
Agenda of November 10, 2004

SUBJECT: Mira Mesa Public Facilities Financing Plan and Facilities Benefit
Assessment - Fiscal Year 2005

REFERENCE: "Mira Mesa Public Facilities Financing Plan and Facilities Benefit
Assessment" – October 2004

SUMMARY

Issue - Should the Council: 1) approve a Public Facilities Financing Plan for FY 2005 for the Mira Mesa Community; 2) adopt a Resolution of Intention to designate an area of benefit for a Facilities Benefit Assessment (FBA) in the Mira Mesa Community Planning Area; 3) adopt a Resolution of Designation; and 4) approve the setting of Development Impact Fees (DIF) consistent with the FBA in the Mira Mesa Community.

Manager's Recommendation - Approve the Mira Mesa Public Facilities Financing Plan - October 2004; the Resolution of Intention for designation of an area of benefit in Mira Mesa; the Resolution of Designation; and Development Impact Fees for development in Mira Mesa that has not paid an FBA.

Other Recommendations - The Mira Mesa Planning Group, at their meeting of September 20, 2004, reviewed the financing plan and assessments and unanimously recommended approval.

Environmental Impact - None by this action.

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

Business Impact Statement - The assessments in the Mira Mesa Community have been increased by eleven percent. This includes the four percent anticipated rate of inflation

which would automatically go into effect if no update was done. It is anticipated that this increase should have little economic impact on development in the Mira Mesa Community.

BACKGROUND

Council Policy 600-36 calls for an annual review of all existing Facilities Benefit Assessments. The proposed FY 2005 Financing Plan incorporates the annual review and will serve as the basis for the FY 2005 Capital Improvement Program as it pertains to programming FBA funds in the Mira Mesa Community through FY 2025. The existing Mira Mesa Public Facilities Financing Plan and FBA was approved by Council on October 21, 2003, by Resolution R-298517. This Public Facilities Financing Plan and Facilities Benefit Assessment revises and updates the FY 2004 plan.

DISCUSSION

The Public Facilities Financing Plan details the public facilities that will be needed through the ultimate development of the Mira Mesa Community which is presently estimated to be by the year 2025. Mira Mesa is a partially developed community with a portion of the community facilities and infrastructure already in place. The remaining needed facilities are in the transportation and park categories. Changes from the current Financing Plan include: increasing the assessment rates a total of eleven percent due to increases in actual construction costs being experienced throughout the City and anticipated annual inflation, and advancing and/or delaying various projects in the plan due to changes in project priorities. Changes are detailed on Pages 21 and 22 of the proposed Facilities Financing Plan.

The revised Financing Plan for development in Mira Mesa identifies total remaining project needs estimated at \$195,692,221. The funding sources for these projects are broken down as follows:

<u>Amount</u>	<u>Funding Source</u>	<u>Percentage of Total</u>
\$77,322,215	Assessments (FBA)	39.5%
\$92,568,325	Subdividers	47.3%
\$25,801,681	Other	13.2%

The proposed assessments for Mira Mesa in FY 2005 are as follows:

Single Family Dwelling Unit	\$14,588
Multi-Family Dwelling Unit	10,211
Commercial Acre	90,293
Industrial Acre I2	31,653
“ I4	34,424
“ I5	27,424
“I6	41,427

Council has previously directed that the same assessment rates are appropriate development

impact fees for all underdeveloped properties in the Mira Mesa Community that have never been assessed or otherwise agreed to pay Facilities Benefits Assessments. Therefore, it is recommended that the above proposed FY 2005 assessments be adopted as Development Impact Fees for Mira Mesa.

The proposed Facilities Benefit Assessment is based on current costs of facilities to be funded under this program, increased by 7 percent as well as by an inflation factor of 4 percent to the year of construction. 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 ensure that funds will be available in sufficient amounts to construct community facilities when scheduled. The FBA will be collected at the building permit issuance stage of development and deposited into a special interest earning fund for Mira Mesa.

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 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.

ALTERNATIVES

Do not approve the proposed Financing Plan and Facilities Benefit Assessment and Development Impact Fee Schedule. This is not recommended because the new fees ensure that new development contributes its proportional 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/CMR

Note: Attachment 2 is not available in electronic format.

Attachment: 1. Development Impact Fee Analysis

2. Draft FY 2005 Mira Mesa Public Facilities Financing Plan – October 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.

**DEVELOPMENT IMPACT FEE ANALYSIS
(Mira Mesa Financing Plan)**

- 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, and open space facilities. A list of the public facilities projects begins on page 40 of the Mira 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.