

DATE ISSUED: March 30, 2005 REPORT NO. 05-075

ATTENTION: Land Use and Housing Committee
Agenda of April 6, 2005

SUBJECT: Rancho Encantada Public Facilities Financing Plan and Facilities Benefit Assessment

REFERENCE: “Rancho Encantada Public Facilities Financing Plan and Facilities Benefit Assessment, Fiscal Year 2006,” March 2005 Draft

SUMMARY

Issues – Should the Council: 1) adopt the Rancho Encantada Public Facilities Financing Plan (PFFP) for Fiscal Year 2006; 2) adopt a Resolution of Intention to designate an area of benefit for a Facilities Benefit Assessments (FBA) in Rancho Encantada; 3) adopt a Resolution of Designation; and 4) approve the setting of Development Impact Fees (DIF) consistent with the FBA in Rancho Encantada 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 – There is no established planning group in Rancho Encantada at this time.

Environmental Impact – None by this action.

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 Precise Plan.

Code Enforcement Impact – None by this action.

Business Impact Statement – The Facilities Benefit Assessments in Rancho Encantada are being decreased, and should therefore have minimal business or economic impact.

DISCUSSION

This is the first update to the adopted Fiscal Year 2002 Public Facilities Financing Plan and Facilities Benefit Assessment for Rancho Encantada. Council Policy 600-36 calls for an annual review of all existing Facilities Benefit Assessments. This review will serve as the basis for the FY 2006 Capital Improvement Program as it pertains to programming projects funded by Facilities Benefit Assessments (FBA) and Development Impact Fees (DIF) in the Rancho Encantada Precise Plan area over the next five years. This plan contains the detail on the public infrastructure needed in the area, including information on funding and timing. The last review of the Rancho Encantada Public Facilities Financing Plan and Facilities Benefit Assessment was the FY 2002 Plan approved by Council Resolution R-295399 on August 7, 2001. This Public Facilities Financing Plan and Facilities Benefit Assessment revises and updates the FY 2002 plan.

The proposed Rancho Encantada Public Facilities Financing Plan for FY 2006 identifies a total remaining project need estimated at \$31,737,500, of which \$4,300,000 is FBA funded. With this plan update, the funding source for the majority of the CIP projects has been changed from the FBA to the developer of the community. Only the two neighborhood parks (P-1 and P-4) will be funded by the FBA. The remaining projects have been, or will be, funded and constructed by the primary developer of the community, Sycamore Estates, LLC. This has resulted in a significant decrease in the FBA assessments for Rancho Encantada. Listed below are the proposed FBA assessments compared to the current FBA assessments:

	<u>CURRENT FY 2005</u> <u>FBA RATE</u>	<u>PROPOSED FY 2006</u> <u>FBA RATE</u>
Single-family dwelling unit	\$15,350	\$2,290
Multi-family dwelling unit	\$10,745	\$1,603
Institutional Acre	\$ 6,849	\$ 0

The Institutional fee category is reduced to \$0 with this update to the financing plan because this land use category is not responsible for contributing to the funding of the population-based parks being funded by the FBA.

Council has previously directed (R-295399, August 7, 2001) that the Facilities Benefit Assessment rates are appropriate Development Impact Fees for all properties in the Rancho Encantada community that have never been assessed or otherwise agreed to pay Facilities Benefit Assessments. Therefore, it is recommended that the proposed Fiscal Year 2006 Assessments also be adopted as Development Impact Fees for Rancho Encantada (see Attachment 1).

The proposed Facilities Benefit Assessment is based on current costs of facilities to be funded under this program, increased by an inflation factor of 7% for Fiscal Years 2007 and 2008, and a factor of 4% for Fiscal Year 2009. 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 as development occurs. The Facilities Benefit Assessment will be collected prior to building permit issuance and deposited into a special interest earning fund for Rancho Encantada.

The proposed Resolution of Intention will set a date for a public hearing on the Facilities Benefit Assessment. Prior to the public meeting, 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 assessments will ensure that new development contributes its proportional share for facilities identified in the Precise 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: Patricia T. Frazier
Deputy City Manager

GOLDBERG/AA

Note: Attachment 2 is not available in electronic format.

Attachments: 1. Development Impact Fee Analysis.
2. Draft FY 2006 Rancho Encantada Public Facilities Financing Plan,
March 2005.

Note: The size of the attachment precludes general distribution; a copy is available for review in the Office of the City Clerk.

**DEVELOPMENT IMPACT FEE ANALYSIS
(Rancho Encantada Financing Plan)**

- 1) What is the purpose of the Impact Fee? – The proposed Impact Fees are to ensure that development provides its fair share of 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 the non-developer funded park facilities. A list of the public facilities projects begins on page 32 of the Rancho Encantada 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 community’s transportation system which requires various street projects, traffic signal interconnect systems, landscaping and medians.
 - Park and Recreation Projects: Residential development utilizes the community’s parks and improvements are necessary based on the population build-out and the General Plan guidelines to maintain the existing level of service.