

DATE ISSUED: May 18, 2005

REPORT NO. 05-116

ATTENTION: Land Use and Housing Committee
Agenda of May 25, 2005

SUBJECT: Carmel Valley Public Facilities Financing Plan and Facilities Benefit
Assessment, Fiscal Year 2006

REFERENCE: "Carmel Valley Public Facilities Financing Plan and Facilities Benefit
Assessment, Fiscal Year 2006," April 2005 Draft

SUMMARY

Issues - Should the Council: 1) adopt the Carmel Valley Public Facilities Financing Plan (PFFP) for Fiscal Year 2006; 2) adopt a Resolution of Intention to designate two areas of benefit for Facilities Benefit Assessments (FBA) in Carmel Valley; 3) adopt a Resolution of Designation; and 4) approve the setting of Development Impact Fees (DIF) consistent with the FBA in Carmel Valley?

Manager's Recommendation - Adopt the four resolutions.

Community Planning Group Recommendation - At its April 12, 2005, meeting, the Carmel Valley Community Planning Board approved the draft FY 2006 financing plan.

Environmental Impact - As this plan is a financing measure only, it is exempt from CEQA under Section 15060 (c)(3) of the State CEQA Guidelines.

Fiscal Impact - Approval of this Public Facilities Financing Plan (PFFP) and Facilities Benefit Assessment will continue to provide a funding source for the public facilities identified in the community plan.

Code Enforcement Impact - None by this action.

Business Impact Statement - The assessments in the Carmel Valley Community have been increased only by the anticipated rate of inflation and should therefore have little unanticipated impact on business.

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 the Carmel Valley community over the next seven year period. The most recent review of the Carmel Valley Public Facilities Financing Plan and Facilities Benefit Assessment was approved by Council on November 8, 2004, by Resolution R-299803. This Public Facilities Financing Plan and Facilities Benefit Assessment revises and updates that Fiscal Year 2005 plan.

DISCUSSION

The Public Facilities Financing Plan details the public facilities that will be needed through the ultimate development of the Carmel Valley area which is presently estimated to be by the year 2011 in Carmel Valley North and 2012 in Carmel Valley South. Carmel Valley is a substantially developed community, with most of the community facilities in place. There are no new projects proposed for addition to the plan. Adjustments have been made to project costs to allow for inflation and updated estimates.

The revised Financing Plan for development in Carmel Valley North identifies total remaining project needs estimated at \$81,462,895. The funding sources for these projects are broken down as follows:

<u>Amount</u>	<u>Funding Source</u>	<u>Percentage of Total</u>
\$55,969,033	Assessments (FBA)	68.7%
\$73,812	Subdividers	.1%
\$25,420,050	Other	31.2%

The Financing Plan for development in Carmel Valley South identifies total remaining project needs estimated at \$83,767,322. The funding sources for these projects are broken down as follows:

<u>Amount</u>	<u>Funding Source</u>	<u>Percentage of Total</u>
\$30,784,256	Assessments (FBA)	36.7%
\$19,255,408	Subdividers	23.0%
\$33,727,658	Other	40.3%

The proposed assessments for Fiscal Year 2006 are as follows:

	<u>North</u>	<u>South</u>
Single-family dwelling unit	\$19,032	\$19,032
Multi-family dwelling unit	\$13,323	\$13,323
Commercial Acre	\$70,609	\$70,609
Industrial Acre	\$65,660	\$65,660
Institutional Acre	\$67,944	\$67,944

The proposed assessment for Fiscal Year 2006 is based on estimated costs of facilities to be funded by this program, increased by an inflation factor of 7 percent for Fiscal Years 2007 and 2008 and a factor of 4% for the years beyond. It also takes into account cash on hand using a 2 percent interest rate in Fiscal Years 2007 and 2008 and 4 percent in the years beyond. The goal of the FBA is to insure that funds will be available in sufficient amounts to provide community facilities when needed.

Council has previously directed that the same Facilities Benefit Assessment rates are appropriate Development Impact Fees for all properties in Carmel Valley that have never been assessed or otherwise agreed to pay Facilities Benefit Assessments. Therefore, it is recommended that the above-proposed Fiscal Year 2006 Assessments also be adopted as Development Impact Fees for Carmel Valley.

The Facilities Benefit Assessment will be collected at the building permit issuance stage of development and deposited into special interest earning accounts for Carmel Valley. 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 Carmel Valley Transportation Phasing Plan, which has limited development in the community until certain transportation improvements were assured, was declared satisfied on July 23, 1998. It is included in previous financing plan updates.

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: Patricia T. Frazier
Deputy City Manager

GOLDBERG/GH

Attachments: 1. Draft FY 2006 Carmel Valley Public Facilities Financing Plan, April 2005
2. Development Impact Fee Analysis

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

**CARMEL VALLEY 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 new development 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, water, sewer, police and open space facilities. A list of the public facilities projects begins on pages 27 and 157 of the Carmel Valley 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 guidelines to maintain the existing levels of service.
 - Fire Projects: Both residential and non-residential development utilizes fire department services.
 - Police Projects: Both residential and non-residential development utilizes police department services and a new station is necessary based on the population build-out to maintain the existing levels of service.
 - Water and Sewer Lines: Both residential and non-residential development utilizes water and sewer lines and new or expanded lines are necessary based on the population build-out to maintain the existing levels of service.
 - Library Projects: Residential development utilizes the community libraries.