

DATE ISSUED: June 9, 2005 REPORT NO. 05-140

ATTENTION: Land Use and Housing Committee
Agenda of June 15, 2005

SUBJECT: Del Mar Mesa Public Facilities Financing Plan and Facilities Benefit
Assessment, Fiscal Year 2006

REFERENCE: “Del Mar Mesa Public Facilities Financing Plan and Facilities Benefit
Assessment, Fiscal Year 2006,” June 2005 Draft

SUMMARY

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

Manager’s Recommendation – Adopt the four resolutions.

Planning Commission Recommendation – None.

Community Planning Group Recommendation – The Del Mar Mesa Planning Group will vote on the draft Del Mar Mesa Public Facilities Financing Plan on June 9, 2005. The Land Use and Housing Committee will be apprised of the planning group’s vote prior to the LU&H meeting.

Environmental Impact – This activity is not a “project” and is therefore not subject to CEQA.

Fiscal Impact – Approval of this Public Facilities Financing Plan (PFFP) and Facilities Benefit Assessment will continue to provide a funding source for the required public facilities.

Code Enforcement Impact – None by this action.

Business Impact Statement – The Facilities Benefit Assessments in Del Mar Mesa have been increased to accommodate increasing public facilities costs and scheduling requirements, and may therefore have an indeterminate 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 Del Mar Mesa specific plan area over the next nine years. The most recent review of the Del Mar Mesa Public Facilities Financing Plan and FBA was approved by Council on November 18, 2003, by Resolution R-298605. This Public Facilities Financing Plan and Facilities Benefit Assessment revises and updates the FY 2004 plan.

The Public Facilities Financing Plan details the public facilities that will be needed through the ultimate development of the Del Mar Mesa area, which is presently estimated to be 2014. Del Mar Mesa is primarily an undeveloped community, with most of its community facilities to be provided in the future. The facilities needed are in the transportation, park, fire, library, water and sewer, police, and open space categories. As the projected population of Del Mar Mesa does not, in many cases, meet community plan standards for full facility requirements, many facilities will be shared with adjacent communities. The goal of the FBA is to insure that funds will be available in sufficient amounts to provide community facilities when needed.

DISCUSSION

The revised Financing Plan for development in Del Mar Mesa identifies total project needs estimated at \$180,267,798. Funding for these projects comes from a variety of sources, including:

<u>AMOUNT</u>	<u>FUNDING SOURCE</u>	<u>PERCENTAGE OF TOTAL</u>
\$32,150,360	Del Mar Mesa FBA	17.8%
85,194,323	Other FBAs	47.3%
8,092,560	Subdividers	4.5%
<u>54,830,554</u>	Other Funding	<u>30.4%</u>
\$180,267,798	TOTALS	100.0%

The following changes have occurred since the last plan update:

1. Based on approved plans and maps, the amount of projected residential development has decreased by 22 single-family units. The total estimated build-out is now 560 single-family units.
2. Project changes are outlined below:

- 43-1 Carmel Mountain Road. Increased funding by \$281,501 due to increased construction costs.
- 43-5C SR-56 Camino Santa Fe - expansion to a six-lane freeway. Project 43-5B was split into two projects: 43-5B is now SR-56 Debt Service and 43-5C is SR 56 expansion to a six-lane freeway. Increased funding by \$567,000 as original cost estimate applied only to the debt service.
- 43-14 Neighborhood Park. Increased construction funding by \$1,000,000 due to change in scope with the addition of a comfort station, turf and children's play areas.
- 43-15 Community Park. Increased construction funding by \$1,180,600 for a 20-acre park in the event joint use with adjacent middle school, which would only require 13 acres, is not approved by the school district.

The changes listed above, in addition to the inflation factor of 7%, resulted in a proposed increase of 27% in the FBA assessment over the FY 2005 level.

The proposed assessments for Fiscal Year 2006 in Del Mar Mesa are as follows:

Single-family dwelling unit (AR-1-1 zone)	\$71,634
Single-family dwelling unit (AR-1-2 zone)	\$67,336
Multifamily dwelling unit	\$50,144
Commercial Acre	\$147,567

Development Impact Fees (DIF) for all properties in Del Mar Mesa that have never been assessed Facilities Benefit Assessments will be assessed DIF at the same rate as FBAs. Therefore, it is recommended that the above proposed Fiscal Year 2006 Assessments also be adopted as Development Impact Fees for Del Mar Mesa (see Attachment 2).

The Facilities Benefit Assessment will be collected at building permit issuance and deposited into a special interest earning fund for Del Mar Mesa. 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 proposed Resolution of Intention will set a date for a public hearing on the Facilities Benefit Assessment. Prior to the public meeting, all property owners within the proposed area of designation will receive a mailed notice advising of the hearing date and their right to file a protest with the City Clerk prior to 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 insure that new development contributes its proportional share for 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: Ellen Oppenheim
Deputy City Manager

GOLDBERG/CR

Attachments: 1. Draft FY 2006 Del Mar Mesa Public Facilities Financing Plan, June 2005
2. Del Mar Mesa PFFP 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.

**DEL MAR MESA 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, fire, library, water, sewer, police and open space facilities. A list of the public facilities projects begins on page 27 of the Del Mar 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.
 - Fire Projects: Both residential and non-residential development utilizes fire department services and a new station is necessary based on the population build-out to maintain the existing levels of service.
 - 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 and expansions are necessary based on the population build-out and the General Plan standards to maintain the existing levels of service.

