

DATE ISSUED: October 26, 2005 REPORT NO. 05-209 Rev.
(LU&H recommendation added)

ATTENTION: Honorable Mayor and City Council
Docket of November 1, 2005

SUBJECT: Rancho Penasquitos Public Facilities Financing Plan and Facilities Benefit
Assessment, Fiscal Year 2006

REFERENCE: “Rancho Penasquitos Public Facilities Financing Plan and Facilities
Benefit Assessment,” October 2005 Draft

SUMMARY

Issue(s) – Should the Council: 1) Adopt the Rancho Penasquitos 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 Assessment (FBA) in the Rancho Penasquitos Community Planning Area; 3) Adopt a Resolution of Designation; and 4) Approve the setting of Development Impact Fees (DIF) consistent with the FBA in Rancho Penasquitos?

Manager’s Recommendation – Adopt the four resolutions.

Land Use and Housing Committee Recommendation – The Land Use and Housing Committee unanimously approved the plan on October 19, 2005.

Community Planning Group Recommendation – At the September 7, 2005, Rancho Penasquitos Planning Board (RPPB) meeting, the group unanimously voted to approve the Rancho Penasquitos Public Facilities Financing Plan and Facilities Benefit Assessment, Fiscal Year 2006 Draft, with the addition of skatepark lighting and a soccer/roller hockey arena with lighting and spectator seating.

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

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

Code Enforcement Impact – None by this action.

Business Impact Statement – The FBA in Rancho Penasquitos is being increased by the anticipated rate of inflation only, and should therefore, have minimal business or economic impact.

BACKGROUND

Council Policy 600-36 allows for an annual review of all existing Facilities Benefit Assessments (FBA). This is the annual review and will serve as the basis for the Capital Improvement Program as it pertains to programming FBA funds in Rancho Penasquitos over the next seven year period. The most recent review of the Rancho Penasquitos Public Facilities Financing Plan and FBA was approved by City Council on September 23, 2003, by Resolution R-298424 and later amended on August 10, 2004 by Resolution R-299549. 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 Rancho Penasquitos area, which is presently estimated to be the year 2010. Since Rancho Penasquitos is a partially developed community, many of the community facilities and infrastructure are already in place. The remaining needed facilities are in the Transportation and Park and Recreation categories. The Rancho Penasquitos Planning Board has requested that staff increase the scope of two projects; to add outdoor lighting to the Rancho Penasquitos Skatepark and to add an outdoor, lighted soccer/roller hockey arena and spectator seating to Hilltop Community Park. Since funding has yet to be identified and these additions were recently requested, staff recommends moving forward with the plan as is. We will review these new requests in the next financing plan update process in Spring 2006.

This Public Facilities Financing Plan and Facilities Benefit Assessment revises and updates the Fiscal Year 2004 Plan. Six project changes are proposed, and those changes are outlined as follows:

New Project

RP-41, SR-56 Bike Interchanges – Originally a part of project RP-27, SR-56, Carmel Valley Road to Black Mountain Road, this portion of the project was removed from the freeway project and a separate CIP was created. This project will provide bicycle path interchange facilities along State Route 56. The total cost of the project is estimated to be \$9,850,000 and will be distributed among five community planning areas and funding is allocated by population. On September 7, 2005, the Rancho Penasquitos Planning Board voted and approved funding of \$1,750,000 to this project.

Updated Projects with Cost Increases

RP-4B, Camino Del Sur, Carmel Mountain Road to 1600 Feet North of Park Village Road – This project provides for the construction of Camino Del Sur as a four-lane major street with

Class II bicycle lanes. The total cost of the project is \$9,850,000, and the Rancho Penasquitos FBA allocation is \$3,051,000.

RP-39, Rancho Penasquitos Parks – Playground Upgrades – A portion of the funding for this project was transferred to RP-38, Rancho Penasquitos Skate Park. Staff is now requesting to replenish this project in order to provide needed upgrades to the Canyonside Community Park and four remaining neighborhood parks. The current budget is \$800,000, and staff is requesting an additional \$800,000 for a total project cost of \$1,600,000.

The Proposed Public Facilities Financing Plan and Facilities Benefit Assessment identifies remaining outstanding projects totaling \$45,777,984. The funding sources for these projects are as follows:

<u>FBA</u>	<u>Subdivider</u>	<u>Other Sources</u>
\$11,287,328 (23.3%)	\$13,620,000 (28.1%)	\$23,541,242 (48.6%)

The proposed assessments for Fiscal Year 2004 in Rancho Penasquitos are as follows:

Single Family Dwelling Unit	\$ 18,689
Multi-Family Dwelling Unit	\$ 13,083
Commercial Rate per Acre	\$112,134

<u>Use</u>	<u>Proposed Development</u>
Residential	490 Dwelling Units
Commercial/Industrial	15.5 Acres

The proposed FBA is based on current estimated costs of facilities to be funded under this program, increased by an inflation factor of 7% to the year of construction, as supported by the Los Angeles/San Diego Construction Cost Index. 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 insure that sufficient funds will be available to construct community facilities as the community develops.

Council has previously directed that the same assessment rates are appropriate Development Impact Fees for all under developed properties in Rancho Penasquitos 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 Rancho Penasquitos.

The FBA will be collected when building permits are issued. Funds are deposited into a special interest-earning fund for Rancho Penasquitos. 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 annual Capital Improvements Budget.

The proposed Resolution of Intention will set a date for a public hearing on the Facilities Benefit Assessment. Prior to the public hearing, mailed notices will be sent to all assessed 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.

ALTERNATIVE

1. Do not approve the proposed Rancho Penasquitos 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 new facilities identified in the Rancho Penasquitos Community Plan. In the absence of these assessments, 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: Ellen Oppenheim
Deputy City Manager

GOLDBERG/JLC

Attachments: 1. Draft Rancho Penasquitos Public Facilities Financing Plan, Fiscal Year 2006
2. 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.

**RANCHO PENASQUITOS 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, and library facilities. A list of the public facilities projects begins on page 21 of the North University City 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.
 - 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.
 - 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.