

DATE ISSUED: November 23, 2005 REPORT NO. 05-235

ATTENTION: Land, Use and Housing Committee
Agenda of November 30, 2005

SUBJECT: Otay Mesa-Nestor Public Facilities Financing Plan

REFERENCE: Otay Mesa-Nestor Public Facilities Financing Plan - Fiscal Year 2006

SUMMARY

Issues: Should the Council: 1) approve a Public Facilities Financing Plan for FY 2006 for the Otay Mesa-Nestor Community; 2) rescind the existing Development Impact Fees; and 3) approve the establishment of new development impact fees for all property within the Otay Mesa-Nestor Community?

Manager's Recommendation: Approve the Otay Mesa-Nestor Public Facilities Financing Plan - August, 2005, rescind the existing Development Impact Fees and establish new Development Impact Fees for the Otay Mesa-Nestor Community.

Community Planning Group Recommendation: The Otay Mesa Nestor Community Planning Group voted to approve the FY 2006 Otay Mesa-Nestor Public Facilities Financing Plan on August 10, 2005 by a vote of 13 to 1.

Environmental Impact: This activity is not a "project" and is therefore not subject to CEQA.

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.

BACKGROUND

Development Impact Fees (DIF) were established in 1987 by the City Council to mitigate the impact of new development in urbanized communities. Fees were based on the facility needs of each community. This Public Facilities Financing Plan supersedes both the City Council approved 1997 Public Facilities Financing Plan and the Public Facilities Financing Plan Amendment, approved in August of 2001.

DISCUSSION

Public Facilities Financing Plan

The Otay Mesa-Nestor Public Facilities Financing Plan amends the list of public facilities that will be needed for the Otay Mesa-Nestor Community as it develops according to the Community Plan. Since Otay Mesa-Nestor is an urbanized community, most of the community facilities and infrastructure are already in place.

The proposed fees reflect the current costs of the facilities identified in the Otay Mesa-Nestor Community Plan and are necessary to maintain existing levels of service in the community. This financing plan includes specific project estimating information from the Transportation (Appendix A) and Park and Recreation (Appendix B) departments.

A summary of the proposed impact fees for Otay Mesa-Nestor is as follows:

<u>Residential Units</u>		
Transportation	\$623	per unit
Park & Recreation	\$9,138	per unit
Library	\$195	per unit
Fire	<u>\$1</u>	per unit
TOTAL FEE	\$9,957	per unit

<u>Commercial and Industrial</u>		
Transportation	\$89	per trip
Fire	\$1	per 1,000 square feet

The total impact fee for residential development will increase from \$2,171 to \$9,957 per dwelling unit, due primarily to the increased need and costs for population-based parks. We anticipate new development to contribute \$13,760,719, or 7% of the total cost of public facilities needed at full community development. The estimated cost for the park and recreation facilities increased from \$28.0 million to \$161.6 million, resulting in a fee increase from \$1,608 to \$9,138 per unit. The estimated cost for the library increased from \$1.4 million to \$5.0 million, resulting in a fee increase from \$109 to \$195 per residential unit. The estimated cost for transportation facilities, \$13.2 million to \$24.8 million, resulted in a fee increase from \$350 to \$623 per residential unit and \$50 to \$89 per trip for non-residential projects. The estimated cost for fire facilities increased from \$2.3 million to \$5.5 million, but because the neighboring community of Otay Mesa will be paying the entire cost of the new fire station through Facilities Benefit Assessments, the Otay Mesa-Nestor impact fee was decreased from \$104 to \$1 for residential units and from \$104 to \$1 per trip for non-residential projects.

Projected costs for all projects are \$196.8 million. DIF eligible projects in the amount of \$184 million will serve as the basis for the development impact fees, which will be collected at the time building permits are issued. Since these costs are for projects which will benefit both the existing community and future development, costs will be shared and new development will only provide their pro-rata share for DIF eligible projects. Those portions of project costs not funded by new development through impact fees will need to be identified by future City Council actions

in conjunction with the adoption of the Annual Capital Improvements Program Budget.

ALTERNATIVE

Do not approve the proposed Public Facilities Financing Plan Update and Development Impact Fee increase. This is not recommended because the new fees will ensure that new development continues to contribute its fair 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: Ellen Oppenheim
Deputy City Manager

GOLDBERG/CMG/MS

Attachment: Otay Mesa-Nestor Public Facilities Financing Plan – Fiscal Year 2006

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.