



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: Nov. 8, 2006 REPORT NO. 06-160

ATTENTION: Council President and City Council
Agenda of November 13, 2006

SUBJECT: Otay Mesa Public Facilities Financing Plan, Fiscal Year 2007

REQUESTED ACTION:

Should the Council: 1) Approve the Otay Mesa Public Facilities Financing Plan (PFFP) for Fiscal Year 2007; 2) Adopt a Resolution of Intention to designate an area of benefit for a Facilities Benefit Assessment (FBA) in Otay Mesa; 3) Adopt a Resolution of Designation; 4) Approve the setting of Development Impact Fees (DIF) consistent with the FBA in Otay Mesa for those developments which have never been assessed or otherwise agreed to pay an FBA; and 5) Authorize the City Auditor and Comptroller, upon the direction of the Financial Management Director, to modify individual Capital Improvement Program project budgets in accordance with the Council-approved update to the Otay Mesa Public Facilities Financing Plan and Facilities Benefit Assessment, Fiscal Year 2007?

STAFF RECOMMENDATION:

Approve the Otay Mesa Public Facilities Financing Plan, Fiscal Year 2007; rescind the existing Facilities Benefit Assessments and Development Impact Fees and establish new Facilities Benefit Assessment and Development Impact Fees for Otay Mesa.

SUMMARY:

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 Otay Mesa over the next twenty-five year period. The most recent review of the Otay Mesa Public Facilities Financing Plan and Facilities Benefit Assessment was approved by Council on August 3, 2004, by Resolution R-299535. This Public Facilities Financing Plan and Facilities Benefit Assessment are a revision and update to the Fiscal Year 2005 plan.

The proposed Otay Mesa Public Facilities Financing Plan details the public facilities that will be needed through the ultimate development of Otay Mesa. Otay Mesa is an area in the earlier stage of development where significant infrastructure construction is yet to occur. Facilities needs have been determined based on what will be required by the projected population of Otay Mesa at full community development. The required facilities include a police station, two

libraries, two fire stations, two community, six neighborhood parks, and major transportation facilities.

The revised financing plan for development in Otay Mesa identifies total project needs estimated at \$1,179,642,175. The funding sources for these projects are broken down as follows:

AMOUNT	FUNDING SOURCE	PERCENTAGE of TOTAL
\$269,652,078	FBA Assessments (East & West)	22.86%
\$191,993,412	Subdivider	16.28%
\$717,996,686	Other	60.86%

The goal of the FBA is to insure that funds will be available in sufficient amounts to provide community facilities when needed. The Proposed Public Facilities Financing Plan and Facilities Benefit Assessment identify significant cost increases to the remaining projects to be funded by the FBA. These cost increases are a result of unprecedented rises in the cost of construction and materials and necessitate a revision in the rate of the assessment resulting in an increase of 52%.

The proposed assessments for Fiscal Year 2007 are as follows:

LAND USE	CURRENT ASSESSMENT	PROPOSED ASSESSMENT per UNIT/ACRE in FY 2007
SINGLE FAMILY UNIT	\$13,610	\$20,687
MULTI-FAMILY UNIT	\$9,527	\$14,481
WEST COMMERCIAL ACRE	\$78,260	\$118,954
WEST INDUSTRIAL ACRE	\$27,220	\$41,374
EAST COMMERCIAL ACRE	\$82,217	\$124,970
EAST INDUSTRIAL ACRE	\$27,132	\$41,240
OTAY INTERNATIONAL CENTER (INDUSTRIAL)	\$27,132	\$41,240
OTAY INTERNATIONAL CENTER (BUSINESS)	\$79,749	\$121,218
OTAY INTERNATIONAL CENTER (COMMERCIAL)	\$106,060	\$161,211

Council has previously directed that the same assessment rates are appropriate Development Impact Fees for all properties in Otay Mesa that have never been assessed or otherwise agreed to pay Facilities Benefit Assessments. Therefore, it is recommended that the above proposed Fiscal Year 2007 Assessments also be adopted as Development Impact Fees for Otay Mesa (see Attachment 2). The Facilities Benefit Assessment will be collected at the building permit issuance stage of development and deposited into a special, interest earning account for Otay

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 hearing, mailed notice will be given to all affected 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 the Council meeting will be mailed to all property owners as shown on the last assessment roll, or otherwise known to staff.

FISCAL CONSIDERATION:

Adoption of this revised Public Facilities Financing Plan will continue to provide a funding source for the public facilities identified in Otay Mesa.

PREVIOUS COUNCIL AND/OR COMMITTEE ACTION:

None.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

On October 18, 2006 the Otay Mesa Community Planning Group considered the Otay Mesa Public Facilities Financing Plan for Fiscal Year 2007. The planning group voted unanimously to support the financing plan and the increased assessment.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

All property owners with remaining new development are listed on the Otay Mesa Public Facilities Financing Plan, Fiscal Year 2007 Assessment Roll, starting on page 249 and will have received notice and a copy of this Plan in the mail. These owners will have liens placed on their property and will be required to pay Facility Benefit Assessments upon any building permit issuance when developing their property. Any redevelopment, which increases the intensity of existing uses, may be subject to an impact fee per Attachment 2.

Respectfully submitted,

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James T. Waring
Deputy Chief of Land Use and
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WARING/ANDERSON/FVJ

Attachments: [1. Otay Mesa Public Facilities Financing Plan, Fiscal Year 2007](#)

[2. Development Impact Fee Analysis](#)

Note: Due to the size of the attachment, only a limited distribution was made. These attachments are available on the City's website and a copy is available in the Office of the City Clerk.

