



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: January 11, 2007

REPORT NO. 07-016

ATTENTION: Land Use and Housing Committee
Agenda of January 17, 2007

SUBJECT: Scripps Miramar Ranch Public Facilities Financing Plan - Fiscal Year
2007

REQUESTED ACTION:

Should the Council: 1) Approve the Scripps Miramar Ranch 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 Scripps Miramar Ranch; 3) Adopt a Resolution of Designation; 4) Approve the setting of Development Impact Fees (DIF) consistent with the FBA in Scripps Miramar Ranch 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 Financing Plan.

STAFF RECOMMENDATION:

Approve the Scripps Miramar Ranch 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 Scripps Miramar Ranch.

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 Scripps Miramar Ranch over the next five years. The most recent review of the Scripps Miramar Ranch Public Facilities Financing Plan and Facilities Benefit Assessment was approved by Council on October 11, 2004, resolution R-299740. This Public Facilities Financing Plan and Facilities Benefit Assessment is a revision and update to the Fiscal Year 2005 plan.

The community of Scripps Miramar Ranch is nearing full community development. This Public Facilities Financing Plan details those few remaining public facilities that will be needed through

the ultimate development of Scripps Miramar Ranch, which is presently estimated to occur in 2011. The goal of the FBA is to ensure that funds will be available in sufficient amounts to provide those remaining community facilities when needed. The remaining needed facilities are in the transportation and park categories.

A significant change in the financing strategy for Scripps Miramar Ranch is taking place with this Financing plan update. Historically, the Scripps Miramar Ranch FBA had funded transportation, fire and library projects, while park projects were funded by the Scripps Ranch Special Park Fee (SPF). When a residential project went forward, the applicant paid both an FBA and an SPF. The authority to collect the separate SPF is no longer in the Municipal Code, therefore, all new park projects, and cost increases to existing park projects, will now be included in the FBA, as applicable. Any new residential project will now pay an all inclusive FBA, instead of an FBA and a separate SPF. The funds previously collected and currently in the SPF fund will continue to be used to fund several previously approved park projects.

The City has experienced substantial increases in construction costs over the last several years, and there are significant increases in park project cost estimates since the last financing plan update. Currently, no basis has been developed for charging non-residential development for park and library projects. Therefore, these park increases will be spread across the remaining residential development only. Due to the limited amount of remaining residential development in Scripps Miramar Ranch, the resulting FBA rates for residential units have increased significantly.

The proposed assessments for Fiscal Year 2007 are as follows:

LAND USE	CURRENT FBA ASSESSMENT	SPECIAL PARK FEE	PROPOSED ASSESSMENT PER UNIT/ACRE
SINGLE FAMILY UNIT	\$4,912	\$6,390	\$30,000
MULTI-FAMILY UNIT	\$3,438	\$6,390	\$21,000
COMMERCIAL ACRE	\$96,956	\$0	\$102,253
INDUSTRIAL ACRE	\$58,448	\$0	\$61,642
INSTITUTIONAL ACRE	\$33,448	\$0	\$35,276

The updated Scripps Ranch Financing plan for development in Scripps Miramar Ranch identifies total remaining project needs estimated at \$20,666,260, exclusive of Water Department CIP projects totaling \$162,906,874, which are funded by the Water Department and developers, and are included in the financing plan for informational purposes. The funding sources for all the non-Water projects are listed below:

AMOUNT	FUNDING SOURCE	PERCENTAGE of TOTAL
\$11,391,218	Assessments (FBA)	55%
\$4,136,000	Special Park Fee (SPF)	20%
\$5,139,042	Developer/Subdivider/Other*	25%

*Includes SANDAG and unidentified funding.

The proposed assessment for Fiscal Year 2007 is based on estimated costs of facilities to be funded by this program, increased by an inflation factor of 7% for Fiscal years 2008 and 2009, and a factor of 4% for Fiscal Year 2010 and beyond. It also takes into account cash on hand using a 2% interest rate for Fiscal Years 2007 thru 2009, and 4% for Fiscal Year 2010 and 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 assessment rates are appropriate Development Impact Fees for all properties in Scripps Miramar Ranch 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 Scripps Miramar Ranch (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 fund for Scripps Miramar Ranch. 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 today’s meeting was 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 Scripps Miramar Ranch. Should the City Council not approve the proposed Scripps Miramar Ranch Public Facilities Financing Plan - Fiscal Year

2007, then the existing fees would remain in place and new development would not be contributing its proportional share for new facilities identified in the Scripps Miramar Ranch Plan. Alternative funding sources would have to be identified to fund the share of the identified facilities attributable to new development.

PREVIOUS COUNCIL AND/OR COMMITTEE ACTION:

None.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

The Scripps Miramar Ranch Planning Group, at their meeting on November 2, 2006, reviewed the financing plan and FBA assessments and voted 12-1 to approve the plan contingent upon agreeing on the funding allocation of five new park projects. In a subsequent meeting between City Staff, representatives of the planning group and Council District 5, it was determined that the Scripps Ranch FBA would fund a portion of the five new park projects based on future residential development. A follow-up vote was taken by planning group on January 4, 2007, and the financing plan was approved by a vote of 17-0.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

All property owners with remaining new development are listed on the Scripps Miramar Ranch Public Facilities Financing Plan - Fiscal Year 2007 Assessment Roll, page 86, and will have received notice and a copy of this document in the mail. These property owners will have liens placed on their property and will be required to pay Facilities 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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City Planning & Community
Investment Director

James T. Waring
Deputy Chief of Land Use and
Economic Development

WARING/ANDERSON/AMA

Attachments: [1. Scripps Miramar Ranch 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.

**SCRIPPS MIRAMAR RANCH 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 and park facilities. A list of the public facilities projects begins on page 19 of the Scripps Miramar Ranch 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, and medians.
 - Park and Recreation Projects: Residential development utilizes the communities' parks and improvements are necessary based on the population at full community development 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.