



THE CITY OF SAN DIEGO  
**REPORT TO THE CITY COUNCIL**

DATE ISSUED: June 7, 2007 REPORT NO. 07-109

ATTENTION: Land Use and Housing Committee  
Agenda of June 13, 2007

SUBJECT: Rancho Peñasquitos Public Facilities Financing Plan - Fiscal Year 2008

REQUESTED ACTION:

Should the Council: 1) Adopt the Rancho Peñasquitos Public Facilities Plan (PFFP) for Fiscal Year 2008; 2) Adopt a Resolution of Intention to designate an area of benefit for a Facilities Benefit Assessment (FBA) in the Rancho Peñasquitos Community area; 3) Adopt a Resolution of Designation; and 4) Approve the setting of Development Impact Fees (DIF) consistent with the FBA in Rancho Peñasquitos for those developments which have never been assessed or otherwise agreed to pay an FBA; and 5) Authorize the City Auditor & Comptroller, upon direction of the Financial Management Director, to modify individual Capital Improvement Program Project budgets in accordance with the Council approved update to the Rancho Peñasquitos Public Facilities Financing Plan (PFFP) and FBA Fiscal Year 2008.

STAFF RECOMMENDATION:

Approve the Rancho Peñasquitos Public Facilities Financing Plan - Fiscal Year 2008; rescind the existing Facilities Benefit Assessments and Development Impact Fees and establish new Facilities Benefit Assessment and Development Impact Fees for Rancho Peñasquitos.

SUMMARY:

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 Peñasquitos over the next three year period. The most recent review of the Rancho Peñasquitos Public Facilities Financing Plan and FBA was approved by City Council on December 6, 2005, by Resolution R-301135. This Public Facilities Financing Plan and Facilities Benefit Assessment revises and updates the FY2006 plan.

The Public Facilities Financing Plan details the public facilities that will be needed through the ultimate development of the Rancho Peñasquitos area, which is presently estimated to be the

year 2011. Since Rancho Peñasquitos is nearing full community development, many of the community facilities and infrastructure are already in place. The remaining needed facilities are in the Transportation and Park and Recreation categories.

This Public Facilities Financing Plan and Facilities Benefit Assessment revises and updates the Fiscal Year 2006 plan. Three project changes are proposed, and those changes are outlined as follows:

Updated Projects with Cost Increases:

RP-16A Hilltop Community Park –Phase III will be comprised of a Soccer/Roller Hockey area on the two acre portion of the site. Phase III improvements have resulted in a cost increase of \$450,614.

RP-38 Rancho Peñasquitos Skate Park – Phase II – This project will provide lighting and associated amenities to expand the hours of use resulting in a cost of \$400,000.

RP-39 Rancho Peñasquitos – Playground Upgrades – This new project will provide ADA and path of travel improvements. These upgrades result in an increase in cost from \$1,600,000 to \$1,900,000.

The proposed assessments for Fiscal Year 2008 which reflect a 7% increase for cost of materials, construction and inflation are as follows:

LAND USE	CURRENT FBA ASSESSMENT	PROPOSED ASSESSMENT
SINGLE FAMILY UNIT	\$19,997	\$21,397
MULTI-FAMILY UNIT	\$13,998	\$14,978
COMMERCIAL	\$119,982	\$128,382

The updated Rancho Peñasquitos Financing plan identifies total project needs estimated at \$118,175,769, exclusive of Water and Sewer CIP projects totaling \$74,827,866, and the portion of SR-56, Carmel Valley Road to Black Mountain Road, a regional project totaling \$228,358,426. The aforementioned projects are included in the financing plan for informational purposes only. The funding sources for the remaining projects are listed below:

AMOUNT	FUNDING SOURCE	PERCENTAGE of TOTAL
\$36,097,939	Assessments (FBA)	31%
\$17,755,130	Developer/Subdivider	15%
\$64,322,700	Other	54%

The proposed assessment for Fiscal Year 2008 is based on estimated costs of facilities to be funded by this program, increased by a cost of materials, construction and inflation factor of 7% for Fiscal years 2009 and 2010, and a factor of 5% for Fiscal Year 2011 and beyond. It also takes into account cash on hand using a 3% interest rate for Fiscal Years 2009 and 2010, and 4% for Fiscal Year 2011 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 Rancho Peñasquitos that have never been assessed or otherwise agreed to pay Facilities Benefit Assessments. Therefore, it is recommended that the above proposed Fiscal Year 2008 Assessments also be adopted as Development Impact Fees for Rancho Peñasquitos (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 Rancho Peñasquitos. 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 Rancho Peñasquitos. Should the City Council not approve the proposed Rancho Peñasquitos Public Facilities Financing Plan - Fiscal Year 2008, then the existing fees would remain in place and new development would not be contributing its

proportional share for new facilities identified in the Rancho Peñasquitos 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 Rancho Peñasquitos Planning Group will vote on the draft Rancho Peñasquitos Public Facilities Financing Plan (PFFP) on June 6, 2007. The LU&H Committee will be apprised of the planning group's vote prior to the LU&H meeting.

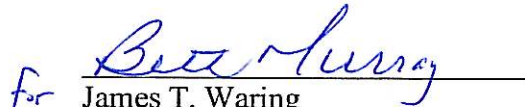
KEY STAKEHOLDERS AND PROJECTED IMPACTS:

All property owners with remaining new development are listed on the Rancho Peñasquitos Public Facilities Financing Plan - Fiscal Year 2008 Assessment Roll starting on page 145, and will have received notice and a copy of the draft plan 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,



William Anderson, FAICP  
City Planning & Community  
Investment Director



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

WARING/ANDERSON/CSW

- Attachments:    1. Rancho Peñasquitos Public Facilities Financing Plan - Fiscal Year 2008  
                      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 [www.sandiego.gov/planning/facilitiesfinancing/index.shtml](http://www.sandiego.gov/planning/facilitiesfinancing/index.shtml) and a copy is available in the Office of the City Clerk.