



DATE ISSUED: October 3, 2007

REPORT NO: 07-151

ATTENTION: Council President and City Council
Docket of October 8, 2007

REPORT TO THE CITY COUNCIL

SUBJECT: Pacific Highlands Ranch Public Facilities Financing Plan

REFERENCE: Pacific Highlands Ranch Public Facilities Financing Plan – FY 2008

REQUESTED ACTION:

1) Approve the FY 2008 Pacific Highlands Ranch Public Facilities Financing Plan; 2) Adopt a Resolution of Intention to designate an area of benefit for a Facilities Benefit Assessment (FBA) in Pacific Highlands Ranch; 3) Adopt a Resolution of Designation for the FBA in Pacific Highlands Ranch; and 4) Approve the setting of Development Impact Fees (DIF) consistent with the FBA in Pacific Highlands Ranch for those developments which have never been assessed or otherwise agreed to pay an FBA.

STAFF RECOMMENDATION:

Approve the Pacific Highlands Ranch 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 Pacific Highlands 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 (CIP) as it pertains to programming FBA funds in Pacific Highlands Ranch (Subarea III) over the next fourteen year period. The most recent review of the Pacific Highlands Ranch Public Facilities Financing Plan and Facilities Benefit Assessment was approved by Council on July 5, 2006, by Resolution R-301608, and then later amended on November 20, 2006 by Resolution R-302097. This Public Facilities Financing Plan and Facilities Benefit Assessment is a revision and update to the Fiscal Year 2006 plan.

The proposed financing plan details the public facilities that will be needed through the ultimate development of Pacific Highlands Ranch and for the projected population at full community development. Pacific Highlands Ranch is an area in the mid stages of development where significant infrastructure construction has occurred. The required facilities include a library, fire station, police station (located in Carmel Valley), a community park and two neighborhood parks, numerous trails, and major transportation facilities. Many of the facilities listed are located in, and/or shared with, neighboring community planning areas as identified in the respective project descriptions. Cost allocations have been made based upon planned development limits.

The revised financing plan for Pacific Highlands Ranch identifies total remaining project needs estimated at \$443,566,180. The funding sources for these projects are broken down as follows:

AMOUNT	FUNDING SOURCE	PERCENTAGE of TOTAL
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\$146,646,027	Assessments (FBA)	33.1%
\$2,400,407	Developer/Subdivider	0.5%
\$294,519,746	Other	66.4%

Pacific Highlands Ranch is developing under the limitations of a transportation phasing plan until certain improvements are assured. The transportation phasing plan is included in the appendix of the PFFP. The proposed Public Facilities Financing Plan and Facilities Benefit Assessment includes the prioritization of FBA funding so that all of the projects required by the 1,900 dwelling units associated with phases I and II of the transportation phasing plan are funded with the assessments of those 1,900 dwelling units.

The Del Mar Highlands Estates subdivision continues to have its own assessment category based upon the separate level of benefit it will derive from the various transportation improvements.

The goal of the FBA is to ensure that funds will be available in sufficient amounts to provide community facilities when needed. No change is proposed for the assessments of FY 2008:

LAND USE	CURRENT ASSESSMENT	PROPOSED ASSESSMENT per UNIT/ACRE in FY 2008 DOLLARS
SINGLE FAMILY UNITS	\$69,118	\$69,118
MULTI-FAMILY UNITS	\$48,384	\$48,384
DEL MAR HIGHLANDS ESTATES	\$47,002	\$47,002
VILLAGE ACRES	\$557,652	\$557,652
INSTITUTIONAL ACRES	\$198,273	\$198,273
EMPLOYMENT CENTER ACRES	\$371,765	\$371,765

Council has previously directed that the same assessment rates are appropriate DIFs for all properties in Pacific Highlands Ranch 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 DIF for Pacific Highlands Ranch (see Attachment 2).

The FBA will be collected at the building permit issuance stage of development and deposited into a special, interest earning account for Pacific Highlands 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 and time for a public hearing on the FBA. Prior to the public hearing, a mailed notice will be given to all affected property owners within the proposed area of designation. The notice will contain the date of the hearing and inform

property owners of their right to file a protest with the City Clerk prior to the close 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.

FISCAL CONSIDERATIONS:

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

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

Land Use and Housing Committee voted unanimously, September 19, 2007, to approve the plan.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

On July 10, 2007 the Carmel Valley Planning Group (CVPG) voted (11-0) to support the proposed Pacific Highlands Ranch Public Facilities Financing Plan, Fiscal Year 2008 with the following qualifications: 1) A request to modify the first paragraph of the Funding Issues section of project T-12.2 [El Camino Real Widening (Half Mile Drive to San Dieguito Road)] on page 89 to state: Prorata funding distribution shall be based on the share of traffic generated by each community or project, except Pacific Highlands Ranch (FBA) will be limited to \$100,000 toward funding the preliminary engineering for a wildlife undercrossing, sized to the optimal dimensions to improve wildlife movement and designed to facilitate equestrian and pedestrian access in the City's Multiple Habitat Plan Area Northern Tier and the San Dieguito River Park; and 2) A request that staff report back to the Board relative to the gross cost of the Park-n-Ride (Project T-8) and the Transit Center (Project T-9) projects.

Staff has considered the Carmel Valley Planning Group's request to include certain, specific language relative to the project to widen El Camino Real including a wildlife undercrossing. While the current project description does include a wildlife undercrossing, the reviewing agencies have not yet determined what type of undercrossing will be permitted at this site. Therefore, staff believes that inclusion of the requested specific language is premature at this time.

At the request of Pardee Homes, Latitude 33, has provided more recent cost estimates and conceptual drawings for the Park-n-Ride (Project T-8) and the Transit Center (Project T-9) projects. Those revised estimates have been incorporated in the Fiscal Year 2008 Pacific Highlands Ranch Public Facilities Financing Plan.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

All property owners with remaining new development are listed on the Pacific Highlands Ranch Public Facilities Financing Plan, Fiscal Year 2008 Assessment Roll, beginning on page 225. These property owners will be mailed a notice of the public hearing and copy of the financing plan. The owners will have liens placed upon their property and will be required to pay Facility Benefit Assessments (FBA) upon any building permit issuance when developing their property. Any redevelopment that increases the intensity of existing uses may be subject to an impact fee per Attachment 2.

Charlene M. Gabriel
Facilities Financing Manager
City Planning & Community Investment

William Anderson, FAICP, Acting
Deputy Chief/Chief Operating Officer

CMG/FVJ

Attachment: 1. Pacific Highlands Ranch 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. A copy is available for review in the Office of the City Clerk.

**PACIFIC HIGHLANDS 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, park, fire, library, water, sewer, and police facilities. A list of the public facilities projects begins on page 33 of the Pacific Highlands 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 guidelines to maintain the existing levels of service.
 - Fire Project: Both residential and non-residential development utilizes fire department services and a new station is necessary based on the population at full community development to maintain the existing levels of service.
 - Police Project: Both residential and non-residential development utilizes police department services and a new station is necessary based on the population at full community development 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 at full community development to maintain the existing levels of service.
 - Library Project: Residential development utilizes the community libraries and expansions are necessary based on the population at full community development and the General Plan guidelines to maintain the existing levels of service.