THE CITY OF SAN DIEGO

REPORT TO THE CITY COUNCIL

DATE ISSUED: November 28, 2007 REPORT NO: 07-198

ATTENTION: Council President and City Council
Agenda of December 4, 2007

SUBJECT: Navajo Public Facilities Financing Plan

REFERENCE: Navajo Public Facilities Financing Plan - Fiscal Year 2008

REQUESTED ACTION:
1) Approve a Public Facilities Financing Plan for FY 2008 for the Navajo Community; 2) Rescind the existing Development Impact Fees; and 3) Approve the establishment of new Development Impact Fees for all property within the Navajo Community.

STAFF RECOMMENDATION:
Approve the Navajo Public Facilities Financing Plan - FY 2008; rescind the existing Development Impact Fees; and establish new Development Impact Fees for the Navajo Community.

SUMMARY:
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 plan updates the existing Navajo Community Facilities Summary List last updated and adopted November 10, 1998 (R-290953).

The draft FY 2008 Navajo Public Facilities Financing Plan describes the public facilities that will be needed for the Navajo Community as it develops according to the existing Community Plan. Navajo is an urbanized community; most of the community facilities and infrastructure are already in place. The remaining needed facilities are in the categories of transportation, park improvements, library and fire. The proposed fees reflect the current costs of the facilities identified in the Navajo Community Plan and are necessary to maintain existing levels of service in the community. A summary of the proposed impact fees for Navajo is as follows:

Residential Units		Commercial and Industrial	
Transportation	$2,044 per unit	Transportation	$292 per trip
Park & Recreation	$2,883 per unit	Fire	$279 per 1,000 SF of gross bldg area
Library	$1,360 per unit		
Fire	$ 279 per unit		
TOTAL FEE	**$6,566 per unit**		

The total impact fee for residential development will increase from $2,162 to $6,566 per dwelling unit, primarily due to the adjusted needs and increased costs for transportation and park and recreation facilities. The estimated cost for eligible transportation facilities has increased

from $36,700,000 to $112,859,948. An increase in the transportation fee from $1,064 to $2,044 per residential unit reflects increased project costs. The estimated cost for park facilities increased from $17,935,000 to $57,259,257, resulting in a fee increase from $867 to $2,883. This increase is a more accurate reflection of acreage requirements and costs to meet population based park needs within the community. The estimated cost for library facilities increased from $4,775,000 to $27,000,000, resulting in a fee increase from $231 to $1,360. A fire fee of $279 per 1,000 square feet has been added. The estimated cost for fire facilities in the Navajo Community is $14,603,087.

Projected cost for all projects is $320,557,359. Eligible project costs in the amount of $211,722,292 will serve as the basis for the DIF, 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 Annual Capital Improvements Program Budgets.

Alternative: Do not approve the proposed Financing Plan and DIF Schedule. 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 identified facilities.

FISCAL CONSIDERATIONS:
Adoption of this Financing Plan will continue to provide new development's share of funding for the required public facilities.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:
The Navajo Public Facilities Financing Plan FY 2008 was approved by the Land Use & Housing Committee on November 7, 2007.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:
On October 15, 2007, the Navajo Community Planning Group unanimously approved the draft Public Facilities Financing Plan with a vote of 14-0-0.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:
Developers of new projects on vacant sites will be subject to a higher impact fee than currently exists.

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Land Use & Economic Development

Attachment: 1. Draft Navajo Public Facilities Financing Plan - Fiscal Year 2008

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.