THE CITY OF SAN DIEGO

REPORT TO THE CITY COUNCIL

DATE ISSUED: April 16, 2008 REPORT NO: 08-054

ATTENTION: Council President and Members of the City Council

SUBJECT: Carmel Valley Public Facilities Financing Plan

REFERENCE: Carmel Valley Public Facilities Financing Plan, Fiscal Year 2009

REQUESTED ACTION:

1) Approve the Carmel Valley Public Facilities Financing Plan, Fiscal Year 2009; 2) Adopt a Resolution of Intention to designate an area of benefit for a Facilities Benefit Assessment (FBA) in Carmel Valley; 3) Adopt a Resolution of Designation for the FBA in Carmel Valley; 4) Approve the setting of Development Impact Fees (DIF) consistent with the FBA in Carmel Valley for those developments which have never been assessed or otherwise agreed to pay an FBA, and 5) Authorize the City Auditor and Comptroller to modify individual Capital Improvement Program project budgets.

STAFF RECOMMENDATION:

Approve the Carmel Valley Public Facilities Financing Plan, Fiscal Year 2009 (financing plan); rescind the existing Facilities Benefit Assessments (FBA) and Development Impact Fees (DIF) and establish new FBA and DIF for Carmel Valley.

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 Carmel Valley over the next year. The last review of the Carmel Valley Public Facilities Financing Plan and Facilities Benefit Assessment was approved by Council on October 17, 2006, by Resolution R-301977. This Public Facilities Financing Plan and Facilities Benefit Assessment is a revision and update to the Fiscal Year 2007 plan.

The proposed financing plan details the public facilities that will be needed through the ultimate development of Carmel Valley and for the projected population at full community development. Carmel Valley is a substantially developed community with the majority of the community facilities in place. There are a total of 24 current and proposed new projects, and adjustments have been made to project costs to allow for inflation and updated estimates. The total unappropriated cost of these projects is estimated at approximately $26,379,000 with FBA funding of approximately $18,150,000 (70%).

The goal of the FBA is to ensure that funds will be available in sufficient amounts to provide community facilities when needed. With this update, the two community FBA funds, Carmel

Valley North FBA and Carmel Valley South FBA, will be consolidated and one cashflow will be developed. Residential and non-residential development in both the northern and southern areas of Carmel Valley have paid on the same assessment schedule since the implementation of the FBA program, as will all future development in Carmel Valley.

As the current assessment schedule will provide sufficient funding for the remaining facilities in Carmel Valley, therefore no change to the current assessment schedule is proposed beyond a 7% inflation factor which is reflected in the FY 2009 assessments as well as future year project cost estimates. The assessments for FY 2008 and FY 2009 are as follows:

LAND USE	CURRENT FY 2008 ASSESSMENT	PROPOSED FY 2009 ASSESSMENT
SINGLE FAMILY UNITS	$21,789	**$23,314**
MULTI-FAMILY UNITS	$15,253	**$16,320**
COMMERCIAL (per acre)	$80,837	**$86,495**
INDUSTRIAL (per acre)	$75,172	**$80,433**
INSTITUTIONAL per acre)	$77,787	**$83,231**

The proposed assessment for Fiscal Year 2009 is based on estimated costs of facilities to be funded by this program, and represents a 7% increase over the current assessment. The inflation factor of 7% is also applied to the current project cost estimates for Fiscal Year 2010, while a factor of 5% is used for Fiscal Years 2011 and beyond. The interest rate applied to the cash on hand in the FBA fund is 3% for Fiscal Years 2009 and 2010, and 4% for Fiscal Years 2011 and beyond.

Council has previously directed that the same assessment rates are appropriate DIFs for all properties in Carmel Valley that have never been assessed or otherwise agreed to pay Facilities Benefit Assessments. Therefore, it is recommended that the above proposed Fiscal Year 2009 Assessments also be adopted as DIF for Carmel Valley (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 Carmel Valley. 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 Carmel Valley.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:
On March 12, 2008 LU&H unanimously approved the Public Facilities Financing Plan on Consent Agenda.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:
On February 12, 2008, the Carmel Valley Planning Group voted (15-1) to support the proposed Carmel Valley Public Facilities Financing Plan and Facilities Benefit Assessment, Fiscal Year 2009. The lone dissenting vote was made in opposition of consolidating FBA funds to pay for remaining public facilities projects.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:
All property owners with remaining new development are listed on the Carmel Valley Public Facilities Financing Plan, Fiscal Year 2009 Assessment Roll, starting on appendix page A-3. 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 Facilities Benefit Assessments (FBA) 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.

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William Anderson, FAICP
Deputy Chief Operating Officer: Executive Director of City Planning and Community Development

CMG/MFS

Attachment: 1. Carmel Valley Public Facilities Financing Plan, Fiscal Year 2009
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.