



THE CITY OF SAN DIEGO

## REPORT TO THE CITY COUNCIL

DATE ISSUED: November 5, 2008 REPORT NO:08-160

ATTENTION: Council President and City Council  
Agenda of November 10, 2008

SUBJECT: North University City Public Facilities Financing Plan

REFERENCE: North University City Public Facilities Financing Plan – FY 2009

### REQUESTED ACTION:

1) Approve the North University City 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 North University City; 3) Adopt a Resolution of Designation for the FBA in North University City; 4) Approve the setting of Development Impact Fees (DIF) consistent with the FBA in North University City 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 Project program budgets to reflect this plan.

### STAFF RECOMMENDATION:

Approve the North University City Public Facilities Financing Plan - Fiscal Year 2009; rescind the existing Facilities Benefit Assessments and Development Impact Fees and establish new Facilities Benefit Assessment and Development Impact Fees for the North University Community.

### SUMMARY:

Council Policy 600-36 calls for an annual review of all existing FBA. 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 North University City (NUC). The most recent review of the North University City PFFP and FBA became effective on May 31, 2006, by Resolution R-301465.

The University City Planning Group (UCPG) was given two different versions of draft financing plans. The UCPG approved the April 2008 version of the PFFP with certain conditions which will be discussed in the Community Participation and Public Outreach Efforts section found later in this report. The September 2008 version of the plan incorporated the Westfield/UTC expansion and was presented to the UCPG at their September 9, 2008 meeting.

This proposed financing plan details the public facilities that will be needed through the ultimate development of North University City and for the projected population at full community development, currently estimated to be the year 2015. North University City is a partially developed community with many community facilities already in place.

The proposed FBA is based on current estimated costs of facilities to be funded under this program. The costs of the facilities are apportioned equitably among the undeveloped parcels within the Area of Benefit. The objective of the FBA program is to ensure that sufficient funds will be available to construct identified facilities as the community develops.

The proposed financing plan includes the addition of approximately \$28 million in FBA funding as a result of construction and material costs increases, project delays, and the addition of new projects. New projects include an expanded transit center at UTC, a joint use park at University City High School, and two new fire stations, only one of which is FBA funded at this time.

City staff and the UCPG FBA subcommittee's review of the development schedule resulted in a decrease in anticipated development (ADTs), primarily due to the removal of parcels that had no further development rights. The combination of increasing project costs, additional projects, reduction of anticipated ADTs, and reduced revenue due to the downturn in the economy has necessitated an increase of 5% in the assessment rate. Changes that offset potential increases to the fee include replacing FBA funding with Transnet and deferring construction timing assumptions of some facilities.

The following table shows existing FY 2009 and proposed FY 2009 assessments.

<b>LAND USE</b>	<b>FY 2009 ASSESSMENT</b>	<b>PROPOSED FY 2009 ASSESSMENT</b>
Single Family Units	\$18,581	<b>\$19,510</b>
Multi-Family Units	\$13,007	<b>\$13,658</b>
Commercial ADTs	\$1,251	<b>\$1,314</b>

Council has previously directed that the same assessment rates are appropriate Development Impact Fees (DIFs) for all properties in North University City 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 Development Impact Fees for North University City (see Attachment 2).

The Facilities Benefit Assessment will be collected at building permit issuance and deposited into a special interest earning fund for North University City. 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 Assessments. Prior to the public meeting, all property owners within the proposed area of designation will receive a mailed notice advising them of the hearing date and their right to file a protest with the City Clerk prior to 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 for inclusion in the Area of Benefit shall cause the proceedings to be abandoned. A letter advising of that meeting will be mailed to all property owners as shown on the last assessment roll, or otherwise known to staff.

FISCAL CONSIDERATIONS:

Adoption of the designated area of benefit will continue to provide a funding source for the public facilities identified in the North University City Public Facilities Financing Plan – Fiscal Year 2009.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

The existing North University Public Facilities Financing Plan – FY 2007, was unanimously approved by the Land Use and Housing Committee on March 29, 2006 and by the City Council on April 24, 2006 and May 22, 2006.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

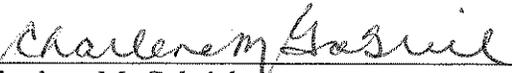
This current version of the plan, dated November 2008, will be provided to the group prior to the Council hearing scheduled on November 10, 2008. The UCPG approved the April 2008 version of the PFFP by a vote of 12-1-1, with the following caveats:

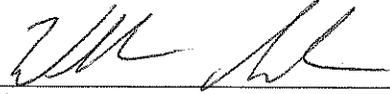
1. The \$7.7 million appropriation for the Regents Road Bridge project for FY 2009 must be moved to FY 2010.
2. The Limited Roadway Changes (included in Project NUC-18B in financing plan) should not be fully funded with FBA funds.
3. The \$4 million for improvements in Rose Canyon should be separated from NUC-18.
4. Construction of the new fire station should be moved from FY 2013-2014 to FY 2010.
5. In conformance with the community plan amendment, a second fire station should be added to the financing plan and should be funded no later than FY 2012.

Staff responses to these motions can be found on Attachment 3 of this report. Attachment 4 is a list of the changes made to the financing plan as a result of these motions.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

All property owners with remaining new development are listed on the North University City Assessment Roll, beginning on page 163. These property owners will be mailed a notice of the public hearing and a copy of the financing plan. The owners will have liens placed upon their property and will be required to pay the FBA fee in effect at the time of building permit issuance. Redevelopment that increases the intensity of existing uses may be subject to an impact fee per Attachment 2.

  
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Deputy Chief Operating Officer:  
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- Attachment: 1. North University City Public Facilities Financing Plan, Fiscal Year 2009  
2. North University City Development Impact Fee Analysis  
3. Staff response to UCPG motion  
4. List of Changes from April & September 2008 Drafts

*[if needed]* 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.