ATTACHMENT 3

Public Facilities, Services and Safety Element - Excerpt

Purpose and Intent

To provide goals and policies for the provision of publicly managed facilities and services that have a direct influence on the location of land uses and public safety, in addition to providing prioritization guidelines and financing strategies for the provision of these facilities and services.

Plan Issues

- Address existing public facility and service needs, balanced with future needs to accommodate growth.
- Successful implementation of new prioritization guidelines for the provision of public facilities and services to ensure success of the growth strategy and effective management and allocation of resources.
- Enhanced capital and operational efficiencies and financial resources are critical to the strategic growth and development of the city.
- Sufficient resources and investments to maximize the protection of public health and safety, and quality of life.

Introduction

The Public Facilities, Services and Safety Element addresses facilities and services that are publicly managed, and have a direct influence on the location of land uses. These include Fire-Rescue, Police, Wastewater, Waste Management, Libraries, Schools, Information Infrastructure, Disaster Preparedness, and Seismic Safety. Three additional categories are addressed briefly within this Element and other sections of the General Plan as separate Elements. Park and recreation facilities are covered in the Recreation Element, water supply and conservation are covered in the Conservation Element, and transportation improvements are covered in the Mobility Element. The Public Facilities, Services and Safety Element also provides policies for prioritizing public facilities and services, and financing and development strategies.

The 1979 Progress Guide and General Plan emphasized the importance of timely development of facilities and services so as not to impact the adequate provision of public services. In the ensuing quarter century the city's ability to provide infrastructure and public facilities has been severely strained. Limitations have been particularly felt in the older urbanized areas, resulting from limitations on property tax revenues, and the shifting of local tax revenues to the state. Revenue reductions initially resulted from the Property Tax Limitation Initiative of 1978 (Proposition 13) which placed extensive limits on property tax revenues. In the 1980s and 1990s, a substantial portion of property taxes, and other revenues historically reserved for local government, were shifted to state control.

These fiscal constraints impacted all California cities. However, the impact was not shared equally among the cities. The post Proposition 13 allocation of property taxes, as mandated by state Assembly Bill 8, resulted in Los Angeles and San Francisco receiving a much larger percentage of the local property tax than that received by San Diego. The city was left with a low overall revenue ratio compared with similar California cities. City general revenue per unit of net assessed valuation approximated one-half that generated in Sacramento, Long Beach, Los Angeles, and Oakland, and was significantly lower than that in San Jose and Anaheim. The resulting effect was a significantly reduced General Fund revenue base with which to address capital needs and increasing operational and service demands. Furthermore, the allocation of available resources during this same period was often dedicated to competing City Council and public priorities.

While San Diego's revenue performance has historically been positive and performance efficiencies have always been emphasized, the revenue base has not been sufficient in recent decades to fund substantial General Fund capital improvements and other operational needs. Consistent with this Element and community plans, prioritization of projects will be required to successfully plan for public facilities and services during this time of increasing demands for services, rising costs of construction and maintenance, and limited resources. Development of joint-use facilities, regional partnerships, improved capital planning and financing guidelines, and a continued focus on maximum efficiencies will be equally as critical. Additionally, the city's role in implementing the financing strategy identified herein is crucial to the planning and provision of public facility and service needs. The city is committed to ensuring adequate public facilities for all existing and future development in accordance with the General Plan, notwithstanding its limited fiscal resources and the financial challenges for funding capital improvements.

Note: Section A, Public Facilities and Services Prioritization; and Section B, Evaluation of Growth, Facilities, and Services, will be brought forward with the next draft of the General Plan.

C. Public Facilities Financing

Goal

- Implementation of financing strategies and options that address existing and future public facility needs

Discussion

Managing growth in the city through the assurance of adequate and timely public facilities to serve the current and future population continues to be a great challenge. The provision of city infrastructure and public facilities has been severely strained for more than two decades. Limitations have been particularly felt in the older urbanized areas, as the combination of limits on property tax revenues and shifts of local taxes to the state have occurred. The passage of Proposition 13, the Property Tax Limitation Initiative, in 1978, followed by state budgeting actions beginning in the early 1980s, further reduced local revenues that were once available for operating and capital needs. During periodic recessionary times, the state has balanced its budget by appropriating local revenues. State repeals of previous subventions (categories of financial support) to local governments have resulted in an approximate one billion dollar drop in cities' and counties' combined share of the local property tax statewide.

These fiscal constraints have impacted all California cities, but not to the same degree. The post Proposition 13 allocation of property taxes, as mandated by state Assembly Bill 8 soon after the measure passed, has resulted in Los Angeles and San Francisco receiving a much larger share of the local property tax than is received by San Diego (see Table PF-1). San Diego also ranks low overall on general revenue sources, with a dollar amount slightly more than one-half that generated per dollar of net assessed value in Los Angeles. The reasons for this difference include both the higher percentage of property taxes allocated by the State to Los Angeles (per the formula set by Assembly Bill 8), as well as that city's use of more and greater sources of revenue.

As of 2005, San Diego did not utilize several potential municipal revenue sources which are relied upon by the vast majority of similar California cities (see Table PF-2). Prominent among these are lack of a residential trash collection fee, lack of any utility user tax, and lack of water/sewer rights-of-way franchise fees. Other revenues, such as the Transient Occupancy Tax and the Real Property Transfer Tax are currently charged at much lower rates than applied by San Diego's peer cities in California. Since the passage of Proposition 218 in the mid 1990s, increases to such revenues now require citywide voter approval, further complicating the ability to implement these options to obtain additional resources for operating and capital needs. Furthermore, the city's management and allocation of available resources during this same period was often dedicated to other priorities. The combinations of these factors summarize in large part the challenges the City has faced, despite efforts to enhance efficiencies and the effective allocation of resources, in addressing its community and service needs.

In spite of the detrimental fiscal constraints, the city's role in implementing the financing strategy described herein is crucial to the planning and provision of public facility and service needs. California law limits development's required contributions for public facilities to a proportional fair-share based on a clear nexus. Therefore, the city must be held responsible for its fair-share of public facility and infrastructure costs. It must invest in the construction and maintenance of facilities to address current needs and to support future growth. The ultimate implementation of the smart growth strategy described in this General Plan is contingent upon a financing strategy and the city's ability to provide and maintain its facilities in a timely fashion. More importantly, preserving quality of life in the city, especially in older communities with longstanding needs, hinges on the city's efforts to implement the financing strategy.

Policies

PF-C.1. Address current and future public facility needs by pursuing, adopting, implementing, and maintaining a diverse funding and management strategy.

- a. Ensure effective management and optimal allocation of all financial resources for both capital and operational needs.
- b. Maximize operational and capital efficiencies
- c. Support state/local government fiscal reform efforts which provide an equitable redistribution of property tax proceeds or other revenues to the city from the state.
- d. Assume an active leadership role in planning and implementing infrastructure investments on a collaborative regional basis.
    1. Apportion on a regional level, as applicable and appropriate, eligible infrastructure expenses to support regionally beneficial growth policies.
- e. Coordinate with all appropriate authorities and agencies for a more efficient use of shared resources and joint-use opportunities for facilities and services.
- f. Adopt new, or increase existing, funding sources including, but not limited to, the options identified in Table PF-3.

g. Work in partnership with stakeholders to promote a bond measure to address the city's unfunded public facilities construction and maintenance needs.

h. Facilitate, where supported by local residents, adoption of improvements and/or maintenance districts, and other assessments for locally prioritized facilities and/or services.

i. Pursue Regional Comprehensive Plan and Smart Growth Incentive Program funding for transportation needs consistent with the financing policies in the Mobility Element.

j. Support appropriations from the funding sources identified in Table PF-4 to finance public facility costs.

PF-C.2. Maintain an effective facilities financing program to ensure the impact of new development is mitigated.

a. Ensure new development pays its proportional fair share of facilities costs through applicable development impact fees pursuant to the California Government Code.

b. Ensure development impact fees (DIF) and facilities benefit assessments (FBA) are updated frequently and evaluated periodically to ensure financing plans are representative of current project costs and facility needs.

PF-C.3. Integrate all planning and development policies and strategies in the annual development of the Capital Improvements Program.

a. Review all capital projects for consistency with adopted planning documents, such as the General Plan, community plans, public facilities financing plans, the city's smart growth strategy and others.

b. Coordinate citywide capital project prioritization and programming with the city's budget office for consistency with General Plan prioritization guidelines.

c. Conduct annual conformance and audit reports of the Capital Improvements Program.

PF-C.4. Conduct periodic review of the fiscal impacts of private development throughout the city to serve as a policy guide regarding the amount, intensity, location, and timing of new development.