

# Black Mountain Ranch

## Public Facilities Financing Plan and Facilities Benefit Assessment

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Fiscal Year 2013



THE CITY OF SAN DIEGO

Facilities Financing  
Development Services Department  
October 2012

RESOLUTION NUMBER R- 307790

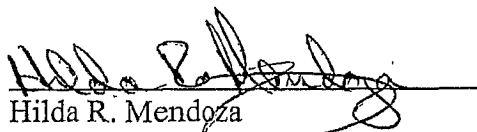
DATE OF FINAL PASSAGE OCT 25 2012

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO APPROVING THE BLACK MOUNTAIN RANCH PUBLIC FACILITIES FINANCING PLAN AND FACILITIES BENEFIT ASSESSMENT, FISCAL YEAR 2013, AND AUTHORIZING THE CHIEF FINANCIAL OFFICER TO ESTABLISH AND MODIFY INDIVIDUAL CAPITAL IMPROVEMENT PROGRAM PROJECT BUDGETS TO REFLECT THE PLAN.

BE IT RESOLVED, by the City Council of the City of San Diego, that it approves the document titled, "Black Mountain Ranch Public Facilities Financing Plan and Facilities Benefit Assessment, Fiscal Year 2013" (Financing Plan), a copy of which is on file in the Office of the City Clerk as Document No. RR- 307790.

BE IT FURTHER RESOLVED, that the Chief Financial Officer is authorized to establish and modify individual Capital Improvement Program project budgets to reflect the Financing Plan provided funding is available for such action.

APPROVED: JAN I. GOLDSMITH, City Attorney

By   
Hilda R. Mendoza  
Deputy City Attorney

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of OCT 23 2012.

ELIZABETH S. MALAND  
City Clerk

By   
Deputy City Clerk

Approved: 10-25-12  
(date)

  
JERRY SANDERS, Mayor

## **Mayor**

Jerry Sanders

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This information will be made available in alternative formats upon request. To request a financing plan in an alternative format, call the Planning Department, Facilities Financing Section, at (619) 533-3670.

*To view this document online, visit the City Planning and Community Investment Department on the City of San Diego website at:*

<http://www.sandiego.gov/planning/programs/facilitiesfinancing/plans/blackmtnranch.shtml>.

# **Introduction**

## **Authority**

This **financing plan** implements the improvement requirements set forth in the Black Mountain Ranch Subarea Plan, which was originally approved by the City Council on July 28, 1998 as Resolution No. R-290525, and subsequently amended on May 9, 2009 as Resolution No. R-304918.

The Phase Shift from the future urbanizing planning designation to planned urbanizing was subsequently approved by the voters during Fiscal Year 1999. This community is also subject to the requirements of two development agreements:

- Second Amended and Restated Development Agreement Between The City of San Diego and Black Mountain Ranch Limited Partnership, Document No. O-18387, March 17, 1997.
- First Amendment to Second Amended and Restated Development Agreement Between The City of San Diego and Black Mountain Ranch Limited Partnership, Document No. O-19020, December 10, 2001.

## **Third Update to Financing Plan**

On November 1, 2005, by Resolution R-301005, the City Council adopted the Fiscal Year 2006 Black Mountain Ranch Public Facilities Financing Plan. This report constitutes the third comprehensive update of the Public Facilities Financing Plan for the Black Mountain Ranch community. Future adjustments are anticipated to occur on an annual basis.

## **Scope of Report**

This Financing Plan for Black Mountain Ranch sets forth the major public facilities that will be needed over the next eight years during which the full community development is expected. This report also includes the revised **Facilities Benefit Assessment (FBA)** for Black Mountain Ranch, as required by City Ordinance O-15318, adopted August 25, 1980. The FBA is established to provide funds for public facilities which will benefit the Black Mountain Ranch community.

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# Facilities Benefit Assessment

## FBA Procedure

City Ordinance No. O-15318 was adopted by the City Council on August 25, 1980 to establish the procedure for implementing a Facilities Benefit Assessment (FBA). Additionally, the FBA is established, increased, imposed and collected in accordance with the California Government Code sections 66000 *et seq.* The FBA provides funding for public facilities projects that serve a designated area, also known as the **area of benefit**. The dollar amount of the assessment is based upon the collective cost of each public facility, and is equitably distributed over the area of benefit in the Black Mountain Ranch community planning area. For more information on the area of benefit, see Areas of Benefit and Projected Land Uses beginning on page 5.

## Methodology of the FBA

The methodology of the FBA is as follows:

- 1) An FBA **Assessment Roll** is prepared for Black Mountain Ranch where each remaining, unimproved parcel or approved map unit in the area of benefit is apportioned its share of the total assessment according to the size and anticipated use of the property. Refer to Assessment Roll Description on page 9 for more information on the Assessment Roll.
- 2) Liens are placed on the undeveloped or under-developed portions of the assessed parcels and final map properties within the area of benefit. The liens are filed without a specific assessment amount since the owner or developer is responsible to pay only the assessment that applies to the type and amount of development that actually occurs.
- 3) At the time of building permit issuance, the owner of the parcel being developed is assessed a fee that is determined by the type and size of the development permitted according to the FBA assessment schedule that is in effect at the time the permit is obtained. Owners/developers are not permitted to pay liens in advance of obtaining construction permits for development. FBA fees are paid directly to the Development Services Department at the time of building permit issuance.
- 4) Fees are collected, placed into a separate City interest bearing fund, and used within the area of benefit solely for those capital improvements and administrative costs identified in the Black Mountain Ranch Public Facilities Financing Plan.

## Timing and Cost of Facilities

The public facilities projects anticipated to be financed by the Black Mountain Ranch FBA funds are shown in Table 9, beginning on page 31. Included in the table are:

- Project title
- Fiscal year in which construction of the project is expected

- Estimated project costs
- Funding sources

Project categories include transportation improvements, neighborhood parks and recreation, fire, libraries, and water & sewer. Descriptions of the anticipated projects, which are listed in Table 9 and can be found on the project sheets beginning on page 37. The FBA also funds the administrative costs associated with the development, implementation, and operation of the FBA program.

## **Expenditures**

The following are three types of expenditures that may be applied against the FBA fund:

- 1) **Direct payments** for facility costs, including administration of the FBA fund;
- 2) **Credits** to developers for facilities provided in accordance with San Diego Municipal Code (SDMC) section 61.2213 of the FBA Ordinance; and
- 3) **Cash reimbursement** to developers for providing facilities exceeding the cost of their FBA obligation pursuant to an approved reimbursement agreement.

Therefore, whether a developer or the FBA fund provides a facility, direct payments, credits, or cash reimbursements are all treated as an expense to the FBA fund.

## **Area of Benefit and Projected Land Uses**

### **Area of Benefit**

The City Council initiates proceedings for the designation of an area of benefit by adopting a **Resolution of Intention**. The undeveloped land areas that are within the community boundary of Black Mountain Ranch are known as the area of benefit. A Facilities Benefit Assessment is applied to the residential, non-residential, and various other land use combinations of undeveloped property. Figure 1, on page 7, shows the community boundary and locations of the Black Mountain Ranch Facilities Benefit Assessment Districts or areas of benefit.

The location and extent of the area of benefit is determined by referencing the County Assessor parcel maps, current tentative subdivision maps, and from information supplied by affected property owners. This information, along with land use designations and assessment payment history, provides the data for the Inventory of Land Uses table shown on page 6.

### **Projected Land Use**

#### **Residential**

The anticipated remaining residential development for Black Mountain Ranch is estimated at 2,694 dwelling units. A list of the types and amount of planned residential development can be found in Table 1 on page 6.

#### **Non-residential**

The anticipated remaining non-residential development for Black Mountain Ranch is projected to be 225,000 Commercial and 515,000 Employment/Office square footage, and 13.2 Institutional acres, and 300 hotel rooms. A list of the types and amount of planned non-residential development can also be found in Table 1 on page 6.

In the event that a landowner desires to proceed with development of a portion of the landowner's property based on a phased development program, which is subject to a lien for the total amount of FBA as provided in SDMC section 61.2210, the landowner may obtain building permits for the development phase after paying a portion of the FBA and making provision for payment of the remainder of the FBA to the satisfaction of the Mayor.

**Table 1 - Inventory of Land Uses**

*As of June 30, 2012 (projected)*

<b>Land Use</b>	<b>Actual</b>	<b>To Go</b>	<b>Total</b>
Single-Family Residential Units	2,100	1,344	3,444
Multi-Family Residential Units	606	850	1,456
Senior Housing Units	0	500	500
Commercial/Retail <sup>1</sup>	16,000	225,000	241,000
Institutional Acres <sup>2</sup>	2.8	13.2	16.0
Employment/Office	0	515,000	515,000
Hotel Rooms	0	300	300
Golf Course	1	0	1

<sup>1</sup> 16,000 square feet of the Commercial/Retail is located at the South Village Town Center. Pursuant to the Black Mountain Ranch Subarea Plan, the remaining 225,000 square feet of the Commercial/Retail development will be located in the North Village Town Center.

<sup>2</sup> Institutional land uses include such projects as churches, day care centers, assisted living, and the like.

**Figure 1 - Area of Benefit Map**



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# Assessments

## Assessment Methodology – EDU Ratios

An **Equivalent Dwelling Unit** or **EDU** ratio has been established for the purpose of spreading the cost of public facilities between the different land use classifications. Equivalent Dwelling Unit ratios have been calculated for each category of facility to be constructed under the FBA because the relationship between land use and the degree of benefit from different public facilities can vary substantially. The single-family dwelling unit (SFDU) is the foundation for all other EDU ratios. Other land use classifications are assigned an EDU ratio per dwelling unit or acre, proportionate to the respective benefit.

Table 2 provides the EDU ratios used to prepare the Black Mountain Ranch Facilities Benefit Assessment.

**Table 2 - EDU Ratios**

<b>CATEGORY</b>	<b>Transportation</b>	<b>Parks</b>	<b>Fire</b>	<b>Library</b>	<b>Water</b>	<b>Sewer</b>
Single-Family	1.0	1.0	1.0	1.0	1.0	1.0
Multi-Family	0.7	0.7	0.7	0.7	0.7	0.7
Senior Housing	0.4	0.36	0.36	0.36	0.36	0.36
Commercial (per 1,000 SF)	0.4	0.0	0.4	0.0	0.8	0.8
Institutional (per acre)	4.0	0.0	4.0	0.0	8.9	8.9
Employ/Office (per 1,000 SF.)	0.2	0.0	0.4	0.0	1.14	1.14
Hotel (per room)	0.56	0.0	0.5	0.0	1.25	1.25
Golf Course	50	0.0	20.0	0.0	50.0	50.0

## Assessment Roll Description

For each undeveloped map portion or parcel in the Area of Benefit, the Assessment Roll includes:

- Parcel number
- Name and address of the owner (according to the County Assessor’s records)
- Number of dwelling units or non-residential acres to be developed (according to the highest and “best use” scenario)
- Assessment amount for each parcel.

Identification numbers in the Assessment Roll may be non-sequential as a result of some parcels having been omitted after assessments are paid, as ownership changes, or as parcels are subdivided. Information on ownership is listed according to the County Assessor's records at the time the Assessment Roll is prepared, as shown on the last equalized Assessment Roll, or as otherwise known to the City Clerk; or by any other means which the City Council finds reasonably calculated to apprise affected landowners (SDMC section 61.2205). The current Assessment Roll is included in this financing plan and begins on page 125.

A **Resolution of Designation**, when adopted by the City Council, imposes the Facilities Benefit Assessment in the form of a lien that is placed upon the undeveloped or under-developed portions of the County Assessor parcels and final map properties within the area of benefit. The assessments are based upon the type and size of forecasted land use of the highest and "best use" scenario.

The maps, plats, and summary of the Assessment Roll, all of which define the area of benefit, will be delivered to the County Recorder for official recording once the updated Public Facilities Financing Plan is approved by the City Council. Collection of the FBA is to occur at the time of construction permit issuance at the Development Services Department.

## **Fee Deferral Program**

The San Diego City Council approved [Ordinance O-19893](#) that allows for the deferral of FBA and Development Impact Fees (DIF). The FBA fee deferral program will be in effect for three years from the date of ordinance approval (termination date 12/31/2014). A Fee Deferral Agreement must be processed by the applicant, properly executed, duly recorded, and the applicable administration fee paid to defer the collection of FBA or DIF. The FBA or DIF can be deferred for a maximum period of two years, or until request for Final Inspection, whichever occurs first. The Final Inspection shall not be scheduled until the applicable FBA or DIF are paid.

FBA fees, including all annual inflationary rate increases, due shall be as set forth in the fee schedule in effect when the Fee Deferral Agreement is executed by the City, or the fees approved by the City Council for a subsequent update of the public facilities financing plan, whichever fee is lower.

## **Determination of Assessment Rates**

Assessments are calculated and levied against each undeveloped or under-developed parcel based upon the type and size of development, which is expected to occur within the area of benefit. The amount of the Facilities Benefit Assessment (FBA) is determined by using the following information:

- Development schedule (in dwelling units and acres)
- Composite EDU ratios for each land use designation
- Schedule of facility expenditures (in FY 2013 dollars) to be financed with monies from the FBA fund
- Annual interest rate of 3% for Fiscal Years 2013 through build out (applied to the fund balance)



- Annual inflation rate of 4% for Fiscal Years 2014 through build out (to determine the future costs of facilities that will be constructed in years beyond FY 2014)
- At the end of each fiscal year (June 30<sup>th</sup>), unpaid assessments are increased by the inflation factor.

An individual developer will pay an assessment to the FBA fund, based upon the number of units, or acres developed in a particular year. Pursuant to the terms of a reimbursement agreement with the City, a developer may be issued credits against an assessment for expenditures related to providing facilities in lieu of paying a Facilities Benefit Assessment. An approved reimbursement agreement with the City may also entitle a developer to cash from the FBA fund.

An **assessment rate** is calculated to provide sufficient money to meet the scheduled, direct payments for facilities provided by the FBA fund. The base deposit rate also considers the timing of credits and reimbursements to be paid to developers for FBA funded facilities. Table 3 lists the FY 2013 Facilities Benefit Assessment base deposit rate for Black Mountain Ranch.

## Development Impact Fees (DIF)

Development Impact Fees (DIF) are established, increased, imposed and collected in accordance with the California Government Code sections 66000 *et seq.* to mitigate the impact of additional development on properties that have either already paid FBAs and/or that have never been assessed. DIF, equal to current FBA, are appropriate for such development.

**Table 3 - FY 2013 Assessment Rate**

LAND USE	ASSESSMENT PER UNIT/ACRE (FY 2013 DOLLARS) <sup>1</sup>
Single-Family Residential Unit	50,900
Multi-Family Residential Unit	35,630
Senior Housing Unit	19,342
Commercial (per 1,000 SF)	8,653
Institutional Acre	168,479
Employment/Office (per 1,000 SF)	4,581
Hotel Room	23,414
Golf Course	2,439,914

<sup>1</sup> These are the FBA assessments that will go into effect upon adoption of this Public Facilities Financing Plan.

## Automatic Annual Increases

Facilities Benefit Assessments are evaluated annually and adjusted accordingly to reflect the current economic conditions. With this update, the FY 2013 assessment for the single family fee category is reduced by approximately 15.8% from the current assessment due to changes in the timing and phasing of the community's development and facilities. An inflation factor of 4% per year will be applied to the assessment starting in FY 2014. The inflation factor is used to provide automatic annual increases in the assessment rate and takes effect at the beginning of each fiscal year (July 1 through June 30). The automatic increase provision is effective only until such time as the next annual adjustment is authorized by the City Council. Thereafter, the subsequent Council-approved annual adjustment will prevail.

Assessments are calculated and levied against each undeveloped or under-developed parcel based upon the type and size of development, which is expected to occur within the Area of Benefit. The Black Mountain Ranch FBA Schedule in Table 4 shows the projected rate of assessment for each category of land use during each year of community development.

**Table 4 - Facilities Benefit Assessment Schedule**

FISCAL YEAR	SFDU	MFDU	SNR	CKSF	INST AC	E/O KSF	HOTEL RM	GOLF
2013a <sup>2</sup>	60,452	42,316	0	20,010	200,085	10,412	27,684	2,346,074
2013b <sup>3</sup>	50,900	35,630	19,342	8,653	168,479	4,581	23,414	2,439,914
2014	52,936	37,055	20,116	8,999	175,218	4,764	24,351	2,054,324
2015	55,053	38,537	20,920	9,359	182,225	4,955	25,324	2,136,497
2016	57,255	40,079	21,757	9,733	189,514	5,153	26,337	2,221,939
2017	59,545	41,682	22,627	10,123	197,094	5,359	27,391	2,310,812
2018	61,927	43,349	23,532	10,528	204,978	5,573	28,486	2,403,236
2019	64,404	45,083	24,474	10,949	213,177	5,796	29,626	2,499,374
2020	66,980	46,886	25,452	11,387	221,704	6,028	30,811	2,599,345

SFDU = Single-family dwelling unit

MFDU = Multi-family dwelling unit

SNR = Senior housing unit

CKSF = Commercial (per 1,000 square feet)

INSTAC = Institutional acre

E/OKSF = Employment/Office (per 1,000 square feet)

HOTELRM = Hotel Room

GOLF= Golf Course

<sup>2</sup> These are the FBA assessment rates currently in effect pursuant to the adopted FY2006 Public Facilities Financing Plan.

<sup>3</sup> These are the FBA assessment rates that will go into effect upon approval of this Public Facilities Financing Plan.

## **Cash Flow Analysis**

The Black Mountain Ranch Cash Flow, Table 7, page 15, presents an analysis of the Black Mountain Ranch FBA. For each fiscal year during the development of the community, the cash flow shows the difference between anticipated FBA revenues (including earned interest) and the expected capital improvement expenditures. Interest earnings for cash on hand are compounded and based on an estimated 3% annual return for FY 2013 through full community development.

The results verify that under the assumed conditions for inflation factors, interest rates, land use development rates and facility costs, sufficient funds are expected for all listed facility requirements without incurring a negative cash flow at any time throughout the build out of the community. This cash flow does not rely on developer construction of facilities, although it is expected that some facilities will be provided by the primary developers through reimbursement agreements.

Annual updates of the cash flow analyses, using actual event status (project status, revenues collected, actual construction costs incurred, etc.), are planned during community development. In this way, potential negative cash flow conditions can be anticipated, and expenditure adjustments can be scheduled to fit funding expectations. Facility needs are related to the community growth rate. Scheduling of facility development is contingent on actual development in the community. Therefore, any slowdown in development will result in shifting of the projected schedule for providing needed facilities. When changes in the development rate occur, facility schedules will be modified accordingly and a new cash flow analysis will be prepared.

The City of San Diego considers historic data while predicting the effect of inflation on construction projects. The Los Angeles/San Diego **Construction Cost Index (CCI)** and the **Consumer Price Index (CPI)** for San Diego are the two indices used by the City while conducting a cash flow analysis. The historical information associated with the Los Angeles/San Diego Construction Cost Index and the Consumer Price Index for San Diego is shown in Table 5 and Table 6 on page 14.

**Table 5 - Los Angeles/San Diego Construction Cost Index**

As reported by *Engineering News Record*

<b>Year</b>	<b>CCI</b>	<b>% Change/Year</b>
1999	6832	2.38%
2000	7056	3.28%
2001	7073	0.24%
2002	7440	3.75%
2003	7572	3.69%
2004	7735	2.15%
2005	8234	6.45%
2006	8552	3.87%
2007	8873	3.75%
2008	9200	3.68%
2009	9799	6.51%
2010	9770	(0.3%)
2011	10035	2.72%
2012	10284	2.48%

**Table 6 - San Diego Consumer Price Index**

<b>Year</b>	<b>CPI</b>	<b>% Change/Year</b>
1999	171.7	3.73%
2000	179.8	4.72%
2001	190.1	5.73%
2002	195.7	2.95%
2003	203.8	4.14%
2004	211.4	3.73%
2005	218.3	3.26%
2006	226.7	3.85%
2007	231.9	2.29%
2008	242.4	4.56%
2009	240.9	-0.6%
2010	244.2	1.39%
2011	252.5	3.40%
2012	256.6	1.66%

**Table 7 - Black Mountain Ranch Cash Flow**

FY	SFDU	MFDU	SNR	C/KSF	INST/AC	EO/KSF	HOTEL RM	SFDU	MFDU	SNR	C/KSF	INST/AC	EO/KSF	HOTEL RM	INPUT PLUS INTEREST	CIP	NET BALANCE
<b>Prior</b>	2,100	606	0	16.0	2.8	0.0	0										
2012								58,127	40,689	0	19,241	192,389	10,012	26,619			1,430,410
2013a	50	0	0	0.0	0.0	0.0	0	60,452	42,316	0	20,010	200,085	10,412	27,684	3,044,056	3,110,302	1,364,164
2013b	140	100	150	0.0	6.6	0.0	0	<b>50,900</b>	35,630	19,342	8,653	168,479	4,581	23,414	14,744,362	13,259,708	2,848,818
2014	241	159	174	0.0	3.2	0.0	0	52,936	37,055	20,116	8,999	175,218	4,764	24,351	22,819,521	21,162,695	4,505,644
2015	286	165	80	0.0	3.4	0.0	0	55,053	38,537	20,920	9,359	182,225	4,955	25,324	24,640,186	17,258,570	11,887,261
2016	275	165	83	0.0	0.0	0.0	0	57,255	40,079	21,757	9,733	189,514	5,153	26,337	24,519,606	24,409,184	11,997,682
2017	250	163	13	90.5	0.0	257	0	59,545	41,682	22,627	10,123	197,094	5,359	27,391	24,706,145	19,231,087	17,472,739
2018	91	67	0	90.5	0.0	258	0	61,927	43,349	23,532	10,528	204,978	5,573	28,486	11,581,611	2,721,079	26,333,271
2019	9	31	0	44.0	0.0	0.0	0	64,404	45,083	24,474	10,949	213,177	5,796	29,626	3,289,875	126,532	29,496,613
2020	2	0	0	0.0	0.0	0.0	300	66,980	46,886	25,452	11,387	221,704	6,028	30,811	9,888,215	34,749,271	4,635,557

Note: The FY 2013b FBA assessment for a golf course is not shown above as no additional golf courses are contemplated in Black Mountain Ranch. The calculated NEDU factor for a golf course is 40.360.

The FY2013b FBA assessment rates will go into effect upon approval of this Public Facilities Financing Plan.

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# **Public Facilities Financing Plan**

## **Purpose**

The **Public Facilities Financing Plan** is prepared to ensure that all owners of undeveloped property will pay their fair share of the funding required to finance the community's needed public facilities. The financing plan applies to all property owners seeking to develop property, even if the subject property has an approved tentative or final map detailing its development. The Public Facilities Financing Plan includes the following:

- Development forecast and analysis
- Capital Improvement Program
- Fee schedule for a Facilities Benefit Assessment.

This report will update the Public Facilities Financing Plan (Financing Plan) and the Facilities Benefit Assessment (FBA) for the development that is planned to occur in the community planning area known as Black Mountain Ranch.

## **Development Forecast and Analysis**

The development projection for Black Mountain Ranch is based upon the best estimates of the existing property owners, their land use consultants, and City staff. Certain economic factors could adversely affect these development projections. Higher interest rates, higher land and housing prices, an economic recession, and issues involving the transportation thresholds could slow or halt the development rate of Black Mountain Ranch. Conversely, a period of robust business expansion could significantly increase the rate of development. Current Indications are that the remaining development of Black Mountain Ranch will take place over a eight year period.

The current development schedule assumes that the required transportation improvements will be provided by the time any thresholds are reached. The projected schedule of development for Black Mountain Ranch is presented in Table 8, on page 18. In this table, the number of units developed within a year refers to those applications having building permits issued (paid) during the July-to-June fiscal year. Therefore, the number of units developed in 2012 refers to those for which permits were issued, with fees paid, between July 1, 2011 and June 30, 2012. Development in Black Mountain Ranch is projected to reach 5,400 dwelling units by the end of Fiscal Year 2020.

Since needed facilities are directly related to the community growth rate, construction schedules of facilities are contingent upon the actual development within the community. Therefore, any slowdown in the rate of community development will result in a modification of the schedule for providing needed public facilities. In addition, the City may amend this Public Facilities Financing Plan to add, delete, substitute, or modify a particular project to take into consideration unforeseen circumstances.

**Table 8 - Development Schedule**

<b>FISCAL YEAR</b>	<b>SFDU</b>	<b>MFDU</b>	<b>SNR</b>	<b>CKSF</b>	<b>INSTAC</b>	<b>E/OKSF</b>	<b>HOTEL</b>	<b>GOLF</b>
<b>Prior Yrs</b>	2100	606	0	16	2.8	0	0	1
<b>2013a</b>	50	0	0	0	0	0	0	0
<b>2013b</b>	140	100	150	0	6.6	0	0	0
<b>2014</b>	241	159	174	0	3.2	0	0	0
<b>2015</b>	286	165	80	0	3.4	0	0	0
<b>2016</b>	275	165	83	0	0	0	0	0
<b>2017</b>	250	163	13	90.5	0	257	0	0
<b>2018</b>	91	67	0	90.5	0	258	0	0
<b>2019</b>	9	31	0	44	0	0	0	0
<b>2020</b>	2	0	0	0	0	0	300	0
<b>PRIOR</b>	2100	606	0	16	2.8	0	0	1
<b>TO GO</b>	<b>1,344</b>	<b>850</b>	<b>500</b>	<b>225</b>	<b>13.2</b>	<b>515</b>	<b>300</b>	<b>0</b>
<b>TOTAL</b>	3,444	1,456	500	241	16.0	515	300	1

Note: As part of this FY 2013 Plan, the Hotel, together with 44,000 square feet of commercial, have been added back in to the development schedule. Previously, this development had completely satisfied or “pre-paid” their FBA obligation in advance of actual construction of these developments because these properties participated in the funding of certain FBA improvements that were required and programmed in the first years of development of Black Mountain Ranch. However, since these developments still have not yet developed, their pre-payment has been returned to the master developer for their use on other projects.

### **Residential**

In the FY 2006 Plan, the anticipated residential development for Black Mountain Ranch was estimated at 5,400 dwelling units. This reflected the maximum number of dwelling units approved by the voters as part of the “phase shift” vote approved by the voters in November, 1998. The anticipated residential forecast has been maintained at 5,400 dwelling units with this update to the Financing Plan. Subsequent changes to the rate of anticipated build out of residential development will be the subject of future annual updates to the Financing Plan. The anticipated remaining residential development for Black Mountain Ranch is estimated at 2,694 dwelling units. A list of the types and amount of planned residential development can be found in Table 1 on page 6.

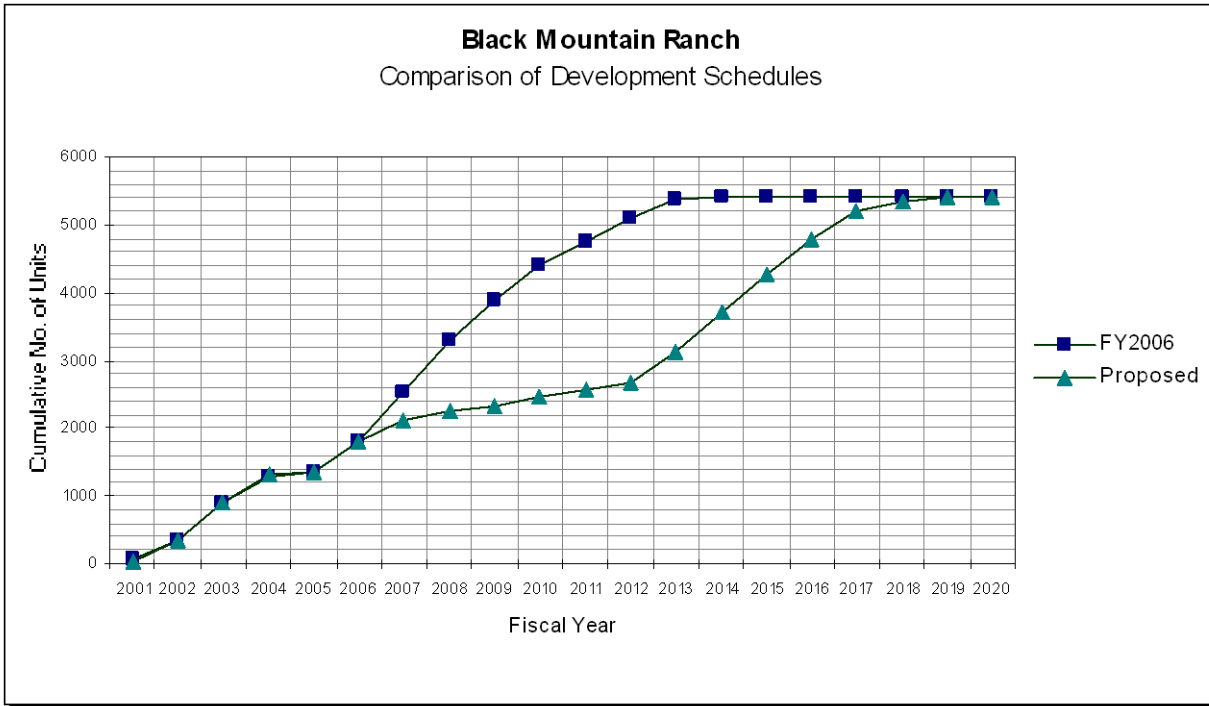
### **Non-residential**

In the FY 2006 Plan, the anticipated non-residential development for Black Mountain Ranch was budgeted with a 300 room hotel, two golf courses, 135,000 square feet of commercial/retail, 16 acres of institutional, and 450,000 square feet of employment center, and 65,000 square feet of office. With this update to the Financing Plan there will only be one golf course, the square footage of commercial/retail will increase to 241,000 square feet and the other projections will remain the same. A list of the types and amount of planned non-residential development can also be found in Table 1 on page 6.



**Annual Absorption Rate**

After an initial startup period, the FY 2006 Plan anticipated an annual absorption rate that peaked at 770 residential dwelling units in FY 2008. This update to the Financing Plan anticipates that, residential development will occur with a sustained annual rate of 400-600 dwelling units per year with a peak annual rate of approximately 574 dwelling units in FY 2014. Figure 2 on page 20 illustrates the differences in the cumulative absorption of residential development between the FY 2006 Plan and this update to the Financing Plan.



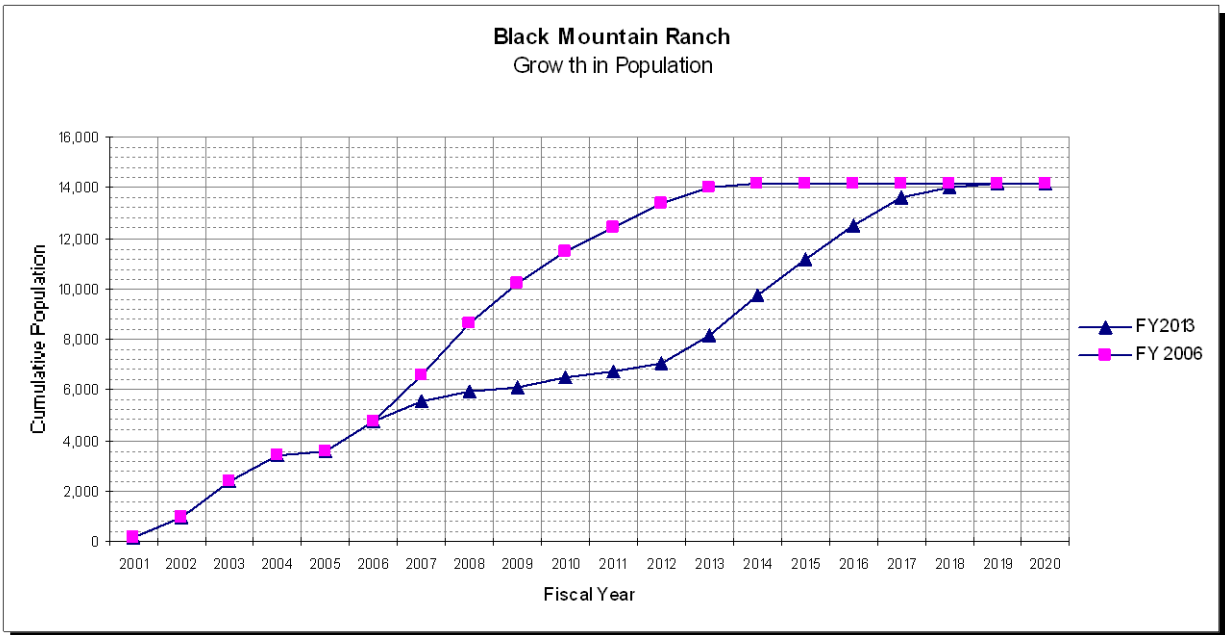
**Figure 2 - Comparison of Cumulative Absorption of Residential Development**

**Population Factors**

As part of the FY 2006 plan, when determining the population-based public facilities requirements, the Public Facilities Financing Plan has utilized a population factor of 2.62 persons per household consistent with the Framework Plan for the North City Future Urbanizing Area. No change in this methodology is proposed as part of this update.

**Population at Build out**

Based upon a utilization of the population factors discussed above, full community development of the Black Mountain Ranch Subarea remains the same as before and has been calculated at 14,148. The graph provided as Figure 3 on page 21 illustrates both, the previous rate of population growth, as reflected in the FY 2006 Plan, together with the proposed rate of population growth that is set forth as part of this update.



**Figure 3 - Growth in Population**

## Capital Improvement Program

### Future Public Facility Needs

In order to better serve the Black Mountain Ranch community, public facilities are needed in a number of project categories. Those categories include:

- Transportation
- Parks and Recreation
- Fire
- Library
- Sewer/Water Lines (Utilities)

The projects are summarized in Table 9 starting on page 31. The anticipated project descriptions can be found in the Capital Improvement Program (CIP) sheets beginning on page 37. The anticipated timing associated with individual projects is also summarized in Table 9 and on the corresponding CIP project sheets. Refer to Table 8 on page 18 for the current development schedule anticipated for the community.

Construction schedules of facilities are contingent upon actual development within the community because needed facilities are directly related to the community's growth rate. Therefore, any slowdown in community development will require a modification to the schedule by which needed facilities are planned. In addition, the City may amend this Public Facilities Financing Plan to add, delete, substitute, or modify a particular project to take into consideration unforeseen circumstances.

## **Changes to Capital Improvement Project List**

The following new projects have been added to the Black Mountain Ranch Public Facilities Financing Plan for FY 2013:

- T-47.3     Paseo Del Sur (Potomac Ridge Road to Camino Del Sur – 2 lanes):  
Total project cost estimate of 1,595,972.
- T-62        Del Sur Ridge Road (Paseo del Sur to Nighthawk Lane – 2 lanes):  
This project is listed as a subdivider expense. Total project cost estimate of 1,238,450.
- T-63        Nicole Ridge Rd (Camino San Bernardo to Potomac Ridge Rd):  
Total project cost estimate of 826,150.
- T-64        Babcock St (Camino Del Sur south for 370 ft.):  
This project is listed as a Subdivider expense. Total project cost estimate of 521,056.

With this FY 2013 update to the Black Mountain Ranch Public Facilities Financing Plan, the following two projects had changes in scope:

- T-34.1     Camino Del Sur (Paseo Del Sur to Bernardo Lakes Dr – 4 lanes):  
T-34 was separated into two segments; T-34.1 and T-34.2, and the western starting point was changed to Paseo Del Sur instead of Bing Crosby Dr.
- T-47.1     Paseo del Sur (Camino del Sur east Highschool Entrance)  
The FY 2006 plan shows the scope of the improvements as Paseo del Sur from Camino del Sur east to Camino San Bernardo. The alignment of this project was modified because of the resubdivision activity in the North Village.

Changes were made to two other projects. Project T-25, which pertains to Carmel Valley Road east of Black Mountain Road was split into three distinct phases. Project T-61, an incremental widening of SR-56, was deleted with the scope of work previously addressed by this project absorbed into Project T-54.2.

## **Fee Schedule for Facilities Benefit Assessments**

### **Annual Review**

The FBA Ordinance in the Municipal Code (SDMC section 61.2212) provides for an annual adjustment of Facilities Benefit Assessments. The annual review may reflect changes to any of the following:

- Rate and amount of planned development
- Actual or estimated cost of public facilities projects
- The public facilities projects
- Inflation rates
- Interest rates
- Comparative analysis of City approved discretionary permits.

### **Updated Project Costs**

This update includes an analysis, by each of the sponsoring City departments, of the project costs for each public facility project. The costs estimates shown in this update have been revised and consider the following:

- LEED “Silver Level” standards
- Impact of inflation
- Competitive bids on similar projects
- Modifications, if any, to the overall scope of the project.

### **Fee Schedule**

The Black Mountain Ranch FBA Schedule in Table 4 on page 12, shows the rate of assessment for each category of land use during each year of community development. The FY 2013 assessment schedule includes an approximately 15.8% decrease in the current assessment for the single family fee category, with a 4% annual increase starting in FY 2014.

## **Financing Strategy**

The General Plan calls for impacts of new development to be mitigated through appropriate fees identified in the Public Facilities Financing Plans. These include impacts to public facilities and services, including the water supply and distribution system, sanitary sewer system, drainage facilities, fire protection, schools, streets, parks, and open space. According to Council Policy 600-28, such improvements are to be furnished and financed by new development. As such, the developers will provide a majority of the needed public facilities for Black Mountain Ranch as a part of the subdivision process. Public facility projects that benefit a population larger than the local/adjacent development may be financed by using the following alternative methods:

### **Facilities Benefit Assessment (FBA)**

This method of financing fairly and equitably spreads costs while following the procedures specified in San Diego Municipal Code Chapter 6, Article 1, Division 22, and California Government Code sections 66000 *et seq.* A Facilities Benefit Assessment results in a lien being levied on each parcel of property located within the Area of Benefit. The liens ensure that assessments will be collected on each parcel as development occurs and will be renewed annually with each update to the Financing Plan. The liens will be released following payment of the FBA.

For the current, approved schedule of Facilities Benefit Assessments by fiscal year, refer to Table 4 on page 12.

### **Development Impact Fee (DIF)**

Within urbanized communities which are near full community development, Development Impact Fees (DIF) are established, increased, imposed and collected in accordance with the California Government Code sections 66000 *et seq.* to mitigate the impact of new development through provision of a portion of the financing needed for identified public facilities and to maintain existing levels of service for that community. Consistent with previous Council direction, Development Impact Fees, equal to the current FBA assessments, are appropriate for all properties in all FBA communities that have never been assessed or otherwise agreed to pay Facilities Benefit Assessments.

### **Assessment Districts**

Special assessment district financing, such as the Municipal Improvement Acts of 1913/1915, may be used as a supplementary or alternative method of financing facilities such as streets, sidewalks, sewers, water lines, storm drains, and lighting facilities. Assessment districts are beneficial in that they provide all of the funding needed for a particular public facility project in advance of the projected development activity. However, assessment districts also create a long-term encumbrance of the benefiting property and require that the funds be repaid over an extended period of time. Assessment districts also require the approval of a majority of the property owners in order to establish the district.

### **Community Facility District (CFD)**

State legislation, such as the Mello-Roos Act of 1982, has been enacted to provide a method of financing public facilities in new and developing areas. A Mello-Roos is also known as a Community Facility District (CFD). The formation of such Community Facility Districts may be initiated by owner/developer petition. Mello-Roos districts also require approval by a two-thirds majority of the property owners in order to establish the district, as clarified by Council Policy 800-3.

### **Developer Construction**

New development either constructs required facilities as a condition of subdivision or provides funds for its fair share of the costs of such facilities, with construction being performed by the City. Typically, these funds are collected through the Facilities Benefit Assessment Program or through the Development Impact Fee program.

As an alternative to the Facilities Benefit Assessment or Development Impact Fee Programs, it may be feasible for developers to construct one or more of the needed public facilities in a turnkey basis. Under this arrangement, developers typically are compensated, either by cash or credit against Facilities Benefit Assessments due, for the work performed pursuant to the conditions in a Council approved reimbursement agreement (Council Policy 800-12).

### **Reimbursement Financing for Water and Sewer Facilities**

This method of financing is outlined in Council Policy 400-7. It is commonly used when the first developer/sub-divider in an area is required to construct the necessary water and sewer facilities for an entire developing area. These agreements are approved by the City Council. Reimbursement to the first developer/sub-divider can occur over a period of time as long as 20 years or until all of the subsequently developed lands have participated in the reimbursement, whichever occurs first.

### **State/Federal Funding**

Certain public facilities may be determined to benefit a regional area that is larger than the community planning area. Such projects may be appropriately funded by either the state, federal government, or by a combination of the two.

### **Regional Transportation Congestion Improvement Fees (RTCIP)**

Where appropriate, the Facilities Financing Section assesses the Regional Transportation Congestion Improvement Program Fees (RTCIP) as originally authorized by the City Council by Resolution R-303554, adopted on April 14, 2008. This fee is applicable to new residential development. On-site Affordable (low income) units may be exempt from the RTCIP fee. These fees were established to ensure that new development directly invests in the region's transportation system to offset the negative impact of growth on congestion and mobility. This fee will be in addition to Development Impact Fees or Facilities Benefit Assessment Fees.

Development within Black Mountain Ranch is currently exempt from the RTCIP fee since new development pays FBA assessments in an amount greater than the average RTCIP rate per residential unit and therefore demonstrates a Maintenance of Effort in financing the Regional Arterial System.

### **Cost Reimbursement District (CRD)**

Occasionally, a developer/sub-divider is directed to construct public improvements that are more than that which is required to support its individual property/development. A Cost Reimbursement District (CRD) provides a mechanism by which the developer/sub-divider may be reimbursed by benefiting development which proceeds within 20 years of formation of the CRD. Reimbursement is secured by a lien on the benefiting properties with the lien due and payable only upon recordation of a final map or issuance of a building permit, whichever occurs first.

## **Development Agreement**

This method permits a developer to enter into an agreement with the City of San Diego where certain rights of development are extended to the developer in exchange for certain extraordinary benefits given to the City.

## **General Assumptions and Conditions**

In connection with the application of the above methods of financing, the following general assumptions and conditions will be applied:

- 1) Except for those projects that are identified as FBA funded, developers will be required to provide facilities that are normally provided within the subdivision process as a condition of tentative subdivision map approval. These projects include but are not limited to traffic signals (except as noted), local roads, and the dedication or preservation of Open Space located within the proposed development(s).  
A Mello-Roos 1913/1915 Act, or other type of reimbursement district, however, may fund such projects if the project(s) and applicant(s) qualify for this type of project financing.
- 2) Commercial and industrial land will be assessed FBAs for infrastructure (including transportation), fire, and utility facilities. However, developers of commercial and industrial land will not be assessed for park and recreation or library facilities since those facilities primarily serve the residential component of the Black Mountain Ranch community. In the future, if a basis is developed for charging non-residential development for the cost of park and recreation and library facilities, their fair share can be evaluated at that time.
- 3) Annual reviews may be performed to evaluate performance of the program and to consider the continuing commitments related to the completion of needed facilities. Project costs and assessments shall be evaluated for all portions of the program.
- 4) The developer, or permittee, shall pay the FBA as a condition of obtaining construction permits.
- 5) A developer, or group of developers, may propose to build or improve an FBA funded facility that is identified in the Capital Improvements Program. Upon City Council approval, the developer(s) may enter into an agreement to provide the facility in lieu of, or as credit against the payment of FBA fees, provided that adequate funds are available in the FBA fund. The amount and timing of the credit being sought by the developer(s) must coincide with the expenditure of funds depicted on the CIP sheet for the respective project. Should the approved, final cost of the facility exceed the amount of credit being sought by the developer(s), the developer(s) may be reimbursed from the FBA fund for the difference, subject to the approved reimbursement agreement and the availability of funds. If two developers are entitled to cash reimbursement during the same fiscal year, then the first agreement to be approved by the City Council shall take precedence over subsequent agreements approved by the City Council.



- 6) As FBA assessments are collected, they shall be placed in a City fund that provides interest earnings for the benefit of Black Mountain Ranch.
- 7) The Development Schedule, shown in Table 8 on page 18, is an estimated schedule and is based on the latest information available at the time this financing plan was adopted. Future approvals and/or modifications of precise plans and/or discretionary permit applications may either increase or decrease the extent of development proposed within Black Mountain Ranch.
- 8) Most public facilities identified in the financing plan are either “population based” or “transportation based”. The estimated year(s) in which funds are budgeted for a given project should not be considered as a binding commitment that the project would actually be constructed in that year. With each annual update, actual permit activity and corresponding population projections, coupled with additional traffic study information obtained since the last update, will be evaluated to determine the most appropriate year in which to budget the need for each remaining project. As such, the budgeted year for a given project is subject to change with each update to the financing plan. In addition, the City may amend this Public Facilities Financing Plan to add, delete, substitute, or modify a particular project to take into consideration unforeseen circumstances.
- 9) Only those roadways that have been designed as a four-lane facility or larger or key circulation element roads have been considered in this financing plan as being funded by the FBA. All other roadways located within Black Mountain Ranch will be the responsibility of the developer/subdivider and are not reflected in the FBA calculations.
- 10) It has been assumed that a large majority of the cost necessary to construct SR-56 will be provided from funds other than the FBA, e.g. TRANSNET, state or federal (ISTEA) highway funds, and/or toll road funds, etc. In 2006, the voters of San Diego County approved the extension of the TRANSNET ½ cent sales tax and identified the widening of SR-56 as one of the projects to be funded by TRANSNET. Consequently, the funding of this project has now been identified in the RTP program managed by SanDAG. FBA funding has been identified solely as backup funding for the widening of SR-56 from four lanes to six, should these other sources of funding not be obtained at the time the improvements are required.
- 11) For projects that require land acquisition in this financing plan, property value estimates assume that the property is graded, in finished pad condition, and “ready to accept” for the project for which it is intended (i.e. the value of raw land plus the cost of improvements/environmental mitigation.). The actual price paid for land within Black Mountain Ranch will be based upon either a price established through direct negotiations between the affected owner(s) and relevant public agency or by fair market value, as determined by an appraisal that will be prepared in accordance with standard City policy.

- 12) It has been assumed that all costs for open space acquisition will be provided from funds other than the FBA, i.e. subdivision requirement, off-site mitigation for a particular project, etc.
- 13) It is expected that all right-of-way for the major roads within the community are to be acquired via the subdivision process at no cost to the FBA. It is anticipated that if right-of-way must be acquired by the FBA by way of eminent domain, a cost reimbursement district, with the beneficiary being the Black Mountain Ranch FBA, will be processed to recover the cost of the right-of-way at such time as the property adjacent to the roadway frontage develops.
- 14) FBA fees shall be paid by all categories of private development, including affordable housing projects.
- 15) This financing plan identifies a number of anticipated public facility projects as being funded by the FBA. However, it is understood that, during the development of Black Mountain Ranch, alternative funding sources may be proposed in lieu of FBA funding, such as developer funds or Mello-Roos Community Facility District financing.
- 16) The reimbursable expenses that a developer, who enters into an agreement with the City to build or improve a specific facility identified in the Capital Improvements Program as being funded by the FBA may include, but not limited to, any right-of-way acquired through negotiation and/or condemnation by either developer or the City, environmental mitigation costs related specifically to the project, construction costs for all public improvements including, but not limited to roadway improvements, grading and storm drain facilities located within the right-of-way, landscaping, traffic control devices and signs, design services, engineering, professional services, appraisal costs, environmental reports, soils testing, legal services, surveying, project administration, construction management and supervision, insurance premiums, bonds, and all other fees and charges, including, but not limited to, permit fees, inspection fees, etc. The specifics of what is to be credited and/or reimbursed shall be as set forth in the reimbursement agreement.

### **Consideration in Lieu of Assessment**

In prior versions of the Financing Plan consideration was offered to several developments that participated in the funding of certain public facilities improvements identified in the Financing Plan as being FBA-funded improvements.

As part of this FY 2013 Plan, the Hotel, together with 44,000 square feet of commercial, have been added back in to the development schedule. Previously, this development had completely satisfied or “pre-paid” their FBA obligation in advance of actual construction of these developments because these properties participated in the funding of certain FBA improvements that were required and programmed in the first years of the development of Black Mountain Ranch. However, since these developments still have not yet developed, their pre-payment has been returned to the master developer for their use on other projects.

## **Cross Funding Between Communities**

Developers of Black Mountain Ranch, Phase I (Santaluz), and Fairbanks Highlands have constructed a number of public facilities projects identified in the FY 2003 Plan as being partially the responsibility of the Torrey Highlands FBA. In an effort to simplify the “cross-funding” between Black Mountain Ranch and Torrey Highlands, the FY2006 Plan was revised to identify 100% FBA funding for a few projects in return for Torrey Highlands providing 100% FBA funding of a few others. After adjustment, the net funding obligation of both communities remained the same.

## **Developer Advance**

It is anticipated that some of the projects which have been identified as being FBA-funded, are to be constructed by developers in Black Mountain Ranch. Subject to the terms of a reimbursement agreement, a developer may actually start construction of a project before there are sufficient FBA funds available to provide either cash reimbursement or credit against the developer’s obligation to pay FBA fees. In other words, the “need” for the project may occur before there are FBA funds available to cover the cost of the project. Additionally, a developer may have accumulated credits from one or more other FBA-funded projects such that the developer is unable to use credits as fast as they have been earned. In such cases, the project sheet for a given project will show the fiscal year in which it is anticipated that the developer will advance the cost of the project as a Developer Advance (DEV. ADVANCE) and reimbursement in the fiscal years in which it is anticipated that funds would be available or when it is anticipated that the developer would take credits against his obligation to pay FBA fees. Subject to the availability of funds, the year(s) in which reimbursement or credit for the Developer Advance occurs may be accelerated to the fiscal year in which the Developer Advance is extended. On some financing plan project sheets, a developer is identified as being the party who will provide the Developer Advance. During the course of development of the Black Mountain Ranch community, the developer who actually constructs a given project may turn out to be different from the developer identified on the project sheet. It is understood that by being named on the project sheet, a developer is in no way obligated to actually construct that particular project. A developer’s obligation to construct a project is determined not by being named in this financing plan but, rather, by the terms of a development agreement, map condition, reimbursement agreement or other such similar document.

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