

Centre City
Public Facilities
Financing Plan



April 1, 2005

(R-2005-614)

RESOLUTION NUMBER R- 300011

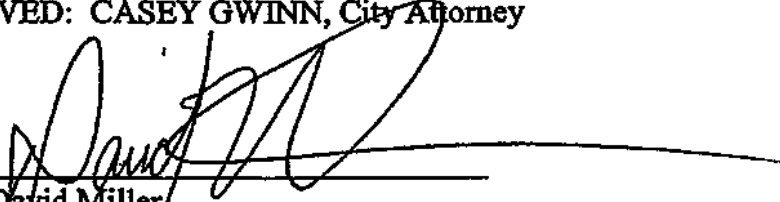
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RESOLUTION OF THE COUNCIL OF THE CITY OF SAN
DIEGO APPROVING THE 2005 CENTRE CITY PUBLIC
FACILITIES FINANCING PLAN.

BE IT RESOLVED, by the Council of the City of San Diego, that it approves the
document titled "Centre City Public Facilities Financing Plan, Fiscal Year 2005," a copy of
which is on file in the office of the City Clerk as Document No. RR- 300011.

APPROVED: CASEY GWINN, City Attorney

By



David Miller
Deputy City Attorney

DM:nda
11/24/04
Or.Dept:CCDC
R-2005-614
MMS#1086

Mayor

Dick Murphy

City Council

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Michael Zucchet, Council District 2

Toni Atkins, Deputy Mayor, Council District 3

Vacant, Council District 4

Brian Maienschein, Council District 5

Donna Frye, Council District 6

Jim Madaffer, Council District 7

Ralph Inzunza, Council District 8

City Attorney's Office

Casey Gwinn, City Attorney

Richard A. Duvernay, Deputy City Attorney

Planning Department

S. Gail Goldberg, AICP, Planning Director

Keith Greer, Deputy Director, Planning

Charlene M. Gabriel, Facilities Financing Manager

John Tracanna, CPA, Supervising Project Manager

Fire Department

Tracy Jarman, Assistant Fire Chief

Centre City Development Corporation

Peter J. Hall, President and Chief Operating Officer

Janice L. Weinrick, Vice President – Real Estate Operations

Frank J. Alessi, Vice President and Chief Financial Officer

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Linnie A. Gavino, Manager
Reena M. Arvizu, Analyst

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FIGURE 1
CENTRE CITY BOUNDARY

Centre City Development Corporation
225 Broadway, Suite 1100
San Diego, CA 92101 (619) 235-2200

Centre City Summary

General

The PROGRESS GUIDE AND GENERAL PLAN for the City of San Diego recommends division of the City into planning areas which are designated as Urbanized, Planned Urbanizing and Future Urbanizing areas. Urbanized areas include the central portion of San Diego as well as the remaining older sections of the City. Planned Urbanizing areas consist of newly developing communities. Future Urbanizing areas include land which is primarily undeveloped.

The Centre City community planning area is an Urbanized area. This document is the first Public Facilities Financing Plan which sets forth the major public facilities needs in the areas of park and recreation facilities and fire stations.

The facilities listed in this Financing Plan will be needed over the next approximately 20 years when the ultimate build-out of Centre City is anticipated. The Centre City Public Facilities Financing Plan is a guide for future development within Centre City and serves to determine the public facility needs reflected in this document.

The City Council has previously adopted a Development Impact Fee to help mitigate the cost of the public facilities necessitated by development in Centre City. The Development Impact Fees for residential development were adopted on August 4, 1987, by Resolution #R-269019, and commercial/industrial Development Impact Fees were adopted on September 14, 1987, by Resolution #R-269274. At the time the DIFs were adopted, the City Council resolved not to collect fees within redevelopment areas as well as on certain types of projects within Enterprise Zones. In December 1998, the City Council adopted a resolution that included provisions rescinding existing policies related to the non-collection of DIFs in redevelopment areas with the exception of Barrio Logan and Centre City.

This document is the first Centre City Public Facilities Financing Plan and provides the basis for impact fees for the Centre City community.

Development Forecast and Analysis

The Downtown Community Plan is a comprehensive policy guide for the physical development of the Centre City community. In light of the many significant changes that have altered the downtown landscape since the Downtown Community Plan was last updated in 1992, Centre City Development Corporation (CCDC) initiated the Downtown Community Plan Update, underway since Spring 2002. Adoption of the Downtown Community Plan Update is anticipated in Spring 2005. The Centre City community is generally bound by the I-5 freeway on the north and east, and San Diego Bay on the south and west. Surrounding communities include Uptown, Balboa Park, Golden Hill, Sherman Heights, and Barrio Logan.

The Centre City community, totals approximately 1,450 acres and currently contains approximately 13,600 existing residential units and 8,100 units that are under construction or projected to begin construction prior to January 1, 2005.

An analysis of present and projected development, and using the Downtown Community Plan Update as a guide, indicates that by the year 2025 approximately 29,500 additional residential dwelling units will be constructed.

Periodic Revision

To ensure that this program maintains its viability, this plan may be periodically revised to include, but not necessarily limited to, City Council changes (amendments) to the Community Plan.

Existing Public Facilities and Future Needs

Transportation

Centre City is served by a transportation network which consists of automobile and public transportation systems, a bicycle system, and a pedestrian circulation system. Provision of adequate transportation facilities has been a continuing process of providing facilities to support the needs of future development.

Park and Recreation

The Centre City community is currently served by approximately 47 acres of parks and open space through out downtown including Amici Park, Pantoja Park, Martin Luther King Jr. Promenade, Embarcadero Marina Park North and South, Children's Park, and Park at the Park. An additional 45 acres are under development or in planning including North Embarcadero Esplanade, Park-to-Bay Link, and County Administration Center Open Space.

The 1992 Downtown Community Plan requires that neighborhood open space be provided to service a population of 800 to 1,500 persons within a ¼ mile walking distance. Studies prepared as part of the Downtown Community Plan Update indicate that if all anticipated parks and residential developments come to fruition, the existing overall park acreage per 1,000 residents will remain roughly the same with a doubling of the population (approximately 50,000). However, with anticipated population growth to approximately 78,000 residents, additional open space lands will have to be aggressively acquired in order to maintain current standards.

As additional dwelling units and non-residential uses are constructed, the resulting residents, employees, visitors, and patrons will require parks and plazas to serve them. In order to help satisfy an anticipated park acreage deficiency, additional park acreage is recommended for acquisition.

Library

The Centre City area is served by the Central Library located at 820 E Street. The City plans to upgrade its library system with development of a new Main Library on the block bounded by 11th Avenue, Park Boulevard, and J Street. The approximately 500,000-SF building is designed with expansion space projected to serve the City's library needs for at least 50 years.

Fire Facilities

Fire protection for the Centre City area is provided by two existing stations:

- No.1 located at 1222 First Avenue
- No. 4 located at 404 Eighth Avenue

In addition, the area is also served by surrounding community stations:

- No. 3 located at 725 W. Kalmia Street
- No. 7 located at 944 Crosby Street
- No. 11 located at 945 25th Street

Two additional fire stations are proposed for Centre City, one station in the East Village and one station in the Pacific Highway corridor. These stations will provide for balanced fire protection and emergency medical response and allow Fire Department staff to meet a minimum six-minute response time established throughout the City.

Police Protection

The Centre City community is served by the San Diego Police Department's Central Division, located at 2501 Imperial Avenue. In addition the area is served by the Gaslamp Storefront located at 205 G Street. The Police Department's headquarters are also located in Centre City at 1401 Broadway.

Summary of Public Facilities Needs

Table 1 summarizes the facility needs of the Centre City community. Table 1 reflects long range needs. These projects are more fully described in Appendix A, pages 15 and 16.

The needs listed in Table 1 are subject to annual revisions depending on priorities and availability of resources. Substantial changes from year to year are possible.

Centre City – Public Facilities Financing Plan

Financing Strategy

The City of San Diego has a variety of potential funding sources for financing public facilities which will be provided in part by developers as part of the subdivision process. Potential other methods for financing public facilities are listed below:

- A. DEVELOPMENT IMPACT FEES (DIF)
- B. SPECIAL PARK FEE (SPF)
- C. TRANSNET, GAS TAX
- D. ASSESSMENT DISTRICTS
- E. LANDSCAPING AND LIGHTING ACTS
- F. GENERAL OBLIGATION BOND ISSUES
- G. CERTIFICATES OF PARTICIPATION (COP)
- H. LEASE REVENUE BONDS
- I. BUSINESS LICENSE TAX REVENUE*
- J. CAPITAL OUTLAY (LEASE REVENUE)
- K. COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
- L. FRANCHISE FEE REVENUE*
- M. LOCAL TRANSPORTATION FUND
- N. MOTOR VEHICLE LICENSE FEE (MVLFF) REVENUE*
- O. PARKING VIOLATION REVENUE*
- P. PARKING METER REVENUE*
- Q. PARK SERVICE DISTRICT FEES (PSD)
- R. PROPERTY TAX REVENUE*
- S. TRANSIENT OCCUPANCY TAX (TOT)*
- T. ANNUAL ALLOCATIONS
- U. PRIVATE CONTRIBUTIONS
- V. UTILITY USERS TAX
- W. SPECIAL TAXES FOR FIRE AND POLICE PROTECTION
- X. SPECIAL TAXES FOR PUBLIC LIBRARIES
- Y. PARK AND PLAYGROUND ACT OF 1909
- Z. GRANTS

*These funds are currently allocated for general City operations, but may be used for capital improvements.

- A. **DEVELOPMENT IMPACT FEES (DIF)** - Development Impact Fees are a method whereby the impact of new development upon the infrastructure is assessed, and, a fee system developed and imposed on developers to mitigate the impact of new development. DIF cannot be used for existing development's share. Impact fees are collected at the time of building permit issuance. Funds collected are deposited in a special interest bearing account and can only be used for identified facilities serving the community in which they were collected. As sufficient funds are collected, the City proceeds with a construction program. Use of impact fees is one of the financing methods recommended for Centre City.

- B. **SPECIAL PARK FEE (SPF)** - Special Park Fees are a method whereby the impact of residential development upon the Park and Recreation infrastructure is assessed, and a fee system developed and imposed on developers to mitigate the impact of development. Special Park Fees are collected at the time of building permit issuance. Funds collected are deposited in a special interest bearing account and can only be used for identified Park and Recreation facilities serving the community in which they were collected. As sufficient funds are collected, the City proceeds with a Park and Recreation capital improvement.

- C. **TRANSNET, GAS TAX**, and other programs such as a state-local partnership program may provide funds for community transportation projects. These funds will be allocated annually and may be used to fund a portion of the long-range capital need for future transportation improvements in Centre City.

- D. **ASSESSMENT DISTRICTS** - Special assessment financing, using 1913/1915 Assessment Acts or a Mello-Roos District could be used as a supplementary or alternative method of financing some facilities. A Mello-Roos District requires a 2/3 approval vote for passage. Other assessment districts generally require the support of the majority of the community. If an assessment is subject to Proposition 218, it would require a 2/3 vote.

- E. **LANDSCAPING AND LIGHTING ACTS** - Funds may be used for parks, recreation, open space, installation/construction of planting and landscaping, street lighting facilities, and maintenance. These ballot measures require 2/3 voter approval for passage.
- F. **GENERAL OBLIGATION BOND ISSUES** - Cities, counties and school districts may issue these bonds to finance land acquisition and capital improvements. The bonds are repaid with the revenues from increased property taxes. Bond issuance require 2/3 voter approval for passage.
- G. **CERTIFICATES OF PARTICIPATION (COP)** - These funds may only be used for land acquisition and capital improvements. City Council approval is required and a funding source for Debt Service must be identified.
- H. **LEASE REVENUE BONDS** - These funds may only be used for capital improvements. City Council approval is required.
- I. **BUSINESS LICENSE TAX REVENUE** - These funds are currently allocated for general City operations; but, may be used for capital improvements. City Council approval is required.
- J. **CAPITAL OUTLAY (LEASE REVENUE)** - These funds are to be used for capital improvements. City Council approval is required.
- K. **COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)** - This is a Federal grant that is applied for annually. Applications are reviewed annually; City Council and HUD approval are required.
- L. **FRANCHISE FEE REVENUE** - The City collects franchise funds from San Diego Gas and Electric and cable companies for use of City right-of-way. These funds are currently allocated for general City operations; but may be used for capital improvements. City Council approval is required.
- M. **LOCAL TRANSPORTATION FUND** - These funds are applied for and are used only for bikeway projects. City Council and Federal approval are required.

- N. **MOTOR VEHICLE LICENSE FEE (MVLFF) REVENUE** - The State allocates a portion of vehicle license fee revenue to local governments. These funds are currently allocated for general City operations; but, may be used for capital projects. City Council approval is required.
- O. **PARKING VIOLATION REVENUE** - These funds are currently allocated for general City operations; but, may be used for capital improvements. City Council approval is required.
- P. **PARKING METER REVENUE** - These funds are currently allocated for general City operations; but, may be used for capital improvements. City Council approval is required.
- Q. **PARK SERVICE DISTRICT FEE (PSD)** - This fee is charged at the subdivision level and can only be used for parks and park improvements. City Council approval is required.
- R. **PROPERTY TAX REVENUE** - Property owners are taxed one percent of the assessed value of the property. The City receives approximately 17 percent of the one percent. These funds are currently allocated for general City operations; but, may be used for capital improvements. City Council approval is required.
- S. **TRANSIENT OCCUPANCY TAX (TOT)** - The City's hotel tax is 10.5 percent and is currently allocated to eligible (tourist related) organizations that request funding annually and to tourist related City activities; TOT may be used for capital improvements. City Council approval is required.
- T. **ANNUAL ALLOCATIONS** - In the years prior to the passage of Proposition 13, the City was able to respond to community facility needs by using a portion of sales tax revenue to support the Capital Improvements Program. This has not been possible for some time. However, if other revenues are increased, annual allocations could again be used to fund some capital facilities. This is a recommended method of funding some park and recreation facilities and transportation improvements. City Council approval is required.

- U. **PRIVATE CONTRIBUTIONS** - Any private donations received by the City for capital improvements. City Council approval is required.

Potential methods for financing public facilities are described below:

- V. **UTILITY USERS TAX** - These funds may be used for any general City operation or capital improvement. These require 2/3 voter approval for passage.
- W. **SPECIAL TAXES FOR FIRE AND POLICE PROTECTION** - These funds may only be used for fire and police activities. These require 2/3 voter approval for passage.
- X. **SPECIAL TAXES FOR PUBLIC LIBRARIES** - These funds may only be used for libraries and library improvements. These require 2/3 voter approval for passage.
- Y. **PARK AND PLAYGROUND ACT OF 1909** - These funds may be used for parks, urban open-space land, playground, and library facilities. These require 2/3 voter approval for passage.
- Z. **GRANTS** - Grants are available and applied for from the federal government, state and other agencies.

General Assumptions and Conditions

In connection with the application of the following methods of financing, these general assumptions and conditions would apply:

1. Developers will be required to provide facilities normally provided within the subdivision process as a condition of subdivision approval, including but not limited to traffic signals.
2. Abutting property owners are responsible for frontage improvements such as sidewalks, curbs and gutters.
3. The DEVELOPMENT IMPACT FEE will be paid by the developer at the time of building permit issuance.

4. DEVELOPMENT IMPACT FEE funds collected will be placed in a separate interest bearing fund with interest earnings accumulated for use in the community planning area for identified facilities.

Development Impact Fee Determination

Background

In late 1987, City of San Diego Planning Department staff developed and recommended impact fees for 28 Urbanized communities. The City Council adopted the recommended fees, including those for the Centre City community planning area, to mitigate the impact of new development on public facilities. At the time the DIFs were adopted, the City Council resolved not to collect fees within redevelopment areas. In December 1998, the City Council rescinded existing policies related to the non-collection of DIFS in redevelopment areas with the exception of Barrio Logan and Centre City. Fees were reinstated in Barrio Logan approximately two years ago.

All undeveloped and underdeveloped parcels within the City are subject to DIFs. DIFs in Centre City are currently not collected. Monies that are collected in other areas of the City are placed in City interest-accruing funds, to be used only for capital improvements serving the community.

Approximately half of the Centre City community plan area remains to be developed/redeveloped. Since the community is half built out, development impact fees will provide only a portion of the financing needed for facilities. Thus, a portion of the required public improvements will have to be provided through special funding mechanisms other than DIFs.

Distribution of Project Costs and Fee Determination

Development of the actual DIF to be imposed is based on the extent or degree to which each type of development generates a demand for, or receives benefit from the various existing public facilities. For example, all Downtown development generates the need for public space and fire protection and thus, on an equitable basis, should share in the cost of parks, plazas, and fire protection projects.

Development Impact Fees were determined for two categories of needed public facilities on the basis of total amount of development at community plan build-out and on the basis of additional public facilities needed at community plan build-out. The impact fee base includes all project needs including financing costs. The fees also include an 8% charge to cover City administrative costs.

Transportation

The need for transportation facilities are based on the number of vehicular trips generated by each land use.

There will be no Transportation fees, as the community's needs are funded by other funding mechanisms.

Park and Recreation

Park and Recreation needs are based on CCDC estimates. CCDC has identified projects needed in the Centre City community at build-out. Residential impact fees are based on an average cost per dwelling unit. The average cost per thousand square feet of gross building area is used to determine fees for non-residential development.

Allocating total park costs of \$218,000,000 to the residential and non-residential development at build-out of 70,800 equivalent dwelling units (EDUs) (excludes development within the Tidelands and government uses), results in an impact fee, including administrative and financing costs, of \$3,470 per residential unit and \$1,700 per 1,000 SF of non-residential Gross Building Area (GBA). The non-residential fee was estimated based on an equivalency factor of .50 units per 1,000 SF of non-residential GBA. This amount will be paid by all future residential and non-residential development, excluding development on the Tidelands and government uses.

Library

Library needs are based on population which is derived from the number of dwelling units estimated at build-out. Therefore, only residential developments are charged DIFs for libraries.

There will be no Library fee as the community's needs will be funded by other funding mechanisms being pursued for the new Main Library.

Fire Facilities

The Fire Station portion of the impact fee relates to the cost of providing fire facilities to adequately provide fire protection and emergency medical services to both residential and non-residential development within the community.

Residential impact fees are based on an average cost per dwelling unit. The average cost per thousand square feet of gross building area is used to determine fees for non-residential development.

The Fire Department has identified the need for two (2) additional fire stations to serve the Centre City area. Using the total amount of development (81,900 EDUs), the resulting fee is \$500 per residential dwelling unit and \$320 per 1,000 SF of non-residential development. The non-residential fee was based on an equivalency factor of .70 units per 1,000 SF of non-residential GBA.

Development Impact Fee Schedule

The resulting impact fees for the Centre City community planning area are as follows:

RESIDENTIAL PROPERTY					COMMERCIAL/INDUSTRIAL		
Transportation	Park & Recreation	Library	Fire	Total Residential Unit	Transportation	Park & Recreation	Fire
\$ Per Residential Unit					\$/Trip	\$/1000 SF of Gross Building Area	
\$0	\$3,470	\$0	\$500	\$3,970	\$0	\$1,700*	\$320
* Excludes development on Tidelands.							