

Development Impact Fee Determination

Background

In late 1987, staff developed and recommended impact fees for 28 urbanized communities. The City Council adopted the recommended fees, including those for the Mid-City Community planning area, to mitigate the impact of new development on public facilities. All undeveloped and underdeveloped parcels are subject to Development Impact Fees (DIF). Monies collected are placed in City interest-accruing funds, to be used only for capital improvements serving the Mid-City Community.

The Mid-City Community Plan area is near full development. As such, impact fees will provide only a portion of the financing needed for the facilities proposed in this Financing Plan. The remaining identified public improvements will require other funding sources.

Distribution of Project Costs and Fee Determination

Development Impact Fees are based on the extent or degree to which each type of development generates a demand for various public facilities. For example, all development generates vehicular traffic and demand for fire services, and thus, on an equitable basis, should share in the cost of transportation and fire projects. Residential development also generates demand for park and recreation and library facilities. Non residential development may also create a need for parks or libraries, and may be charged fees for those facilities on an ad hoc basis as appropriate.

Development Impact Fees were determined for the various categories of needed public facilities at full community development (2030). The Development Impact Fee basis includes all eligible project needs except those identified as subdivider funded. The fees also include a charge to cover the City's costs for administering the Financing Plan.

Transportation

There is a clear relationship between the use of transportation facilities and the generation of vehicular trips based upon land use. In the report "San Diego Traffic Generators," authorized by CALTRANS and SANDAG, the traffic generated by various classes of use is detailed. This report summarizes data collected at major regional traffic generators as well as neighborhood and local traffic generators in the San Diego area. Traffic counts taken at each facility are related to various characteristics of the facility such as size, type of use, number of employees, floor area, parking spaces, or number of persons.

The Mid-City Community Planning Area is an Urbanized Lands area, which means that most development will be infill. It also means that most development will be multi-family residential development. The residential portion of the impact fee reflects an average daily trip factor (ADT) of seven (7) as a basis for determining the Development Impact Fee. A considerable range has been found for traffic generation in non-residential developments depending on the character and use of the property. Therefore, the Development Impact Fee for non-residential development is determined by ADTs generated by the development. The residential portion of the impact fee reflects an average (under 20 dwelling units: 8 trips/dwelling unit; over 20 dwelling units: 6 trips/dwelling unit) vehicle trip rate of seven as a basis for determining the impact fee.

Transportation projects included in the basis for the Development Impact Fee have been determined to be consistent with the Community Plan. The transportation improvements are laid out to design standards and material quantities are determined (e.g., the length of curbs and gutters, and square footage of retaining walls and sidewalks, etc.). Unit prices are then applied to the quantities, which are guided by the median prices received on current City of San Diego construction bid documents. Please refer to Appendix A for more detail. Additional costs are applied for contingencies, mobilization, engineering and design, right-of-way, bonds and environmental work.

This Financing Plan includes 42 transportation projects. Though the 42 projects are all primarily attributable to new development, the Financing Plan calculates the transportation fee by dividing the DIF-basis by the community-wide trips at full community development (957,000 trips in 2030). This approach was chosen on the basis that the entire community (not just the new development) will benefit from the future facilities. The use of this approach results in a fee that will partially fund the future DIF-basis facilities (assuming that the entire community is fully built out). To achieve 100% of funding requirements for all future transportation facilities, other funding sources in addition to DIF will have to be identified.

Using the Community Plan land use intensity and trip generation rates, the total number of trips forecasted for Year 2030 at full community development is estimated to be 957,000. The total estimated cost (in FY 2014 dollars) for all eligible transportation improvements required to serve the community at full community development is \$69,653,749. Adding 8 percent administrative costs to this total results in a cost of \$79 per ADT generated by non-residential development and \$553 per residential development unit. These amounts will be paid by all future development.

Park and Recreation

Park and Recreation needs are based on projected population at full community development and a park standard of 2.8 usable acres per 1,000 residents. Mid-City, with a current population of 148,946, has a population-based park acreage requirement of 417.05 usable acres. The 2030 population is estimated to be 173,108 which has a population-based park acreage requirement of 484.71 usable acres. The community presently has 213.49 usable park acres, which is 271.22 acres short of meeting the 2030 City standard for usable park acreage.

The Financing Plan includes 40 park projects, identified as projects P1 through P40 on pgs 79-119. For purposes of calculating fees for this plan, park cost estimates are based on design and construction costs of \$748,000 per acre, land acquisition costs of \$1,400,000 per acre, and recreation center costs of \$660 per square foot. Design and construction estimates are based on recently received competitive bids for other typical population-based park development projects. Land acquisition costs are based on a fair market value estimate. The total cost of the park and recreation facilities needed to serve the community at full development with 484.71 usable acres of parks, and the projects described herein, is estimated to be \$615,525,699. These costs constitute the DIF-basis. Adding an administrative cost of 5 percent, the DIF-basis becomes \$646,301,983.95.

The Financing Plan calculates the park fee by dividing the DIF-basis by the number of residential units at full community development (60,065 residential units in 2030). This approach has been chosen on the basis that the entire community, not just the new development, will benefit from the future park facilities and the new development should not fund all the necessary projects. To achieve 100% of funding requirements for future park facilities, other funding sources in addition to DIF will have to be identified.

Taking the DIF-basis of \$646,301,983.95, divided by 60,065 residential units at full development, the fee for park and recreation facilities is \$10,760 per residential unit.

Library

Library needs are based on population, which is derived from the number of dwelling units estimated at full community development. Therefore, only residential development is charged a Development Impact Fee for libraries.

Based on the anticipated total of 60,065 dwelling units at full community development, this results in a Development Impact Fee for library facilities of \$356 per dwelling unit. This was calculated by dividing total library requirements of \$19,821,530 (including 8 percent administrative costs) by 60,065 (the number of residential dwelling units at full community development).

Fire Facilities

The Fire Station portion of the impact fee relates to the cost of providing fire facilities to adequately provide fire protection services to both residential and non-residential development within the community. Residential Development Impact Fees are based on an average cost per dwelling unit. It is assumed that the average size of a dwelling unit is 1,000 square-feet. Non-residential Development Impact Fees are based on the average cost per 1,000 square feet of gross building area.

The Fire-Rescue Department has identified the need for the reconstruction/expansion of one existing fire station and the construction of two new fire stations to serve Mid-City. Using the total amount of development, both residential and non-residential (approximately 103,929,920 square feet), and Mid-City's share of the cost for the needed fire facilities of \$24,635,365, plus 8% administrative costs, the resulting impact fee is \$256 per residential dwelling unit and \$256 per thousand square feet of non-residential development. This was calculated by dividing the total fire requirements for Mid-City of \$24,635,365 by 103,930.

**FY 2014
Mid-City Community
Development Impact Fee Schedule
Effective Date 8/22/14**

The impact fees for the Mid-City Community planning area are as follows:

RESIDENTIAL PROPERTY					COMMERCIAL/INDUSTRIAL	
Transportation	Park & Rec	Library	Fire	Total per Residential Unit	Transportation	Fire
\$ Per Residential Unit					\$/ADT	\$/1000 sq. ft. of Gross Building Area (GBA)
\$553	\$10,760	\$356	\$256	\$11,925	\$79	\$256

**The DIF Schedule will increase every July 1, based on the one-year change (from March to March) in the Construction Cost Index for Los Angeles as published monthly in the Engineering News-Record.*

Project Funding Sources

The project schedule and financing table on each project page uses a coding system to identify funding and revenue sources. This table provides a brief description of each potential source.

<u>REVENUE SOURCE</u>	<u>REVENUE SOURCE TITLE</u>
ASSESS MC	Mid-City MAD Capital Improvement Fund
ASSESS TA	Talmadge MAD Capital Improvement Fund
BENJ	Benjamin Trust Fund
CAPOTH	Capital Outlay Fund/Other
CAPOUT	Capital Outlay Fund/Sales Tax
CDBG	Community Development Block Grant
CITYGF	City General Fund
CMAQ	Congestion Mitigation Air Quality
CMPR	TransNet Commercial Paper
CRD	Cost Reimbursement District
DEV	Funded by Developer
DIF	Mid-City Development Impact Fees
FDGRNT DF	Federal Grant
FDGRNT EC	Federal Grant-El Cajon Blvd Median Enhancement
FDGRNT TR	Te Res Med City Urban Trails
GASTAX	Gas Tax
HBRR DF	Highway Bridge Replacement and Repair Fund-Default
HUD 108	Housing and Urban Development Section 108 Loan
LN-ENF	Livable Neighborhood/Economic Need Fund
LTF 03	Local Transportation Fund-SANDAG
LTF 04	Bike Lane SANDAG Claim 366
LTF 94	Local Transportation Fund – SANDAG Claim (Fiscal Year 1994)
MTDB	Metropolitan Transit Development Board
MCSPF	Mid-City Special Park Fund
OCITY IN	Infrastructure Improvements Fund
OCITY LB	TOT Interim Funding for Library System
P/P	Public/Private Partnership
PABIKE	Proposition A Bike Ways
PRIV	Private Donations
PRKFEE	Park Fees
RTCIP	Regional Transportation Congestion Improvement Program
SANDAG	San Diego Association of Governments Allocation
S/L	State/Local Partnership
STATE	State Funding
STATE 08	North Chollas Community Park
STATE 44	North Chollas Community Park Phase II –
STATE CY	Central Avenue Acquisition
STATE DF	38th St Cyn Park Dev Fed LWCF
STATE DL	State Reimbursement
STATE HM	Park de la Cruz/38 th Street Canyon Park
STATE TR	State Highway Mitigation
STATE TP	Te Res MC Urban Trails
STPCC	Teralta Park Dev RZH2002
STP	Surface Transportation Program
STRMDR	Storm Drain Fund
TOT TAX	Transient Occupancy Tax
TN-INF	TransNet Infrastructure Fund
TRANS	TransNet Fund
TRANSP	TransNet/Intermodal Surface Transportation Efficiency Act Funds
TNBOND	TransNet Bonds
UNIDEN	Unidentified Funding
VAR	Various Funding Sources
WALK	Walkable Communities Demonstration Program