

Mission Valley

Public Facilities Financing Plan

Fiscal Year 2013



THE CITY OF SAN DIEGO

Development Services Department

Facilities Financing Section

RESOLUTION NUMBER R- 308112

DATE OF FINAL PASSAGE MAY 2 2013

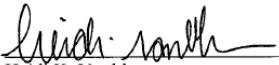
A RESOLUTION OF THE COUNCIL OF THE CITY OF
SAN DIEGO APPROVING THE FISCAL YEAR 2013
MISSION VALLEY PUBLIC FACILITIES FINANCING PLAN
AND DEVELOPMENT IMPACT FEE SCHEDULE.

WHEREAS, the Council has reviewed and considered the methodology set forth in the
Fiscal Year 2013 Mission Valley Public Facilities Financing Plan and Development Impact Fee
Schedule (FY 2013 Mission Valley Financing Plan), on file in the Office of the City Clerk as
Document No. RR- 308112 ; NOW, THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego, as follows:

1. The FY 2013 Mission Valley Financing Plan is approved.
2. That the Chief Financial Officer is authorized to establish and modify individual
Capital Improvement Program project budgets to reflect the FY 2013 Mission Valley Financing
Plan provided funding is available for such action.

APPROVED: JAN I. GOLDSMITH, City Attorney

By 
Heidi K. Vonblum
Deputy City Attorney

HKV:nja
03/25/13
Or.Dept:DSD
Doc. No. 536611

I hereby certify that the foregoing Resolution was passed by the Council of the City of
San Diego, at this meeting of APR 16 2013.

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved: 5/2/13
(date)


BOB FILNER, Mayor

Vetoed: _____
(date)

BOB FILNER, Mayor

Mayor

Bob Filner

City Council

Sherrí Lightner, Council Pro Tem, Council District 1
Kevin Faulconer, Council District 2
Todd Gloria, Council President, Council District 3
Vacant, Council District 4
Mark Kersey, Council District 5

Lorie Zapf, Council District 6
Scott Sherman, Council District 7
David Alvarez, Council District 8
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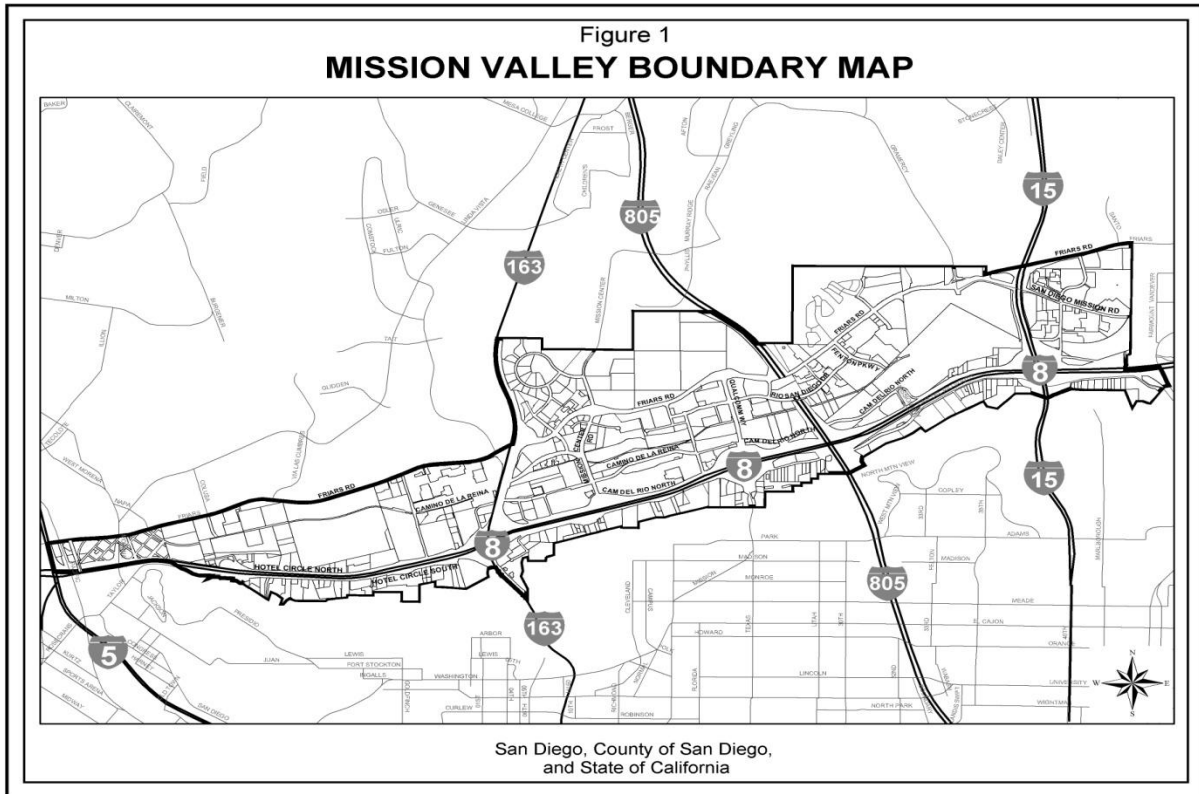
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FIGURE 1 – MISSION VALLEY BOUNDARY MAP



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Mission Valley Summary

General

The City of San Diego General Plan describes the City as a jurisdiction with primarily two tiers: Urbanized Lands and Proposition A Lands. Urbanized Lands are characterized by older, recently developed, and developing communities at urban and suburban levels of development. Proposition A Lands are characterized by very-low density, residential, open space, natural resource-based park, and agricultural uses.

The Mission Valley Community Planning area is an Urbanized Lands area. This document is the third Public Facilities Financing Plan (Financing Plan) adopted for the Mission Valley Community, and sets forth the major transportation (streets, storm drains, traffic signals, etc.), libraries, park and recreation, and fire facilities needed to serve the community. Other public needs such as police facilities, public works yards, landfills, the Central Library, Balboa Park preservation and improvement, etc., concern a broader area than the Mission Valley Community or even multiple communities. Accordingly, such facilities are not addressed in this Financing Plan.

This plan supersedes the previously-approved Financing Plan. The facilities listed in this Financing Plan will be needed over the next approximately 17 years when the full community development is anticipated. The Financing Plan is a guide for future public facilities development within the community and serves to determine the public facility needs of the community. The City Council has adopted a Development Impact Fee to help mitigate the cost of the public facilities needed to serve development in the community. Development Impact Fees for residential and commercial/industrial development were adopted on February 8, 1988 by Resolution No. R-270310 for the Mission Valley Community Plan area. On December 10, 1996, by Resolution No. R-288211, the plan was amended to create a process to impose a fee on non-residential development for developers' pro rata share of costs for library and park facilities, when appropriate findings can be made. This document provides the basis for a revision of the impact fees for the Mission Valley Community.

Development Forecast and Analysis

The Mission Valley Community Plan is a comprehensive policy guide for the physical development of the community. The Mission Valley Community is bounded on the west by I-5, on the south by the 150-foot elevation contour line, on the east by the east bank of the San Diego River, and on the north by Friars Road west of SR-163 and by the northern slopes of the valley east of SR-163.

The Mission Valley Community, totaling approximately 2,418 net acres, is developing in accordance with the Mission Valley Community Plan, adopted in 1985 and most recently amended in 2008.

An analysis of present and projected development, and using the Mission Valley Community Plan as a guide, indicates that, over the next 17-year period, approximately 8,584 additional residential dwelling units will be constructed. Based on the currently adopted community plan, proposed intensity of development in 2030 will be 76,617,580 square feet of non-residential

development. This will result in a total number of 753,440 average daily trips (ADTs) at full community development.

Periodic Revision

To ensure that this Financing Plan remains up-to-date and accurate, it is to be periodically revised to include, but not necessarily limited to, amendments to the Mission Valley Community Plan.

Existing Public Facilities & Future Needs

Transportation

Mission Valley 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 those facilities to support the needs of existing and future development.

Transportation improvements in Mission Valley are dictated by traffic volume. Improvements will be funded through a combination of Development Impact Fees (DIF), subdividers, and other currently unidentified funding sources. The most current information available from SANDAG's Traffic Model indicates that the average daily trips (ADTs) generated in the community in Year 2003 was approximately 514,000, with an additional 239,440 ADTs projected by Year 2030. The 753,440 ADTs in Year 2030 is used in determining the transportation component of the DIF for Mission Valley (please refer to pages 11-12 for additional fee calculation information). The DIF provides a funding source for the transportation improvements identified in Table 1 and is paid by new development at building permit issuance. New development is not required to contribute to the existing transportation system. Other funding sources will need to be identified for the remaining transportation needs.

Park and Recreation

Mission Valley currently has only one population-based park located within the community: Sefton Field located on City-owned property (8.0 useable acres). Two resource-based parks, Presidio Park and Mission Bay Park, located west of Mission Valley, border the community and are readily accessible by automobile and bicycle. These resource-based parks provide some recreational opportunities for current residents.

Pending the preparation of a Master Park Plan and the anticipated update to the Mission Valley Community Plan, this interim update to the Financing Plan considers the cost for a community park and calculates a public parkland requirement for the community, which equates to 2.4 acres per thousand population. As part of the Mission Valley Community Plan update, which is anticipated to begin in FY 2014 (subject to available funding), a comprehensive discussion with the community regarding park needs and opportunities (including population based park facilities and the use of equivalencies) will occur. The results of that discussion will be

incorporated in the updated community plan which serves as the community vision. The Financing Plan which accompanies the updated community plan will reflect and implement that vision.

For purposes of this interim Financing Plan, based on the SANDAG 2030 population forecast, the required park acreage at full community development is calculated as follows:

$$40,335 \text{ total population} \times 2.4 \text{ acres} \div 1,000 \text{ persons} = 96.80 \text{ acres}$$

The entire park acreage and projected population is used in determining the park component of the DIF for Mission Valley. The DIF provides a funding source for the park improvements identified in Table 1 and is paid by new development at building permit issuance. Of the 96.80 acres, 76.80 acres are anticipated to be used for neighborhood parks and 20 acres for a community park. In 2008, the City Council approved the construction of a minimum of 16.54 acres of developed Neighborhood Parks within the Quarry Falls (Civita) Development Project. The location for the other park acreage will be determined during the community plan update process. Possible sites for neighborhood parks could be in the vicinity of the Levi Cushman development and in the vicinity of Qualcomm Stadium for the community park as recommended in the community plan. In order to meet the standard of 2.8 acres of parkland per 1,000 population set forth in the General Plan, the City may impose additional fees on discretionary projects on a case-by-case basis.

Fire Protection

A new temporary fire station located within the Qualcomm Stadium parking lot was completed in 2006. This facility serves the Mission Valley and Navajo communities to meet the Fire Demand Zone standard of a six-minute response time. The permanent 16,000 square foot structure (Fire Station No. 45) will be located north of Friars Road. The Mission Valley West Fast Response Station will serve the communities of Mission Valley, Linda Vista, and Serra Mesa at an undetermined location. This facility would house a Fast Response Squad, the implementation of which will be further evaluated by the Fire-Rescue Department.

Library

Mission Valley is now served by a 20,000 square foot facility located at North Mission City Parkway. The library, completed in the summer of 2002, consists of main reading rooms, community meeting rooms, a computer laboratory, children's library, staff section, terrace and an audiovisual aids area. The library is served by the San Diego trolley line.

Police Protection

The San Diego Police Department provides police services to Mission Valley from two locations: Eastern Division is located near Aero Drive and Ruffin Road and the Western Division is located near Napa Street and Friars Road.

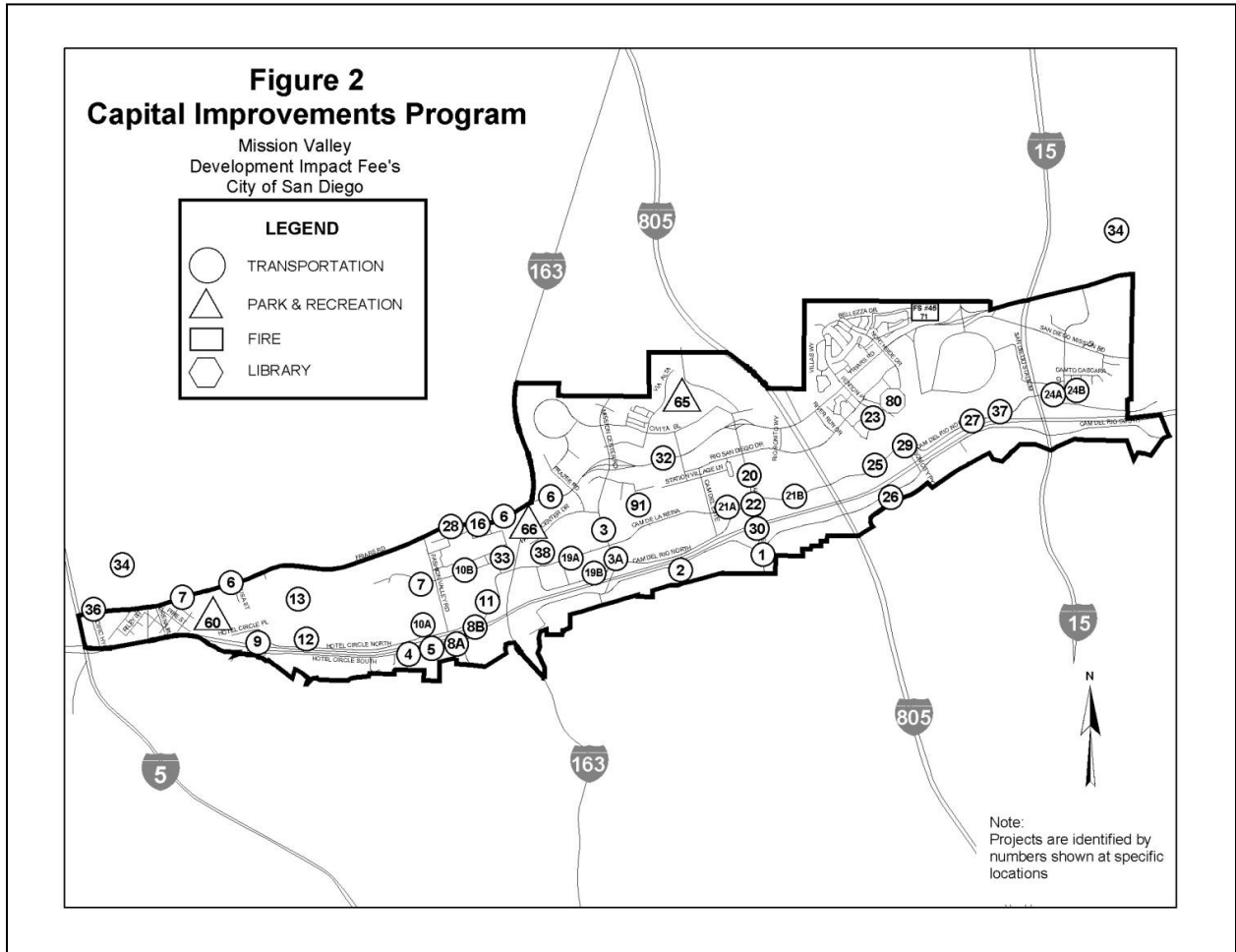
Flood Protection

Construction of an approximate six-mile long flood control channel will be required to contain the anticipated 100-year flood in a manner consistent with the San Diego River Wetlands Management Plan. Construction and right-of-way costs will be funded through a combination of subdivision agreements and a Special Flood Control Assessment District. Appropriate maintenance assessment districts should be formed similar to that created for the existing segment of the Channel.

Summary of Public Facilities Needs

Figure 2 illustrates general locations for the Mission Valley Community projects. Table 1 reflects both long-range needs and those needs reflected in the current Council adopted Capital Improvements Program (CIP). The projects listed in Table 1 are subject to annual revision in conjunction with Council adoption of the annual Capital Improvements Program budget. Depending on priorities and availability of resources, changes to these projects are possible from year to year. In addition, the City may amend this Financing Plan to add, delete, substitute, or modify a particular project to take into consideration unforeseen circumstances.

Figure 2 – Capital Improvements Program



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

B. 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 Mission Valley.

C. 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 voter approval for passage. Other assessment districts generally require the support of the majority of the community. If an assessment is subject to Proposition 218, then it would require a 2/3 vote.

D. 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 a 2/3 voter approval for passage.

E. 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 requires 2/3-voter approval for passage.

F. 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.

G. LEASE REVENUE BONDS - These funds may be only used for capital improvements. City Council approval is required.

H. 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.

I. CAPITAL OUTLAY (LEASE REVENUE) - These funds are to be used for capital improvements. City Council approval is required.

J. 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.

K. 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.

L. LOCAL TRANSPORTATION FUND - These funds are applied for and are used only for bikeway projects. City Council and federal approval are required.

M. 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.

N. PARKING VIOLATION REVENUE - These funds are currently allocated for general City operations; but may be used for capital improvements. City Council approval is required.

O. PARKING METER REVENUE - These funds are currently allocated for general City operations; but may be used for capital improvements. City Council approval is required.

P. 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.

Q. TRANSIENT OCCUPANCY TAX (TOT) - The City's hotel tax is 10.5 percent and is currently allocated annually to eligible (tourist-related) organizations that request funding and to tourist related City activities; but may be used for capital improvements. City Council approval is required.

R. 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.

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

T. UTILITY USERS TAX - These funds may be used for any general City operation or capital improvement. These require 2/3 voter approval for passage.

U. 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.

V. SPECIAL TAXES FOR PUBLIC LIBRARIES - These funds may only be used for libraries and library improvements. These require 2/3 voter approval for passage.

W. 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.

X. 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. Non-residential development will be charged for transportation and fire facilities through the DIF, and may be charged additional fees for park and recreation facilities and for the library on ad hoc basis.
3. Any project-specific community plan amendments may result in additional fees being charged on an ad hoc basis.
4. Additional fees may be imposed on discretionary projects on a case-by-case basis in order to meet the standard of 2.8 acres of parkland per 1,000 population set forth in the General Plan, or to otherwise fully account for a project's public facilities impacts.
5. The park and library fee distribution between residential and non-residential development will be reviewed each time findings are made for discretionary projects to charge non-residential development for parks and the library.
6. Abutting property owners are responsible for frontage improvements such as sidewalks, curbs and gutters.
7. The developer will pay the DEVELOPMENT IMPACT FEE at the time of building permit issuance.
8. DEVELOPMENT IMPACT FEE funds collected will be placed in a separate trust fund with interest earnings accumulated for use in the community planning area for identified facilities.

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 Mission Valley Community planning area, to mitigate the impact of new development on public facilities. All undeveloped parcels are subject to development impact fees as are parcels which are permitted for intensified use. Monies collected are placed in City interest-accruing funds, to be used only for capital improvements serving the Mission Valley Community.

The Mission Valley Community Plan area is almost fully developed. Because of this, the fees will provide only a small portion of the financing needed for the facilities for the entire community. Thus, the majority of the required public improvements will have to be provided through special funding mechanisms other than DIF.

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 development generates vehicular traffic and thus, on an equitable basis, should share in the cost of transportation projects. On the other hand, non-residential projects (depending on the type) may create a need for parks or libraries and with adequate findings, on a case by case basis, may be assessed for park and library facilities.

Development Impact Fees were determined for the various categories of needed public facilities based on 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 eligible project needs except those identified as subdivider funded. The fees also include an 8 percent charge to cover City administrative costs.

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. For impact fee purposes, multi-family residential development is assumed for Mission Valley (and all other urbanized communities). The residential portion of the impact fee reflects an average daily trip factor (ADT) of seven as a basis for determining the impact fee. A considerable range has been found for traffic generation in nonresidential developments depending on the character and use of the property. For non-residential development in the Mission Valley Community, average daily trips generated by specific type of nonresidential use are used.

Transportation projects are estimated after the scope of work is determined to be consistent with the Community Plan. The project improvements are laid out to design standards and material quantities are determined. For example, the length of curbs and gutters, 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, as shown in Appendix A. Additional costs are applied for contingencies, mobilization, engineering and administration, right-of way, bonds and environmental work.

Using the approved land use intensity and trip generation rates, the total number of trips forecasted for Year 2030 is estimated to be 753,440. An analysis of the DIF eligible street improvements required at ultimate community development (estimated costs in FY 2013 dollars) totaling \$90,522,785 indicates that cost per average daily trip for transportation facilities, including administrative costs, is \$130 per trip and \$910 per dwelling unit. The fee per dwelling unit is calculated using the average daily trip rate factor of seven. These amounts will be paid by all future development.

Park and Recreation

Park and Recreation needs are based on the projected population at full community development in the year 2030 based on SANDAG 2050 Regional Growth Forecast. The Park Planning Staff from the Development Services Department has identified projects needed in Mission Valley at full community development to meet the needs of existing and future residents. These proposed parks are further described in Table 1. Non-residential development projects may, with appropriate findings, also be required to participate in funding a pro rata share of park facilities. For this financing plan update, park and recreation project cost estimates are based on design and construction costs which are derived from recently received competitive bids for other typical population-based park development projects, as shown in Appendix B.

Allocating the total park and recreation facility costs of \$179,961,743 to the residential development at the SANDAG 2030 forecast of 19,750 units results in an impact fee, including administrative costs, of \$9,841 per unit.

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 development impact fee for libraries. Non-residential development projects may, with appropriate findings, also be required to fund a pro rata share of library facilities.

Allocating the total library cost of \$6,447,683 to the residential development at the SANDAG 2030 forecast of 19,750 units, results in an impact fee, including administrative costs, of \$353 per unit.

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 impact fees are based on an average cost per dwelling unit. The average cost per 1,000 square feet of gross building is used to determine fees for non-residential development.

The Fire Department has identified the need for the construction of two fire stations to serve Mission Valley. Using the total amount of development (76,617,580 square feet), and the

Mission Valley proportionate share of needed fire facilities (\$14,995,092), the resulting impact fee is \$211 per residential dwelling unit and per thousand square feet of non-residential development.

Currently, the total square feet of non-residential development is derived from the SANDAG forecast as acreage and converted to square feet. Other methods will be researched during the Mission Valley Community Plan update process, including but not limited to, floor area ratio and equivalent dwelling units.