# Financing Strategy

The City of San Diego has a variety of potential funding sources for financing public facilities. A portion of the funding for the needed facilities will be provided as a part of the subdivision process by developers and by Impact Fees.

Existing methods for financing public facilities are described below:

1. **DEVELOPMENT IMPACT FEES (DIF)** - Impact fees are a method whereby the impact of new development upon the infrastructure is measured and a fee system developed and imposed on developers to mitigate the impact of development, but cannot be used for existing developments share. The 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 facilities serving the community in which they were collected. As sufficient funds are collected, the City proceeds with a construction program. This is the financing method recommended for Mid-City. City Council approval is required.

2. **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 needs for transportation improvements in Mid-City. City Council approval is required.

3. **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. All Assessment Districts require 2/3 voter approval for passage.

4. **LANDSCAPING AND LIGHTING ACTS** - Funds may be used for parks, recreation, open space, installation or construction of planting and landscaping, street lighting facilities, and maintenance and servicing. These require 2/3 voter approval for passage.

5. **GENERAL OBLIGATION BOND ISSUES** - Prior to the late 1960's, bond issuance was considered the most appropriate method of funding many types of public facilities. These require 2/3 voter approval for passage.

6. **CERTIFICATES OF PARTICIPATION (COP)** - These funds may only be used for land acquisition and capital improvements. City Council approval is required.

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

8. **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.

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

10. **COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)** - This is a Federal grant that is applied for annually. The funds may only be used for eligible projects, applications are reviewed annually. City Council and HUD approval are required.

11. **FRANCHISE FEE REVENUE** - The City collects franchise funds from San Diego Gas and Electric and Cable companies for use of the City's right of way. These funds are currently allocated for general City operations, but may be used for capital improvements. City Council approval is required.

12. **LOCAL TRANSPORTATION FUND** - These funds are applied for and are used only for Bikeway projects. City Council and Federal approval are required.

13. **MOTOR VEHICLE LICENSE FEE (MVLF) 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 improvements. City Council approval is required.

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

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

16. **PARK SERVICE DISTRICT FEES (PSD)** - This fee is charged at the Subdivision level and can only be used for parks and park

improvements. City Council approval is required.

17. **PROPERTY TAX REVENUE** - Property owners are taxed 1 percent of the assessed value of the property and the City receives approximately 17 percent. These funds are currently allocated for general City operations, but may be used for capital improvements. City Council approval is required.

18. **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, but may be used for capital improvements. City Council approval is required.

19. **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 the sales tax revenue to support the Capital Improvements Program. This has not been possible for some time. However, if other revenues were 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.

Potential methods for financing public facilities are described below:

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

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

22. **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.

23. **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.

24. **TREE PLANTING ACT OF 1931** - These funds may be used for the planting, maintenance or removal of trees and shrubs along city streets and to pay employee salaries to accomplish this work. These require 2/3 voter approval for passage.