Otay Mesa-Nestor

Public Facilities Financing Plan

February 2006

THE CITY OF SAN DIEGO

Planning Department
Facilities Financing

(R-2006-577)
(COR.COPY 2)

RESOLUTION NUMBER R- 301225

DATE OF FINAL PASSAGE FEB 09 2006

RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO APPROVING THE 2006 OTAY MESA-NESTOR PUBLIC FACILITIES FINANCING PLAN.

BE IT RESOLVED, by the Council of the City of San Diego, that it approves the document titled "Otay Mesa-Nestor Public Facilities Financing Plan, Fiscal Year 2006," a copy of which is on file in the office of the City Clerk as Document No. RR- 301225.

BE IT FURTHER RESOLVED, that this activity is not a "project" as defined in CEQA Guidelines Section 15378; thus, it is exempt from CEQA pursuant to State CEQA Guidelines Section 15060(c)(3).

APPROVED: Michael J. Aguirre, City Attorney

By _____
David Miller
Deputy City Attorney

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Jerry Sanders

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Jim Madaffer, Council District 7
Ben Hueso, Council District 8

City Attorney's Office

Michael J. Aguirre, City Attorney
David E. Miller, Deputy City Attorney

Planning Department

S. Gail Goldberg, AICP, Planning Director
Keith Greer, Deputy Planning Director
Charlene M. Gabriel, Facilities Financing Manager
Pam Bernasconi, Supervising Project Manager
Megan Sheffield, Project Manager
Gloria Hensley, Principal Engineering Aide

Otay Mesa-Nestor Planning Committee

Joan Schneider, District 1
Rocky Sgro, District 2
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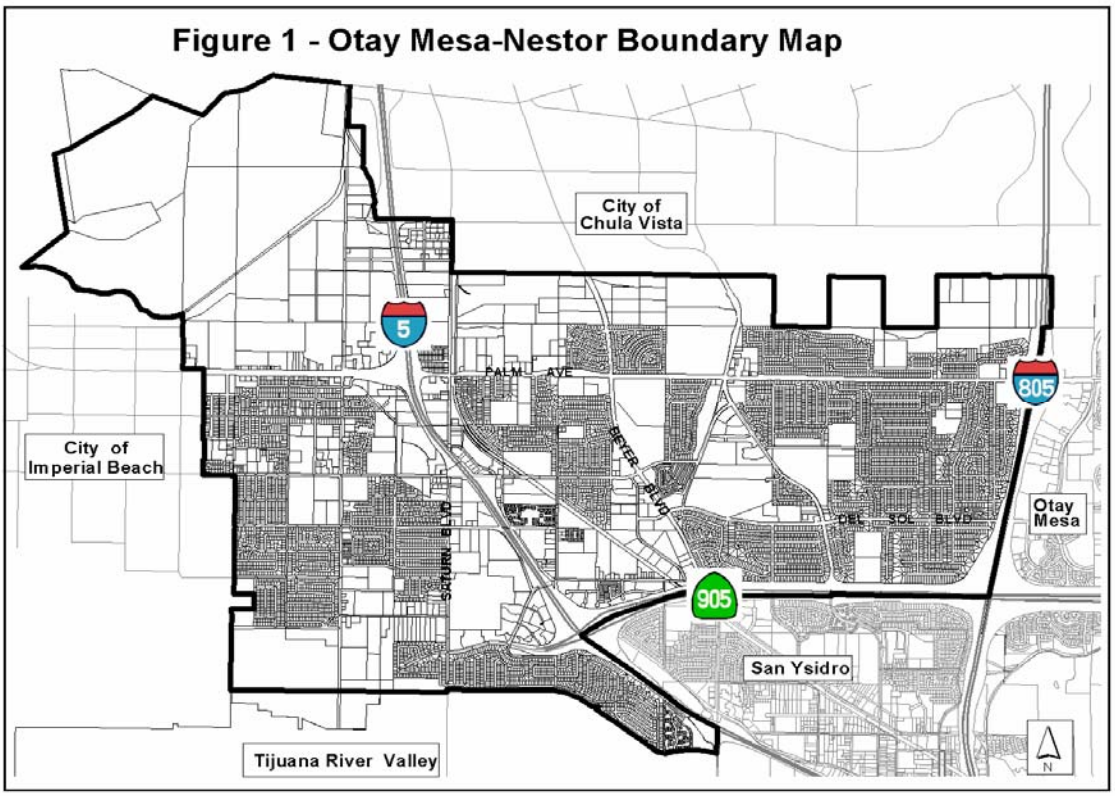


Otay Mesa-Nestor Summary

General

The PROGRESS GUIDE AND GENERAL PLAN for the City of San Diego recommends the 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 Otay Mesa-Nestor Community Planning area is an Urbanized area. This document is the second Public Facilities Financing Plan, which sets forth the major public facilities needed in the areas of transportation (streets, storm drains, traffic signals, etc.), libraries, park and recreation, and fire stations. 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 Otay Mesa-Nestor community or even multiple communities. Accordingly, they are being analyzed with separate financing strategies.

This plan supersedes the preciously approved Public Facilities Financing Plan. The facilities listed in this Financing Plan will be needed over the next 25 years when full community development is anticipated.

The Otay Mesa-Nestor Public Facilities Financing Plan is a guide for future development within the community and serves to determine the public facility needs reflected in this document. The City Council has adopted a Development Impact Fee to help mitigate the cost of the public facilities necessitated by development in the community. Development Impact Fees for residential and commercial/industrial development were adopted on October 12, 1987 by Resolution No. R-269270 for the Otay Mesa-Nestor Community Plan area. This document provides the basis for a revision of the impact fees for the Otay Mesa-Nestor Community.

Development Forecast and Analysis

The Otay Mesa-Nestor Community Plan is a comprehensive policy guide for the physical development of the community. The Otay Mesa-Nestor Community is bounded on the north by the City of Chula Vista, on the east by the Otay Mesa Community, on the south by the Tijuana River Valley and the San Ysidro Community, and on the west by the City of Imperial Beach.

The Otay Mesa-Nestor Community, totaling approximately 5,308 net acres, is developing in accordance with the Otay Mesa-Nestor Community Plan, adopted in 1997. An analysis of present and projected development, using the Otay Mesa-Nestor Community Plan as a guide, indicates that over the next 25-year period approximately 1,271 additional residential dwelling units will be constructed. Based on the currently adopted community plan, proposed intensity of development in 2030 will be 23,035,239 square feet of residential and non-residential development. This will result in a total number of 300,400 average daily trips (ADTs) at full community development.

Periodic Revision

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

Existing Public Facilities and Future Needs

Fire Protection

Fire protection for the Otay Mesa-Nestor area is provided by Station No. 30, located at Coronado Avenue and Flower Street, and by Station No. 6, located at Twinning Avenue and Palm Avenue. A new fire station is scheduled to be built near the intersection of Ocean View Hills Parkway and Del Sol Boulevard, east of Interstate 805. Project cost for this new facility will be covered in whole by the Otay Mesa Community's Facilities Benefit Assessment (FBA).

Library

The Otay Mesa-Nestor area is served by the Otay Mesa-Nestor Branch Library, currently undergoing a 5,000 square foot expansion. The Otay Mesa-Nestor Branch Library Expansion is scheduled to be completed in Fiscal Year 2006. Both Otay Mesa and Otay

Mesa-Nestor communities contributed DIF funds to the expansion, and new residential development will pay its fair share of the cost of the library expansion.

Park and Recreation

The City's Progress Guide and General Plan recommends 2.4 acres of parkland for every 1,000 residents, consisting of neighborhood and community parks. For every 3,500 to 5,000 residents, a minimum 10.0 acre neighborhood park is required to be located within a ½ mile service radius; unless it is located adjacent to an elementary school where joint use is possible and anticipated, the acreage may be reduced to 5.0 acres. For every 18,000 to 25,000 residents, a minimum 20.0 acre community park and a recreation center is required to be located within a 1½ mile service radius; unless it is located adjacent to an elementary or middle school where joint use is anticipated and feasible, the acreage may be reduced by 5.0 acres or 7.0 acres, respectively. And, for every 50,000 residents, a community swimming pool is recommended within 1½ to 2 miles service radius.

The Otay Mesa-Nestor community is currently served by the following parks: Montgomery-Waller and South Bay Community Parks; and Berry, Nestor, Palm Ridge, Silver Wing and Sunnyslope Neighborhood Parks. Based on the City of San Diego Progress Guide and General Plan guidelines for population-based park acreage, additional park acreage will be required at full community development.

The current Otay Mesa-Nestor community population warrants approximately 154.09 population-based park acres based on the General Plan guidelines. Based on the SANDAG 2030 population forecast, a total of approximately 167.46 acres of population-based park land will be required at full community development. The required park acreage at full community development is calculated as follows:

18,424 total units x 3.79 persons per household = 69,774 person
69,774 persons x 2.4 acres ÷ 1,000 persons = 167.46 acres

The entire park acreage and projected population is used in determining the park component of the DIF for Otay Mesa-Nestor.

Police Protection

The Otay Mesa-Nestor community is served by the City of San Diego Police Department's Southern Area Police Station, located at 27th Street and Coronado Avenue.

Transportation

Otay Mesa-Nestor is served by a convenient grid-style street system, three accessible freeways, several bicycle routes and five bus routes that connect to the South Line Trolley. The trolley is a regional light rail system with two stops within the community. Provision of adequate transportation facilities has been a continuing process of providing those facilities to support the needs of existing and future development.

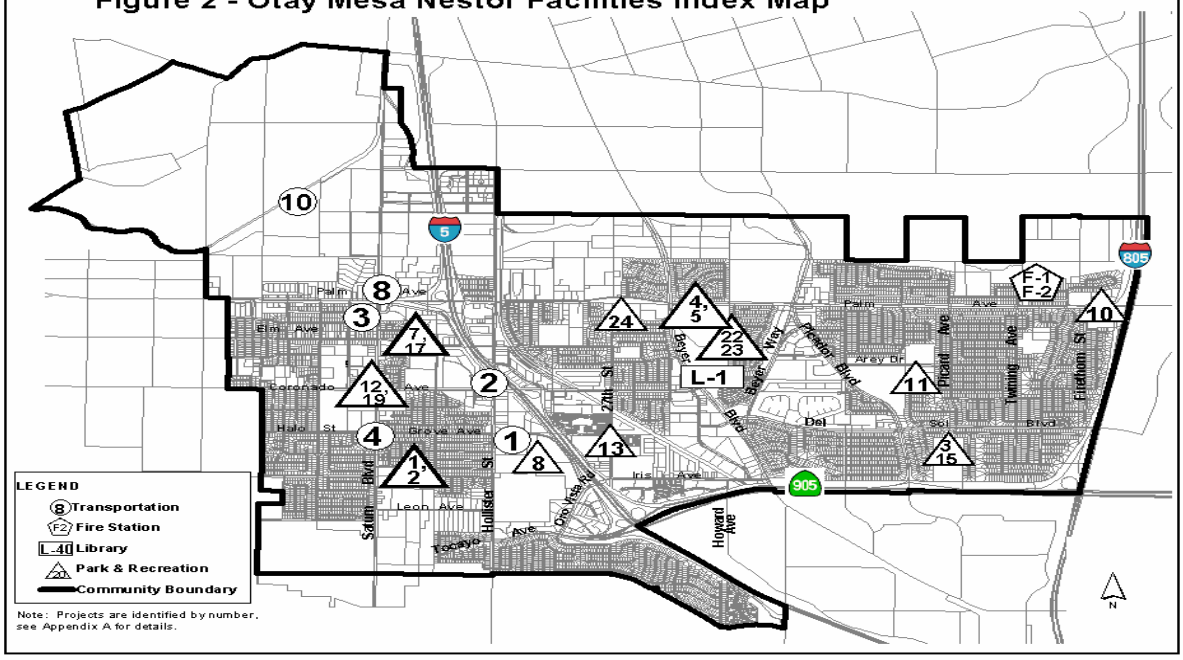
Transportation improvements in Otay Mesa-Nestor are dictated by traffic volume. Improvements will be funded through a combination of Development Impact Fees (DIF), subdividers, and other funding sources yet to be determined.

The most current information available from SANDAG's Traffic Model projects that the average daily trips (ADTs) generated in the community in Year 2003 was approximately 288,000, with an additional 12,400 ADTs projected by Year 2030. The total of 300,400 ADTs is used in determining the transportation component of the DIF for Otay Mesa-Nestor (please refer to pages 10-11 for additional fee calculation information). The DIF fee collected generates only that portion of the total transportation costs from new development (approximately 4%), as no fees will be collected from existing development. New development will not be required to contribute to the existing transportation system. Other funding sources will need to be identified for the remaining 96% of transportation needs**.**

Summary of Public Facilities Needs

Figure 2 below illustrates general locations for the Otay Mesa-Nestor Community projects. Table 1, on pages 13 and 14, reflect both long range needs and those needs reflected in the current Council adopted Capital Improvements' Program (CIP). These projects are more fully described beginning on page 15. The projects listed in Table 1 are subject to annual revision in conjunction with Council adoption of the annual Capital Improvement's Program budget. Depending on priorities and availability of resources, substantial changes to these projects are possible from year to year.

Figure 2 - Otay Mesa Nestor Facilities Index Map



Otay Mesa-Nestor
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)** 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. Impact fees 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 the Otay Mesa-Nestor.

B. **Special Park Fees (SPF)** 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 construction 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 long-range capital needs for future transportation improvements in Otay Mesa-Nestor.

D. **Assessment Districts** - Special assessment financing, using 1913/1915 Assessment Acts or a Mello-Roos District, could be used as a supplementary method of financing some facilities. A Mello-Roos District requires 2/3^{rds} approval vote for passage. Other assessment districts may require the support of the majority of the community. If an assessment is subject to proposition 218, then it would require a 2/3^{rds} 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. Ballot measures require 2/3^{rds} 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 requires 2/3rds voter approval for passage.

G. **Certificates of Participation (COP)** - 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** may only be used for capital improvements. City Council approval is required.

I. **Business License Tax Revenue** - Funds are allocated for general City operations but may be used for capital improvements. City Council approval is required.

J. **Capital Outlay (Lease Revenue)** - Funds may only 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. City Council and Housing and Urban Development (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 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 may only be used for bikeway projects. City Council and federal approval are required.

N. **Motor Vehicle License Fee (MVLF) Revenue** - The state allocates a portion of vehicle license fee revenue to local governments. Funds are allocated for general City operations but may be used for capital projects. City Council approval is required.

O. **Parking Violation Revenue** - Funds are allocated for general City operations but may be used for capital improvements. City Council approval is required.

P. **Parking Meter Revenue** - Funds are 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 1.0 percent of the assessed value of the property. The City receives approximately 17 percent of the 1.0 percent. These funds are 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 these funds are allocated to eligible (tourist-related) organizations and tourist-related City activities. 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** may be 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 -** Funds may be used for general City operations or capital improvement projects. These require 2/3rds voter approval for passage.

W. **Special Taxes for Fire and Police Protection -** Funds may only be used for fire and police activities. These require 2/3rds voter approval for passage.

X. **Special Taxes for Public Libraries -** Funds may only be used for libraries and library improvements. These require 2/3rds voter approval for passage.

Y. **Park and Playground Act of 1909 -** Funds may be used for parks, urban open-space land, and playground and library facilities. These require 2/3rds voter approval for passage.

Z. **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 above-listed 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 would be charged for transportation and fire facilities through an impact fee approach, and may be assessed their pro rata share for park and recreation facilities and for the library on a case by case basis as indicated by findings for the facilities.

3. The park and library fee distribution between residential and non-residential development will be reviewed each time findings are made to charge non-residential development for parks and the library.

4. Abutting property owners are responsible for frontage improvements such as sidewalks, curbs and gutters.

5. The Development Impact Fee will be paid by the developer at the time of building permit issuance.

6. 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, staff developed and recommended impact fees for 28 urbanized communities. The City Council adopted the recommended fees, including those for the Otay Mesa-Nestor 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 intensified use. Monies collected are placed in City interest-accruing funds, to be used only for capital improvements serving the Otay Mesa-Nestor community.

The Otay Mesa-Nestor 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. 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, be assessed for park and library facilities.

Development Impact Fees were determined for the various 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 eligible project needs except those identified as subdivider funded. The fees also include an eight percent charge to cover City administrative costs.

Fire Facilities

Fire facility needs are based on the cost of providing fire facilities to adequately provide fire protection services to both residential and non-residential development within the community. A new fire station is scheduled to be built near the intersection of Ocean View Hills Parkway and Del Sol Boulevard, east of Interstate 805. Project costs for a new facility will be covered in whole by the Otay Mesa Community Facilities Benefit Assessment. Therefore, no impact fees will be charged to either residential or non-residential development in the Otay Mesa-Nestor community for this project. Please note that per City Council directive, this project is to be reviewed prior to the building of a new fire station in Western Otay Mesa and prior to funding any reconstruction or expansion of the existing Fire Station No. 6 in Otay Mesa-Nestor.

In Fiscal Year 1992 a ventilation system was installed at Fire Station No. 6, and both new residential and new non-residential development in the Otay Mesa-Nestor area owes its

fair share of cost. 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.

Allocating the Otay Mesa-Nestor share of cost for the ventilation project ($20,000), and the estimated amount of development of both residential and non-residential properties (approximately 23,035,239 square feet), the resulting impact fee including administrative costs is $1 per residential dwelling unit and per thousand square feet of non-residential development.

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. Allocating the Otay Mesa-Nestor share of cost for this project ($3,333,500) to the residential development at the SANDAG 2030 forecast of 18,424 units results in an impact fee including administrative costs of $195 per unit.

Park and Recreation

Park and recreation needs are based on population derived from the number of dwelling units in the community. The Park and Recreation Department has identified projects needed in the Otay Mesa-Nestor Community at 2030 forecast. These are shown in Table 1 on page 13, and in detail beginning on page 15. For this financing plan update, cost estimates (which are derived from recently received competitive bids for other typical population-based park development projects) are based on $1,500,000 per acre for land acquisition, $400,000 per acre for design and construction of new park areas, $350 per square foot for the design and construction of new recreation centers, $400 per square foot for the design and construction of expansions to existing recreation centers, $500,000 for the design and construction of a comfort station (bathroom structure), $250,000 for upgrades to existing comfort stations, $120,000 for a picnic shelter, $400,000 for a new children's play area, $150,000 for ADA upgrades to existing children's play areas, $100,000 to $600,000 for ADA upgrades to paths of travel, $165,000 to $300,000 for security lighting, $250,000 to $350,000 for sports field lighting, $400,000 for a parking lot expansion, and $4,000,000 for a swimming pool complex.

Allocating the Otay Mesa-Nestor DIF share of cost for park and recreation facility costs of $155,889,086 to the residential development at the SANDAG 2030 forecast of 18,424 units results in an impact fee including administrative costs of $9,138 per unit.

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 Otay Mesa-Nestor (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 non-residential developments depending on the character and use of the property. For non-residential development in the Otay Mesa-Nestor Community, average daily trips generated by specific type of non-residential 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. Please refer to Appendix A for more detail. Additional costs are applied for contingencies (25%), mobilization (2%), engineering and administration (35-50%), 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 300,400. An analysis of the DIF eligible street improvements required at ultimate community development (estimated costs in FY 2006 dollars) totaling $24,761,320 indicates that cost per average daily trip for transportation facilities, including administrative costs, is $89 per trip and $623 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.

Development Impact Fee Schedule

The resulting Development Impact Fees for the Otay Mesa-Nestor community planning area are as follows:

Residential Property (Per Residential Dwelling Unit)					**Non-Residential Property**	
Trans.	Park & Rec.	Library	Fire	Total	Transportation ($/Trip)	Fire ($/1000 sq ft)*
$623	$9,138	$195	$1	$9,957	$89	$1

* Amount calculated per 1000 sq. ft. of Gross Building Area (GBA).

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