THE CITY OF SAN DIEGO

REPORT TO THE CITY COUNCIL

DATE ISSUED: September 30, 2009 REPORT NO: 09-127

ATTENTION: Council President and City Council
Agenda of October 6, 2009

SUBJECT: Rancho Encantada Public Facilities Financing Plan and Facilities Benefit Assessment, Fiscal Year 2010

REFERENCE: Rancho Encantada Public Facilities Financing Plan and Facilities Benefit Assessment, Fiscal Year 2010 - August 2009 Draft

REQUESTED ACTION:
1) Approve the Rancho Encantada Public Facilities Financing Plan for Fiscal Year 2010; 2) Adopt a Resolution of Intention to designate an area of benefit for a Facilities Benefit Assessment (FBA) in Rancho Encantada; 3) Adopt a Resolution of Designation for the FBA in Rancho Encantada; 4) Approve the setting of Development Impact Fees (DIF) consistent with the FBA in Rancho Encantada for those developments which have never been assessed or otherwise agreed to pay an FBA; and 5) Authorize the Chief Financial Officer to modify individual Capital Improvement Program (CIP) project budgets to reflect this plan.

STAFF RECOMMENDATION:
Approve the requested actions.

SUMMARY:
Council Policy 600-36 allows for an annual review of all existing Facilities Benefit Assessments. This is the annual review and will serve as the basis for the Capital Improvement Program (CIP) as it pertains to programming FBA funds in Rancho Encantada over the next four years. The most recent review of the Rancho Encantada Public Facilities Financing Plan and Facilities Benefit Assessment was approved by Council on May 10, 2005, by Resolution R-300413. This Public Facilities Financing Plan and Facilities Benefit Assessment revises and updates the Fiscal Year 2006 plan.

The proposed financing plan details the public facilities that will be needed through the ultimate development of Rancho Encantada and for the projected population at full community development, which is estimated to be 2013. The estimated cost of the outstanding projects funded by the FBA is $6,018,000. With the Fiscal Year 2006 Rancho Encantada Public Facilities Financing Plan, the funding source for all but two CIP projects was changed from FBA to subdivider. Only the two neighborhood parks (P-1 and P-4) remain in the financing plan as FBA funded. The other facilities in the financing plan have been, or will be, funded and constructed by the subdivider, Sycamore Estates, LLC.

The FY 2006 financing plan anticipated full community development in FY 2009, and the FBA fee schedule only included fees through FY 2009. This proposed update to the FY 2006

financing plan revises the community development schedule and includes an FBA fee schedule that will allow continued collection of FBA fees and ensure funding of the remaining FBA projects.

The goal of the FBA is to ensure that funds will be available in sufficient amounts to provide community facilities when needed. The proposed assessment for FY 2010 is based on the estimated costs of remaining facilities to be funded by the FBA program, and represents a 7% increase over the current assessment, based on the March to March Construction Cost Index (CCI). The inflation factor of 7% is also applied to the current project cost estimates for FY 2010, while a factor of 5% is used for Fiscal Years 2011 and beyond. The proposed assessments for FY 2010 are as follows:

LAND USE	CURRENT ASSESSMENT	PROPOSED ASSESSMENT
SINGLE FAMILY UNITS	$2,727	$2,918
MULTI-FAMILY UNITS	$1,908	$2,042

Council has previously directed that the same assessment rates are appropriate Development Impact Fees (DIF) for all properties in Rancho Encantada that have never been assessed or otherwise agreed to pay Facilities Benefit Assessments (FBA). Therefore, it is recommended that the above proposed FY 2010 assessments also be adopted as DIF for Rancho Encantada (see Attachment 2).

A companion item to this financing plan update will be a reimbursement agreement with Sycamore Estates, LLC (McMillin) to construct Neighborhood Park No. 2. The financing plan update is necessary to update the budget and schedule of the park project and allow for reimbursement of the estimated cost of the improvements ($3.2M) or the amount of FBA funds actually collected through the build-out of the community.

The FBA may be collected at the building permit issuance stage of development and deposited into a special, interest earning fund for Rancho Encantada. Effective November 10, 2009 through November 9, 2011, the FBA Fee Deferral Program (O-19893), implemented citywide, will allow for the deferral of FBA collection from building permit issuance to final inspection or for two years from date of building permit issuance, whichever is shorter.

Annually, the Council authorizes the appropriation of funds for construction of facilities which are programmed for the next fiscal year in the annual Capital Improvements Program budget.

The proposed Resolution of Intention will set a date and time for a public hearing on the FBA. Prior to the public hearing, a mailed notice will be given to all affected property owners within the proposed area of designation. The notice will contain the date of the hearing and inform property owners of their right to file a protest with the City Clerk prior to the close of the hearing. Notice will also be given by publication of the Resolution of Intention in the City's official newspaper. Unless overruled by a four-fifths vote of the Council, written protests by owners of more than one-half of the area of the property proposed to be included within the area of benefit shall cause the proceedings to be abandoned.

FISCAL CONSIDERATIONS:
Adoption of this revised Public Facilities Financing Plan will continue to provide a funding source for the remaining public facilities identified in the Rancho Encantada Public Facilities Financing Plan.

EQUAL OPPORTUNITY CONTRACTING INFORMATION:
This action does not authorize entering into any contract or agreement; however, future contracts or agreements associated with this action will be subject to the City's Equal Opportunity Contracting (San Diego Ordinance No. 18173, Sections 22.2701 through 22.2708) and Non-Discrimination in Contracting Ordinance (San Diego Municipal Code Sections 22.3501 through 22.3517).

PREVIOUS COUNCIL and/or COMMITTEE ACTION:
On September 2, 2009, the Land Use & Housing Committee voted unanimously to approve the FY 2010 Rancho Encantada Public Facilities Financing Plan.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:
There is currently no recognized planning group in Rancho Encantada. However, the planning groups of the neighboring communities of Scripps Miramar Ranch and Miramar Ranch North have been briefed on this action.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:
All property owners with remaining new development are listed on the Rancho Encantada Public Facilities Financing Plan - Fiscal Year 2010 Assessment Roll, beginning on page 57. These property owners will be mailed a notice of the public hearing and copy of the financing plan. The owners will have liens placed upon their property and will be required to pay Facilities Benefit Assessments (FBA) upon any building permit issuance when developing their property. Any redevelopment that increases the intensity of existing uses may be subject to an impact fee per Attachment 2.

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City Planning & Community Investment

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Attachments:
1. Rancho Encantada Public Facilities Financing Plan – August 2009 Draft
2. Development Impact Fee Analysis

Note: Due to the size of the attachment, only a limited distribution was made. A copy is available for review in the Office of the City Clerk and on the Facilities Financing website at www.sandiego.gov/planning/facilitiesfinancing/index.shtml.

Attachments 1 and 2 to the Report to Council are duplicates of attachments 1 and 2 to the Executive Summary. In order to save resources the attachments were only placed behind the Executive Summary.

To view attachments 1 and 2 to the Report to Council please see attachments 1 and 2 associated with the Executive Summary.