Pacific Highlands Ranch

Public Facilities Financing Plan
and Facilities Benefit Assessment
Fiscal Year 2013

THE CITY OF SAN DIEGO
Development Services
Facilities Financing

January 31, 2012

(R-2012-480) A
4/10

RESOLUTION NUMBER R- 307364

DATE OF FINAL PASSAGE APR 23 2012

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO APPROVING THE PACIFIC HIGHLANDS RANCH PUBLIC FACILITIES FINANCING PLAN AND FACILITIES BENEFIT ASSESSMENT, FISCAL YEAR 2013, AND AUTHORIZING THE CHIEF FINANCIAL OFFICER TO ESTABLISH AND MODIFY INDIVIDUAL CAPITAL IMPROVEMENT PROGRAM PROJECT BUDGETS TO REFLECT THE PLAN.

BE IT RESOLVED, by the Council of the City of San Diego, that it approves the document titled, "Pacific Highlands Ranch Public Facilities Financing Plan and Facilities Benefit Assessment, Fiscal Year 2013" (Financing Plan), a copy of which is on file in the Office of the City Clerk as Document No. RR- 307364.

BE IT FURTHER RESOLVED, that the Chief Financial Officer is authorized to establish and modify individual Capital Improvement Program project budgets to reflect the Financing Plan provided funding is available for such action.

APPROVED: JAN I. GOLDSMITH, City Attorney

By [signature]
Hilda R. Mendoza
Deputy City Attorney

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of APR 10 2012.

ELIZABETH S. MALAND
City Clerk

By [signature]
Deputy City Clerk

Approved: 4·23·12
(date)

[signature]
JERRY SANDERS, Mayor

Vetoed: ______________
(date)

____
JERRY SANDERS, Mayor

Mayor
Jerry Sanders

City Council

Sherri Lightner, Council District 1
Kevin Faulconer, President Pro Tem, Council District 2
Todd Gloria, Council District 3
Tony Young, Council President, Council District 4
Carl DeMaio, Council District 5
Lorie Zapf, Council District 6
Marti Emerald, Council District 7
David Alvarez, Council District 8

City Attorney
Jan Goldsmith, City Attorney
Hilda Mendoza, Deputy City Attorney

Development Services
Kelly Broughton, Director
Tom Tomlinson, Facilities Financing Manager
Pamela Bernasconi, Supervising Project Manager
Frank January, Project Manager
Gloria Hensley, Principal Engineering Aide
M Elena Molina, Word Processing Operator

Pacific Highlands Ranch Community Planning Group
At the time of this update, Pacific Highlands Ranch is represented by the Carmel Valley Community Planning Board.

Proposition C Implementation Working Group
Bill Dumka
Anne Harvey
Manjeet Ranu, Vice Chair
Frisco While, Chair
Beth Fischer
Gary Levitt
Scott Tillson

The Prop C Implementation Working Group consists of representatives from the communities along the SR-56 corridor. The group was formed to assist in implementing changes to the Pacific Highlands Ranch Transportation Phasing Plan following the approval of the ballot measure in November 2010.

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This information will be made available in alternative formats upon request. To request a financing plan in an alternative format, call the Development Services Department, Facilities Financing Section, at (619) 533-3670.

To view this document online, visit the Development Services Department on the City of San Diego website at *http://www.sandiego.gov/planning/facilitiesfinancing/plans/pacifichighlands.shtml*.

Introduction

Authority

This **financing plan** implements the improvement requirements set forth in the Pacific Highlands Ranch Subarea Plan, which was originally approved by the City Council on July 28, 1998 by Resolution R-290521 and amended on October 4, 2004 by Resolution R-299671.

On November 3, 1998, the voters of the City of San Diego passed Proposition M and subsequently approved a phase shift from the land designation of "Future Urbanizing" to "Planned Urbanizing". However, a portion of Pacific Highlands Ranch did not seek to participate in the phase shift. This portion of the project, named **Del Mar Highlands Estates (DMHE)**, has a final map (FM 13818) that was approved in 1999.

Proposition C (Ordinance Number O-19979) was approved by the voters on November 2, 2010. Proposition C removed the SR-56/I-5 Connector project as a development timing restriction in the Pacific Highlands Ranch Transportation Phasing Plan, subject to City Council approval of revised, integrated Transportation and Facility Phasing Plan to ensure facilities are constructed before or concurrent with new development. The Transportation and Facility Phasing Plan is included in the appendices beginning on page B-1.

Update to Financing Plan

On October 18, 2007, by Resolution R-303042, the City Council adopted the Fiscal Year 2008 Pacific Highlands Ranch Public Facilities Financing Plan. This is an update of the Financing Plan for Pacific Highlands Ranch which incorporates the first Transportation and Facility Phasing Plan for Pacific Highlands Ranch.

Scope of Report

The Fiscal Year 2013 Pacific Highlands Ranch Financing Plan identifies the public facilities that will be needed over the next twenty-three years, during which the full development of the community is expected. This report also includes the revised **Facilities Benefit Assessment (FBA)** for Pacific Highlands Ranch, as required by City Ordinance O-15318. The FBA is established to provide public facilities which will benefit the Pacific Highlands Ranch community.

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Facilities Benefit Assessment

Procedure

City Ordinance No. O-15318 was adopted by the City Council on August 25, 1980 to establish the procedure for implementing a Facilities Benefit Assessment (FBA). Additionally, the FBA is established, increased, imposed and collected in accordance with the California Government Code section 66000 *et seq*. The FBA provides funding for public facilities projects that serve a designated area, also known as the **area of benefit**. The dollar amount of the assessment is based upon the collective cost of each public facility, and is equitably distributed over the area of benefit in the Pacific Highlands Ranch community planning area. For more information on the area of benefit, see Areas of Benefit and Projected Land Uses beginning on page 5.

Methodology

The methodology of the FBA is as follows:

1) An **FBA Assessment Numerical List** (Assessment List) is prepared for Pacific Highlands Ranch where each remaining, unimproved parcel or approved map unit in the area of benefit is apportioned its share of the total assessment according to the size and anticipated use of the property. Refer to the Appendices, page E-1, for more information on the FBA Assessment Numerical List.

2) Liens are placed on the undeveloped or under-developed portions of the assessed parcels and final map properties within the area of benefit. The liens are filed without a specific assessment amount since the owner or developer is responsible to pay only the assessment that applies to the type and amount of development that actually occurs.

3) At the time of building permit issuance, the owner of the parcel being developed is assessed a fee that is determined by the type and size of the permitted development according to the FBA Assessment Schedule that is in effect at the time the permit is obtained. Owners/developers are not permitted to pay liens in advance of obtaining building permits for development. FBA fees are paid directly to the Development Services Department at the time of building permit issuance.

4) Fees are collected, placed into a City interest bearing revenue account, and used within the area of benefit solely for administrative costs and those capital

improvements identified in the Pacific Highlands Ranch Public Facilities Financing Plan.

Timing and Cost of Facilities

The public facilities projects to be financed by the Pacific Highlands Ranch FBA funds are shown in Table 9, beginning on page 37. Included in the table are:

- Project title
- Fiscal year in which construction of the project is expected
- Estimated project costs
- Funding sources

Project categories include transportation improvements; water and sewer lines; neighborhood parks and recreation; police; fire; and libraries. Detailed descriptions of the facility projects, which are listed in Table 9, can be found on the project sheets beginning on page 41. The FBA also funds the administrative costs associated with the development, implementation, and operation of the FBA program.

The Pacific Highlands Ranch Transportation and Facility Phasing Plan, found in the Appendix beginning on page B-1, will have a significant impact on the timing of the remaining facilities to serve the community. Certain facilities such as the Gonzales Canyon Neighborhood Park, community park, and the library must be opened to the public before development thresholds are reached or the community's development must pause until they are opened. If the Pacific Highlands Ranch development schedule pauses for any length of time then the scheduled timing for the remaining facilities will be delayed as revenues and population thresholds will be affected.

Expenditures

The following are three types of expenditures that may be applied against the FBA fund:

1) **Direct payments** for facility costs, including administration of the FBA fund;
2) **Credits** to developers for facilities provided in accordance with Section 61.2213 of the Municipal Code; and
3) **Cash reimbursement** to developers for providing facilities exceeding the cost of their FBA obligation pursuant to an approved reimbursement agreement.

Therefore, whether a developer or the FBA fund provides a facility, direct payments, credits, or cash reimbursements are all treated as an expense to the FBA fund.

Areas of Benefit and Projected Land Uses

The City Council initiates proceedings for the designation of an area of benefit by adopting a **Resolution of Intention**. The undeveloped land areas that are within the community boundary of Pacific Highlands Ranch are known as the area of benefit. A Facilities Benefit Assessment is applied to the residential, non-residential, and various other land use combinations of undeveloped property. Figure 1, on page 9, shows the community boundary and locations of the Pacific Highlands Ranch Facilities Benefit Assessment Districts or areas of benefit.

Two Tiers of Benefit

A portion of Pacific Highlands Ranch, known as **Del Mar Highlands Estates**, did not seek to change its land designation from "Future Urbanizing" to "Planned Urbanizing". A separate area of benefit and Facilities Benefit Assessment category has been established for Del Mar Highlands Estates (DMHE) and is included in this Financing Plan. All property within Pacific Highlands Ranch with the exception of Del Mar Highlands Estates is included in Area of Benefit No. 1. Del Mar Highlands Estates makes up Area of Benefit No. 2. Both Areas of Benefit are shown in Figure 1, page 9.

Since 1999, Del Mar Highlands Estates has had an approved final map (FM 13818). The Del Mar Highlands Estates development does not gain its primary vehicular access from the transportation projects financed by this FBA with the following exceptions:

- El Camino Real Widening (Sea Country Ln. to San Dieguito Rd.); T-12.2
- El Camino Real Widening (San Dieguito Road to Via de la Valle); T-12.3
- Via de la Valle (Four Lanes); T-13

The developer of that portion of the project known as Del Mar Highlands Estates, pursuant to conditions #31 and #32 of VTM 94-0576, has an obligation to contribute funds toward the cost to construct these offsite facilities located in Subarea II. The improvement requirements are estimated to cost more than $1,790,000 and are reflected in the CIP project sheets T-12.2, T12.3, and T-13. This obligation equates to approximately $10,400 per dwelling unit. Since the projects were not scheduled for construction at the time the Del Mar Highlands Estates was being developed, Pardee Homes issued Letters of Credit on July 22, 1999, which are on file with the City of San Diego totaling $1,790,407.

Because Del Mar Highlands Estates is paying for its access improvements separately, it will not be obligated to pay FBA fees for certain remaining roadway projects included in the FBA, through which it does not obtain access. Those projects include, but are not limited to:

- Del Mar Heights Road; T-3
- Carmel Valley Road; T-4.1, T-4.2, T-4.3, and T-4.4
- Village Loop Road; T-6.1 and T-6.2

- Traffic Signals; T-7
- Black Mountain Road; T-11.1 and T-11.2

With the exception of the transportation projects mentioned above, property owners developing residential units in Area of Benefit No. 2, Del Mar Highlands Estates, will be contributing their fair share to the cost of all other FBA-funded projects included in this financing plan. The fair share portion for development in Del Mar Highlands Estates is consistent with all other residential dwelling units in Pacific Highlands Ranch.

The location and extent of the area of benefit is determined by referencing the County Assessor parcel maps, current tentative subdivision maps, and from information supplied by affected property owners. This information, along with land use designations and assessment payment history, provides the data for the Inventory of Land Use Table shown on page 7.

Property owners in Del Mar Highlands Estates are not subject to the Transportation and Facility Phasing Plan since they did not participate in the phase shift. For further explanation of the Transportation and Facility Phasing Plan refer to page 21. For the complete text of the Transportation and Facility Phasing plan refer to page B-1 in the Appendix.

Projected Land Use

Residential

The anticipated residential development for Pacific Highlands Ranch is estimated at 5,182 dwelling units. A list of the types and amount of planned residential development can be found in Table 1.

Non-residential

The anticipated non-residential development for Pacific Highlands Ranch is estimated to be 101.93 acres and consists of the village (commercial), institutional (private school), and an employment center. A list of the types and amount of planned non-residential development can be found in Table 1.

Currently, FBA fees are expected to be paid on a gross acre basis for the village (commercial), industrial, and employment center properties. In the event that a landowner desires to proceed with development of a portion of the landowner’s property based on a phased development program, which is subject to a lien for the total amount of FBA as provided in Section 61.2210 of the Municipal Code, the landowner may obtain building permits for the development phase after paying a portion of the FBA and making provision for payment of the remainder of the FBA to the satisfaction of the Mayor. Payment of the FBA is made at the time building permits are issued.

Table 1 Inventory of Land Uses

As of June 30, 2012 (Projected)

Land Use	Actual	To Go	Total
Single-Family Residential Units	1,259	1,938	3,197
Multi-Family Residential Units	463	1,350	1,813
Del Mar Highlands Estates	166	6	172
Village Acres	0	34.0	34. 0
Employment Center Acres	0	19.01	19.01
Institutional Acres	48.92	0	48.92

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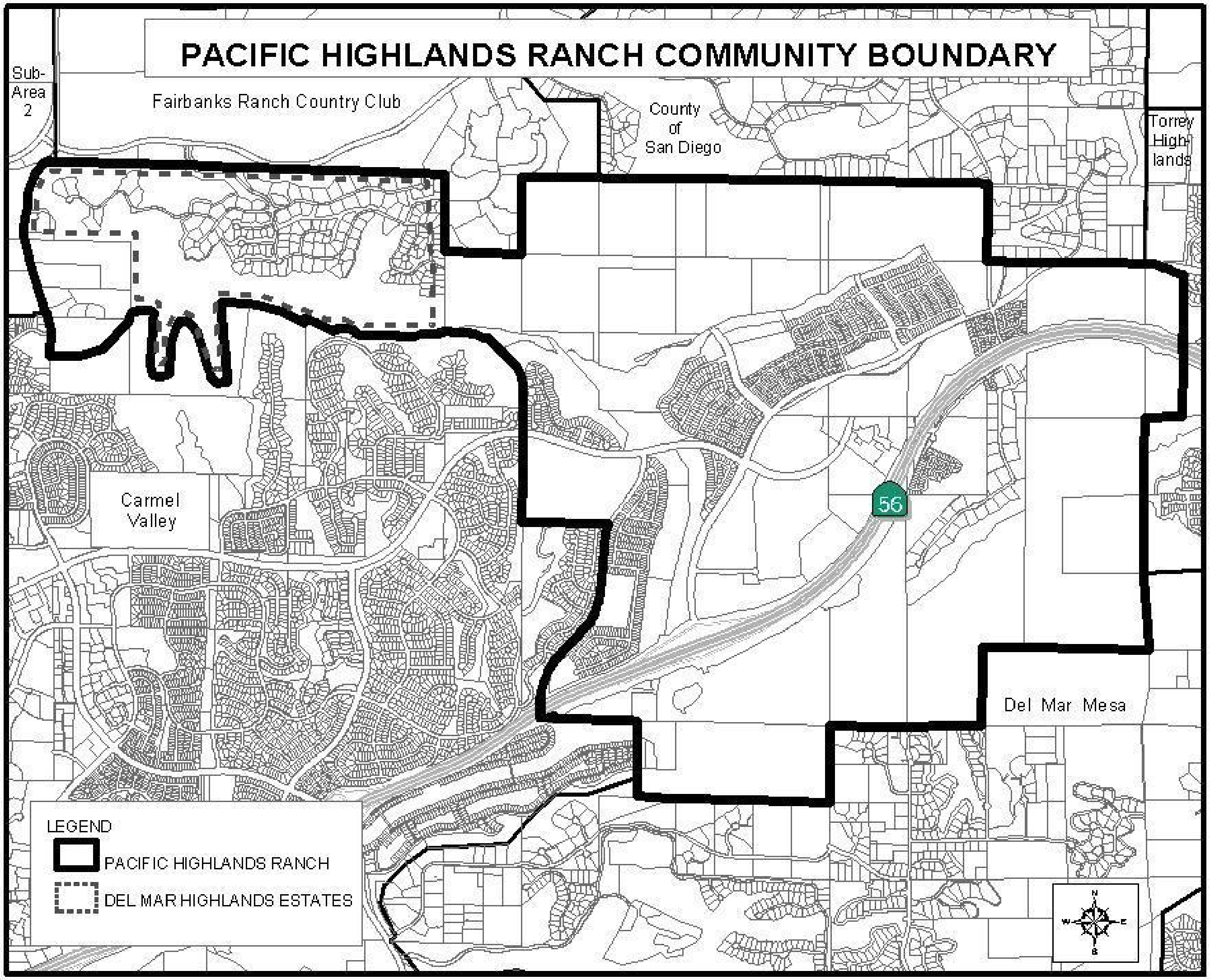
Figure 1 **Areas of Benefit**



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Assessments

Methodology – EDU Ratios

An **Equivalent Dwelling Unit** or **EDU** ratio has been established for the purpose of spreading the cost of public facilities between the different land use classifications. Equivalent Dwelling Unit ratios have been calculated for each category of facility to be constructed under the FBA because the relationship between land use and the degree of benefit from different public facilities can vary substantially. The single-family dwelling unit (SFDU) is the foundation for all other EDU ratios. Other land use classifications are assigned an EDU ratio per dwelling unit or acre, proportionate to the respective benefit.

Table 2 provides the EDU ratios used to prepare the Pacific Highlands Ranch Facilities Benefit Assessment.

Table 2 EDU Ratios

CATEGORY	SFDU	MFDU	DMHE	VAC	INSTAC	ECAC
TRANSPORTATON	1.0	0.7	0	11.25	4.0	7.5
PARKS	1.0	0.7	1.0	0	0	0
POLICE/FIRE	1.0	0.7	1.0	6	6	9
LIBRARY	1.0	0.7	1.0	0	0	0
WATER/SEWER	1.0	0.7	1.0	17.9	17.9	17.9
FREEWAY	1.0	0.7	1.0	11.25	4.0	7.5

SFDU	Single Family Dwelling Unit
MFDU	Multi-family Dwelling Unit
DMHE	Del Mar Highlands Estate
VAC	Village Acres
INSTAC	Institutional Acres
ECAC	Employment Center Acres

Numerical List Description

For each undeveloped map portion or parcel in the Area of Benefit, the Assessment Numerical List includes:

- Parcel number
- Name and address of the owner (according to the County Assessor's records)
- Number of dwelling units or non-residential acres to be developed (highest and "best use" scenario)
- Assessment amount for each parcel.

Identification numbers in the Assessment List may be non-sequential as a result of some parcels having been omitted after assessments are paid, as ownership changes, or as parcels are subdivided. Information on ownership is listed according to the County Assessor's records at the time the Assessment List is prepared, as shown on the last equalized Assessment List, or as otherwise known to the City Clerk; or by any other means which the City Council finds reasonably calculated to apprise affected landowners (Municipal Code Section 61.2205). The current Assessment Listing is shown in the Appendix of this financing plan and begins on page E-1 in the Appendix. A legend, or key, for understanding the Assessment Listing is included.

A **Resolution of Designation**, when adopted by the City Council, imposes the FBA in the form of a lien that is placed upon the undeveloped or under-developed portions of the County Assessor parcels and final map properties within the area of benefit. The assessments are based upon the type and size of forecasted land use of the highest and "best use" scenario.

The maps, plats, and summary of the Assessment List, all of which define the area of benefit, will be delivered to the County Recorder for official recording once the updated Public Facilities Financing Plan is approved by the City Council. Collection of the FBA is to occur at the time of building permit issuance at the Development Services Department.

Fee Deferral Program

The San Diego City Council approved Ordinance O-19893 that allows for the deferral of FBA and Development Impact Fees (DIF). The FBA fee deferral program will be in effect for three years from the date of ordinance approval (termination date 12/31/2014). A Fee Deferral Agreement must be processed by the applicant, properly executed, duly recorded, and the applicable administration fee paid to defer the collection of FBA or DIF. The FBA or DIF can be deferred for a maximum period of two years, or until request for Final Inspection, whichever occurs first. The Final Inspection shall not be scheduled until the applicable FBA or DIF are paid.

FBA fees, including all annual inflationary rate increases, due shall be as set forth in the fee schedule in effect when the Fee Deferral Agreement is executed by the City, or the fees approved by the City Council for a subsequent update of the public facilities financing plan, whichever fee is lower.

Determination of Assessment Rates

The implementation of Proposition C (Ordinance Number O-19979) amends Proposition M allowing completion of parks, library, trails, recreation and transportation facilities for Pacific Highlands Ranch by removing a development timing restriction based on completion of the SR-56/I-5 Interchange, only after

City Council approves a program of phased development ensuring facilities are constructed before or concurrent with new development, paid for by developers at no cost to taxpayers. Not only will Pacific Highlands Ranch have the ability to develop with more attainable threshold requirements, but the assessment rates will initially be lower in the second phase of the community's development as the costs of the remaining facilities and reimbursements are shared with more of the community's remaining development.

Assessments are calculated and levied against each undeveloped or under-developed parcel based upon the type and size of development which is expected to occur within the area of benefit. The amount of the Facilities Benefit Assessment (FBA) is determined by using the following information:

- Development schedule (in dwelling units and acres)
- Composite EDU ratios for each land use designation
- Schedule of facility expenditures (FY 2013 dollars) to be financed with monies from the FBA fund
- Annual interest rate of 3% (applied to the fund balance) in FY 2013-2018; 1% during years beyond FY 2018
- Annual inflation rate of 4% for FY 2013-2018; 1% during years beyond FY 2018 (to anticipate the future costs of facilities that will be constructed)
- At the beginning of each fiscal year (July 1st), unpaid assessments are increased by the inflation factor.

An individual developer will pay an assessment to the FBA fund, based upon the number of units, or acres developed in a particular year. Pursuant to the terms of a reimbursement agreement with the City, a developer may be issued credits against an assessment for expenditures related to providing facilities in lieu of paying a Facilities Benefit Assessment. An approved reimbursement agreement with the City may also entitle a developer to cash from the FBA fund.

An **assessment rate** is calculated to provide sufficient money to meet the scheduled, direct payments for facilities provided by the FBA fund. The base deposit rate also considers the timing of credits and reimbursements to be paid to developers for FBA funded facilities. Table 3, page 14, lists the FY 2013 Facilities Benefit Assessment base deposit rate for Pacific Highlands Ranch.

Development Impact Fees (DIF)

Development Impact Fees (DIF) are established, increased, imposed, and collected in accordance with California Government Code section 66000 *et seq.* to mitigate the impact of additional development on properties that have either already paid FBAs and/or that have never been assessed. DIF, equal to current FBA, are appropriate for such development.

Automatic Annual Increases

The proposed FY 2013 rate reflects a 51% decrease in the FBA as a result of the implementation of Proposition C (Ordinance Number O-19979) and the additional development that is now available to share the remaining cost of the facilities. Facilities Benefit Assessments are evaluated periodically and adjusted accordingly to reflect the current economic conditions. Beyond FY 2013, the proposed assessments reflect a 4% annual increase through FY 2018 and 1% thereafter. An **inflation factor** is used to provide automatic annual increases in the assessment rate and will be effective at the beginning of each fiscal year (July 1st). The automatic increase provision is effective only until such time as the next annual adjustment is authorized by the City Council. Thereafter, the subsequent Council-approved annual adjustment will prevail.

Assessments are calculated and levied against each undeveloped or under-developed parcel based upon the type and size of development, which is expected to occur within the Area of Benefit. The Pacific Highlands Ranch FBA Schedule in Table 4, page 15, shows the projected rate of assessment for each category of land use during each year of community development.

Table 3 FY 2013 Assessment Rate

LAND USE	ASSESSMENT per UNIT/ACRE in FY 2013 DOLLARS
SINGLE FAMILY UNITS	$45,000
MULTI-FAMILY UNITS	$31,501
DEL MAR HIGHLAND ESTATES	$30,601
VILLAGE ACRES	$363,065
INSTITUTIONAL ACRES	$129,088
EMPLOYMENT CENTER ACRES	$242,041

Table 4 Facilities Benefit Assessment Schedule

FISCAL YEAR	$/ SFDU	$/ MFDU	$/ DMHE	$/ VAC	$/ INSTAC	$/ ECAC
2013	$45,000	$31,501	$30,601	$363,065	$129,088	$242,041
2014	$46,800	$32,761	$31,825	$377,588	$134,251	$251,723
2015	$48,672	$34,072	$33,098	$392,691	$139,621	$261,792
2016	$50,619	$35,435	$34,422	$408,400	$145,207	$272,264
2017	$52,644	$36,852	$35,799	$424,738	$151,015	$283,156
2018	$54,750	$38,326	$37,231	$441,729	$157,057	$294,483
2019	$55,298	$38,710	$37,604	$446,151	$158,629	$297,431
2020	$55,851	$39,097	$37,980	$450,612	$160,215	$300,405
2021	$56,410	$39,488	$38,360	$455,122	$161,819	$303,412
2022	$56,974	$39,883	$38,744	$459,673	$163,437	$306,446
2023	$57,544	$40,282	$39,131	$464,272	$165,072	$309,512
2024	$58,119	$40,685	$39,522	$468,911	$166,721	$312,604
2025	$58,700	$41,091	$39,917	$473,598	$168,388	$315,729
2026	$59,287	$41,502	$40,316	$478,334	$170,072	$318,887
2027	$59,880	$41,917	$40,720	$483,119	$171,773	$322,076
2028	$60,479	$42,337	$41,127	$487,952	$173,491	$325,298
2029	$61,084	$42,760	$41,538	$492,833	$175,227	$328,552
2030	$61,695	$43,188	$41,954	$497,762	$176,979	$331,839
2031	$62,312	$43,620	$42,373	$502,741	$178,749	$335,157
2032	$62,935	$44,056	$42,797	$507,767	$180,536	$338,508
2033	$63,564	$44,496	$43,225	$512,842	$182,341	$341,891
2034	$64,200	$44,942	$43,657	$517,973	$184,165	$345,312
2035	$64,842	$45,391	$44,094	$523,153	$186,007	$348,765

Cash Flow Analysis

The Pacific Highlands Ranch Cash Flow, Table 7, page 19, presents an analysis of the Pacific Highlands Ranch FBA. For each fiscal year during the development of the community, the cash flow shows the difference between anticipated FBA revenues (including earned interest) and the expected capital improvement expenditures. Interest earnings are compounded for cash on hand and based on an estimated 3% annual return during FY 2013-2018, then 1% thereafter.

The City of San Diego considers historic data while predicting the effect of inflation on construction projects. The Los Angeles/San Diego **Construction Cost Index (CCI)** and the **Consumer Price Index (CPI)** for San Diego are the two indices used by the City while conducting a cash flow analysis. The historical information associated with the Los Angeles/San Diego Construction Cost Index and the Consumer Price Index for San Diego is shown in Tables 5 and 6 on page 17.

Since needed facilities are directly related to the community's growth rate, construction schedules of facilities are contingent upon the actual development within the community. Therefore, any slowdown in community development will require a modification to facility schedules and a new cash flow will be prepared.

Table 5 Los Angeles/San Diego Construction Cost Index

As reported March 2011 by *Engineering News Record*

YEAR	CCI	% CHANGE/YEAR
2000	7056	3.28%
2001	7073	0.24%
2002	7440	5.19%
2003	7572	1.77%
2004	7735	2.15%
2005	8234	6.45%
2006	8552	3.86%
2007	8873	3.75%
2008	9200	3.69%
2009	9799	6.51%
2010	9770	-0.3%
2011	10035	2.72%

Table 6 San Diego Consumer Price Index

Reported August 2011

YEAR	CPI	% CHANGE/YEAR
2000	179.8	4.72%
2001	190.1	5.73%
2002	195.7	2.95%
2003	203.8	4.14%
2004	211.4	3.73%
2005	218.3	3.26%
2006	226.7	3.85%
2007	231.9	2.29%
2008	242.44	4.55%
2009	240.9	-0.60%
2010	244.2	1.39%
2011	252.5	3.40%

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Table 7 Pacific Highlands Ranch Cash Flow

FY	SFDU	MFDU	DMHE	VAC	INSTAC	ECAC	$/SFDU	$/MFDU	$/DMHE	$/VAC	$/INSTAC	$/ECAC	FBA $ PLUS INTEREST	PLANNED CIP $ EXPENSES	NET BALANCE	FY
PRIOR	1,188	463	164	0	48.92	0									$10,155,628	**PRIOR**
2012	71	0	2	0	0	0	$87,245	$61,074	$59,328	$703,903	$250,273	$469,264	$6,580,398	$8,953,539	$7,782,487	**2012**
2013	84	0	2	4	0	0	$45,000	$31,501	$30,601	$363,065	$129,088	$242,041	$5,488,324	$7,984,364	$5,286,447	**2013**
2014	90	0	2	0	0	0	$46,800	$32,761	$31,825	$377,588	$134,251	$251,723	$4,465,872	$2,246,400	$7,505,919	**2014**
2015	33	0	2	0	0	0	$48,672	$34,072	$33,098	$392,691	$139,621	$261,792	$1,843,321	$5,400,225	$3,949,014	**2015**
2016	0	0	0	0	0	0	$50,619	$35,435	$34,422	$408,400	$145,207	$272,264	$106,535	$854,897	$3,200,653	**2016**
2017	85	152	0	4	0	0	$52,644	$36,852	$35,799	$424,738	$151,015	$283,156	$11,871,857	$11,780,476	$3,292,034	**2017**
2018	120	0	0	0	0	0	$54,750	$38,326	$37,231	$441,729	$157,057	$294,484	$6,660,105	$7,196,441	$2,755,698	**2018**
2019	120	70	0	4	0	0	$55,298	$38,710	$37,604	$446,151	$158,629	$297,431	$11,158,326	$11,002,849	$2,911,175	**2019**
2020	120	70	0	0	0	0	$55,851	$39,097	$37,980	$450,612	$160,215	$300,405	$9,470,547	$8,948,386	$3,433,336	**2020**
2021	120	70	0	4	0	0	$56,410	$39,488	$38,360	$455,122	$161,819	$303,412	$11,386,591	$11,689,062	$3,130,865	**2021**
2022	120	70	0	0	0	0	$56,974	$39,883	$38,744	$459,673	$163,437	$306,446	$9,657,680	$10,108,174	$2,680,371	**2022**
2023	120	70	0	4	0	0	$57,544	$40,282	$39,131	$464,272	$165,072	$309,512	$11,610,703	$11,237,342	$3,053,731	**2023**
2024	120	70	0	0	0	0	$58,119	$40,685	$39,522	$468,911	$166,721	$312,604	$9,857,247	$8,941,582	$3,969,396	**2024**
2025	120	70	0	4	0	0	$58,700	$41,091	$39,917	$473,598	$168,388	$315,729	$11,895,041	$3,717,587	$12,146,849	**2025**
2026	120	70	0	0	0	5	$59,287	$41,502	$40,316	$478,334	$170,072	$318,887	$11,771,283	$4,514,938	$19,403,194	**2026**
2027	120	70	0	4	0	0	$59,880	$41,917	$40,720	$483,119	$171,773	$322,076	$12,261,144	$9,180,053	$22,484,285	**2027**
2028	120	70	0	0	0	5	$60,479	$42,337	$41,127	$487,952	$173,491	$325,298	$12,098,060	$6,828,568	$27,753,777	**2028**
2029	120	70	0	3	0	0	$61,084	$42,760	$41,538	$492,833	$175,227	$328,552	$12,050,677	$17,668,590	$22,135,863	**2029**
2030	120	70	0	0	0	5	$61,695	$43,188	$41,954	$497,762	$176,979	$331,839	$12,366,999	$219,353	$34,283,509	**2030**
2031	86	70	0	3	0	0	$62,312	$43,620	$42,373	$502,741	$178,749	$335,157	$10,312,642	$221,546	$44,374,605	**2031**
2032	0	72	0	0	0	4.1	$62,935	$44,056	$42,797	$507,767	$180,536	$338,508	$5,026,451	$223,762	$49,177,294	**2032**
2033	0	72	0	0	0	0	$63,564	$44,496	$43,225	$512,842	$182,341	$341,891	$3,588,179	$24,910,784	$27,854,689	**2033**
2034	0	72	0	0	0	0	$64,200	$44,942	$43,657	$517,973	$184,165	$345,312	$3,530,105	$228,259	$31,156,535	**2034**
2035	0	72	0	0	0	0	$64,842	$45,391	$44,094	$523,153	$186,007	$348,765	$3,595,684	$230,542	$34,521,677	**2035**
TOTAL	**3,197**	**1,813**	**172**	**34**	**48.92**	**19.10**							**$260,607,406**	**$226,085,730**	**$34,521,677**	**TOTAL**

Note:

1) Values are rounded to the nearest dollar.
2) Annual inflation rate is 4% for FY 2013-2018, then 1% thereafter.
3) Annual interest rate is 3% for FY 2013-2018, then 1% thereafter.

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Public Facilities Financing Plan

Purpose

The **Public Facilities Financing Plan** is prepared to ensure that all owners of undeveloped property will pay their fair share of the funding required to finance the community's needed public facilities. The financing plan applies to all property owners seeking to develop property, even if the subject property has an approved tentative or final map detailing its development. The Public Facilities Financing Plan includes the following:

- Development forecast and analysis
- Capital Improvement Program
- Fee Schedule for a Facilities Benefit Assessment

This report will update the Public Facilities Financing Plan (Financing Plan) and the Facilities Benefit Assessment (FBA) for the development that is planned to occur in the community planning area known as Pacific Highlands Ranch.

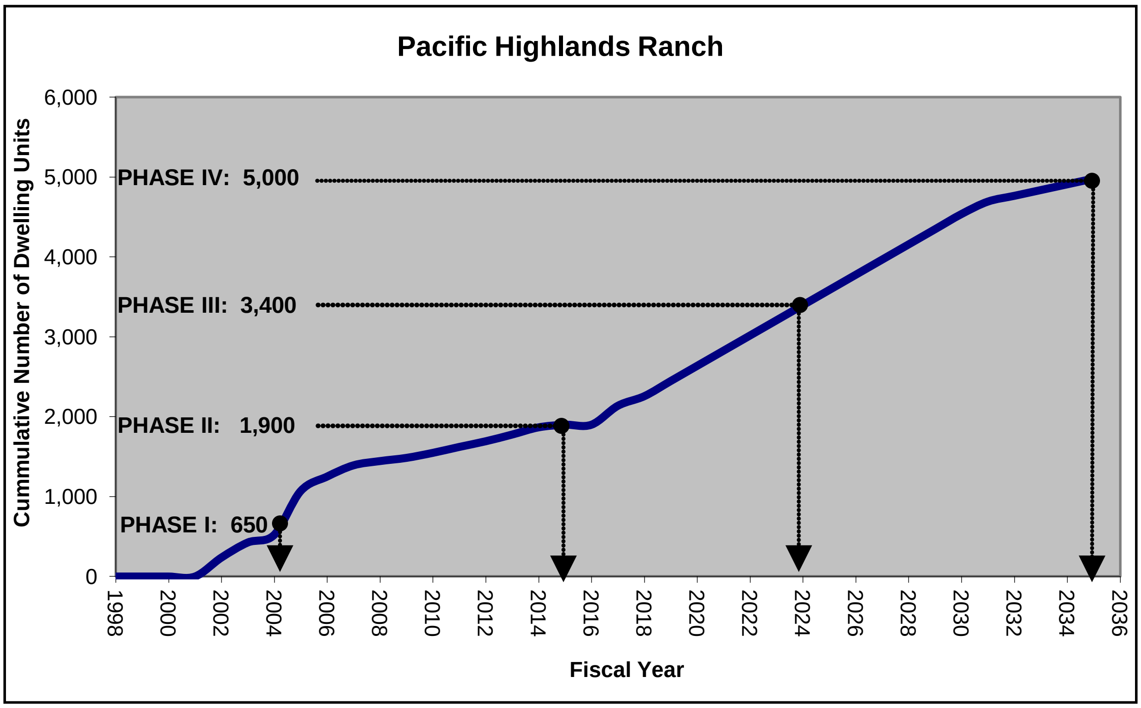
Transportation and Facility Phasing Plan

Pacific Highlands Ranch has been developing in conjunction with an adopted Transportation Phasing Plan. Proposition C (Ordinance Number O-19979) was approved by the voters on November 2, 2010 and removed the SR-56/I-5 Connector project as a development phasing restriction for the Pacific Highlands Ranch Transportation Phasing Plan, subject to a revised, integrated Transportation and Facility Phasing Plan.

The **Transportation and Facility Phasing Plan,** shown in the Appendix on page B-1, provides a complete list of the required transportation and facilities projects and the associated thresholds for each. For a more detailed description of the scope of work, estimated timing as to when construction will occur, and anticipated sources of funding for each of the projects in the Transportation and Facility Phasing Plan, refer to the Capital Improvement Project sheets beginning on page 41. The Transportation and Facility Phasing Plan limits the issuance of building permits in Pacific Highlands Ranch until the listed improvements have been assured. The limitations imposed by the Transportation and Facility Phasing Plan are established in the form of threshold conditions, which must be met before development in Pacific Highlands Ranch is allowed to continue. Chart 1, on page 22, illustrates the anticipated timing of the four primary thresholds based upon the current development schedule.

At the time of this update, the most significant improvement to impact the development forecast is the opening of Gonzales Canyon Neighborhood Park. The Transportation and Facility Phasing Plan requires development of Pacific Highlands Ranch to be held at 1,900 dwelling units (within the phase shift area) until Gonzales Canyon Neighborhood Park is open to the public. According to the latest development schedule projections, the Pacific Highlands Ranch community should reach 1,900 units during Fiscal Year 2015. A pause in the development of Pacific Highlands Ranch is expected if the 1,900 dwelling unit threshold is reached prior to the opening of Gonzales Canyon Neighborhood Park.

Chart 1 Transportation and Facility Phasing Plan Threshold Projections



Development Forecast and Analysis

The development projection for Pacific Highlands Ranch is based upon the best estimates of the existing property owners, their land use consultants, and City staff. Certain economic factors could adversely affect these development projections. Higher interest rates, higher land and housing prices, an economic recession, and/or issues involving the thresholds of the Transportation and Facility Phasing Plan could all slow or halt the development rate of Pacific Highlands Ranch. Conversely, a period of robust business expansion could significantly increase the rate of development. Indications are that the remaining development of Pacific Highlands Ranch will take place over a twenty-three year period.

The current development schedule assumes that the required Gonzales Canyon Neighborhood Park project will not be opened by the time the 1,900 dwelling unit threshold is anticipated to be reached in early FY 2015. A brief pause in the development is assumed in the projected development schedule presented in Table 8 on page 25. Future updates of this financing plan may extend the period of paused development as the timing for the assurance of the projects in the Transportation and Facility Phasing Plan is re-evaluated.

In the development schedule, the number of units developed within a year refers to those applications having been issued building permits during the July-to-June fiscal year. Therefore, the development shown in FY 2011 refers to those units for which building permits were issued, between July 1, 2010 and June 30, 2011. Development shown in Fiscal Year 2012 is based upon projections and will be revised with actual data in a future update of this financing plan.

Since needed facilities are directly related to the community growth rate, construction schedules for facilities are contingent upon the actual development within the community. Therefore, any slowdown in the rate of community development will require a modification of the schedule for providing needed public facilities. In addition, the City may amend this Public Facilities Financing Plan to add, delete, substitute, or modify a particular project to take into consideration unforeseen circumstances.

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Table 8 Pacific Highlands Ranch Development Schedule

FISCAL YEAR	SFDU	MFDU	DMHE	UNITS TO DATE (1)	VAC	INSTAC	ECAC
PRIOR	1,188	463	164	1,815	0	48.92	0
2012(2)	71	0	2	1,888	0	0	0
2013	84	0	2	1,974	4	0	0
2014	90	0	2	2,066	0	0	0
2015	33	0	2	2,101	0	0	0
2016	0	0	0	2,101	0	0	0
2017	85	152	0	2,338	4	0	0
2018	120	0	0	2,458	0	0	0
2019	120	70	0	2,648	4	0	0
2020	120	70	0	2,838	0	0	0
2021	120	70	0	3,028	4	0	0
2022	120	70	0	3,218	0	0	0
2023	120	70	0	3,408	4	0	0
2024	120	70	0	3,598	0	0	0
2025	120	70	0	3,788	4	0	0
2026	120	70	0	3,978	0	0	5
2027	120	70	0	4,168	4	0	0
2028	120	70	0	4,358	0	0	5
2029	120	70	0	4,548	3	0	0
2030	120	70	0	4,738	0	0	5
2031	86	70	0	4,894	3	0	0
2032	0	72	0	4,966	0	0	4.1
2033	0	72	0	5,038	0	0	0
2034	0	72	0	5,110	0	0	0
2035	0	72	0	5,182	0	0	0
TOTAL	**3,197**	**1,813**	**172**	**5,182**	**34**	**48.92**	**19.10**
ACTUAL(2):	1,259	463	166	1,888	0	48.92	0
TO GO:	**1,938**	**1,350**	**6**	**3,294**	**34**	**0**	**19.10**

(1) This is a community-wide development schedule and includes dwelling units outside of the phase shift area.
(2) Development figures for FY 2012 and beyond are based upon estimates.

Residential

The anticipated residential development for Pacific Highlands Ranch is estimated at 5,182 dwelling units. A list of the types and amount of all planned residential development can be found in Table 1 on page 7.

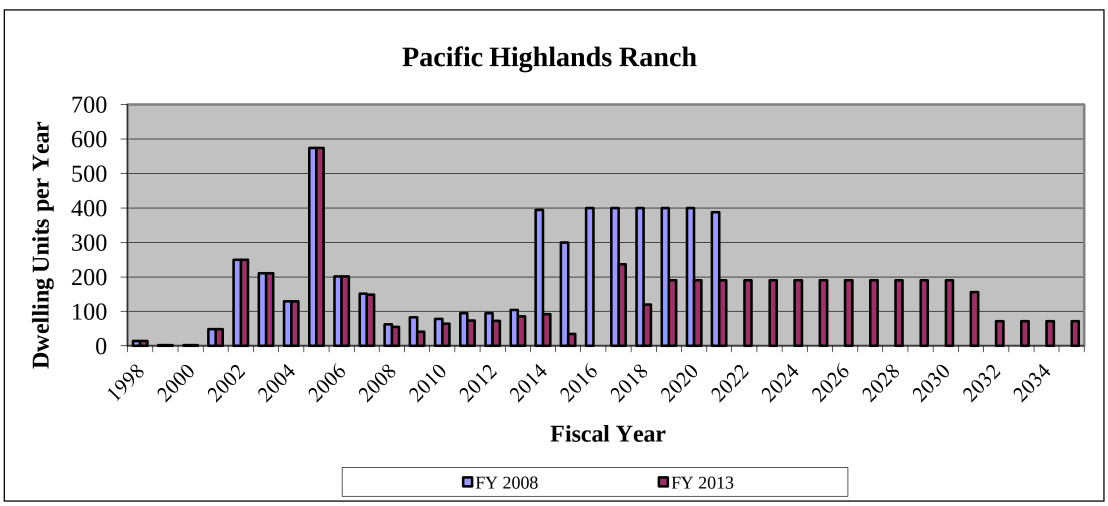
Non-residential

In the FY 2008 Financing Plan, the anticipated non-residential development for Pacific Highlands Ranch was estimated to be 102 acres. A list of the types and amount of all planned non-residential development can be found in Table 1, page 7.

Annual Absorption Rate

In the FY 2008 financing plan, projected residential development peaked at 574 dwelling units per year during FY 2005. The FY2012 financing plan projects an absorption rate of 190 dwelling units per year is expected after the Transportation and Facility Phasing Plan requirements have been met. Below, Chart 2 illustrates how the anticipated annual absorption rate for residential development in Pacific Highlands Ranch has changed from the FY 2008 plan to this FY 2013 update. A list of the types and amount of the planned residential development can be found in Table 1, page 7.

Chart 2 Comparisons of Absorption Rates

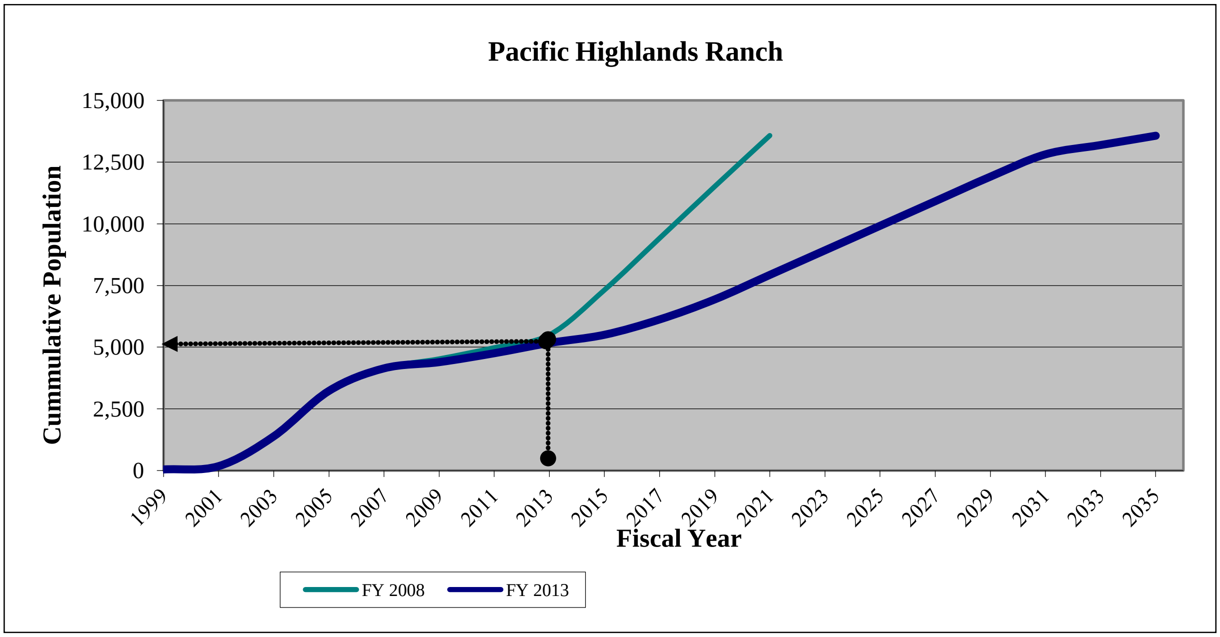


Population Estimates

Previous editions of the Pacific Highlands Ranch Financing Plan based population estimates on a factor of 2.62 persons per household. This factor is consistent with the Framework Plan for the North City Future Urbanizing Area. No change to this methodology is proposed as part of this update.

Using the population factor described above, the population of Pacific Highlands Ranch, at full community development, is projected to be 13,577. Below, Chart 3 illustrates a comparison of the projected population growth rate of the FY 2008 and this FY 2013 update of the Public Facilities Financing Plan.

Chart 3 Projected Population Growths



Capital Improvement Program

Future Public Facility Needs

In order to serve the Pacific Highlands Ranch community, public facilities are needed in a number of project categories. Those categories include:

- Transportation
- Parks and Recreation
- Police
- Fire
- Library
- Water/Sewer Lines (Utilities)

Project locations are depicted in Figure 2 on page 41 and summarized in Table 9 on page 37. Detailed project descriptions can be found in the Capital Improvement Program (CIP) sheets beginning on page 41. The timing associated with individual projects is also summarized in Table 9 and on the corresponding CIP project sheets. Refer to Table 8 on page 25 for the current development schedule for Pacific Highlands Ranch.

Construction schedules of facilities are contingent upon actual development within the community because needed facilities are directly related to the community's growth rate. Pacific Highlands Ranch will continue to develop subject to the Transportation and Facility Phasing Plan. Therefore, any slowdown in community development will require a modification to the schedule by which needed facilities are planned.

Future updates of the financing plan will consider the threshold requirements and will adjust the timing of the development schedule and timing of the community's facilities. The 1,900 dwelling unit threshold associated with the Transportation and Facility Phasing Plan is expected to be reached prior to the opening of the Gonzales Canyon Neighborhood Park project, therefore the timing for certain population-based facilities will be impacted. The timing for those projects may be adjusted in future updates as the estimated timing for the opening of the Gonzales Canyon Neighborhood Park project is closely monitored. In addition, the City may amend this Public Facilities Financing Plan to add, delete, substitute, or modify a particular project to take into consideration unforeseen circumstances.

Changes to Project List

The following new projects have been added to the Pacific Highlands Ranch Public Facilities Financing Plan for FY 2013:

P-1.1, Elementary School No. 1 Joint Use Improvements
P-2.1, Elementary School No. 2 Joint Use improvements

The following revised cost estimates for the identified projects are included in the FY 2013 financing plan update:

T-1.2B State Route 56 - Expansion to 6 Lanes. $91,117,000 increase in total cost of this project; $5,930,000 increase in the Pacific Highlands Ranch contribution from $11,546,000 to $17,476,000.

T-1.3 SR-56/Carmel Valley Road Interchange. $1,920,269 decrease in the total cost of this project; $1,836,512 decrease in the Pacific Highlands Ranch contribution from $13,658,000 to $11,821,488.

T-3 Del Mar Heights Road (4-6 Lanes). $858,000 decrease in total project cost from $10,700,000 to $9,842,000.

T-4.2 Carmel Valley Road (4-6 Lanes South of Pacific Highlands Ranch Parkway). $885,000 increase in total project cost from $6,200,000 to $7,085,000.

T-4.4 Carmel Valley Road (Lopelia Meadows Place to Via Abertura). $4,000,000 increase in total project cost from $8,700,000 to $12,700,000.

T-6.1 Village Center Loop Road (Carmel Valley Road east to Lin property line). $253,000 decrease in total project cost from $2,880,000 to $2,627,000.

T-6.2 Village Center Loop Road (Lin property line east to Carmel Valley Road). $1,700,000 increase in total project cost from $2,000,000 to $3,700,000.

T-8 Transit Center. $2,713,000 increase in total project cost from $1,400,000 to $4,113,000.

T-9 Park-N-Ride. $328,000 increase in total project cost from $2,100,000 to $2,428,000.

P-1 Gonzales Canyon Neighborhood Park – Acquisition and Development. $1,295,000 increase in total project cost from $5,800,000 to $7,095,000.

P-1.1 Elementary School No. 1 – Joint Use Improvements. Total cost of $2,250,000.

P-2 McGonigle Canyon Neighborhood Park – Acquisition and Development. $2,388,000 increase in total project cost from $5,800,000 to $8,188,000.

P-2.1 Elementary School No. 2 – Joint Use Improvements. Total cost of $2,250,000.

P-3.1 Pacific Highlands Ranch Community Park – Acquisition and Development. $6,531,000 increase in total project cost from $19,175,000 to $25,706,000; $5,766,000 increase in the Pacific Highlands Ranch contribution from $16,932,000 to $22,698,000.

P-3.2 Pacific Highlands Ranch Community Park – Recreation Building. $3,194,000 increase in total project cost from $5,950,000 to $9,144,000; $2,820,000 increase in the Pacific Highlands Ranch contribution from $5,254,000 to $8,074,000.

P-3.3 Black Mountain Ranch Community Park – Swimming Pool. $1,136,000 increase in total project cost from $6,000,000 to $7,163,000; $446,000 increase in the Pacific Highlands Ranch contribution from $2,244,000 to $2,696,000.

P-10.1 Pacific Highlands Ranch Hiking and Biking Trails. $2,164,000 increase in total project cost from $5,075,000 to $7,239,000.

P-10.2 Del Mar Heights Multi-Use Trail Undercrossing. $300,000 decrease in total project cost from $800,000 to $500,000.

F-1 Fire Station 47 – Pacific Highlands Ranch. $1,099,000 decrease in total project cost from $10,255,000 to $9,156,000; $880,888 decrease in the Pacific Highlands Ranch contribution from $8,224,000 to $7,343,112.

L-1 Branch Library and Village Green. $4,747,000 increase in total project cost from $14,577,000 to $19,324,000; $1,834,000 increase in the Pacific Highlands Ranch contribution from $5,452,000 to $7,286,000.

U-3 Del Mar Heights Pipeline Relocation. $1,800,000 increase in total project cost from $6,150,000 to $7,950,000.

U-4 Little McGonigle Ranch Road Pipeline. $1,387,000 increase in total project cost from $4,613,000 to $6,000,000; $644,000 increase in the Pacific Highlands Ranch contribution from $3,856,000 to $4,500,000.

Fee Schedule for Facilities Benefit Assessments

Annual Review

The FBA Ordinance in the Municipal Code (Section 61.2212) provides for an annual adjustment of Facilities Benefit Assessments. The annual review may reflect changes to any of the following:

- Rate and amount of planned development
- Actual or estimated cost of public facilities projects
- Scope of the public facilities projects
- Inflation rates
- Interest rates
- Comparative analysis of City approved discretionary permits.

Updated Project Costs

This update includes an analysis, by each of the sponsoring City departments, of the project costs for each public facility project. The costs estimates shown in this update have been revised and include the following:

- LEED "Silver Level" standards
- Impact of inflation
- Competitive bids on similar projects
- Modifications, if any, to the overall scope of the project.

Revised Fee Schedule

The Pacific Highlands Ranch FBA Schedule in Table 4, page 15, shows the rate of assessment for each category of land use during each year of community development. The FY 2013 assessment schedule reflects a decrease of 51% from the current rate due to changes in the timing and phasing of the community's development and facilities.

Financing Strategy

The General Plan calls for impacts of new development to be mitigated through appropriate fees identified in the Public Facilities Financing Plans. These include impacts to public facilities and services, including the water supply and distribution system, sanitary sewer system, drainage facilities, fire protection, schools, streets, parks, and open space. According to Council Policy 600-28 such improvements will be furnished and financed by the developer. As such, the developers will provide a majority of the needed public facilities for Pacific Highlands Ranch as a part of the subdivision process. Public facility projects that benefit a population larger than the local/adjacent development may be financed by using the following alternative methods:

Facilities Benefit Assessment (FBA)

This method of financing fairly and equitably spreads costs while following the procedures specified in City Council Ordinance O-15318, as adopted on August 25, 1980, and California Government Code section 66000 *et seq*. A Facilities Benefit Assessment results in a lien being levied on each parcel of property located within the Area of Benefit. The liens ensure that assessments will be collected on each parcel as development occurs and will be renewed annually. The liens will be released following payment of the FBA.

For the current, approved schedule of Facilities Benefit Assessments by fiscal year, refer to Table 4 on page 15.

Development Impact Fee (DIF)

In communities that are near full community development, Development Impact Fees (DIF) are established, increased, imposed, and collected in accordance with the California Government Code section 66000 *et seq.* to mitigate the impact of new development through provision of a portion of the financing needed for identified public facilities and to maintain existing levels of service for that community. Council has previously directed that Development Impact Fees, equal to the current FBA assessments, are appropriate for all properties that have never been assessed or otherwise agreed to pay Facilities Benefit Assessments.

Assessment Districts

Special assessment district financing, such as the Municipal Improvement Acts of 1913/1915, may be used as a supplementary or alternative method of financing facilities such as streets, sidewalks, sewers, water lines, storm drains, and lighting facilities. Assessment districts are beneficial in that they provide all of the funding needed for a particular public facility project in advance of the projected development activity. However, assessment districts also create a long-term encumbrance on the benefiting property and require that the funds be repaid over an extended period of time. Assessment districts also require the approval of a majority of the property owners in order to establish the district.

Community Facility District (CFD)

State legislation, such as the **Mello-Roos Act of 1982**, has been enacted to provide a method of financing public facilities in new and developing areas. A Mello-Roos is also known as a **Community Facility District (CFD)**. The formation of such Community Facility Districts may be initiated by owner/developer petition. Mello-Roos districts require approval by a two-thirds majority of the property owners in order to establish the district, as clarified by Council Policy 800-3.

Developer Construction

New development either constructs required facilities as a subdivision condition or provides funds for its fair share of the costs of such facilities, with construction being performed by the City. Typically, these funds are collected through the Facilities Benefit Assessment Program or through the Development Impact Fee program.

As an alternative to the Facilities Benefit Assessment or Development Impact Fee Programs, it may be feasible for developers to construct one or more of the needed public facilities on a turn-key basis. Under this arrangement, developers typically are compensated, either by cash or credit against Facilities Benefit Assessments due, for the work performed pursuant to the conditions in a Council approved reimbursement agreement (Council Policy 800-12).

Reimbursement Financing for Water and Sewer Facilities

This method of financing is outlined in Council Policy 400-7. It is commonly used when the first developer/sub-divider in an area is required to construct the necessary water and sewer facilities for an entire developing area. These agreements are approved by the City Council. Reimbursement to the first developer/sub-divider can occur over a period of time as long as 20 years or until all of the subsequently developed lands have participated in the reimbursement, whichever occurs first.

State/Federal Funding

Certain public facilities may be determined to benefit a regional area that is larger than the community planning area. Such projects may be appropriately funded by the State, Federal Government, or by a combination of the two. The first phase of State Route 56 (project T-1.1), for example, has been shown in this financing plan as having State funding.

Regional Transportation Congestion Improvement Program Fees (RTCIP)

Where appropriate, the Facilities Financing Section assesses the Regional Transportation Congestion Improvement Program Fees (RTCIP) as authorized by the City Council by Resolution R-303554, adopted on April 14, 2008. This fee is applicable to new residential development. On-site Affordable (low income) units may be exempt from the RTCIP fee. These fees were established to ensure that new development directly invests in the region's transportation system to offset the impact of growth on congestion and mobility. This fee will be in addition to Development Impact Fees or Facilities Benefit Assessment Fees.

Development within Pacific Highlands Ranch is currently exempt from the RTCIP fee since new development pays FBA assessments in an amount greater than the average RTCIP rate per residential unit and therefore demonstrates a Maintenance of Effort in financing the Regional Arterial System.

Cost Reimbursement District (CRD)

Occasionally, a developer/sub-divider is directed to construct public improvements that are more than that which is required to support its individual property/development. A **Cost Reimbursement District (CRD)** provides a mechanism by which the developer/sub-divider may be reimbursed by benefiting development which proceeds within 20 years of formation of the CRD. Reimbursement is secured by a lien on the benefiting properties with the lien due and payable only upon recordation of a final map or issuance of a building permit, whichever occurs first.

Development Agreement

This method permits a developer to enter into an agreement with the City of San Diego where certain rights of development are extended to the developer in exchange for certain extraordinary benefits given to the City. The Development Agreement with Pardee Homes (formerly Pardee Construction Company) can be found in the Appendix on page A-1.

General Assumptions and Conditions

In connection with the application of the above methods of financing, the following general assumptions and conditions will be applied:

1. Except for those projects that are identified as FBA funded, developers will be required to provide facilities that are normally provided within the subdivision process as a condition of tentative subdivision map approval. These projects include but are not limited to traffic signals (except as noted), local roads, and the dedication or preservation of Open Space located within the proposed development(s). A Mello-Roos 1913/1915 Act, or other type of reimbursement district, however, may fund such projects if the project(s) and applicant(s) qualify for this type of project financing.

2. Commercial, industrial, and institutional land will be assessed FBAs for infrastructure (including transportation), police, fire, and utility facilities. However, developers of commercial and industrial land will not be assessed for park and recreation or library facilities since those facilities primarily serve the residential component of the Pacific Highlands Ranch community. In the future, if a basis is developed for charging non-residential development for the cost of park and recreation and library facilities, their fair share can be evaluated at that time.

3. Reviews may be performed periodically to evaluate performance of the program and to consider the continuing commitments related to the completion of needed facilities. Project costs and assessments shall be evaluated for all portions of the program.

4. The developer, or permittee, shall pay the FBA as a condition of obtaining building permits.

5. A developer, or group of developers, may propose to build or improve an FBA funded facility that is identified in the Capital Improvements Program. Upon City Council approval, the developer(s) may enter into an agreement to provide the facility in lieu of, or as credit against the payment of FBA fees, provided that adequate funds are available in the FBA fund. The amount and timing of the credit being sought by the

developer(s) must coincide with the expenditure of funds depicted on the CIP sheet for the respective project. Should the approved, final cost of the facility exceed the amount of credit being sought by the developer(s), the developer(s) may be reimbursed from the FBA fund for the difference, subject to the approved reimbursement agreement and the availability of funds. If two developers are entitled to cash reimbursement during the same fiscal year, then the first agreement to be approved by the City Council shall take precedence over subsequent agreements approved by the City Council.

6. As FBA assessments are collected, they shall be placed in a City fund that provides interest earnings for the benefit of Pacific Highlands Ranch.

7. The Development Schedule, shown in Table 8 on page 25, is an estimated schedule and is based on the latest information available at the time this financing plan was adopted. Future approvals and/or modifications of precise plans and/or discretionary permit applications may either increase or decrease the extent of development proposed within Pacific Highlands Ranch.

8. Most public facilities identified in the financing plan are either "population-based" or "transportation-based". The estimated year(s) in which funds are budgeted for a given project should not be considered as a binding commitment that the project would actually be constructed in that year. With each update, actual permit activity and corresponding population projections, coupled with additional traffic study information obtained since the last update, will be evaluated to determine the most appropriate year in which to budget the need for each remaining project. As such, the budgeted year for a given project is subject to change with each update to the financing plan.

9. Only those roadways that have been designed as a four-lane facility or larger have been considered in this financing plan as being funded by the FBA. All other roadways located within Pacific Highlands Ranch will be the responsibility of the developer/sub-divider and are not reflected in the FBA calculations.

10. It has been assumed that a large majority of the cost necessary to complete SR-56 will be provided from funds other than the FBA, e.g. TRANSNET, State or Federal (ISTEA) Highway funds, and/or toll road funds, etc.

11. For projects that require land acquisition in this financing plan, property value estimates assume that the property is graded, in finished pad condition, and "ready to accept" for the project for which it is intended (i.e. the value of raw land plus the cost of improvements/environmental mitigation.). The actual price paid for land within Pacific Highlands Ranch will be based upon either a price established through direct negotiations between the affected owner(s) and relevant public agency

or by fair market value, as determined by an appraisal that will be prepared in accordance with standard City policy.

12. It has been assumed that all costs for open space acquisition will be provided from funds other than the FBA, i.e. subdivision requirement, off-site mitigation for a particular project, etc.

13. It is expected that all right-of-way for the major roads within the community are to be acquired via the subdivision process at no cost to the FBA. If right-of-way must be acquired by the FBA by way of eminent domain, a cost reimbursement district, with the beneficiary being the Pacific Highlands Ranch FBA, may be processed to recover the cost of the right-of-way at such time as the property adjacent to the roadway frontage develops.

14. FBA fees shall be paid by all categories of private development, including affordable housing projects.

15. This financing plan identifies a number of public facility projects as being funded by the FBA. However, it is understood that, during the development of Pacific Highlands Ranch, alternative funding sources may be proposed in lieu of FBA funding, such as developer funds or Mello-Roos Community Facility District financing.

Developer Advance

It is anticipated that a number of the projects, which have been identified as being FBA-funded, are to be constructed by developers in Pacific Highlands Ranch. Subject to the terms of a reimbursement agreement, a developer may actually start construction of a project before there are sufficient FBA funds available to provide either cash reimbursement or credit against the developer's obligation to pay FBA fees. In other words, the "need" for the project may occur before there are FBA funds available to cover the cost of the project. Additionally, a developer may have accumulated credits from one or more other FBA-funded projects such that the developer is unable to use credits as fast as they have been earned. In these cases, the CIP project sheets will show the fiscal year in which it is anticipated that the developer will advance the cost of the project, also known as a **Developer Advance** (DEV. ADVANCE).

The project sheets indicate the fiscal year in which it is anticipated that funds will be available to reimburse or when the developer would take credits against their obligation to pay FBA fees. Subject to the availability of funds, the year(s) in which reimbursement or credit for the Developer Advance occurs may be accelerated to the fiscal year in which the Developer Advance is extended.