

# Mid-City - 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 development process. Potential other methods for financing public facilities are listed below:

- A. DEVELOPMENT IMPACT FEES (DIF)
- B. TRANSNET, GAS TAX
- C. ASSESSMENT DISTRICTS
- D. LANDSCAPING AND LIGHTING ACTS
- E. GENERAL OBLIGATION BOND ISSUES
- F. CERTIFICATES OF PARTICIPATION (COP)
- G. LEASE REVENUE BONDS
- H. BUSINESS LICENSE TAX REVENUE\*
- I. CAPITAL OUTLAY (LEASE REVENUE)
- J. COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
- K. FRANCHISE FEE REVENUE\*
- L. LOCAL TRANSPORTATION FUND
- M. MOTOR VEHICLE LICENSE FEE (MVLFF) REVENUE\*
- N. PARKING VIOLATION REVENUE\*
- O. PARKING METER REVENUE\*
- P. PARK SERVICE DISTRICT FEES (PSD)
- Q. PROPERTY TAX REVENUE\*
- R. TRANSIENT OCCUPANCY TAX (TOT)\*
- S. ANNUAL ALLOCATIONS
- T. PRIVATE CONTRIBUTIONS
- U. UTILITY USERS TAX
- V. SPECIAL TAXES FOR FIRE AND POLICE PROTECTION
- W. SPECIAL TAXES FOR PUBLIC LIBRARIES
- X. PARK AND PLAYGROUND ACT OF 1909
- Y. GRANTS
- Z. REGIONAL TRANSPORTATION CONGESTION IMPROVEMENT PROGRAM (RTCIP)

\*These funds are currently allocated for general City operations, but may be used for capital improvements.

- A. DEVELOPMENT IMPACT FEES (DIF)** - Development Impact Fees are a method whereby the impact of new development upon the infrastructure is assessed, and, a fee system developed and imposed on developers to mitigate the impact of new development. DIF cannot be used for 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 Mid-City.
- B. TRANSNET, GAS TAX, and other programs** such as a state-local partnership program may provide funds for community transportation projects. These funds will be allocated annually and may be used to fund a portion of the long-range capital need for future transportation improvements in Mid-City.
- C. 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 may be 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 of the benefiting property and require that the funds be repaid over an extended period of time. Assessment districts also require approval of at least 50% of the property owners, based on a ballot process with votes weighted in proportion to the assessment obligation in order to establish the district.
- D. LANDSCAPING AND LIGHTING ACTS** - Funds may be used for parks, recreation, open space, installation/construction of planting and landscaping, street lighting facilities, and maintenance. These ballot measures require a 2/3 voter approval for passage. These assessments may only be imposed if a majority protest does not exist.
- E. GENERAL OBLIGATION BOND ISSUES** - Cities, counties and school districts may issue these bonds to finance land acquisition and capital improvements. The bonds are repaid with the revenues from increased property taxes. Bond issuance requires 2/3-voter approval for passage.

- F. CERTIFICATES OF PARTICIPATION (COP)** - These funds may only be used for land acquisition and capital improvements. City Council approval is required and a funding source for Debt Service must be identified.
- G. LEASE REVENUE BONDS** - These funds may be only used for capital improvements. City Council approval is required.
- H. BUSINESS LICENSE TAX REVENUE** - These funds are currently allocated for general City operations; but may be used for capital improvements. City Council approval is required.
- I. CAPITAL OUTLAY (LEASE REVENUE)** - These funds are to be used for capital improvements. City Council approval is required.
- J. COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)** - This is a federal grant that is applied for annually. Applications are reviewed annually; City Council and HUD approval are required.
- K. FRANCHISE FEE REVENUE** - The City collects franchise funds from San Diego Gas and Electric and cable companies for use of City right-of-way. These funds are currently allocated for general City operations; but may be used for capital improvements. City Council approval is required.
- L. LOCAL TRANSPORTATION FUND** - These funds are applied for and are used only for bikeway projects. City Council and federal approval are required.
- M. MOTOR VEHICLE LICENSE FEE (MVLFF) REVENUE** - The state allocates a portion of vehicle license fee revenue to local governments. These funds are currently allocated for general City operations; but may be used for capital projects. City Council approval is required.
- N. PARKING VIOLATION REVENUE** - These funds are currently allocated for general City operations; but may be used for capital improvements. City Council approval is required.
- O. PARKING METER REVENUE** - These funds are currently allocated for general City operations; but may be used for capital improvements. City Council approval is required.

- P. 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.
- Q. PROPERTY TAX REVENUE** - Property owners are taxed one percent of the assessed value of the property. The City receives approximately 17 percent of the one percent. These funds are currently allocated for general City operations; but may be used for capital improvements. City Council approval is required.
- R. TRANSIENT OCCUPANCY TAX (TOT)** - The City's hotel tax is 10.5 percent and is currently allocated annually to eligible (tourist-related) organizations that request funding and to tourist-related City activities; but may be used for capital improvements. City Council approval is required.
- S. 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.
- T. PRIVATE CONTRIBUTIONS** - Any private donations received by the City for capital improvements. City Council approval is required.
- U. UTILITY USERS TAX** - These funds may be used for any general City operation or capital improvement. These require 2/3 voter approval for passage.
- V. SPECIAL TAXES FOR FIRE AND POLICE PROTECTION** - These funds may only be used for fire and police activities. These require 2/3 voter approval for passage.
- W. SPECIAL TAXES FOR PUBLIC LIBRARIES** - These funds may only be used for libraries and library improvements. These require 2/3 voter approval for passage.
- X. PARK AND PLAYGROUND ACT OF 1909** - These funds may be used for parks, urban open-space land, playground, and library facilities. These require 2/3 voter approval for passage.

**Y. GRANTS** - Grants are available and applied for from the federal government, state and other agencies.

**Z. REGIONAL TRANSPORTATION CONGESTION IMPROVEMENT PROGRAM—(RTCIP)**—These funds may be used for regional transportation improvements. Collected from residential development only, county wide program.

## **General Assumptions and Conditions**

In connection with the application of the following methods of financing, these general assumptions and conditions would apply:

1. Developers will be required to provide facilities normally provided within the subdivision process as a condition of subdivision approval, including but not limited to traffic signals.
2. Abutting property owners are responsible for frontage improvements such as sidewalks, curbs and gutters.
3. The Development Impact Fee will be paid by the developer at the time of building permit issuance.
4. At the time of Development Impact Fee estimate calculation, with proof of type and amount of prior land use, and/or provision of demolition permit or demolition sheet within a permit submittal package, DIF credit for previous use (and/or demolished structures on the parcel) is applied towards the calculation of impact fees assessed on the new use and/or new building structure.
5. Development Impact Fees collected will be placed in a separate interest bearing fund with interest earnings accumulated for use in the community planning area for identified facilities.
6. Non-residential development will be charged for transportation and fire facilities through the Development Impact Fee, and may be charged additional fees for park and recreation and library facilities on an ad hoc basis as appropriate.
7. Any project –specific community plan amendments may result in additional fees being charged on an ad hoc basis.
8. Additional fees may be imposed on discretionary projects on a case-by-case basis in order to meet the standard of 2.8 acres of parkland per 1,000 population set forth in the General Plan, or to otherwise fully account for a project’s public facilities impacts.