

THE CITY OF SAN DIEGO

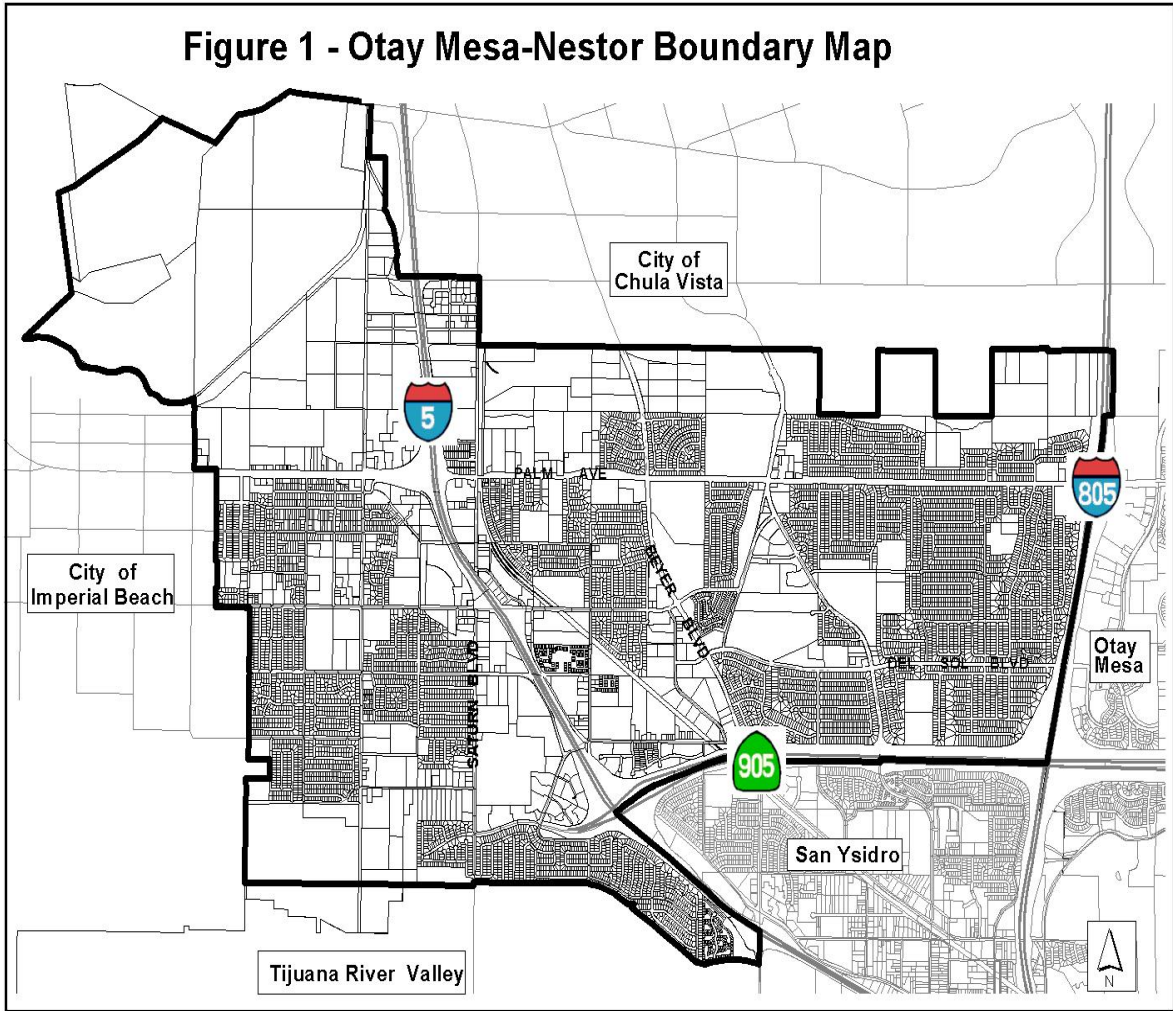
Otay Mesa-Nestor Community

Public Facilities Financing Plan and Development Impact Fee Schedule Fiscal Year 2014 (Effective Feb. 24, 2014)

Planning, Neighborhoods and Economic Development Department, Facilities Financing Program. This information will be made available in alternative formats upon request. To request a financing plan in an alternative format, call the Facilities Financing Program, at (619) 533-3670. To view this document online, visit the City of San Diego website at:

<http://www.sandiego.gov/facilitiesfinancing/plan/otaynestor.shtml>

Figure 1 Otay Mesa-Nestor Community Map



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Todd Gloria, Interim Mayor

City Council

Sherri Lightner, Council President Pro Tem, Council District 1

Kevin Faulconer, Council District 2

Todd Gloria, Council President, Council District 3

Myrtle Cole, Council District 4

Mark Kersey, Council District 5

Lorie Zapf, Council District 6

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District 1 John Swanson, Secretary

District 2 Sam Mendoza

District 3 Ed Abrahims

District 4 Diane Porter

District 5 Gabriel Uribe

District 6 Maria Mendoza

District 7 Robert Broomfield

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District 9 Jacki Farrington

District 10 Bob Mikloski

District 11 Albert Velasquez, Chair

District 12 Carlos Sanchez

District 13 Vacant Seat

District 14 Wayne Dickey

District 15 Walt Zumstein

District 16 Steve Schroeder, Vice Chair

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Introduction

Authority

In 1987, City of San Diego Planning Department staff developed and recommended impact fees for 28 urbanized communities within the City of San Diego. The Council of the City of San Diego (City Council) adopted the recommended fees to mitigate the impact of new development on public facilities by Resolutions R-269019 (adopted August 4, 1987) and R-269274 (adopted September 14, 1987).

The General Plan for the City of San Diego was updated on March 10, 2008 by Resolution No. 303473; and new guidelines included the division of the City into two planning designations: Proposition A Lands and Urbanized Lands. Urbanized Lands include the developing communities, the central portion of San Diego as well as the remaining older sections of the City. The Otay Mesa-Nestor community is an area designated as Urbanized Lands.

Previous, Current and Future Public Facilities Financing Plan Updates

The Fiscal Year 2014 Otay Mesa-Nestor Public Facilities Financing Plan (Financing Plan) supersedes the 2006 Otay Mesa-Nestor Public Facilities Financing Plan (adopted by Resolution No. R-301225). This Financing Plan is an update that reflects changes in the rate and amount of anticipated development, and changes in Development Impact Fee (DIF) contributions to Capital Improvement Projects (CIP). The City Council may amend this Financing Plan in the future to add, delete, substitute or modify a particular anticipated project to take into consideration unforeseen circumstances.

Purpose and Scope of Report

The Otay Mesa-Nestor Community totals approximately 15,308 acres, and is bound on the north by the City of Chula Vista, the east by the Otay Mesa Community, the south by the Tijuana River Valley and the San Ysidro Community, and the west by the City of Imperial Beach.

The Otay Mesa-Nestor Community Plan (Community Plan) is a comprehensive policy guide for the physical development of the community. The Financing Plan identifies public facilities that are anticipated over the next 16 years when full community development (buildout) is expected, and serves to establish a financing strategy for the provision of those facilities, and to establish a Development Impact Fee schedule for new development.

Development Forecast and Analysis

The Otay Mesa-Nestor Community has approximately 61,000 residents and 17,390 residential units. Based on the San Diego Association of Government FY 2030 forecast, at full community development (buildout) the community is estimated to have approximately 18,732 residential units, a population of 71,013 residents, and 23,343,239 square feet (SF) of residential and non-residential development. This will result in cumulative count of 302,556 Average Daily Trips (ADTs) by FY 2030.

Existing Public Facilities and Future Needs

Transportation

The Otay Mesa-Nestor Community is served by a convenient grid-style street system, three freeways, bicycle routes and five bus routes that connect to the South Line Trolley. Transportation improvements in Otay Mesa-Nestor are dictated by traffic volume. A list of Transportation Projects is included in the Project Summary Table starting on page 7.

Park and Recreation

The Otay Mesa-Nestor Community is served by the following parks: Montgomery-Waller and South Bay Community Parks; and Berry, Nestor, Palm Ridge, Silver Wing and Sunnyslope Neighborhood Parks; for a total of 104.74 acres of parkland.

The City of San Diego General Plan (General Plan) Park Guidelines call for 2.8 acres of usable parkland per 1,000 residents, and includes eligibility criteria for population-based park equivalencies which allow community park acreage credit for recreational facilities that are within or adjacent to residential development, as well as various other non-traditional park types. Park equivalencies within a community are to be evaluated as part of the preparation of an anticipated San Diego Parks Master Plan, or at the time of community plan update or amendment, or community-specific parks master plan. As the Otay Mesa-Nestor has limited remaining vacant land, and is adjacent to the (undeveloped) Otay Valley Regional Park system), it is anticipated that when a Parks Master Plan (or park planning guideline regarding implementation of park equivalencies) is completed, the Otay Mesa-Nestor Community and Financing Plans may be amended in regard to the requirements and provision of parks and recreational facilities.

Based on City Plan guidelines, at community buildout the Otay Mesa-Nestor community population (estimated at 71,013 residents) warrants approximately 198.84 usable acres of parkland. A list of Park and Recreation Projects is included in the Project Summary Table starting on page 7.

Fire-Rescue

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. Additional Fire-Rescue facilities are necessary to serve the community at buildout. A list of Fire-Rescue Projects is included in the Project Summary Table starting on page 8.

Police

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. No Police facility projects are included in this Financing Plan.

Library

The Otay Mesa-Nestor Community is served by the Otay Mesa-Nestor Branch Library, which was expanded FY 2006. No additional Library facility projects are included in this Financing Plan.

Summary of Public Facilities Projects

The public facilities anticipated to be financed, in part or in whole, by Otay Mesa-Nestor DIF funds are shown on Table 3, starting on page 7. Project categories include Transportation, Park and Recreation, Fire-Rescue and Library. Detailed descriptions of projects can be found on individual project sheets beginning on page 13.

Timing and Cost of Facilities

This Financing Plan update includes an analysis, by each of the sponsoring departments, of project costs for each anticipated public facility project. These projects are subject to revision in conjunction with council adoption of the Annual CIP Budget. Depending on priorities and availability of resources, substantial changes to these projects are possible from year to year. DIF also funds administrative costs associated with the development, implementation and operation of the DIF program.

Because the Otay Mesa-Nestor Community area is near buildout, DIF funds collected will contribute only a small portion of the cost of the public facilities included in this Financing Plan. The remaining portion of costs will have to be provided through funding mechanisms other than DIF. The timing of projects is dependent both upon future development within the community (for DIF revenue) and the identification of alternate funding sources or strategies.

Development Impact Fee Calculation

The amount of DIF imposed on new development is based on the extent or degree to which each type of development generates a demand for, or receives benefit from, various public facilities. For example, all development generates vehicular traffic and demand for fire-rescue services, and thus, on an equitable basis, should share in the cost of transportation and fire projects. Residential development also generates demand for park and recreation and library facilities. Non-residential development may also create a need for parks and libraries, and may be charged fees for those facilities on an ad hoc basis, as appropriate.

For each identified project, the portion of the project cost that is eligible to receive DIF funding is determined (DIF-eligible). By facility type, the DIF-eligible amounts are totaled, and along with an 8 percent charge to cover City administrative cost, make up the DIF fee component.

DIF were determined for the various categories of needed public facilities based on total amount of development at community build-out, and on the basis of additional public facilities needed at community plan build-out. (Apportioning the DIF-eligible costs to multiple land uses varies dependent upon the type of facility.) The impact fee for each component is calculated separately, then the component fees are combined into one DIF Fee Schedule.

Transportation Component of DIF

Both residential and non-residential development generates demand for transportation facilities. Transportation facilities are dictated by traffic volume. Residential development impact fees are based on an ADT rate of 7 ADTs per residential unit (dwelling unit), consistent with the San Diego Municipal Code Trip Generation Manual Table 7 (Trip Generation Rates For Facilities

Financing Purposes). Non-residential development impact fees are based on gross building area (GBA), and the number of ADTs generated by the development. The ADT rate applied to each building permit fee calculation will be that as listed in the most current version of the Trip Generation Manual Table 7 in effect on the date of building permit issuance.

At buildout, the community is anticipated to generate 302,556 ADTs. The FY 2014 DIF basis for Transportation projects is \$33,105,160, including 8% administrative costs. This cost divided by 302,556 ADTs at buildout results in a transportation DIF of \$109 per ADT and \$776 per dwelling unit. The fee per dwelling unit is calculated by multiplying the per-ADT cost by the average vehicle trip rate per residential unit (7 ADTs per residential unit). Additional fees may be imposed on discretionary projects on a case-by-case basis in order to fully account for a project's public facilities impacts.

Park and Recreation Component of DIF

Residential development generates demand for park and Recreation facilities. Residential impact fees are based on an average cost per residential dwelling unit. At buildout the community is anticipated to have 18,732 units. The FY 2014 DIF basis for Park and Recreation projects is \$196,363,102, including 8% administrative costs. Dividing by the number of units (18,732) results in a park DIF of \$10,483 per residential unit. 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.

Fire-Rescue Component of DIF

Both residential and non-residential development generates a demand for Fire-Rescue facilities. Non-residential development impact fees are based on an average cost per 1,000 SF of gross building area. Residential impact fees are based on an average cost per dwelling unit. It is assumed that the average size of a dwelling unit is 1,000 SF. At buildout the community is anticipated to have 23,343,239 SF residential and non-residential development. The FY 2014 DIF basis for Fire-Rescue projects is \$9,918,800, including 8% administrative costs. Dividing by the number of square feet at buildout (23,343,239) results in a fire-rescue DIF of \$425 per 1,000 SF of non-residential development and \$425 per residential dwelling unit.

Library Component of DIF

Residential development generates demand for library facilities. Residential impact fees are based on an average cost per residential dwelling unit (unit). At buildout the community is anticipated to have 18,732 units. The FY 2014 DIF basis for Library projects is \$3,812,600, including 8% administrative costs. Dividing by the number of units (18,732) results in a library DIF of \$204 per unit.

DIF Fee Schedule

By combining facility-specific impact fee components, a DIF Fee Schedule is created and shown on Table 1. For residential development, the FY 2014 DIF is \$11,889 per residential unit. For non-residential development the FY 2014 DIF is \$425 per 1,000 SF and \$111 per ADT. The actual dollar amount for an individual building permit will be based on the DIF Fee Schedule and the Trip Generation Manual in effect on the date of building permit issuance.

Table 1 DIF Fee Schedule

FY 2014 DIF Fee Schedule			
	Residential Development	Non-residential Development	
	Per Dwelling Unit	Per 1,000 SF	Per ADT
Transportation	\$776	\$0	\$109
Park & Recreation	\$10,483	\$0	\$0
Fire-Rescue	\$425	\$425	\$0
Library	\$204	\$0	\$0
Total	\$11,888	\$425	\$109

Annual Increase to DIF Fee Schedule

City Council Ordinance Number O-20100, passed October 11, 2011, amended Municipal Code provisions relating to the collection of public facilities fees and assessments. Specifically, Chapter 14, Article 2, Division 6 provides for automatic annual increases to the DIF Fee Schedule to occur every July 1st. Section 142.0640(b) states: “unless otherwise specified in the applicable Resolution(s) establishing the Development Impact Fees, the amount of the Development Impact Fee shall be increased, starting on July 1, 2010, and on each July 1st thereafter, based on the one-year change (from March to March) in the Construction Cost Index (CCI) for Los Angeles as published monthly in the Engineering News-Record. Increases to Development Impact Fees consistent with the Construction Cost Index in Los Angeles shall be automatic and shall not require further action of the City Council.”

For historical purposes, table 2 shows the CCI for reporting year’s 2010 through 2013, and the applied annual increase to the subsequent FY’s DIF Fee Schedule.

Table 2 Percent Annual Increase

Reporting Year	CCI	Subsequent FY Increase to DIF Fee Schedule
2010	9770	0%
2011	10035	2.72%
2012	10284	2.48%
2013	10284	0%

Collection and Expenditure of Impact Fees

Collection of DIF is required at time of building permit issuance. At time of DIF 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 same parcel) may be applied towards the calculation of impact fees charged on the new use and/or new building structure.

DIF revenue is used for projects identified in the Financing Plan, up to the amount listed on each project sheet. Expenditure of DIF revenue may not exceed a project's DIF basis without further City Council action. A specific project's DIF basis (DIF-eligible amount of total project cost), can be identified on its CIP project sheet. For current and future projects, without further City Council action the DIF-eligible amount may increase with the CCI.

Project Sheet Identification of DIF Eligibility

On individual project sheets, project costs are broken down by several factors. Current and future project sheets include a schedule table. In the table, amounts in rows titled "*OM-N DIF (Sched.)*" and/or "*Other Sched.*" are amounts that are DIF-eligible and included in the DIF Basis. In addition, those amounts are, or may be, scheduled for expenditure.

In the table, amounts in a row titled "*Uniden. (DIF Elig.)*" are amounts that are DIF-eligible and included in the DIF Basis. Those project costs do not yet have an identified funding source but DIF revenue may be expended, if available. Because of the uncertain timing associated with future DIF revenues, anticipated future revenue cannot be definitively scheduled until it is received. In the table, amounts listed as "*Other (Not DIF Elig.)*" And "*Uniden (Non-DIF Elig.)*" are not DIF-eligible nor are they included in the DIF Basis.

Financing Strategies

Policy PF-A-3 (Public Facilities, Services and Safety Element) of the City of San Diego General Plan calls for the City to maintain an effective facilities financing program to ensure that impact of new development is mitigated through appropriate fees identified in Financing Plans; to ensure new development pays its proportional fair-share of public facilities costs; to ensure DIFs are updated frequently and evaluated periodically to ensure financing plans are representative of current project costs and facility needs; and to include in the Financing Plans a variety of facilities to effectively and efficiently meet the needs of diverse communities.

Development impacts public facilities and services, including the water supply and distribution system, sanitary sewer system, fire facilities, streets, parks and open space. Anticipated public facility projects that benefit a population larger than the local/adjacent development can be financed by using alternative methods.

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 methods for financing public facilities are included in the Glossary of the Adopted Budget (Volume I: Budget Overview and Scheduled), which is available online at:

<http://www.sandiego.gov/fm/annual/index.shtml>