

Rancho Bernardo

Public Facilities Financing Plan Fiscal Year 2014



THE CITY OF SAN DIEGO

Development Services Department
Facilities Financing Section

RESOLUTION NUMBER R- 308643

DATE OF FINAL PASSAGE DEC 24 2013

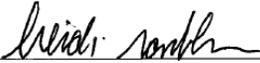
A RESOLUTION OF THE COUNCIL OF THE CITY OF
SAN DIEGO APPROVING THE FISCAL YEAR 2014
RANCHO BERNARDO PUBLIC FACILITIES FINANCING
PLAN AND DEVELOPMENT IMPACT FEE SCHEDULE.

WHEREAS, the Council has reviewed and considered the methodology set forth in the Fiscal Year 2014 Rancho Bernardo Public Facilities Financing Plan and Development Impact Fee Schedule (FY 2014 Rancho Bernardo Financing Plan), on file in the Office of the City Clerk as Document No. RR- 308643 ; NOW, THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego, as follows:

1. The FY 2014 Rancho Bernardo Financing Plan is approved.
2. That the Chief Financial Officer is authorized to establish and modify individual Capital Improvement Program project budgets to reflect the FY 2014 Rancho Bernardo Financing Plan provided funding is available for such action.
3. Effective sixty days from the date of final passage of this resolution, that all

APPROVED: JAN I. GOLDSMITH, City Attorney

By 
Heidi K. Vonblum
Deputy City Attorney

HKV:nja
11/06/13
Or.Dept: Planning
Doc. No. 668157

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of DEC 10 2013

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved pursuant to Charter section 265(i):

(date)

TODD GLORIA, Council President

Interim Mayor

Todd Gloria

City Council

Sherri Lightner, Council 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
Scott Sherman, Council District 7
David Alvarez, Council District 8
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Rancho Bernardo Community Planning Board

Richard House, Chair
John Cochran
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Teri Denlinger

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Fred Gahm
Robin Kaufman
Mike Lutz
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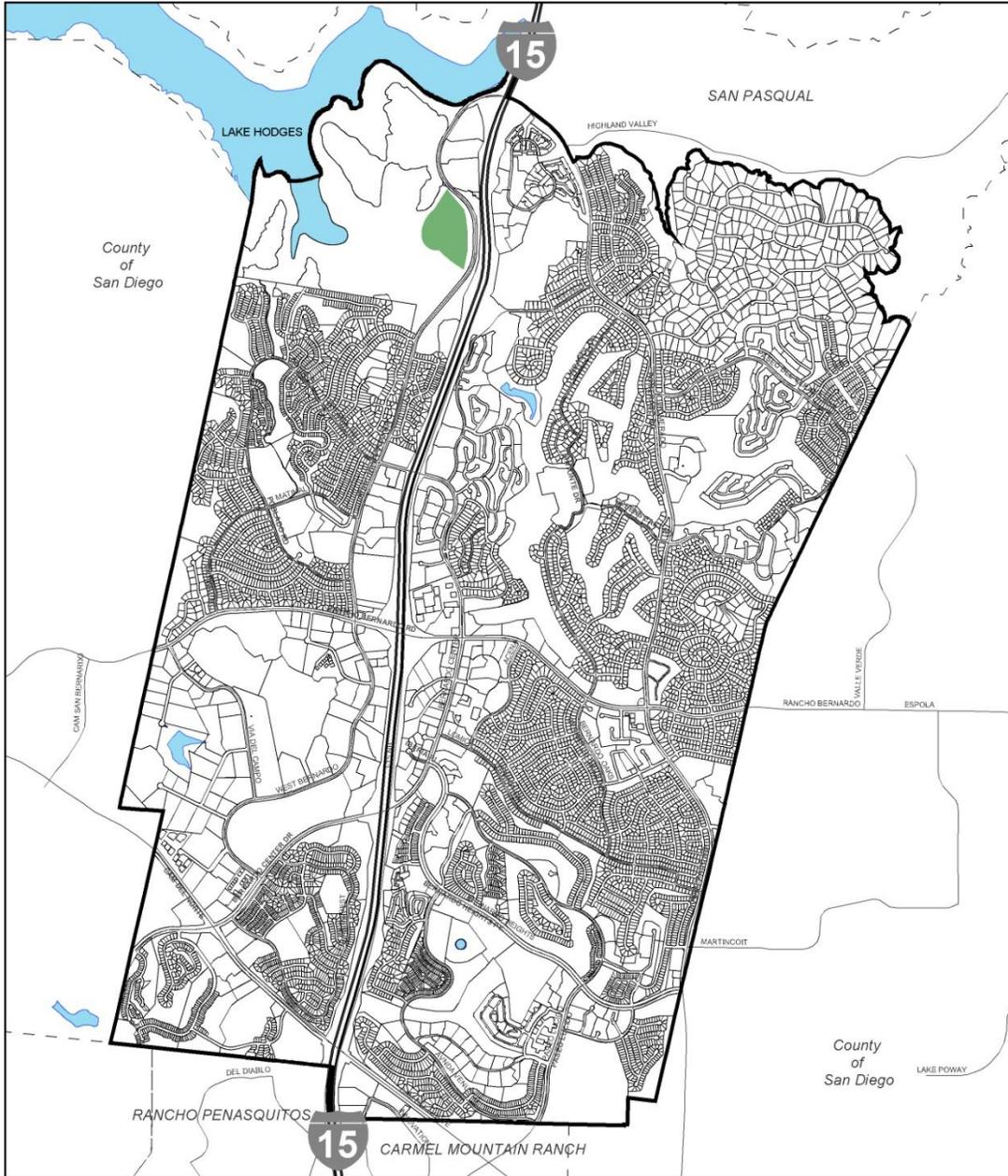
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COMMUNITY BOUNDARY MAP

Figure 1
RANCHO BERNARDO BOUNDARY MAP



San Diego, County of San Diego,
and State of California

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Rancho Bernardo Summary

General

The City of San Diego (City) General Plan describes the City as a jurisdiction with primarily two tiers: Urbanized Lands and Proposition A Lands. Urbanized Lands are characterized by older, recently developed, and developing communities at urban and suburban levels of development. Proposition A Lands are characterized by very-low density, residential, open space, natural resource-based park, and agricultural uses.

The Rancho Bernardo Community is an area designated as Urbanized Lands. This document sets forth the major public facilities needed in the areas of transportation (streets, storm drains, traffic signals, etc.), libraries, park and recreation facilities and fire-rescue facilities. Other public needs such as police facilities, public work yards, landfills, etc. concern a broader area than the Rancho Bernardo Community or even multiple communities. Accordingly, such facilities are not addressed in this Financing Plan.

This Fiscal Year 2014 Rancho Bernardo Public Facilities Financing Plan (Financing Plan) supersedes the FY 2008 Public Facilities Financing Plan approved on July 16, 2007 (Resolution No. R-302791). The facilities listed in this Financing Plan will be needed over the next approximately 17 years when full community development is anticipated. The Financing Plan is a guide for future development within the community and serves to determine the public facility needs reflected in this document. The City Council has adopted Development Impact Fees (DIF) to help mitigate the cost of the public facilities necessitated by development in the community. DIF for residential development was first adopted on August 4, 1987 by Resolution No. R-269019. DIF for nonresidential development were adopted September 14, 1987 by Resolution No. R-269274. This document provides the basis for a revision of the DIF for the Rancho Bernardo Community.

Development Forecast and Analysis

The Rancho Bernardo Community is developing in accordance with the Rancho Bernardo Community Plan (Community Plan), adopted in 1978 and most recently amended in 1999. The Community Plan is a comprehensive policy guide for the physical development of the Rancho Bernardo Community, which is centered on Interstate 15 (I-15) just south of Lake Hodges and the San Pasqual Valley. According to the San Diego Association of Governments (SANDAG) 2050 Regional Growth Forecast, the Rancho Bernardo Community Planning Area encompassed approximately 6,583 total acres of non-residential land (Year 2008) and 17,948 total housing units (2012).

An analysis of present and projected development and using the Community Plan as a guide, indicates that, over the next 17-year period, approximately 60 additional housing units is anticipated, while non-residential development will remain mostly unchanged. According to SANDAG's 2050 Regional Forecast (Appendix C-1; Year 2030), this will result in 18,008 dwelling units and a population of 44,979 at full community development. Additionally, 299,391 average daily trips (ADTs) are anticipated at full community development.

Periodic Revision

To ensure that this Financing Plan remains up-to-date and accurate, it is to be periodically revised to include, but not necessarily limited to, amendments to the Community Plan. Per the General Plan Action Plan, public facilities financing plans may be amended “concurrently with amendments to the General Plan and community plans which result in the need for additional facilities” (Land Use and Community Plan Element Action Item No. 9).

Existing Public Facilities and Future Needs

Transportation

Rancho Bernardo is served by a transportation network, which consists of automobile and public transportation systems, a bicycle system, and a pedestrian circulation system. Provision of adequate transportation facilities has been a continuing process of providing those facilities to support the rate of community development. Additional regional improvements and alternatives to transportation will be necessary to meet the needs of future development.

Transportation improvements in Rancho Bernardo are dictated by traffic volume, level-of-service and completion of street systems. Improvements will be funded through a combination of DIF, grants, State Transportation Funds, subdivider and other funding sources.

The most current information available from SANDAG’s Traffic Model indicates that the average daily trips (ADTs) generated in the community in Year 2000 was approximately 331,000, with 31,609 less ADTs projected by Year 2035 (SANDAG Series 12 2050 Traffic Volumes; Rancho Bernardo Community Planning Area). The 299,391 ADTs in Year 2035 is used in determining the transportation component of the DIF for Rancho Bernardo. The DIF provides a funding source for the transportation improvements identified in Table 1 and is paid by new development at building permit issuance. New development cannot be required to contribute to the existing transportation system. Therefore, other funding sources will need to be identified for the remaining transportation needs.

Park and Recreation

The Rancho Bernardo Community identifies strongly with its natural and topographic environment. It is adjacent to the San Pasqual Valley and Lake Hodges on the north and is surrounded on the east, south and west by hills, ridges and canyons, which successfully buffer the community from neighboring urban developments. The community has successfully taken advantage of the area’s many assets through imaginative development concepts. Ridges, slopes and canyon lands provide many opportunities to relate development to the environment and to develop natural and manicured open space systems that link activity centers and create an atmosphere of serenity and quality to the community. Approximately 508 acres are designated for open space. This open space system includes the undeveloped slopes, canyon bottoms and natural drainage areas within the community. Prominent examples are the slopes of Battle Mountain and the Montelena area in the northeastern portion of the community, the hills and canyons of the Westwood Valley area to the northwest and the hills, slopes and riparian areas in the Camino Bernardo portion to the southwest. In addition, large open space areas in the Bernardo Heights and High Country West areas in the southern portion of the community have been established through open space easements and are owned and maintained by private

homeowner associations. All such natural and landscaped areas in the Rancho Bernardo Community should remain as open space.

“Rancho Bernardo is unique in that the primary developer (AVCO), in accordance with City Council Policy regarding parks within this community, accepted full responsibility for the provision of community recreational facilities in accordance with the standards of the General Plan. To date, these facilities include an extensive inventory, which exceeds what is normally provided in standard neighborhood parks” (Rancho Bernardo Community Plan; Page 58).

Privately developed recreation centers have been established on approximately 54 acres throughout the community and are owned and maintained by the homeowners associations. Other private recreational facilities including swimming pools, tennis courts and play areas have been developed in multi-family residential projects throughout the community.

Rancho Bernardo is also served by a recreation center and park which are located on 38 acres that offer two play areas, eight ballfields, two outdoor basketball courts, six tennis courts, areas for lawn bowling, a gazebo a senior center, a dog park, and an indoor gymnasium.

While the Community Plan states that AVCO “accepted full responsibility for the provision of community recreational facilities,” it has been determined that an additional 3 acres of parkland (Financing Plan; Project No. P-1) is needed to serve the community and will therefore be included in this Financing Plan. However, DIF cannot be used for demand resulting from existing development, thus, 0.41 acres of parkland is eligible for DIF funding while 2.59 acres of parkland is ineligible and other funding sources will need to be identified.

Therefore, only the amount of parks needed to serve new development will be eligible for DIF funding. The amount needed to serve new development is determined as follows.

$$\begin{aligned} 60 \text{ housing units} \times 2.43 \text{ persons per household} &= 146 \\ 146 / 1,000 \text{ persons} \times 2.8 \text{ acres} &= 0.41 \text{ acres of parkland} \end{aligned}$$

All of the proposed parks are further described in Table 1.

Fire-Rescue

Fire Station No. 33 serves the Rancho Bernardo Community and its surrounding areas. Station 33 is located at 16966 Bernardo Center Drive and was completed in FY 1970. Enhancements to the facility were successfully completed during Fiscal Year 2010 and were needed to serve the community at full community development.

Station 33 provides emergency and fire-rescue services, hazard prevention and safety education to the citizens of Rancho Bernardo in a territory covering 27.82 square miles, in one of the largest and busiest districts in all of San Diego. On average, the six members of Station #33 respond to over 350 calls a month for Ranch Bernardo and neighboring cities.

Library

Library services for the Rancho Bernardo Community are provided by the Rancho Bernardo Branch Library located at 17110 Bernardo Center Drive. The existing facility does not have a computer lab and additional seating and collection space would enhance service to the community. Therefore, a 2,500 square-foot expansion to the existing branch library is recommended by the Library Department to serve the community at full community buildout.

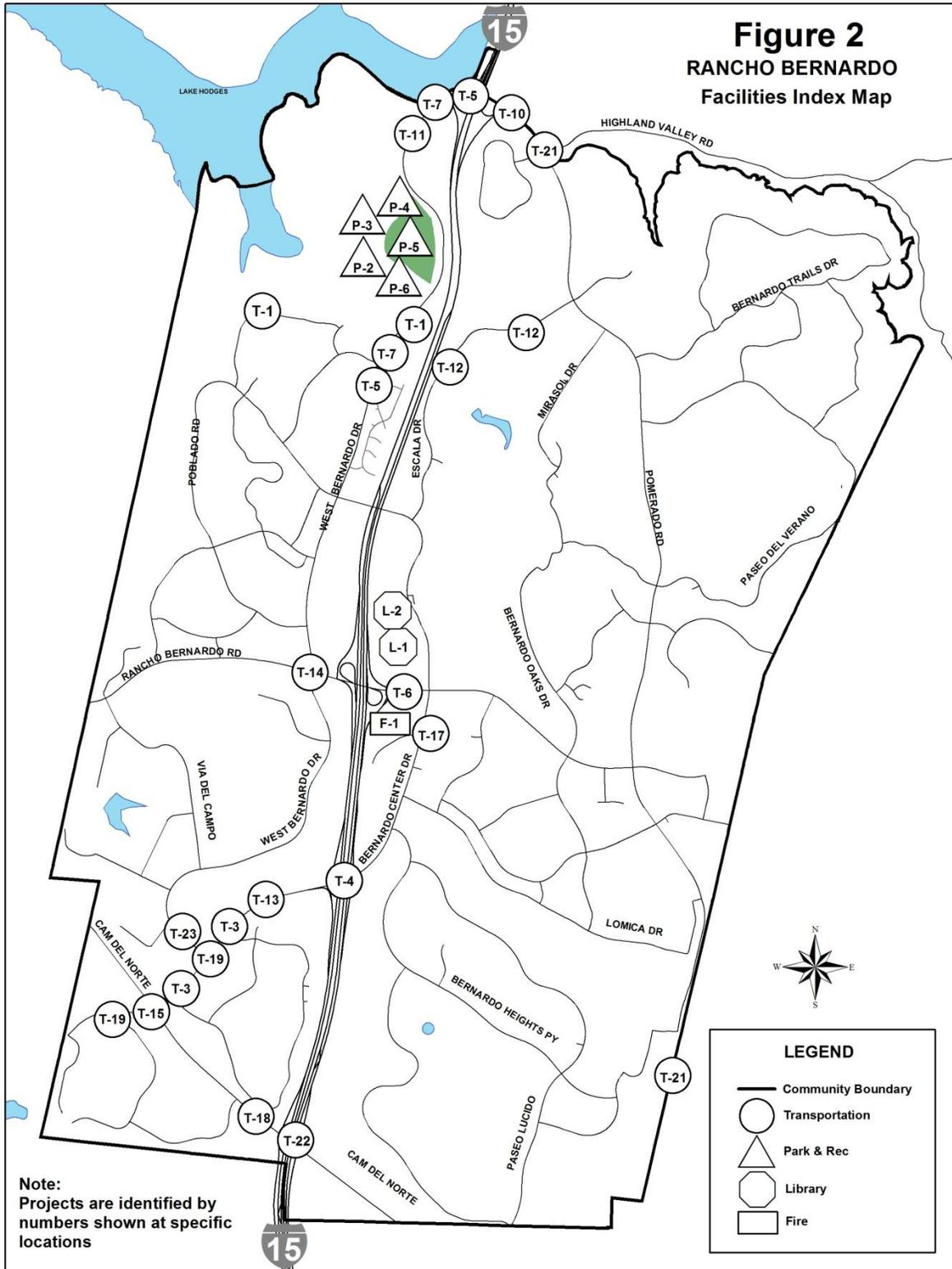
Police Protection

The San Diego Police Department's Northeastern Area Storefront, located at 17110 Bernardo Center Drive, 2nd Floor, serves the Rancho Bernardo Community.

Summary of Public Facilities Needs

The projects listed in Table 1 are subject to revision in conjunction with Council adoption of the annual Capital Improvements Program Budget. Depending on priorities and availability of resources, changes to these projects are possible from year to year. In addition, the City may amend this Financing Plan to add, delete, substitute, or modify a particular project to take into consideration unforeseen circumstances.

FACILITIES INDEX MAP



Rancho Bernardo - Public Facilities Financing Plan

Financing Strategy

The City 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. PROPERTY TAX REVENUE*
- Q. TRANSIENT OCCUPANCY TAX (TOT)*
- R. ANNUAL ALLOCATIONS
- S. PRIVATE CONTRIBUTIONS
- T. UTILITY USERS TAX
- U. SPECIAL TAXES FOR FIRE AND POLICE PROTECTION
- V. SPECIAL TAXES FOR PUBLIC LIBRARIES
- W. PARK AND PLAYGROUND ACT OF 1909
- X. GRANTS

*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 demand resulting from existing development. Impact fees are collected at the time of building permit issuance. Funds collected are deposited in a special interest bearing fund 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 development impact fees is one of the financing methods recommended for public facilities.

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.

C. ASSESSMENT DISTRICTS - Special assessment financing, using 1913/1915 Assessment Acts or a Mello-Roos District could be used as a supplementary or alternative method of financing some facilities. A Mello-Roos District requires a 2/3 approval of qualified voters.

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 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. City general obligation 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 generally currently allocated for general City operations; but may be used for capital improvements. City Council approval is required.

P. PROPERTY TAX REVENUE - Property owners are taxed approximately 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.

Q. 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.

R. 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.

S. PRIVATE CONTRIBUTIONS - Any private donations received by the City for capital improvements. City Council approval is required.

T. UTILITY USERS TAX - These funds may be used for any general City operation or capital improvement. These require 2/3 voter approval for passage.

U. 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.

V. SPECIAL TAXES FOR PUBLIC LIBRARIES - These funds may only be used for libraries and library improvements. These require 2/3 voter approval for passage.

W. 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.

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

General Assumptions and Conditions

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

1. 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, local roads, and the dedication or preservation of open space located within the proposed development(s).
2. Non-residential development will be charged DIF for infrastructure including transportation, and fire-rescue facilities. However, non-residential development will not be charged for park and recreation or library facilities since those facilities primarily serve the residential component of the Rancho Bernardo Community. In the future, if a basis is developed for charging non-residential development for the cost of park and recreation and library facilities, appropriate fees may be imposed in the future.
3. Any project-specific community plan amendments may result in additional fees being charged on an ad hoc basis.
4. 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.
5. The park and library fee distribution between residential and non-residential development will be reviewed each time findings are made for discretionary projects to charge non-residential development for parks and the library.
6. Abutting property owners are responsible for frontage improvements such as sidewalks, curbs, and gutters.
7. The DIF is due at the time of building permit issuance.
8. DIF funds collected will be placed in a separate fund with interest earnings accumulated for use in the community planning area for identified facilities.
9. Periodic reviews may be performed to evaluate performance of the program and to consider the continuing commitments related to the completion of needed facilities. Project costs and charges would be evaluated for all portions of the program.

Development Impact Fee Determination

Background

In 1987, staff developed and recommended DIF for 28 urbanized communities. The City Council adopted the recommended fees, including those for the Rancho Bernardo Community Planning Area, to help mitigate the impact of new development on public facilities. All undeveloped and underdeveloped parcels are subject to Development Impact Fees (DIF). Monies collected are placed in a City interest-accruing fund to be used only for capital improvements serving the Rancho Bernardo Community.

The Rancho Bernardo Community Plan area is near full development. As such, DIF will provide only a portion of the financing needed for the facilities proposed in this Financing Plan. The remaining identified public improvements will require other funding sources.

Distribution of Project Costs and Fee Determination

DIF are based on the extent or degree to which each type of development generates a demand for, or receives benefit from, the 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 or libraries, and may be charged fees for those facilities on an ad hoc basis, as appropriate.

DIF were determined for the various categories of needed public facilities based on total amount of development at community plan build-out and on the basis of additional public facilities needed at community plan build-out. The DIF basis includes all eligible project needs except those identified as subdivider funded. The fees also include an 8 percent charge to cover City administrative costs.

Transportation Component

There is a clear relationship between the use of transportation facilities and the generation of vehicular trips based upon land use. In the report "San Diego Traffic Generators," authored by CALTRANS and SANDAG, the traffic generated by various classes of use is detailed. This report summarizes data collected at major regional traffic generators as well as neighborhood and local traffic generators in the San Diego area. Traffic counts taken at each facility are related to various characteristics of the facility such as size, type of use, number of employees, floor area, parking spaces, or number of persons. The Rancho Bernardo Community Planning Area is an Urbanized Lands area; therefore, the majority of the development is infill.

The residential portion of the impact fee reflects an average daily trip (ADT) factor of seven (7) as a basis for determining the DIF. A considerable range has been found for traffic generation in non-residential developments depending on the character and use of the property. Therefore, the DIF for non-residential development is determined by ADTs generated by the development. Accordingly, the residential portion of the impact fee reflects an average (less than 20 dwelling units: 8 trips/dwelling unit; more than 20 dwelling units: 6 trips/dwelling unit) vehicle trip rate of 7 as a basis for determining the DIF.

Transportation projects included in the basis for the DIF have been determined to be consistent with the Community Plan. The transportation improvements are laid out to design standards and material quantities are determined (e.g., the length of curbs and gutters, and square footage of retaining walls and sidewalks, etc.). Unit prices are then applied to the quantities, which are guided by the median prices received on current City construction bid documents. The unit pricing list for transportation projects is included in Appendix A-1.

Using the approved land use intensity and trip generation rates, the total number of trips at full community plan development is estimated to be 299,391. An analysis of the DIF eligible transportation improvements required for full community development totals \$46,098,210. This cost plus 8% administrative costs divided by 299,391 ADTs results in a DIF of \$166 per ADT or \$1,162 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). These amounts will be paid by all future development. 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 Component

Park needs are based on population, which is derived from the number of dwelling units estimated at full community development. Non-residential development projects may, with appropriate findings in the future, also be required to participate in funding a share of park facilities. For this Financing Plan, park estimates are based on the cost estimate breakdown for park and recreation projects as described in Appendix B-1.

Allocating the total park and recreation facility costs of \$12,098,723 to the total dwelling units (18,008) forecasted in SANDAG 2030 (Appendix C; Year 2030), results in an impact fee, including 8% administrative costs, of \$726 per dwelling 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.

For future reference, according to the Rancho Bernardo Community Plan, "School Sites":

Any public school site in Rancho Bernardo, not needed for a school should be considered first for a community park or recreation facility. School sites should be considered for residential housing only if the City determines, after a public hearing, that a particular site is not currently needed and will not, in the foreseeable future, be needed for public use. Any residential use of a school property should be further conditioned upon a determination that adequate public facilities exist to serve the additional units proposed and that there would be no significant traffic impacts from the proposed development. A Planned Residential Development Permit should be obtained for any residential development proposed on a site currently designated for school use. Any use other than a school will require an amendment to the Community Plan.

Library Component

Library needs are based on population, which is derived from the number of dwelling units estimated at full community development. Therefore, only residential development is charged a DIF for library facilities. Non-residential development may be charged additional fees on an ad hoc basis for library facilities, as appropriate.

Allocating the total library costs only to residential development results in an impact fee of \$575 per dwelling unit. This was calculated by dividing the total needed library facilities costs of \$9,592,463 plus 8% administrative costs by the number of dwelling units at full community development (18,008).

Fire Component

The fire component of the DIF relates to the cost of providing fire facilities to adequately provide fire protection services to both residential and non-residential development within the community. Residential impact fees are based on an average cost per dwelling unit. Non-residential development fees are based on the average cost per 1,000 square-feet of gross building area. It is assumed that the average size of a dwelling unit is 1,000 square feet.

Using the total amount of development, both residential and non-residential (approximately 79,122,680 square feet), and the cost of needed fire facilities of \$1,147,020, plus 8% administrative costs, the resulting impact fee is \$16 per dwelling unit and \$16 per thousand square feet of non-residential development. This was calculated by dividing total fire requirements for Rancho Bernardo of \$1,147,020 plus 8% administrative costs by 79,122.