

# Rancho Encantada

[Stonebridge Estates]

## Public Facilities Financing Plan

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Fiscal Year 2010



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*November 2009 - City of San Diego - Planning Department*

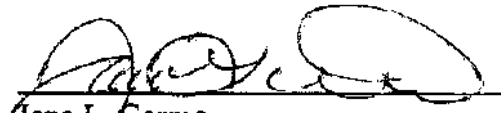
RESOLUTION NUMBER R- 305306

DATE OF FINAL PASSAGE OCT 14 2009

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO APPROVING THE RANCHO ENCANTADA PUBLIC FACILITIES FINANCING PLAN AND FACILITIES BENEFIT ASSESSMENT, FISCAL YEAR 2010, AND AUTHORIZING THE CHIEF FINANCIAL OFFICER TO MODIFY INDIVIDUAL CIP PROJECT BUDGETS TO REFLECT THIS PLAN.

BE IT RESOLVED, by the Council of the City of San Diego, that it approves the document titled, "Rancho Encantada Public Facilities Financing Plan and Facilities Benefit Assessment, Fiscal Year 2010," [Financing Plan] a copy of which is on file in the office of the City Clerk as Document No. RR- 305306.

By

  
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Deputy City Attorney

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09/21/09  
Or.Dept:Fac.Fin  
R-2010-176

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## **Introduction-Scope of Report**

### **Second Update to Financing Plan**

On May 10, 2005, by Resolution R-300413, the City Council adopted the current Rancho Encantada Public Facilities Financing Plan (FY 2006 Plan). This report represents the second update of the Public Facilities Financing Plan and Facilities Benefit Assessment (FBA) for Rancho Encantada ("Financing Plan"). The Financing Plan for Rancho Encantada sets forth the major public facilities that will be needed over the next four years during which the ultimate build out of the community is anticipated.

The adopted Financing Plan established a Facilities Benefit Assessment ("FBA") to provide funding for a select number of public facilities required for the Rancho Encantada Precise Plan area. The procedures for an FBA are set forth in San Diego City Ordinance O-15318, which was adopted by the City Council on August 25, 1980 and is contained in Chapter 6 of the San Diego Municipal Code. This method of funding was recommended as one means of providing funds for public facilities projects which serve a designated area of benefit and involve a number of different property ownerships. The remainder of the projects included in this Financing Plan are funded as a subdivider improvement or by a Community Facilities District ("CFD").

Only two projects, Neighborhood Park No. 1 (P-1) and Neighborhood Park No. 2 (P-4), in the previous Financing Plan were identified as being funded by the FBA. With this update, there are no changes to the number of projects being funded by the FBA.

### **Authorities**

The basis for the public facilities requirements contained in the Rancho Encantada Public Facilities Financing Plan can be found in the adopted Rancho Encantada Precise Plan approved by City Council on August 7, 2001 by Resolution R-295402. This Financing Plan assumes that the extent of development that will occur in the Community will be consistent with the Precise Plan for Rancho Encantada.

### **Procedure**

The procedures for an FBA are set forth in the San Diego City Ordinance O-15318 adopted August 25, 1980. The FBA provides funds for public facilities projects which service a designated area of benefit. The dollar amount of the assessment is based upon the cost of each public facility equitably distributed over a designated Area of Benefit in the Rancho Encantada precise planning area.

The mechanics of the FBA are as follows: At the time of building permit issuance, the owner of the parcel being developed is assessed an amount determined by the type and size of the permitted development being requested. Monies collected are placed in a separate City Fund and revenue account, used solely for those capital improvements shown in the FBA plan for the area of benefit. In the preparation of the Facilities Benefit Assessment Roll for Rancho Encantada, each 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 that property.

In the material that follows, an appropriate dollar assessment is developed for all properties seeking to develop in Rancho Encantada.



## Description of Project Land Uses

### Inventory and Location

A Facilities Benefit Assessment is applied to residential and non-residential land uses, and various combinations of these land uses that are undeveloped at the time of the adoption of the Resolution of Intention. Such areas are defined as “Areas of Benefit.” The location and extent of the Area of Benefit are determined by reference to the County Assessor parcel maps, tentative subdivision maps currently on file, and from information supplied by affected property owners. This information, along with land use designations and assessment payment history, produces a distribution as follows:

<u>Land Use</u>	<u>Proposed Development</u>
Single Family Residential	828 Dwelling Units
Multi-Family Residential	106 Dwelling Units
Open Space	2,118.5 Acres
Neighborhood Parks <sup>1</sup>	14.00 Acres
Institutional <sup>2</sup>	14.60 Acres

Figure 1 on page 5 shows the boundaries for the Facilities Benefit Assessment Area.

### Development Schedule

The development schedule for Rancho Encantada is based on an estimated development timetable as presently anticipated by the existing property owners, their land use consultants and City Staff. The data indicates that future developments will take place over a four year period.

The projected timing of development for Rancho Encantada is presented in Table 1 on page 4. In this table, the number of units developed within a year refers to those having final permits issued (or paid) during the July-to-June fiscal year, ending with the indicated date. Thus, the number of units developed in 2010 refers to those for which permits are issued, or paid, between July 1, 2009 and June 30, 2010.

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<sup>1</sup>The Precise Plan for Rancho Encantada identifies Neighborhood Park No. 2 as an institutional use. For clarification we have included both neighborhood parks in this land use designation.

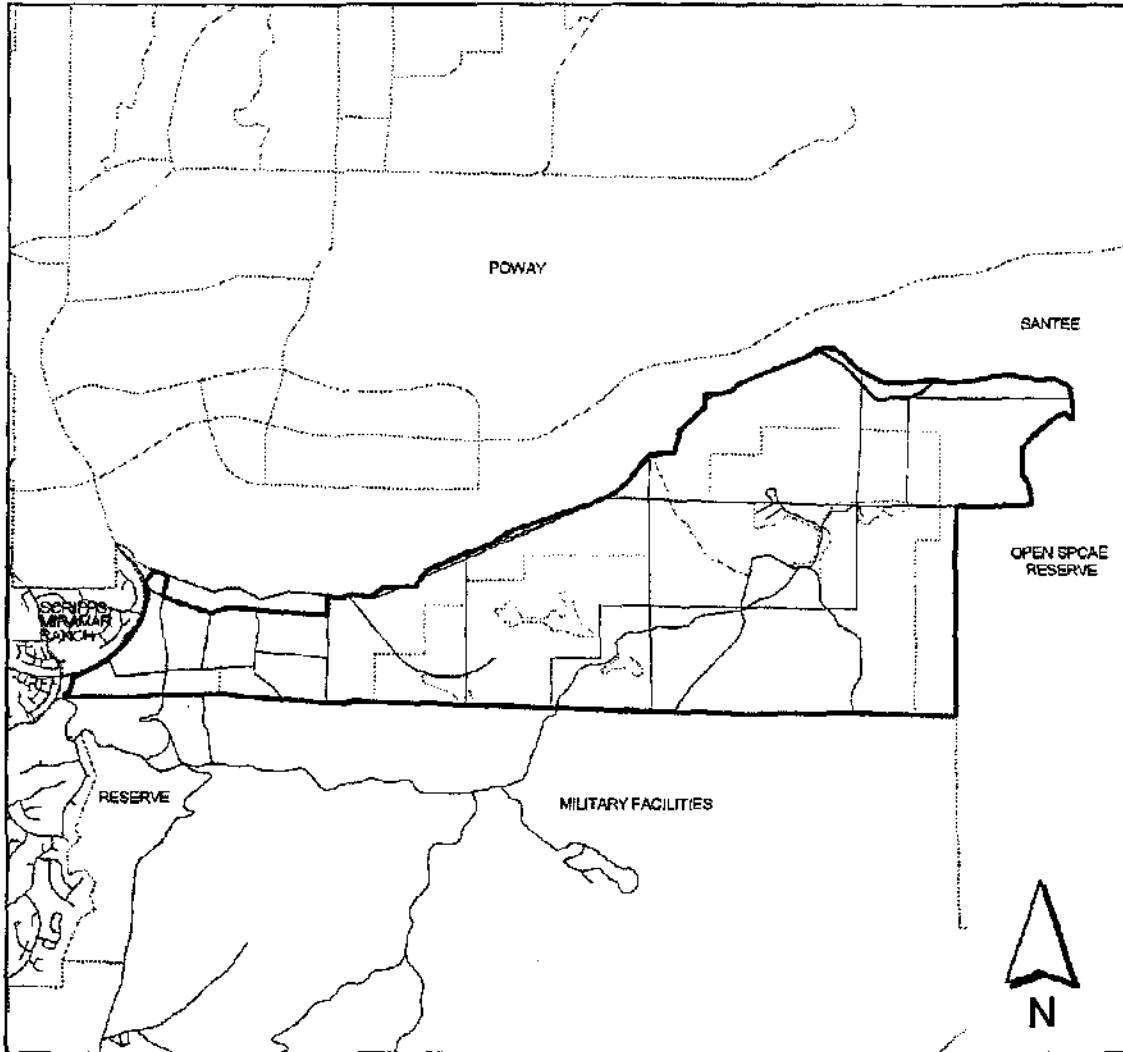
<sup>2</sup>Institutional uses are now planned for both P.A. 8A and P.A. 10. [P.A. =Planning Area]

**Table 1  
Residential Development Schedule**

FISCAL YEAR	SFU	MFU	DU's PER YR	CDMM. DU's
Prior Years	584	106	690	690
2010	90	0	90	780
2011	90	0	90	870
2012	56	0	56	926
2013	8	0	8	934
PRIOR	584	106		690
TO GO	244	0		244
TOTAL	828	106	934	934

Table 1 - Residential Development Schedule

**Figure 1**  
**ASSESSMENT BOUNDARY**



**RANCHO ENCANTADA**  
**FACILITIES BENEFIT ASSESSMENT**

**SAN DIEGO, COUNTY OF SAN DIEGO,**  
**AND STATE OF CALIFORNIA**

Figure 1 - Precise Plan Area and Assessment Boundary

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## Methodology

### Timing and Cost of Facilities

The public facilities projects to be financed by the FBA funds are shown in Table 8 on page 29. Shown are: (a) the project title, (b) the fiscal year in which the construction is expected, (c) the estimated costs, and (d) the funding sources. The categories covered include neighborhood parks and administrative costs associated with the development, implementation and operation of the FBA program. Following Table 8 are detailed descriptions of the projects listed.

### Method of Apportioning Assessments

To spread the assessment for public facilities between the different classes of land use, an "Equivalent Dwelling Unit" or "EDU" has been established for the neighborhood park. The basis for the EDU ratios is a single-family dwelling unit. In the following chart a EDU ratio has been identified for the neighborhood park:

Class of Land Use	Parks
Single Family Residential	1.0
Multi-family Residential	0.7
INST (per acre)	0

Table 2 - NEDU Ratio

### Completed Facilities

Rancho Encantada is essentially the last community to be developed in the City's Future Urbanizing Area. When compared to the neighboring communities of Sabre Springs, Miramar Ranch North, and Scripps Miramar Ranch, it is also the smallest. The Precise Plan area, with its small population of only 3,330 residents, is not large enough to justify the construction of a number of public improvements that are common within most communities. Such facilities include a Community Library, Community Park, Recreation Center, and a Fire Station. However, all of these facilities have been previously constructed in these neighboring communities and will support the development of Rancho Encantada. In lieu of providing financial contribution to the cost of the public facilities cited above, Rancho Encantada is responsible for funding a number of offsite public transportation improvements that will benefit the adjacent

communities. These public improvements are described in CIP project sheets contained herein. In addition, the developers of Rancho Encantada have contributed \$3,000,000 towards freeway improvements for the I-15 corridor. This contribution was made concurrent with the recordation of the first final map in Rancho Encantada. The developers of Rancho Encantada will also be contributing approximately 6 acres for a second neighborhood park to be located in the community. The value of this contribution is currently estimated at \$3,482,000 consisting of land and a portion of the construction costs. The developer will turnkey the construction of this park site and will be partially reimbursed by the FBA for the balance of the construction costs.

The developers have also created a Special Community Fund that will benefit the Scripps Communities. Contributions to this fund consist of \$500 per residential dwelling unit collected from each building permit issued between the 301<sup>st</sup> and 800<sup>th</sup> dwelling unit for a total of \$250,000. As of June 30, 2009, \$141,000 has been collected.

Finally, the developers have made a contribution to the existing Scripps Ranch Library consisting of \$35,000 pursuant to the "Big Five" Agreement. They have also created an endowment for the Scripps Ranch Library by providing a \$20,000 deposit plus \$100 from each of the 828 single family (market rate) dwelling units for a total of \$137,800 for miscellaneous improvements, equipment, books, etc. at the library. This endowment and these supplemental improvements are discussed in more detail in the agreement entitled "Rancho Encantada/Scripps Ranch Big 5 Groups" which is contained in the Appendix. As of June 30, 2009, \$114,600 has been collected.

### **Open Space Dedication**

A significant feature of the Rancho Encantada development is the dedication of approximately 1,568 acres of open space to be incorporated into Mission Trails Regional Park, together with 35,000 square feet of existing buildings to the City or the Mission Trails Regional Park at their option. In addition, the developer has already provided a one time payment of \$265,000 to serve as an endowment for the long term maintenance of the open space within Rancho Encantada.

### **Determination of the Dollar Assessment**

The dollar assessment amount for the FBA is determined on the basis of the following information: (1) the development schedule in dwelling units and acres, (2) the composite EDU factors for each type of land use, (3) the schedule of facility expenditures (in FY 2010 dollars) to be financed with

monies from the FBA fund, (4) an interest rate of 4% for FY 2011 and thereafter to be applied to any surplus monies over time, (5) an inflation rate of 5% for FY 2011 and thereafter for determining the future costs of the facilities to be constructed, and (6) an assessment increase following the inflation factor application to assessments remaining unpaid at the end of each fiscal year.

Expenses from the funds are of three types: (1) direct payment for facility costs, (2) credits to developers for facilities provided in accordance with section 61.2213 of the FBA Ordinance, and (3) cash reimbursement to developers for providing facilities exceeding the cost of their FBA obligation pursuant to an approved reimbursement agreement. Thus, whether a developer or the fund provides a facility, it is treated as an expense to the fund.

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 on page 13 lists the FY 2010 Facilities Benefit Assessment base deposit rate for Rancho Encantada. The FBA charge for institutional uses has been eliminated in that this land use is not responsible for funding neighborhood park improvements.

### **FBA Methods and Cash Flow Analysis**

Table 4 on page 15 presents a cash flow analysis for the Rancho Encantada FBA. The table shows the difference between accumulated FBA revenues (including earned interest) and capital improvement expenditures each year.

The results verify that under the assumed conditions for inflation factors, interest rates, land use development rates and facility costs, sufficient funds are expected for all listed facility requirements without incurring a negative cash flow at any time throughout the build out of the community.

Annual updates of the cash flow analyses, using actual event status (project status, revenues collected, etc.), are planned during community development. In this way, potential negative cash flow conditions can be anticipated, and expenditure adjustments can be scheduled to fit funding expectations. Facility needs are related to the community growth rate. Scheduling of facility development is contingent on actual development in the community. Therefore, any slowdown in development will result in shifting of the projected schedule for providing needed facilities. When changes in the development rate occur, facility schedules will be modified accordingly and a new cash flow analysis will be prepared.

### **Basis and Methodology for Automatic Annual Increases**

Increases in the Facilities Benefit Assessment are evaluated annually and adjusted to reflect the current economic conditions. The inflation factor used in FBA calculations is 5% for Fiscal Year 2011 and thereafter. These inflation factors are used to provide an automatic annual increase in fees due, effective July 1 of each year. This automatic increase provision is effective only until such time as the next annual adjustment is authorized by Council. Thereafter, the subsequent Council approved annual adjustment will prevail. Interest earnings for cash on hand are based on a 4% annual rate for FY 2011 and thereafter.

Assessments will be assessed and levied, based on the type and extent of forecasted land use for each parcel within the Areas of Benefit. Table 3 shows the rate of assessment for each land use type for each projected year of development.

### **Contribution by City**

Contributions which the City or other public entities make toward the total CIP costs, if any, are specified on the Capital Improvements Program sheets starting on page 33.

### **Facilities Benefit Assessments (FBAs)**

Utilizing the City's cash flow calculations, the FBA schedule can be determined. The proposed assessment schedule is provided as Table 3. The results of the cash flow analysis are provided as Table 4. Table 5 illustrates the historical information pertaining to the Los Angeles/San Diego Construction Cost Index (CCI), as published by the Engineering News Record. The CCI provides one index in which to predict the effects of inflation, especially as it pertains to construction projects. Another index which has been used to predict the effects of inflation has been the Consumer Price Index (CPI) for San Diego. The historical information associated with this index has been provided as Table 6.



**Community Facilities District**

The developers of Rancho Encantada have successfully negotiated with the Poway Unified School District to form a Community Facilities District (CFD) to finance both schools and public facility improvements identified in this Financing Plan. It is currently estimated that this CFD will finance the construction of approximately \$13,200,000 of public improvements. The cost of the CFD equates to approximately \$15,942 per single family dwelling unit, as only the single family units will be participating in the cost of the public facility improvements as part of the CFD . This cost should be added to the FBA fee identified in this Financing Plan in order to determine the total cost of public improvements on an EDU basis.

**Assessment Roll Description**

After adoption by the City Council of a Resolution of Designation which imposes the Facilities Benefit Assessment, liens will be placed on the undeveloped portions of County Assessor parcels and final map properties within the Areas of Benefit per the Assessment Roll on page 57. The maps, plats and Assessment Roll summary data which define the Areas of Benefit and specify the assessments will be delivered to the County Recorder for official recording once the updated Public Facilities Financing Plan is approved by the City Council. The assessments are based upon the type and extent of forecasted land use. Collection of the assessments is to be made at the time of building permit issuance with payment made directly to the San Diego City Treasurer.

For each undeveloped map portion or parcel in the Areas of Benefit, the Assessment Roll includes the parcel number, the name of the owner on file in City records, the projected number of dwelling units or non-residential acres to be developed, and the resulting assessment for related properties. Ownership information is shown on the last equalized assessment roll or as otherwise known to staff (Section 61.2205).

Identification numbers may be nonsequential as a result of the exclusion of some parcels as assessments are paid, as parcels change ownership or are subdivided. An assessment listing key is included on the Assessment Roll.

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**Table 3  
Table of FBA Fees**

Fiscal Year	SFDU	MFDU	INSTKSF
2010	\$2,918	\$2,042	\$0
2011	\$3,064	\$2,144	\$0
2012	\$3,217	\$2,251	\$0
2013	\$3,378	\$2,364	\$0
2014	\$3,547	\$2,482	\$0
2015	\$3,724	\$2,606	\$0
2016	\$3,910	\$2,736	\$0

Note: The institutional fee category was reduced to \$0 with the first update to the Financing Plan in 2005 because there is no nexus between this land use category and the population-based public improvements, which are the only two remaining projects funded by FBA.

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RATE: 5.00% (INFLATION FY 2011 and thereafter)  
 RATE: 3.00% (INTEREST FY 2010) 4.00% (INTEREST FY 2011 and thereafter)

**TABLE 4**

**RANCHO ENCANTADA CASH FLOW TABLE**  
 FY 2010 PLAN

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FY	NEDU FACTORS →			INPUT \$			INTEREST	CIP \$\$	NET BAL \$
	SFU	MFU	INST	1.00 \$/SFDU	0.70 \$/MFDU	0.00 \$/INSTKSF			
PRIOR	584	106							
2009									<b>\$2,449,140</b>
2010	90	0	0.0	\$2,918	\$2,042	\$0	\$299,410	2,745,000	\$3,549
2011	90	0	0.0	\$3,064	\$2,144	\$0	\$275,896	276,150	\$3,295
2012	56	0	0.0	\$3,217	\$2,251	\$0	\$180,272	180,810	\$2,757
2013	8	0	0.0	\$3,378	\$2,364	\$0	\$27,143	26,625	\$3,275
2014	0	0	0.0	\$3,547	\$2,482	\$0	\$132	0	\$3,407
2015	0	0	0.0	\$3,724	\$2,606	\$0	\$138	0	\$3,544
2016	0	0	0.0	\$3,910	\$2,736	\$0	\$143	0	\$3,888
TOTAL	828	106	0.0						
	934								

Notes:

1. \$ VALUES ROUNDED TO NEAREST DOLLAR

**Table 5**  
**Los Angeles/San Diego Construction Cost Index**  
as reported by Engineering News Record

YEAR	CCI	% CHANGE/YEAR
1999	6832	2.38%
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	3.87%
2007	8873	3.75%
2008	9200	3.68%
2009	9799	6.51%

Table 5 - Los Angeles/San Diego Construction Cost Index

**Table 6  
San Diego Consumer Price Index**

		%
YEAR	CPI	CHANGE/YEAR
1998	166.0	1.41%
1999	171.7	3.43%
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	242.4	4.56%

Table 6 - San Diego Consumer Price Index

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## **Public Facilities Financing Plan**

### **General**

This report will update the Public Facilities Financing Plan (Financing Plan) and the Facilities Benefit Assessment (FBA) for development that will occur in the precise plan area known as Rancho Encantada.

This Public Facilities Financing Plan has been prepared to ensure that all properties which are not yet developed will pay their fair share of the cost of funding the needed public facilities, even if the subject property has an approved tentative or final map detailing its development. In order to fulfill that requirement, this Financing Plan contains a development forecast and analysis, a Capital Improvement Program listing public facility needs and specific Facilities Benefit Assessment recommendations.

### **Development Forecast and Analysis**

#### **Inventory**

As with the FY 2006 Financing Plan, the anticipated residential forecast for Rancho Encantada has been maintained at 934 residential dwelling units. Further changes in the anticipated buildout of residential development will be the subject of future annual updates to the Financing Plan.

Likewise, as with FY 2006 Financing Plan, the amount of 2,118.5 acres of the total 2,658 acre Rancho Encantada precise plan area is to be retained in open space. The other development areas include 14.0 acres for neighborhood parks, 14.6 acres of institutional land uses, and 33.6 acres for primary roadways.

#### **Population Factors**

As part of the FY 2006 Financing Plan, when determining the population-based public facilities requirements, the Park and Recreation Department has utilized a population factor of 3.7 persons per household for single family dwelling units and 2.5 persons per household for multi-family dwelling units. No change in this methodology is proposed as part of this update.

#### **Population at Buildout**

Based upon a utilization of the population factors discussed above, the population at buildout of Rancho Encantada remains the same as before and has been calculated at 3,328. The graph provided as Figure 2 illustrates the proposed rate of population growth that is anticipated by this Financing Plan.

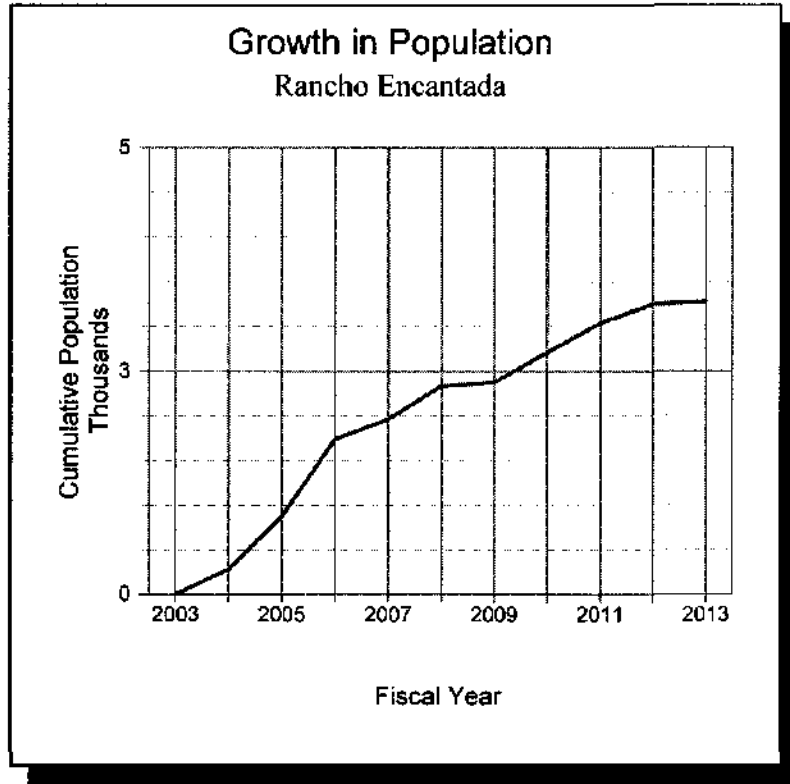


Figure 2 - Proposed Population at Buildout

**Annual Review**

It should be noted that development projections are based on the best estimates of the property owners, developers and City Staff as to how they see the future land market. Obviously, certain economic events could preclude development from taking place as forecasted. High interest rates, higher land and housing prices, an economic recession or, conversely, a period of robust business expansion could all significantly change the rate of development in Rancho Encantada, as well as for all of the San Diego area. The forecast included in the Financing Plan assumes a peak absorption rate of residential housing units at approximately 90 dwelling units per year. To ensure that this program maintains its viability, an "Annual Review" of the Financing Plan will be performed and recommended actions, in response to the actual activity of development, may be presented to the City Council. The Annual Review is required as part of the FBA Ordinance in the

**Municipal Code.** The Annual Review will include, but not necessarily be limited to, the evaluation of the following factors:

1. Rate of inflation
2. Interest rates
3. An evaluation of each Capital Improvement Project to determine which project(s) shall be constructed in the next fiscal year, as well as for the remainder of the life of the Financing Plan.
4. Cost of all facilities
5. Rate and Amount of Development
6. A comparative analysis of City approvals of Discretionary Permit Applications during the past fiscal year with the previously budgeted rate of development.

## **Future Public Facility Needs**

Public facilities are required in a number of project categories in order to serve the Rancho Encantada community. These categories include: (i) transportation, (ii) parks and recreation, and (iii) sewer/water utilities, as more fully described in the Financing Plan. The locations of these projects are depicted in Figure 3 on page 31 and are summarized in Table 8. They are also described in more detail in the following Capital Improvements Program (CIP) project sheets starting on page 33. The timing associated with individual projects is illustrated in both Table 8 and on the corresponding CIP project sheets.

## **Population Projections**

A number of public facilities projects are based on the anticipated population to be served within a certain service area. As shown on Figure 2, the projected population growth for Rancho Encantada can be illustrated in graphic form utilizing the population factor cited above and the Residential Development Schedule, as shown in Table 1. From this graph, one can determine the timing for each of the population-based public facility projects. The timing for these population-based public facilities is based on standards set forth in the City's General Plan.

## **Financing Strategy**

General Plan and City Council Policy provide that the primary responsibility for providing needed public facilities in Planned Urbanizing Areas rests with the developers. Of the needed public facilities, the major portion will be constructed as a part of the subdivision process by developers. Public

facilities projects that benefit a population larger than the local/adjacent development can also be financed by the following alternative methods:

1. Facilities Benefit Assessment (FBA) - This method of financing spreads costs fairly and equally and follows the procedures specified in City Council Ordinance O-15318, as adopted on August 25, 1980. FBAs result in liens being levied on each parcel of property located within the Area of Benefit. While these liens ensure that assessments will be collected on each parcel as development occurs, the liens must be renewed annually with each update to the Financing Plan and must be released following payment of the FBAs.
2. Development Impact Fee (DIF) - This method of financing is similar to that of an FBA in that the costs are spread fairly and equally. Unlike an FBA, a Development Impact Fee does not create a lien on the property benefitting from the collection of fees.
3. Assessment Districts - Special assessment financing, such as 1913/1915 Assessment Acts, may be used as a supplementary or alternative method of financing some 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 for a particular public facilities project in advance of the projected development activity. However, such districts create a long term encumbrance of the benefitting property requiring that the funds be paid back 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.
4. Community Facility District (CFD) - State legislation, such as the Mello-Roos Act of 1982, has been enacted for providing methods of financing public facilities in new and developing areas. The formation of such Community Facility Districts may be initiated by owner/developer petition. Mello-Roos districts also require the approval of a majority of the property owners in order to establish the district, as clarified by Council Policy 800-3.
5. Developer Construction - New development either constructs required facilities as a condition of subdivision 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 in a turnkey 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).

6. Reimbursement Agreement - This method of financing is outlined in Council Policy 400-7 and is commonly used when the first developer/subdivider in an area is required to construct the necessary water and sewer facilities for the entire area, over sizing as required to serve subsequently developed lands. These agreements are administered by the Development Services Department and approved by the City Council. Reimbursement to the first developer/subdivider can occur over as long as a twenty year period or until all of the subsequently developed lands have participated in the reimbursement, whichever occurs first.
7. State/Federal Funding. Certain public facilities may be determined to benefit a regional area which is larger than the Community Planning area. As such, these projects may appropriately be funded by either the State or Federal Government or by a combination of the two.
8. Cost Reimbursement District. This reimbursement method provides an opportunity for an individual developer/subdivider who has been directed to construct public improvements that are more than that required to support its individual property/development to be reimbursed by other properties benefitting from said improvements. Said reimbursement is secured by a lien on the benefitting properties with the lien due and payable only upon recordation of a final map or issuance of a building permit, whichever occurs first.
9. 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.
10. Regional Transportation Congestion Improvement Program Fees (RTCIP). The Regional Transportation Congestion Improvement Program Fees (RTCIP) provides for the City's collection of a fee per new residential unit to ensure that new Development directly invests

in the Region's transportation system to offset the negative impact of growth on congestion and mobility.

RTCIP fees were adopted by City Council per Resolution R-303554 on April 14, 2008 and includes provisions for annual review and increases to the fee structure. These fees are paid only upon building permit issuance and are based on the fee schedule in effect on the date the building permit is issued. On-site Affordable (low income) units may be exempt from the RTCIP Fee with proof of a signed Affordable Housing Agreement with the San Diego Housing Commission.

## **General Assumptions and Conditions**

In connection with the application of the above methods of financing, the following general assumptions and conditions have been applied.

1. Developers will be required to provide facilities normally provided within the Subdivision Process as a condition of tentative subdivision map approval, including, but not limited to, traffic signals (except as noted), local roads, and the dedication or preservation of Open Space located within the proposed development(s). Such projects, however, may be funded by the formation of a Mello-Roos, 1913/15 Act, or other type of Reimbursement District, if the project(s) and the 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 Rancho Encantada 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. Annual reviews, as required by the FBA Ordinance, will be performed by the City Council to evaluate performance of the program and to reassess the on-going commitments pertaining to the completion of needed facilities. Costs and assessments shall be evaluated for all remaining portions of the program.

4. The FBA will be paid by the Developer or permittee as a condition of issuance of Building Permits.
5. A developer, or group of developers, can propose to build or improve a specific facility identified in the Capital Improvements Program as being funded by the FBA and, upon City Council approval, enter into an agreement to provide the facility in lieu of, or as credit against payment of FBA fees, provided adequate funding is available. 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 for the difference from the FBA fund, subject to the availability of funds. Subject to the terms of the reimbursement agreement, should two developers be entitled to cash reimbursement during the same fiscal year, the first agreement to be approved by the City Council shall take precedence over subsequent agreements approved by the City Council.
6. The FBAs collected shall be placed in a City fund providing interest earnings for the benefit of the Rancho Encantada community area.
7. The Development Schedule, as depicted in Table 1, is only an estimated schedule and is based on 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 Rancho Encantada. The Financing Plan makes no attempt to regulate the amount of development proposed for Rancho Encantada. Rather, as development applications are considered and approved for this area, the Financing Plan will be modified, as part of its annual review process, to reflect the number of units authorized for the area.
8. Most community 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 will actually be constructed in that year. With each annual update, actual permit activity and corresponding population projections, together with additional information obtained since the last update, will be evaluated to determine the most appropriate year to budget the need

for each remaining project. As such, the budgeted year for a given project is subject to change with each update.

9. For this Financing Plan, all projects that require land acquisition, assume property values at \$400,000 per acre. Land values is based on the property being pre-graded, in finish pad condition and ready to accept the project for which it is intended (i.e. the value of raw land plus the cost of improvements = \$400,000).
10. The reimbursable expenses that a developer, who enters into an agreement with the City to build or improve a specific facility identified in the Capital Improvements Program as being funded by the FBA may include, but not limited to, any right-of-way acquired through negotiation and/or condemnation by either developer or the City, environmental mitigation costs related specifically to the project, construction costs for all public improvements including, but not limited to roadway improvements, grading and storm drain facilities located within the right-of-way, landscaping, traffic control devices and signs, design services, engineering, professional services, appraisal costs, environmental reports, soils testing, legal services, surveying, project administration, construction management and supervision, insurance premiums, bonds, and all other fees and charges, including, but not limited to, permit fees, inspection fees, etc. The specifics of what is to be credited and/or reimbursed shall be as set forth in the reimbursement agreement.
11. **With this update, there are no changes in the number of projects being funded by the FBA.** Table 7 illustrates how the projects that are funded as a subdivider improvement were assured by the developer(s) of Rancho Encantada.



**Table 7: How Former FBA-Funded Projects Were Assured**

Proj. No.	Description	How Assured?	Status?
T-2	Stonebridge Parkway (Mod. 2-Lane Collector) (formerly Rancho Encantada Parkway)	Construction shall be assured by permit and bond	Construction Completed <sup>3 4</sup>
T-3	Old Creek Road (2 Lane Rural Roadway) (Secondary Fire Access Road)	Construction shall be assured by permit and bond	Construction Completed <sup>5</sup>
T-5	Traffic Signal - Stonemill Drive at Pomerado Road	Funding provided to City of Poway <sup>6</sup>	Assured; Will be constructed when intersection meets warrants
T-6	Pomerado Road eastbound at I-15 northbound off-ramp	Funding provided to Caltrans <sup>7</sup>	Construction Completed <sup>8</sup>
T-7	I-15 northbound off-ramp to Pomerado Road	Funding provided to Caltrans <sup>9</sup>	Construction Completed
T-8	Pomerado Road/Scripps Poway Parkway Intersection Improvement	Funding provided to City of Poway <sup>10</sup>	Construction Completed

<sup>3</sup>Dwg 31932-D; Permit W-51888

<sup>4</sup>Dwg.32529-D

<sup>5</sup>Dwg 31932-D, Permit W-51888

<sup>6</sup>Letter from the City of Poway contained in the Appendix.

<sup>7</sup>Caltrans letter and Contribution Agreement contained in the Appendix.

<sup>8</sup>Dwg. 32155-D, Permit W-51476

<sup>9</sup>Caltrans letter and Contribution Agreement contained in the Appendix.

<sup>10</sup>Letter from the City of Poway contained in the Appendix.

Proj. No.	Description	How Assured?	Status?
T-9	Spring Canyon Road between Scripps Ranch Boulevard and Pomerado Road	Developer to fund account at 301 <sup>st</sup> building permit with \$35,000 deposit and provide \$750,000 at 501 <sup>st</sup> building permit	Funds paid by developer: \$35,000 deposited into Fund 39302, \$750,000 deposited into Fund 39303.
P-3	Bicycle/Pedestrian/Equestrian Trail System	Construction shall be assured by permit and bond prior to recordation of the subdivision map in which the trails are located.	West Segment constructed; Balance of system under construction.

Table 7 - How Former FBA-funded Projects Were Assured

**Developer Advance**

Subject to the terms of a reimbursement agreement, a developer may actually start construction of a project before there are FBA funds available to provide either a 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 costs of the project. In addition, a developer may have accumulated credits from one or more other FBA-funded projects such that he is unable to use credits as fast as he has earned them. In such cases, the CIP sheet for a given project will show the fiscal year in which it is anticipated that the developer will advance the cost of the project as a “Developer Advance” (“DEV. ADVANCE”) and reimbursement in the fiscal years in which it is anticipated that funds would be available or when it is anticipated that the developer would take credits against his obligation to pay FBA fees. Subject to the actual availability of funds, the year(s) in which reimbursement or credit for the Developer Advance is shown may be accelerated to the fiscal year in which the Developer Advance is extended.