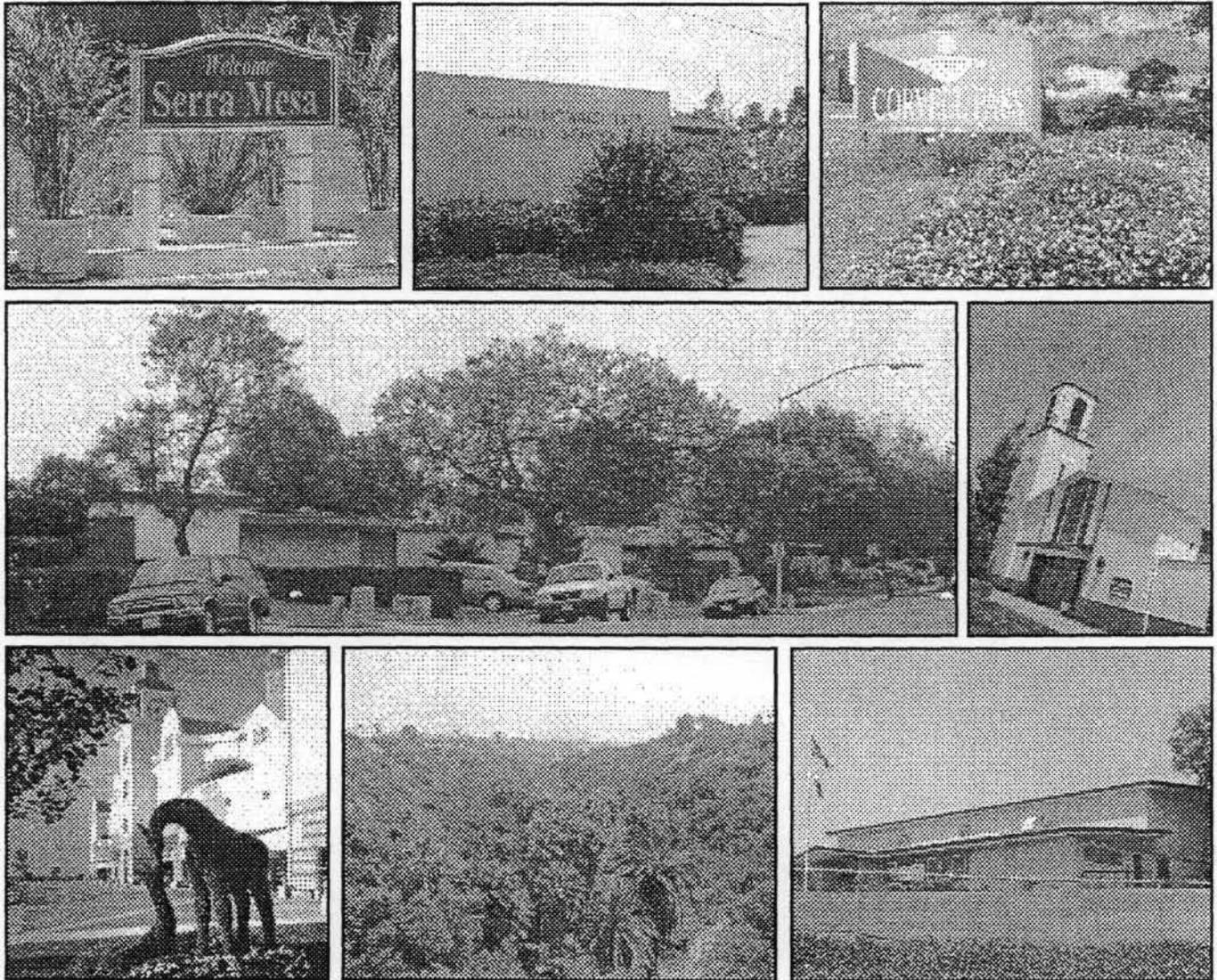


Serra Mesa

Public Facilities Financing Plan
Fiscal Year 2004



THE CITY OF SAN DIEGO

DECEMBER 2003

Planning Department
Facilities Financing

(R-2004-136)

RESOLUTION NUMBER/R- 298672

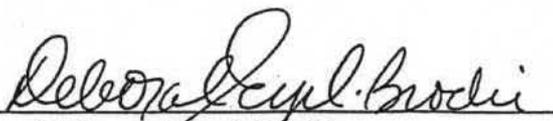
ADOPTED ON DEC 02 2003

RESOLUTION OF THE COUNCIL OF THE CITY OF SAN
DIEGO APPROVING THE SERRA MESA PUBLIC FACILITIES
FINANCING PLAN.

BE IT RESOLVED, by the Council of the City of San Diego, that it approves the document titled "Serra Mesa Public Facilities Financing Plan, Fiscal Year 2004," dated July 2003, a copy of which is on file in the office of the City Clerk as Document No.

RR- 298672

APPROVED: CASEY GWINN, City Attorney

By 
Deborah Engel-Brodie
Deputy City Attorney

DEB:cdk
07/17/03
Or.Dept:Plann.
Aud.Cert:N/A
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Mayor

Dick Murphy

City Council

Scott Peters, Council District 1

Michael Zuchet, Council District 2

Toni Atkins, Council District 3 (Deputy Mayor)

Charles Lewis, Council District 4

Brian Maienschein, Council District 5

Donna Frye, Council District 6

Jim Madaffer, Council District 7

Ralph Inzunza, Council District 8

City Attorney's Office

Casey Gwinn, City Attorney

Deborah Engel-Brodie, Deputy City Attorney

Planning Department

S. Gail Goldberg, AICP, Planning Director

Keith Greer, Deputy Director

Charlene M. Gabriel, Facilities Financing Manager

Pam Bernasconi, Supervising Project Manager

Vicki Burgess, Project Manager

Gloria Hensley, Principal Engineering Aide

Serra Mesa Planning Group

Cindy Moore, Chair

Jackie Ander

Kathy Elliott

Lowell Farris

Mary Johnson

Don Knoell

Barbara McLachlan

Janet Miller

Wayne Riggs

Gary Rotto

Glenn Torbett

Trevor Wells

SERRA MESA COMMUNITY BOUNDARY MAP

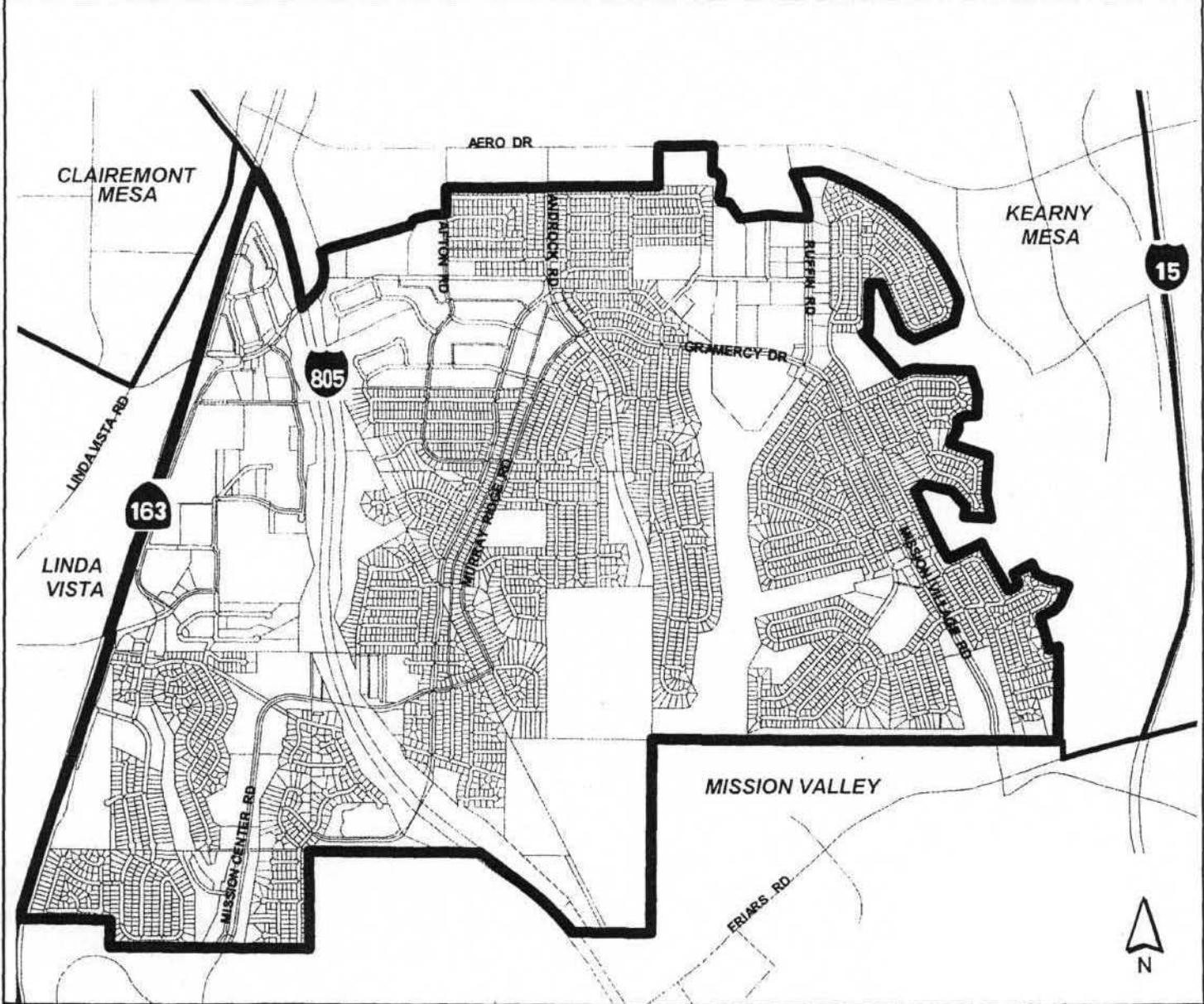


Table of Contents

SERRA MESA SUMMARY	1
GENERAL	1
DEVELOPMENT FORECAST AND ANALYSIS	1
PERIODIC REVISION	2
EXISTING PUBLIC FACILITIES AND FUTURE NEEDS	2
TRANSPORTATION.....	2
PARK AND RECREATION.....	2
LIBRARY	3
FIRE PROTECTION	3
POLICE PROTECTION	3
SUMMARY OF PUBLIC FACILITIES NEEDS	3
SERRA MESA – PUBLIC FACILITIES FINANCING PLAN	4
FINANCING STRATEGY.....	4
GENERAL ASSUMPTIONS AND CONDITIONS	8
DEVELOPMENT IMPACT FEE DETERMINATION.....	8
BACKGROUND.....	8
DISTRIBUTION OF PROJECT COSTS AND FEE DETERMINATION	8
TRANSPORTATION.....	9
PARK AND RECREATION.....	9
LIBRARY	10
FIRE FACILITIES	10
DEVELOPMENT IMPACT FEE SCHEDULE.....	11
SERRA MESA PLANNING COMMITTEE PRIORITY LIST	12
TABLE 1—SERRA MESA FACILITIES SUMMARY.....	13
TRANSPORTATION.....	16
PARK AND RECREATION.....	31
LIBRARY.....	53
FIRE	54

Serra Mesa Summary

General

The PROGRESS GUIDE AND GENERAL PLAN for the City of San Diego recommends division of the City into planning areas which are designated as Urbanized, Planned Urbanizing and Future Urbanizing areas. Urbanized areas include the central portion of San Diego as well as the remaining older sections of the City. Planned Urbanizing areas consist of newly developing communities. Future Urbanizing areas include land which is primarily undeveloped.

The Serra Mesa community planning area is an Urbanized area. This document is the first Public Facilities Financing Plan which sets forth the major public facilities needs in the areas of transportation (streets, storm drains, traffic signals, etc.), libraries, park and recreation facilities, and fire stations.

This plan supersedes the previously approved Community Facilities Summary List. The facilities listed in this Financing Plan will be needed over the next approximately twenty years when the ultimate build-out of the community is programmed. The Serra Mesa Public Facilities 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 previously adopted a Development Impact Fee to help mitigate the cost of the public facilities necessitated by development in the community. The Development Impact Fees for residential development were adopted on August 4, 1987, by Resolution #R-269019, and commercial/industrial Development Impact Fees were adopted on September 14, 1987, by Resolution #R-269274.

Development Forecast and Analysis

The Serra Mesa Community Plan is a comprehensive policy guide for the physical development of the community. The Serra Mesa Community is generally bound on the north by the community of Kearny Mesa, on the east by the communities of Kearny Mesa and Tierrasanta, on the south by the community of Mission Valley, and on the west by the communities of Linda Vista and Clairemont Mesa.

The Serra Mesa community, totaling approximately 6,596 acres, is developing in accordance with the Serra Mesa Community Plan, adopted in May 2000. Currently, the Serra Mesa community contains approximately 5,254 single family detached units, and 3,107 multiple family dwelling units, with a total population of 24,849.

An analysis of present and projected development, and using the community plan as a guide indicates that, over the next twenty-year period, approximately 77 additional residential dwelling units will be constructed.

Periodic Revision

To ensure that this program maintains its viability, this plan may be periodically revised to include, but not necessarily limited to, City Council changes (amendments) to the Community Plan.

Existing Public Facilities and Future Needs

Transportation

Serra Mesa 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 needs of future development.

Transportation improvements in Serra Mesa are dictated by traffic volume. Improvements will be funded through a combination of Development Impact Fees (DIF), grants and other funding sources yet to be determined.

Park and Recreation

The Serra Mesa community is currently served by one population-based community park, the Serra Mesa Community Park, two neighborhood parks, Cabrillo Heights, and Murray Ridge Neighborhood Parks, and two joint use areas located at Fletcher Elementary and Jaurez Elementary schools, serve the community.

Based on the City of San Diego Progress Guide and General Plan guidelines for population-based park acreage, with a current population of 24,849, park acreage is deficient.

As additional dwelling units are constructed, the resulting residents will require park or park-like facilities to serve them. In order to help satisfy the park acreage deficiency, the mutually-beneficial development of joint-use facilities with the San Diego Unified School District is encouraged. The Park and Recreation Department and the San Diego Unified School District have recently negotiated a Memorandum of Understanding (MOU) related to the development and maintenance of joint-use facilities which recommends joint-use areas contain two (2) useable acres to accommodate turf in a configuration acceptable for multi-sports use. Joint use areas less than two (2) acres in size will require a higher level of maintenance and/or other measures to ensure durability of the facility.

Library

One (1) City of San Diego branch library is located within the vicinity of the Serra Mesa Community. The Serra Mesa Branch built in 1963 has 4,860 square feet and is inadequate to serve the community.

The Serra Mesa Community needs a new 15,000 square foot library. The additional space is needed to accommodate the increased population and provide meeting rooms and additional technology capabilities.

Fire Protection

Fire protection for Serra Mesa is provided by Station No. 28, located at 3880 Kearny Villa Road, Station No. 23 serves the Birdland Neighborhood, and Station No. 39 serves the area west on Interstate 15. It is proposed that Fire Station No. 28 be relocated and expanded to better serve the communities.

Police Protection

The Serra Mesa community is served by the San Diego Police Department's Eastern Division, located at 9225 Aero Drive.

Summary of Public Facilities Needs

Table 1 summarizes the facility needs of the Serra Mesa community. Table 1 reflects both long range needs and those reflected in the current Council adopted Capital Improvement's Program (CIP). These projects are more fully described in Appendix A, pages 16 to 54.

The needs listed in Table 1 are subject to annual revisions in conjunction with Council adoption of the Annual Capital Improvement's Program budget. Depending on priorities and availability of resources, substantial changes from year to year are possible.

Serra Mesa – 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 subdivision process. Potential other methods for financing public facilities are listed below:

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

- B. **SPECIAL PARK FEE (SPF)** - Special Park Fees are a method whereby the impact of residential development upon the Park and Recreation infrastructure is assessed, and, a fee system developed and imposed on developers to mitigate the impact of development. Special Park 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 Park and Recreation facilities serving the community in which they were collected. As sufficient funds are collected, the City proceeds with a Park and Recreation construction program.

- C. **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 Serra Mesa.

- D. **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 vote for passage. Other assessment districts generally require the support of the majority of the community. If an assessment is subject to Proposition 218, it would require a 2/3 vote.

- E. **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 2/3 voter approval for passage.

- F. **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 require 2/3 voter approval for passage.

- G. **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.
- H. **LEASE REVENUE BONDS** - These funds may only be used for capital improvements. City Council approval is required.
- I. **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.
- J. **CAPITAL OUTLAY (LEASE REVENUE)** - These funds are to be used for capital improvements. City Council approval is required.
- K. **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.
- L. **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.
- M. **LOCAL TRANSPORTATION FUND** - These funds are applied for and are used only for bikeway projects. City Council and Federal approval are required.
- N. **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.
- O. **PARKING VIOLATION REVENUE** - These funds are currently allocated for general City operations; but, may be used for capital improvements. City Council approval is required.
- P. **PARKING METER REVENUE** - These funds are currently allocated for general City operations; but, may be used for capital improvements. City Council approval is required.
- Q. **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.

- R. **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.
- S. **TRANSIENT OCCUPANCY TAX (TOT)** - The City's hotel tax is 10.5 percent and is currently allocated to eligible (tourist related) organizations that request funding annually and to tourist related City activities; TOT may be used for capital improvements. City Council approval is required.
- T. **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.
- U. **PRIVATE CONTRIBUTIONS** - Any private donations received by the City for capital improvements. City Council approval is required.

Potential methods for financing public facilities are described below:

- V. **UTILITY USERS TAX** - These funds may be used for any general City operation or capital improvement. These require 2/3 voter approval for passage.
- W. **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.
- X. **SPECIAL TAXES FOR PUBLIC LIBRARIES** - These funds may only be used for libraries and library improvements. These require 2/3 voter approval for passage.
- Y. **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.
- Z. **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 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. DEVELOPMENT IMPACT FEE funds collected will be placed in a separate trust fund with interest earnings accumulated for use in the community planning area for identified facilities.

Development Impact Fee Determination

Background

In late 1987, staff developed and recommended impact fees for 28 urbanized communities. The City Council adopted the recommended fees, including those for the Serra Mesa community planning area, to mitigate the impact of new development on public facilities. All undeveloped and underdeveloped parcels are subject to development impact fees. Monies collected are placed in City interest-accruing funds, to be used only for capital improvements in the Serra Mesa Community.

The Serra Mesa Community Plan area is almost fully developed. Since the community is near build out, the fees will provide only a small portion of the financing needed for the facilities. Thus, the majority of the required public improvements will have to be provided through special funding mechanisms other than DIF.

Distribution of Project Costs and Fee Determination

Development of the actual DIF to be imposed is based on the extent or degree to which each type of development generates a demand for, or receives benefit from the various existing public facilities. For example, all development generates vehicular traffic and thus, on an equitable basis, should share in the cost of transportation projects.

Development Impact Fees were determined for the various categories of needed public facilities on the basis of total amount of development at community plan build-out and on the basis of additional public facilities needed at community plan build-out. The impact fee base includes all project needs except those identified as subdivider funded. The fees also include a 5% charge to cover City administrative costs.

Transportation

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. For impact fee purposes, multi-family residential development is assumed for Serra Mesa (and all other urbanized communities). The residential portion of the impact fee reflects an average daily trip factor (ADT) of seven (7) as a basis for determining the impact fee. A considerable range has been found for traffic generation in non-residential developments depending on the character and use of the property. For non-residential development in the Serra Mesa Community, average daily trips as generated by the projected facilities usage were used.

Using the approved land use intensity and trip generation rates, the total number of trips at community plan build-out is estimated to be 97,962. An analysis of the DIF eligible street improvements required at community build-out (estimated costs in FY 2004 dollars) totaling \$21,082,000 indicates that cost per average daily trip for transportation facilities, including administrative costs, is \$226 per trip and \$1582 per dwelling unit. The fee per dwelling unit is calculated using the average daily trip rate factor of seven. These amounts will be paid by all future development.

Park and Recreation

Park and Recreation needs are based on population derived from the number of dwelling units in the community. The Park and Recreation Department has identified projects needed in the Serra Mesa Community at build-out. These are shown in Table 1 and in detail in Appendix A, pages 31 to 52.

Allocating total park and recreation facility costs of \$31,752,575 to the residential development at build-out of 8,438 units, results in an impact fee, including administrative costs, of \$3951 per unit.

Library

Library needs are based on population which is derived from the number of dwelling units estimated at build-out. Therefore, only residential developments are charged development impact fee for libraries.

The existing branch library is proposed to be replaced with a 15,000 square foot facility. Allocating total library requirements only to residential property results in a library impact fee of \$396 per dwelling unit. This was calculated by dividing Serra Mesa's share of the library requirements of \$3,184,500 by 8,438 the number of residential dwelling units at build-out.

Fire Facilities

The Fire Station portion of the impact fee 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. The average cost per 1,000 square feet of gross building area is used to determine fees for non-residential development.

The Fire Department has identified one (1) fire station serving the Serra Mesa area which needs replacement/reconstruction. Only a portion of the costs of this station can be fairly allocated to Serra Mesa. Serra Mesa and Kearny Mesa will each pay 50% of the estimate cost of the new facility. Using the total amount of development, both residential and non-residential (approximately 9,444,236 square feet), and the Serra Mesa proportionate share of needed fire facilities (\$5,279,821), the resulting impact fee is \$587 per residential dwelling unit and \$587 per thousand square feet of non-residential development.

Development Impact Fee Schedule

The resulting impact fees for the Serra Mesa community planning area are as follows:

RESIDENTIAL PROPERTY					COMMERCIAL/INDUSTRIAL	
Transportation	Park & Rec	Library	Fire	Total per Residential Unit	Transportation	Fire
\$ Per Residential Unit					\$/Trip	\$/1000 sq. ft. of Gross Building Area (GBA)
\$1582	\$3951	\$396	\$587	\$6516	\$226	\$587

Serra Mesa Planning Committee Priority List

The following projects are a HIGH priority: (not listed in order of preference)

*** Projects are the Highest Priority**

- Serra Mesa Community Plan Update
- T5 Architectural Barrier Removal (pedestrian ramps)
- T6 Median Strip Improvements on main Serra Mesa streets
- * T7 Mission Village Dr.—Sidewalks Ronda to Qualcomm Stadium (ADA)
- T8 Signal at New Library Site on Aero Drive
- T2 Traffic Signal Installation: Mesa College Dr. & I-805 S. on-ramp/Berger Ave
- T9 Widen Cardinal Road/Improvements
Widen Frost Street to provide 4 lanes, (Local Street)
- T10 Genesee Ave Widening Between the SR-163
- T11 Genesee Ave Widening on South Side
- T12 Health Center Drive Widening
- T13 Starling Drive Widening
- T14 Starling Drive & Meadowlark Drive Intersection
- * P18 Community Center (conversion of current library site)
- * P14 Fletcher Elementary School—Joint-Use Area Improvements
- P21 Paths to new library & residential (southwest & southeast)
- * P5 Serra Mesa Community Park Recreation Building
- P15 Wegeforth Elementary School—Joint-Use Area
- P22 Juarez Elementary School—Joint-Use Area Improvements
- * P7 Fletcher Park and/or Juarez—(Neighborhood Park) Acquire land and develop

The following projects are a MEDIUM priority: (not listed in order of preference)

- T4 Traffic Signal Improvements at Grammercy Rd/Greyling Dr. at Sandrock Rd.
- T15 Traffic Signal Improvement at Ruffin Rd. & Aero Dr.
- T2 Traffic Signal Installation: Afton Road & Hurlbut Street
- T2 Traffic Signal Installation: Mission Center Rd/Raejean/Murray Ridge Rd.
- P19 Comfort Stations at Juarez & New Parks
- P16 Cubberley Elementary School—Joint-Use Area
- P20 Swimming Pool at Serra Mesa Recreation Center
- P17 Taft Middle School—Joint-Use Area
- F1 Fire Station #28

The Following projects are a LOW priority: (not listed in order of preference)

- T3 Traffic Signal Interconnect (various streets in community)
- P8 Angier Elementary School—Joint-Use Area
- P19 Comfort Station at Murray Ridge Park
- P11 Hickman Field Athletic Area—Community Pool
- P9 Hickman Field Athletic Area—Design & Construction
- P10 Hickman Field Athletic Area—Recreation Building
- P6 Jones Elementary School Turfing, Joint Use