

Scripps Miramar Ranch

Public Facilities Financing Plan and Facilities Benefit Assessment

Fiscal Year 2013



THE CITY OF SAN DIEGO

Development Services Department
Facilities Financing

October 2012

RESOLUTION NUMBER R- 307788

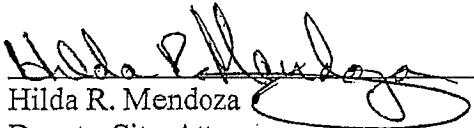
DATE OF FINAL PASSAGE OCT 25 2012

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO APPROVING THE SCRIPPS MIRAMAR RANCH PUBLIC FACILITIES FINANCING PLAN AND FACILITIES BENEFIT ASSESSMENT, FISCAL YEAR 2013, AND AUTHORIZING THE CHIEF FINANCIAL OFFICER TO ESTABLISH AND MODIFY INDIVIDUAL CAPITAL IMPROVEMENT PROGRAM PROJECT BUDGETS TO REFLECT THE PLAN.

BE IT RESOLVED, by the Council of the City of San Diego, that it approves the document titled, "Scripps Miramar Ranch Public Facilities Financing Plan and Facilities Benefit Assessment, Fiscal Year 2013" (Financing Plan), a copy of which is on file in the Office of the City Clerk as Document No. RR- 307788.

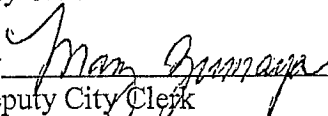
BE IT FURTHER RESOLVED, that the Chief Financial Officer is authorized to establish and modify individual Capital Improvement Program project budgets to reflect the Financing Plan provided funding is available for such action.

APPROVED: JAN I. GOLDSMITH, City Attorney

By 
Hilda R. Mendoza
Deputy City Attorney

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of OCT 23 2012.

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved: 10-25-12
(date)


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Mayor

Jerry Sanders

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This information will be made available in alternative formats upon request. To request a financing plan in an alternative format, call the Development Services Department, Facilities Financing Section, at (619) 533-3670.

To view this document online, visit Facilities Financing on the City of San Diego website at:
<http://www.sandiego.gov/planning/programs/facilitiesfinancing/plans/scrippsmiramar.shtml>

Introduction

Authority

This **financing plan** implements the improvement requirements set forth in the Scripps Miramar Ranch Community Plan, which was originally approved by the City Council on July 18, 1978 by Resolution No. R- 221398.

Update to Financing Plan

This report represents the ninth revision to the Public Facilities Financing Plan (PFFP) and Facilities Benefit Assessment (FBA) for the Scripps Miramar Ranch Community. The original PFFP and FBA were authorized by Council Resolution No. R-271578 on August 2, 1988. The last update to the PFFP was approved on March 5, 2007, by Council Resolution No. R-302405.

Scope of Report

The Fiscal Year 2013 Scripps Miramar Ranch Public Facilities Financing Plan identifies the public facilities that will be needed over the next eight years, during which full development of the community is expected. This report also includes the revised **Facilities Benefit Assessment (FBA)** for Scripps Miramar Ranch, as required by City Ordinance O-15318. The FBA is established to provide public facilities which will benefit the Scripps Miramar Ranch community.

In addition to the Fiscal Year 2013 FBA, this report updates the **Development Impact Fee (DIF)** for Scripps Miramar Ranch, as well as provides a listing of other special funds available for use in the Scripps Miramar Ranch community.

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Facilities Benefit Assessment

FBA Procedure

City Ordinance No. O-15318 was adopted by the City Council on August 25, 1980 to establish the procedure for implementing a Facilities Benefit Assessment (FBA). Additionally, the FBA is established, increased, imposed and collected in accordance with the California Government Code sections 66000 *et seq.* The FBA provides funding for public facilities projects that serve a designated area, also known as the **area of benefit**. The dollar amount of the assessment is based upon the collective cost of each public facility, and is equitably distributed over the area of benefit in the Scripps Miramar Ranch community planning area. For more information on the area of benefit, see Areas of Benefit and Projected Land Uses beginning on page 5.

FBA Methodology

- 1) An FBA **Assessment Numerical List** (Assessment Roll) is prepared for Scripps Miramar Ranch where each remaining, unimproved 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 the property. Refer to Assessment Roll Description on page 10 for more information on the Assessment Numerical List.
- 2) Liens are placed on the undeveloped or under-developed portions of the assessed parcels and final map properties within the area of benefit. The liens are filed without a specific assessment amount since the owner or developer is responsible to pay only the assessment that applies to the type and amount of development that actually occurs.
- 3) At the time of building permit issuance, the owner of the parcel being developed is assessed a fee that is determined by the type and size of the development permitted according to the FBA assessment schedule that is in effect at the time the permit is obtained. Owners/developers are not permitted to pay liens in advance of obtaining construction permits for development. FBA fees are paid directly to the Development Services Department at the time of building permit issuance.
- 4) Fees are collected, placed into a separate City interest bearing fund, and used within the area of benefit solely for those capital improvements and administrative costs

identified in the Scripps Miramar Ranch Public Facilities Financing Plan.

Timing and Cost of Facilities

The public facilities projects anticipated to be financed by the Scripps Miramar Ranch FBA funds are shown in Table 9, beginning on page 27. Included in the table are:

- Project title
- Fiscal year in which construction of the project is expected
- Estimated project costs
- Funding sources

Project categories include transportation improvements, neighborhood parks and recreation, fire, and libraries. Descriptions of the projects listed in Table 9 can be found on the project sheets beginning on page 33. The FBA also funds the administrative costs associated with the development, implementation, and operation of the FBA program.

Expenditures

The following are three types of expenditures that may be applied against the FBA fund:

- 1) **Direct payments** for facility costs, including administration of the FBA fund;
- 2) **Credits** to developers for facilities provided in accordance with San Diego Municipal Code (SDMC) 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.

Therefore, whether a developer or the FBA fund provides a facility, direct payments, credits, or cash reimbursements are all treated as an expense to the FBA fund.

Area of Benefit and Projected Land Uses

Area of Benefit

The City Council initiates proceedings for the designation of an area of benefit by adopting a **Resolution of Intention**. The undeveloped land areas that are within the community boundary of Scripps Miramar Ranch are known as the area of benefit. A Facilities Benefit Assessment is applied to the residential, non-residential, and various other land use combinations of undeveloped property. Figure 1, on page 7, shows the community boundary and locations of the Scripps Miramar Ranch Facilities Benefit Assessment Districts or areas of benefit.

The location and extent of the area of benefit is determined by referencing the County Assessor parcel maps, current tentative subdivision maps, and from information supplied by affected property owners. This information, along with land use designations and assessment payment history, provides the data for the Inventory of Land Uses table shown on page 6.

Projected Land Use

Residential

The anticipated remaining residential development for Scripps Miramar Ranch is estimated at 206 dwelling units. A list of the types and amount of planned residential development can be found in Table 1.

Non-residential

The anticipated remaining non-residential development for Scripps Miramar Ranch is estimated to be 41.92 acres and consists of industrial and institutional development. A list of the types and amount of planned non-residential development can be found in Table 1.

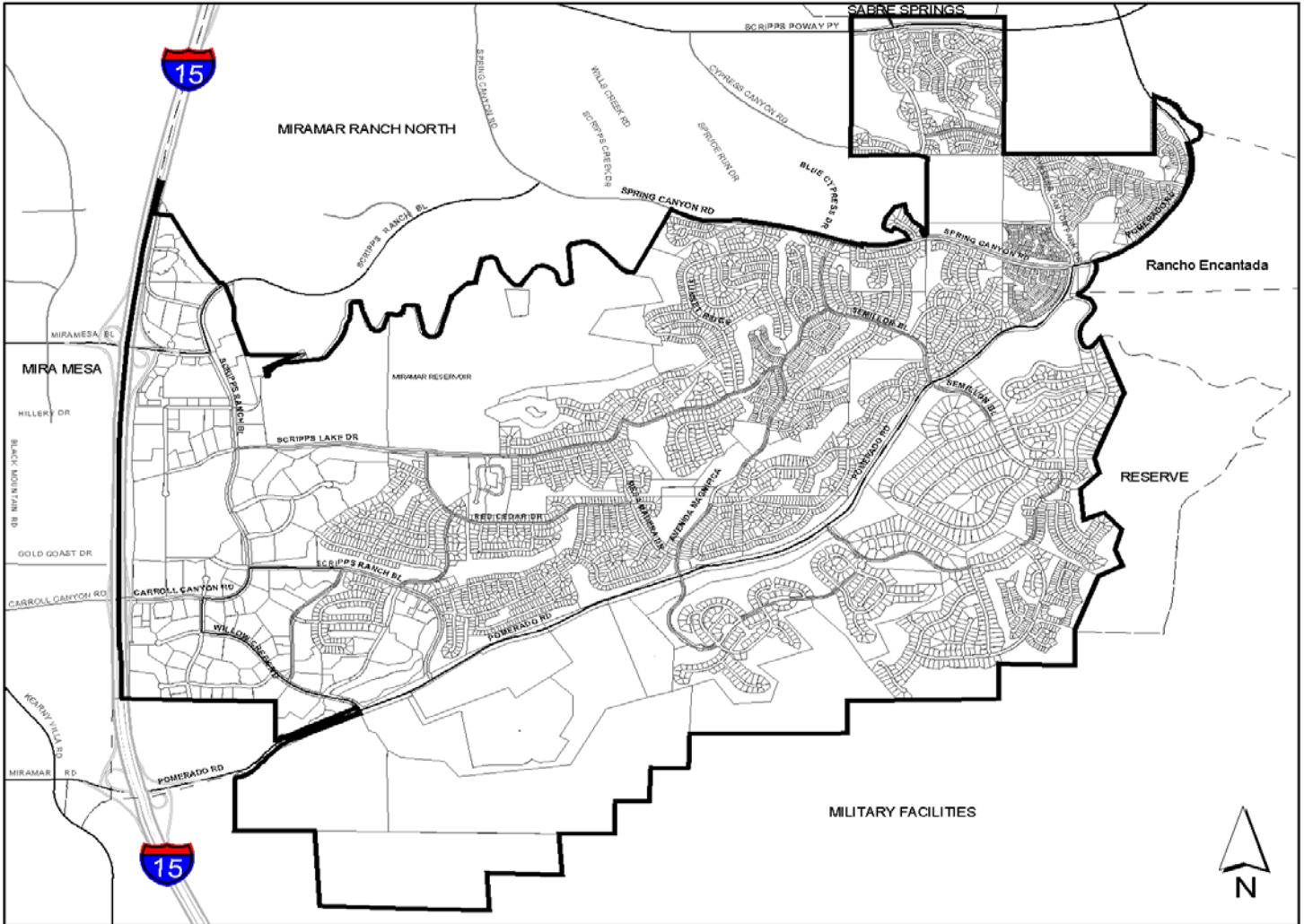
FBA fees are expected to be paid on a per acre basis for nonresidential properties. In the event that a landowner desires to proceed with development of a portion of the landowner's property based on a phased development program, which is subject to a lien for the total amount of FBA as provided in Section 61.2210 of the Municipal Code, the landowner may obtain building permits for the development phase after paying a portion of the FBA and making provision for payment of the remainder of the FBA to the satisfaction of the Mayor. Payment of FBA is made at the time building permits are issued.

Table 1 Inventory of Land Uses

As of June 30, 2012

Land Use	Actual	To Go	Total
Single-Family Residential Units	4,624	92	4,716
Multi-Family Residential Units	1,344	114	1,458
Commercial Acres	65.84	0	65.84
Industrial Acres	299.95	41.92	341.87
Institutional Acres	27.44	0	27.44

FIGURE 1 COMMUNITY BOUNDARIES



SCRIPPS MIRAMAR RANCH FACILITIES BENEFIT ASSESSMENT

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

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Assessments

Change in Methodology

A significant change in the financing strategy for the Scripps Miramar Ranch FBA program took place with the FY 2007 financing plan update. The financing and cash flow methodology for the FBA was changed due to the elimination of the Scripps Miramar Ranch Special Park Fee (SPF). Historically, the Scripps Miramar Ranch FBA program had been composed of transportation, fire and library projects. Park projects were funded primarily through the SPF. Therefore, when a residential project went forward the applicant paid an SPF for the park projects, and an FBA to fund the other projects in the PFFP. The authority to collect the SPF was removed from the Municipal Code in 2000. Therefore, all new park projects, or cost increases to existing park projects, are now included in the FBA program, to the extent applicable. Any new residential projects now pay an all inclusive FBA, instead of an FBA and a separate SPF.

The funds previously collected and currently in the SPF fund will continue to be used to fund several previously approved park projects until depleted. As shown in the EDU Ratios table on page 10, there is no nexus between park and library projects and non-residential development. Accordingly, all future park costs will be spread across the remaining residential development only.

Assessment Methodology – EDU Ratios

An **Equivalent Dwelling Unit** or **EDU** ratio has been established for the purpose of spreading the cost of public facilities between the different land use classifications. Equivalent Dwelling Unit ratios have been calculated for each category of facility to be constructed under the FBA because the relationship between land use and the degree of benefit from different public facilities can vary substantially. The single-family dwelling unit (SFDU) is the foundation for all other EDU ratios. Other land use classifications are assigned an EDU ratio per dwelling unit or acre, proportionate to the respective benefit.

Table 2 on page 10 provides the EDU ratios used to prepare the Scripps Miramar Ranch Facilities Benefit Assessment.

Table 2 EDU Ratios

CATEGORY	SFDU	MFDU	CAC	IAC	INSTIT
TRANSPORTATON	1.0	0.7	30.0	18.0	10.0
PARKS	1.0	0.7	----	----	----
FIRE	1.0	0.7	10.0	7.0	7.0
LIBRARY	1.0	0.7	----	----	----

Assessment Roll Description

For each undeveloped map portion or parcel in the Area of Benefit, the Assessment Roll includes:

- Parcel number
- Name and address of the owner (according to the County Assessor’s records)
- Number of dwelling units or non-residential acres to be developed (according to the highest and “best use” scenario)
- Assessment amount for each parcel.

Identification numbers in the Assessment Roll may be non-sequential as a result of some parcels having been omitted after assessments are paid, as ownership changes, or as parcels are subdivided. Information on ownership is listed according to the County Assessor’s records at the time the Assessment Roll is prepared, as shown on the last equalized Assessment Roll, or as otherwise known to the City Clerk; or by any other means which the City Council finds reasonably calculated to apprise affected landowners (SDMC section 61.2205). The current Assessment Roll is shown on page 103 of this financing plan.

A **Resolution of Designation**, when adopted by the City Council, imposes the Facilities Benefit Assessment in the form of a lien that is placed upon the undeveloped or under-developed portions of the County Assessor parcels and final map properties within the area of benefit. The assessments are based upon the type and size of forecasted land use of the highest and “best use” scenario.

The maps, plats, and summary of the Assessment Roll, all of which define the area of benefit, will be delivered to the County Recorder for official recording once the updated Public Facilities Financing Plan is approved by the City Council. Collection of the FBA is to occur at the time of construction permit issuance at the Development Services Department.

Fee Deferral Program

The San Diego City Council approved Ordinance O-19893 that allows for the deferral of FBA and Development Impact Fees (DIF). The FBA fee deferral program will be in effect for three years from the date of ordinance approval (termination date 12/31/2014). A Fee Deferral Agreement must be processed by the applicant, properly executed, duly recorded, and the applicable administration fee paid to defer the collection of FBA or DIF. The FBA or DIF can be deferred for a maximum period of two years, or until request for Final Inspection, whichever occurs first. The Final Inspection shall not be scheduled until the applicable FBA or DIF are paid.

FBA fees, including all annual inflationary rate increases, due shall be as set forth in the fee schedule in effect when the Fee Deferral Agreement is executed by the City, or the fees approved by the City Council for a subsequent update of the public facilities financing plan, whichever fee is lower.

Determination of Assessment Rates

Assessments are calculated and levied against each undeveloped or under-developed parcel based upon the type and size of development, which is expected to occur within the area of benefit. The amount of the Facilities Benefit Assessment (FBA) is determined by using the following information:

- Development schedule (in dwelling units and acres)
- Composite EDU ratios for each land use designation
- Schedule of facility expenditures (in FY 2013 dollars) to be financed with monies from the FBA fund
- Annual interest rate of 3% for Fiscal Years 2013 through build out (applied to the fund balance)
- Annual inflation rate of 4% for Fiscal Years 2014 through build out (to determine the future costs of facilities that will be constructed in years beyond FY 2013)
- At the end of each fiscal year (June 30th), unpaid assessments are increased by the inflation factor.

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 12 lists the FY 2013 Facilities Benefit Assessment base deposit rate for Scripps Miramar Ranch.

Development Impact Fees (DIF)

Development Impact Fees (DIF) are established, increased, imposed and collected in accordance with the California Government Code sections 66000 *et seq.* to mitigate the impact of additional development on properties that have either already paid FBAs and/or that have never been assessed. DIF, equal to current FBA, are appropriate for such development.

Table 3 FY 2013 Assessment Rates

SF/Unit	MF/Unit	Comm/Ac	Indust/Ac	Instit/Ac
\$34,991	\$24,494	\$136,955	\$82,562	\$47,248

Automatic Annual Increases

FBAs are evaluated annually and adjusted accordingly to reflect the current economic conditions. An inflation factor is used to provide automatic annual increases in the assessment rate and will be effective at the beginning of each fiscal year (July 1). In years beyond FY 2013, the increase reflects a growth rate of 4% per year. The automatic increase provision is effective only until such time that the next annual adjustment is authorized by the San Diego City Council. Thereafter, the subsequent Council-approved annual adjustment will prevail.

Assessments are calculated and levied against each undeveloped or under-developed parcel based upon the type and extent of development, which is expected to occur within the Area of Benefit. The Scripps Miramar Ranch FBA Schedule in Table 4, page 13, indicates the projected rate of assessment by each category of land use for the remaining build-out. For FY 2013, the assessment for a single-family dwelling unit is \$34,991. Each multi-family unit is to be assessed \$24,494. The commercial assessment is \$136,955 per acre, the industrial rate is \$82,562 per acre, and the institutional rate is \$47,248 per acre.

Table 4 Facilities Benefit Assessment Schedule

FISCAL YEAR	\$/ SFDU	\$/ MFDU	\$/ CAC	\$/ IAC	\$/ INSTIT ACRE
2013	\$34,991	\$24,494	\$136,955	\$82,562	\$47,248
2014	\$36,391	\$25,473	\$142,433	\$85,864	\$49,138
2015	\$37,846	\$26,492	\$148,130	\$89,299	\$51,103
2016	\$39,360	\$27,552	\$154,055	\$92,870	\$53,147
2017	\$40,935	\$28,654	\$160,218	\$96,585	\$55,273
2018	\$42,572	\$29,800	\$166,626	\$100,449	\$57,484
2019	\$44,275	\$30,992	\$173,291	\$104,467	\$59,783
2020	\$46,046	\$32,232	\$180,223	\$108,645	\$62,175

Cash Flow Analysis

The Scripps Miramar Ranch Cash Flow, Table 7, page 15, presents an analysis of the Scripps Miramar Ranch FBA. For each fiscal year during the development of the community, the cash flow shows the difference between anticipated FBA revenues (including earned interest) and the expected capital improvement expenditures. Interest earnings for cash on hand are compounded and based on an estimated 3% annual return for FY 2013 through full community development.

The City of San Diego considers historic data while predicting the effect of inflation on construction projects. The Los Angeles/San Diego **Construction Cost Index (CCI)** and the **Consumer Price Index (CPI)** for San Diego are the two indices used by the City while conducting a cash flow analysis. The historical information associated with the Los Angeles/San Diego Construction Cost Index and the Consumer Price Index for San Diego is shown in Tables 5 and 6 on page 14.

Since needed facilities are directly related to the community’s growth rate, construction schedules of facilities are contingent upon the actual development within the community. Therefore, any slowdown in community development will require a modification to facility schedules and a new cash flow will be prepared.

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%
2010	9770	(0.3%)
2011	10035	2.72%
2012	10284	2.48%

Table 6 San Diego Consumer Price Index

Year	CPI	% Change/Year
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	3.8%
2007	231.9	2.3%
2008	242.4	4.6%
2009	240.9	-0.6%
2010	244.2	1.39%
2011	252.5	3.40%
2012	256.6	1.66%

Table 7 FY 2013 Scripps Miramar Ranch FBA Cash Flow

FY	SFDU	MFDU	CAC	IAC	INSTIT	\$/SFDU	\$/MFDU	\$/CAC	\$/IAC	\$/INSTIT	INPUT \$ PLUS INTEREST	PLANNED CIP \$ EXPENSES	NET BALANCE	FY
PRIOR	4,624	1,344	65.84	299.95	27.44								\$2,590,435	PRIOR
2012	0	0	0	0	0	\$33,645	\$23,552	\$131,687	\$79,386	\$45,430	\$78,538	\$766,754	\$1,902,219	2012
2013	0	114	0	0	0	\$34,991	\$24,494	\$136,955	\$82,562	\$47,248	\$2,907,101	\$357,424	\$4,451,896	2013
2014	17	0	0	0	0	\$36,391	\$25,473	\$142,433	\$85,864	\$49,138	\$782,968	\$20,800	\$5,214,064	2014
2015	0	0	0	0	0	\$37,846	\$26,492	\$148,130	\$89,299	\$51,103	\$178,234	\$10,816	\$5,381,482	2015
2016	0	0	0	0	0	\$39,360	\$27,552	\$154,055	\$92,870	\$53,147	\$183,288	\$11,249	\$5,553,522	2016
2017	5	0	0	13.54	0	\$40,935	\$28,654	\$160,218	\$96,585	\$55,273	\$1,706,084	\$1,179,767	\$6,079,838	2017
2018	25	0	0	7.01	0	\$42,572	\$29,800	\$166,626	\$100,449	\$57,484	\$1,935,869	\$4,244,330	\$3,771,377	2018
2019	0	0	0	21.37	0	\$44,275	\$30,992	\$173,291	\$104,467	\$59,783	\$2,388,151	\$838,590	\$5,320,939	2019
2020	45	0	0	0	0	\$46,046	\$32,232	\$180,223	\$108,645	\$62,175	\$2,204,638	\$5,341,943	\$2,183,633	2020
TOTALS	4,716	1,458	65.84	341.87	27.44						\$12,364,872	\$12,771,673		TOTALS

Notes:

- 1) Values are rounded to the nearest dollar.
- 2) Annual inflationary increase is 4%.
- 3) Annual interest rate is 3%.

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Public Facilities Financing Plan

Purpose

The **Public Facilities Financing Plan** is prepared to ensure that all owners of undeveloped property will pay their fair share of the funding required to finance the community's needed public facilities. The financing plan applies to all property owners seeking to develop property, even if the subject property has an approved tentative or final map detailing its development. The Public Facilities Financing Plan includes the following:

- Development forecast and analysis
- Capital Improvement Program
- Fee schedule for a Facilities Benefit Assessment.

This report will update the Public Facilities Financing Plan (Financing Plan) and the Facilities Benefit Assessment (FBA) for the development that is planned to occur in the community planning area known as Scripps Miramar Ranch.

Development Forecast and Analysis

The development projection for Scripps Miramar Ranch is based upon the best estimates of the existing property owners, their land use consultants, and City staff. Certain economic factors could adversely affect these development projections. Higher interest rates, higher land and housing prices, an economic recession, and issues involving the transportation thresholds could slow or halt the development rate of Scripps Miramar Ranch. Conversely, a period of robust business expansion could significantly increase the rate of development. Indications are that the remaining development of Scripps Miramar Ranch will take place over an 8 year period.

The current development schedule assumes that the required transportation improvements will be provided by the time any thresholds are reached. The projected schedule of development for Scripps Miramar Ranch is presented in Table 8, on page 18. In this table, the number of units developed within a year refers to those applications having building permits issued (paid) during the July-to-June fiscal year. Therefore, the number of units developed in 2013 refers to those for which permits were issued, with fees paid, between July 1, 2012 and June 30, 2013. Development in Scripps Miramar Ranch is projected to reach 6,174 dwelling units by the end of Fiscal Year 2020.

Since needed facilities are directly related to the community growth rate, construction schedules of facilities are contingent upon the actual development within the community. Therefore, any slowdown in the rate of community development will require a modification of the schedule for providing needed public facilities. In addition, the City may amend this Public Facilities Financing Plan to add, delete, substitute, or modify a particular project to take into consideration unforeseen circumstances.

Scripps Miramar Ranch is almost entirely built-out, with very few remaining parcels to be developed. The development schedule for those remaining parcels is based upon a review of the Community Plan, existing tentative and final maps, and the best estimates of the property owners, developers, and City staff. The projected schedule of development for Scripps Miramar Ranch is presented in Table 8 below.

Table 8 Development Schedule

As of June 30, 2012

FISCAL YEAR	SFDU	MFDU	CAC	IAC	INSTIT
ACTUAL TO DATE	4,624	1,344	65.84	299.95	27.44
2012	0	0	0	0	0
2013	0	114	0	0	0
2014	17	0	0	0	0
2015	0	0	0	0	0
2016	0	0	0	0	0
2017	5	0	0	13.54	0
2018	25	0	0	7.01	0
2019	0	0	0	21.37	0
2020	45	0	0	0	0
TOTAL	4,716	1,458	65.84	341.87	27.44

Residential

The total anticipated residential development for Scripps Miramar Ranch is estimated at 6,174 dwelling units. A list of the types and amount of planned residential development can be found in Table 8 above.

Non-residential

The total anticipated non-residential development for Scripps Miramar Ranch is estimated to be 435.15 acres. A list of the types and amount of planned non-residential development can be found in Table 8 above.

Capital Improvement Program

In order to better serve the Scripps Miramar Ranch community, public facilities are needed in a number of project categories. Those categories include:

- Transportation
- Parks and Recreation
- Fire
- Library
- Sewer/Water Lines

Project locations are depicted in Figure 2 on page 31, and summarized in Table 9 starting on page 27. The anticipated projects' descriptions can be found in the Capital Improvement Program (CIP) sheets beginning on page 33. The anticipated timing associated with individual projects is also summarized in Table 9 and on the corresponding CIP project sheets.

Construction schedules of facilities are contingent upon actual development within the community because needed facilities are directly related to the community's growth rate. Therefore, any slowdown in community development will require a modification to the schedule by which needed facilities are planned. In addition, the City may amend this Public Facilities Financing Plan to add, delete, substitute, or modify a particular project to take into consideration unforeseen circumstances.

Changes to Capital Improvement Project List

Since the approval of the Fiscal Year 2007 Financing Plan, several new projects have been added to the financing plan. The new projects are only partially FBA funded because at this late stage in the Scripps Miramar Ranch development, only a small fraction of development remains and therefore only a small fraction of the costs of the new projects are attributable to the impact of remaining development and can be paid for with FBA funds. See individual project sheets for further details.

Project 34-37: Jerabek Park – Children's Play Area Upgrades

ADA-related upgrades. Estimated cost is \$1,975,000. Impact to FBA is \$68,138.

Project 34-38: Lakeview Park – Children's Play Area Upgrades

ADA-related upgrades. Estimated cost is \$1,500,000. Impact to FBA is \$51,750.

Project 34-39: Evans Pond Reclaimed Water Pipeline Installation

To be funded (\$165,000) by the Scripps/Miramar Miscellaneous Infrastructure fund, one of the funds established by the "Big 5 Agreement". No FBA impact.

Project 34-41: Scripps Miramar Ranch Future Fire Station

A second fire station was added to the Scripps Ranch Community Plan in 2009. No site has been determined yet. Estimated cost is \$12.5M. Impact to FBA is \$758,750.

The following projects are not new, but have been separated out from existing projects.

Project 34-2B: Mira Mesa Blvd Median (I-15 to Scripps Ranch Blvd)

Prior to the FY 2005 Scripps Ranch financing plan, this was included as a separate project. At the request of the Engineering & Capital Projects Department, it was combined with another median. However, it's now going to be constructed by a Developer rather than the City per a reimbursement agreement and needs to be separated again. No changes in funding or cost.

Project 34-25C: Fairbrook Park Grading & Half Width Improvements

The Fairbrook Neighborhood Park previously consisted of two phases; acquisition of park and development of park. With this update, Park Planning requested that the grading and half-width street improvements be separated from the park development, and made into its own project.

Fee Schedule for Facilities Benefit Assessments

Annual Review

The FBA Ordinance in the Municipal Code (SDMC section 61.2212) provides for an annual adjustment of Facilities Benefit Assessments. The annual review may reflect changes to any of the following:

- Rate and amount of planned development
- Actual or estimated cost of public facilities projects
- The public facilities projects
- Inflation rates
- Interest rates
- Comparative analysis of City approved discretionary permits.

Updated Project Costs

This update includes an analysis, by each of the sponsoring City departments, of the project costs for each public facility project. The costs estimates shown in this update have been revised and consider the following:

- LEED “Silver Level” standards
- Impact of inflation
- Competitive bids on similar projects
- Modifications, if any, to the overall scope of the project.

Fee Schedule

The Scripps Miramar Ranch FBA Schedule in Table 4, page 13, shows the rate of assessment for each category of land use during each year of community development. The FY 2013 assessment schedule is unchanged from the current assessment, and includes a 4% annual increase throughout buildout.

Financing Strategy

The General Plan calls for impacts of new development to be mitigated through appropriate fees identified in the Public Facilities Financing Plans. These include impacts to public facilities and services, including the water supply and distribution system, sanitary sewer system, drainage facilities, fire protection, schools, streets, parks, and open space. According to Council Policy 600-28, such improvements are to be furnished and financed by the developer. As such, the developers will provide a majority of the needed public facilities for Scripps Miramar Ranch as a part of the subdivision process. Public facility projects that benefit a population larger than the local/adjacent development may be financed by using the following alternative methods:

Facilities Benefit Assessment (FBA)

This method of financing fairly and equitably spreads costs while following the procedures specified in San Diego Municipal Code Chapter 6, Article 1, Division 22, and California Government Code sections 66000 *et se.* An FBA results in a lien being levied on each parcel of property located within the Area of Benefit. The liens ensure that assessments will be collected on each parcel as development occurs and will be renewed annually with each update to the Financing Plan. The liens will be released following payment of the FBA.

For the current, approved schedule of FBAs by fiscal year, refer to Table 4 on page 13.

Development Impact Fee (DIF)

Within urbanized communities which are near full development, DIF is established, increased, imposed and collected in accordance with the California Government Code sections 66000 *et seq.* to mitigate the impact of new development through provision of a portion of the financing needed for identified public facilities and to maintain existing levels of service for that community.

Assessment Districts

Special assessment district financing, such as the Municipal Improvement Acts of 1913/1915, may be used as a supplementary or alternative method of financing facilities such as streets, sidewalks, sewers, water lines, storm drains, and lighting facilities. Assessment districts are beneficial in that they provide all of the funding needed for a particular public facility project in advance of the projected development activity. However, assessment districts also create a long-term encumbrance of the benefiting property and require that the funds be repaid over an extended period of time. Assessment districts also require the approval of a majority of the property owners in order to establish the district.

Community Facility District (CFD)

State legislation, such as the Mello-Roos Act of 1982, has been enacted to provide a method of financing public facilities in new and developing areas. A Mello-Roos is also known as a Community Facility District (CFD). The formation of such CFD may be initiated by owner/developer petition. Mello-Roos districts

also require approval by a two-thirds majority of the property owners in order to establish the district, as clarified by Council Policy 800-3.

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 FBA or DIF programs.

As an alternative to the FBA or DIF 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 the FBA due, for the work performed pursuant to the conditions in a Council approved reimbursement agreement (Council Policy 800-12).

Reimbursement Financing

This method of financing is outlined in Council Policy 400-7. It is commonly used when the first developer/sub-divider in an area is required to construct the necessary water and sewer facilities for an entire developing area, over sizing when required, to serve subsequent development. These agreements are approved by the City Council. Reimbursement to the first developer/sub-divider can occur over a period of time as long as 20 years or until all of the subsequently developed lands have participated in the reimbursement, whichever occurs first.

State/Federal Funding

Certain public facilities may be determined to benefit a regional area that is larger than the community planning area. Such projects may be appropriately funded by either the State, Federal Government, or by a combination of the two.

Regional Transportation Congestion Improvement Program Fees (RTCIP)

Where appropriate, the Facilities Financing Section assesses the Regional Transportation Congestion Improvement Program Fees (RTCIP) as originally authorized by the City Council by Resolution R-303554, adopted on April 14, 2008. This fee is applicable to new residential development. On-site Affordable (low income) units may be exempt from the RTCIP fee. These fees were established to ensure that new development directly invests in the region's transportation system to offset the negative impact of growth on congestion and mobility. This fee will be in addition to Development Impact Fees or Facilities Benefit Assessment Fees.

Cost Reimbursement District (CRD)

Occasionally, a developer/sub-divider is directed to construct public improvements that are more than that which is required to support its individual property/development. A CRD provides a mechanism by which the developer/sub-divider may be reimbursed by benefiting development which proceeds within 20 years of formation of the CRD. Reimbursement is secured

by a lien on the benefiting properties with the lien due and payable only upon recordation of a final map or issuance of a building permit, whichever occurs first.

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.

General Assumptions and Conditions

In connection with the application of the above methods of financing, the following general assumptions and conditions will be applied:

1. Except for those projects that are identified as FBA funded, 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 (except as noted), local roads, and the dedication or preservation of Open Space located within the anticipated development(s). A Mello-Roos 1913/1915 Act, or other type of reimbursement district, however, may fund such projects if the project(s) and applicant(s) qualify for this type of project financing.
2. Commercial and industrial 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 Scripps Miramar Ranch 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 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 assessments shall be evaluated for all portions of the program.
4. The developer, or permittee, shall pay the FBA as a condition of obtaining construction permits.
5. A developer, or group of developers, may propose to build or improve an FBA funded facility that is identified in the CIP. Upon City Council approval, the developer(s) may enter into an agreement to provide the facility in lieu of, or as credit against the payment of FBA fees, provided that adequate funds are available in the FBA fund. 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

from the FBA fund for the difference, subject to the approved reimbursement agreement and the availability of funds. If two developers are entitled to cash reimbursement during the same fiscal year, then the first agreement to be approved by the City Council shall take precedence over subsequent agreements approved by the City Council.

6. As FBA assessments are collected, they shall be placed in a City fund that provides interest earnings for the benefit of Scripps Miramar Ranch.
7. The Development Schedule, shown in Table 8 on page 18, is an estimated schedule and is based on the latest 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 anticipated within Scripps Miramar Ranch.
8. Most 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 would actually be constructed in that year. With each annual update, actual permit activity and corresponding population projections, coupled with additional traffic study information obtained since the last update, will be evaluated to determine the most appropriate year in which to budget the need for each remaining project. As such, the budgeted year for a given project is subject to change with each update to the financing plan.
9. Only those roadways that have been designed as a four-lane facility or larger have been considered in this financing plan as being funded by the FBA. All other roadways located within Scripps Miramar Ranch will be the responsibility of the developer/sub-divider and are not reflected in the FBA calculations.
10. For projects that require land acquisition in this financing plan, property value estimates assume that the property is graded, in finished pad condition, and “ready to accept” for the project for which it is intended (i.e. the value of raw land plus the cost of improvements/environmental mitigation.). The actual price paid for land within Scripps Miramar Ranch will be based upon either a price established through direct negotiations between the affected owner(s) and relevant public agency or by fair market value, as determined by an appraisal that will be prepared in accordance with standard City policy.
11. It has been assumed that all costs for open space acquisition will be provided from funds other than the FBA, i.e. subdivision requirement, off-site mitigation for a particular project, etc.
12. It is expected that all right-of-way for the major roads within the community are to be acquired via the subdivision process at no cost to

the FBA. If right-of-way must be acquired by the FBA by way of eminent domain, a CRD, with the beneficiary being the Scripps Miramar Ranch FBA, will be processed to recover the cost of the right-of-way at such time as the property adjacent to the roadway frontage develops.

13. FBA fees shall be paid by all categories of private development, including affordable housing projects.
14. This financing plan identifies a number of public facility projects as being funded by the FBA. However, it is understood that, during the development of Scripps Miramar Ranch, alternative funding sources may be proposed in lieu of FBA funding, such as developer funds or Mello-Roos CFD financing.