

Black Mountain Ranch

Public Facilities Financing Plan
Fiscal Year 2017
June 2017



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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 Planning Department, Facilities Financing Section, at (619) 533-3670.

To view this document online, visit the Planning Department on the City of San Diego website at <http://www.sandiego.gov/facilitiesfinancing/plans>

Introduction

Purpose

The Black Mountain Ranch Public Facilities Financing Plan (Financing Plan) implements the City of San Diego General Plan and the Black Mountain Ranch Community Plan by identifying the public facilities that will be needed to serve the community at full community development. The Financing Plan also includes projects that are otherwise required to serve the needs of development in the community.

The Financing Plan is prepared to ensure that all owners of undeveloped or underdeveloped property will pay their fair share of the funding required to finance the community's remaining public facilities needed to serve the community.

The Fiscal Year 2017 Black Mountain Ranch Public Facilities Financing Plan (Financing Plan) implements the improvement requirements set forth in the Black Mountain Ranch Subarea Plan, which was originally approved by the City Council on July 28, 1998 by Resolution No. R-290525, and subsequently amended on May 9, 2009 by Resolution No. R-304918.

Authority

The Fiscal Year 2017 update to the Black Mountain Ranch Public Facilities Financing Plan updates and sets the Development Impact Fees for Black Mountain Ranch pursuant to Municipal Code Section 142.0640 and California Government Code 66000 et seq. (Mitigation Fee Act).

Update to Financing Plan

On January 13, 2015, by Resolution R-309468, the City Council adopted the Fiscal Year 2015 Black Mountain Ranch Public Facilities Financing Plan. This report constitutes the fifth comprehensive update of the Public Facilities Financing Plan for the Black Mountain Ranch community. Future updates are anticipated to occur periodically.

A Phase Shift from the future urbanizing planning designation to planned urbanizing was approved by the voters during Fiscal Year 1999. This community is also subject to the requirements of two development agreements:

- Second Amended and Restated Development Agreement Between The City of San Diego and Black Mountain Ranch Limited Partnership, Document No. O-18387, March 17, 1997.
- First Amendment to Second Amended and Restated Development Agreement Between The City of San Diego and Black Mountain Ranch Limited Partnership, Document No. O-19020, December 10, 2001.

Scope of Report

This Financing Plan update identifies the major public facilities that will be needed to serve the community over the next 9 years, during which full development of the community is anticipated, and sets the Development Impact Fees for Black Mountain Ranch pursuant to Municipal Code Section 142.0640 and California Government Code 66000 et seq. (Mitigation Fee Act).

Development Impact Fees

Fee Procedure

On April 6, 2016, Chapter 6, Article 1 of the San Diego Municipal Code was amended by repealing Division 22 related to Facilities Benefit Assessments and Development Impact Fees. This amendment eliminates the legal distinction between Facilities Benefit Assessments (FBA) and Development Impact Fees (DIF) by eliminating the noticing and recording requirements specific to FBA. Municipal Code Section 142.0640 was also amended on April 6, 2016 to identify all fees collected in Facilities Benefit Assessment communities and Development Impact Fee communities as Development Impact Fees, although under the City's General Plan, Black Mountain Ranch is still considered an FBA community.

The Black Mountain Ranch Development Impact Fees provide funding for public facilities projects needed to serve anticipated development in the community. The dollar amount of the DIF is based upon the collective cost of each public facility needed to serve anticipated development in the community, and is equitably distributed over the remaining undeveloped property in the Black Mountain Ranch community.

A Property Owner's List is prepared for Black Mountain Ranch where each remaining, unimproved parcel, and approved map unit in the community is apportioned its share of the total cost of remaining public facilities needed to serve new development based on the size and anticipated use of the property. Refer to the Property Owner's List on page 171 for more information.

At the time of construction or building permit issuance, the owner of the parcel being developed must pay a development impact fee based on the fee schedule that is in effect at the time the permit is obtained, as determined by the type and size of the development. Owners/developers are not permitted to pay fees in advance of development. The DIF is paid directly to the Development Services Department at the time of construction or building permit issuance.

Development Impact Fees are collected, placed into a separate interest bearing fund, and used within the community solely for those capital improvements and administrative costs identified in the Black Mountain Ranch Public Facilities Financing Plan.

Timing and Cost of Facilities

The public facilities projects anticipated to be financed by the Black Mountain Ranch DIF funds are shown in Table 8, 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 anticipated projects, which are listed in Table 8, can be found on the project sheets beginning on page 34. The DIF also cover the administrative costs associated with the development, implementation, and operation of the Development Impact Fee Program.

Expenditures

The following are three types of expenditures for which Development Impact Fees may be used:

- 1) **Direct payments** for facility costs, including administration of the Development Impact Fee Program;
- 2) **Cash reimbursement** to developers for providing facilities exceeding the cost of their Development Impact Fee obligation pursuant to an approved reimbursement agreement.
- 3) **Credits** to developers for the cost of constructing facilities pursuant to an approved reimbursement agreement.

Therefore, whether a developer or the City provides a facility, direct payments, credits, and cash reimbursements are all treated as expenses to the Development Impact Fee fund.

Land Use Categories

There are seven land use categories in Black Mountain Ranch; Single Family, Multi-Family, Senior Housing, Commercial/Retail, Institutional, Employment/Office and Hotel. The anticipated remaining residential development for Black Mountain Ranch is estimated at 1,357 dwelling units. The anticipated remaining non-residential development for Black Mountain Ranch is estimated to be 14,760 square feet of commercial/retail, 515,000 square feet of employment/office and 9.9 institutional acres. For more detail on the year-by-year development estimates, see Table 7 on page 18.

Development Impact Fees are paid on a per unit basis for residential development, and on a per acre or square foot basis for non-residential development. In the event that a landowner desires to proceed with development of a portion of a property based on a phased development program, the landowner may obtain construction or building permits for the development of a partial phase after paying the applicable portion of the DIF.

Table 1 Inventory of Land Uses

Land Use	Actual to Date	Anticipated	Total
Single-Family Residential Units	2,967	528	3,495
Multi-Family Residential Units	951	454	1,405
Senior Housing Units	125	375	500
Commercial/Retail ¹	226,240	14,760	241,000
Institutional Acres ²	6.1	9.9	16.0
Employment/Office	0	515,000	515,000
Hotel Rooms	0	300	300
Golf Course	1	0	1

As of June 30, 2016

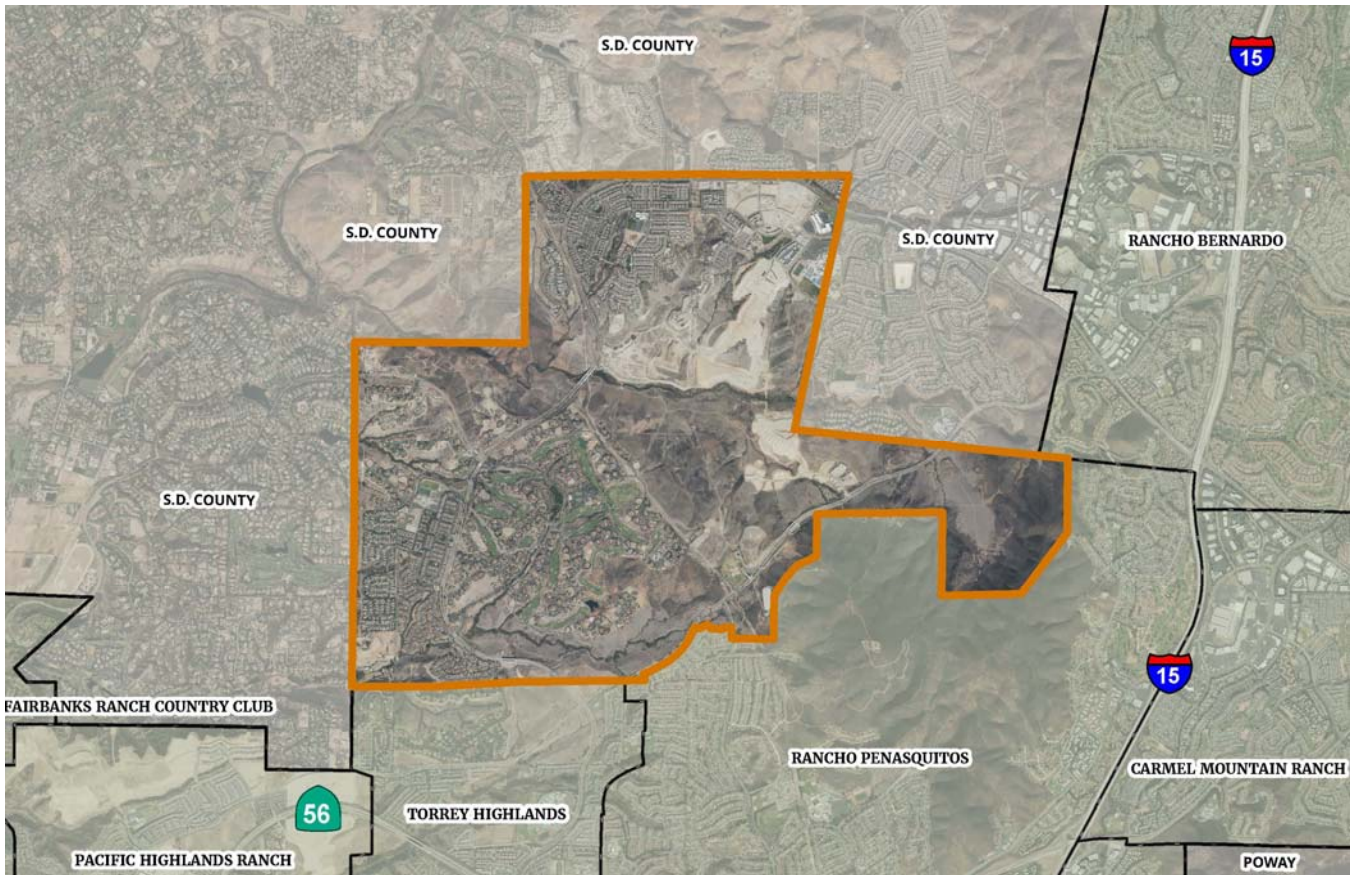
¹ 16,000 square feet of the Commercial/Retail uses are located at the South Village Town Center. Pursuant to the Black Mountain Ranch Subarea Plan, the remaining 225,000 square feet of the Commercial/Retail uses are located in the North Village Town Center.

² Institutional land uses include projects such as churches, day care centers, assisted living, and other similar uses.

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Figure 1– Community Map

Black Mountain Ranch Community Boundaries



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Development Impact Fee Methodology

EDU Ratios

An Equivalent Dwelling Unit (EDU) ratio has been established for the purpose of appropriately allocating the cost of public facilities between the different land use classifications. EDU ratios have been calculated for each category of facility to be funded by Development Impact Fees because the relationship between land use and the degree of benefit from different public facilities can vary substantially depending on land use. 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 impacts. Table 2 provides the EDU ratios used to prepare the Black Mountain Ranch Development Impact Fee.

Table 2 EDU Ratios

CATEGORY	Transportation	Parks	Fire	Library	Water	Sewer
Single-Family	1.0	1.0	1.0	1.0	1.0	1.0
Multi-Family	0.7	0.7	0.7	0.7	0.7	0.7
Senior Housing	0.4	0.36	0.36	0.36	0.36	0.36
Commercial (per 1,000 S.F.)	0.4	0.0	0.4	0.0	0.8	0.8
Institutional (per acre)	4.0	0.0	4.0	0.0	8.9	8.9
Employ/Office (per 1,000 S.F.)	0.2	0.0	0.4	0.0	1.14	1.14
Hotel (per room)	0.56	0.0	0.5	0.0	1.25	1.25
Golf Course	50	0.0	20.0	0.0	50.0	50.0

Determination of Development Impact Fees

Development Impact Fees are calculated and levied against each undeveloped or underdeveloped parcel based upon the type and size of development which is expected to occur. The Development Impact Fees for Black Mountain Ranch were determined by using the following information and assumptions:

- Anticipated development scheduled through community buildout.
- EDU ratios for each land use designation
- Schedule of facility expenditures (in FY 2017 dollars) to be financed with monies from the DIF fund
- Assumed annual interest rate of 1% for Fiscal Years 2017 through build out (applied to the cash balance)
- Annual inflation rate of 3% for Fiscal Years 2018 through build out to determine the future costs of facilities that will be constructed in years beyond FY 2017. (Reimbursable and fixed cost projects are exempt from the annual inflation rate adjustment.)
- At the beginning of each fiscal year (July 1), the Development Impact Fee schedule is automatically increased by the inflation factor.

Periodic Review

The Mitigation Fee Act provides for a periodic review of fees. The review may include, but not be limited to, the following:

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

Development Impact Fee Schedule

The Black Mountain Ranch Development Impact Fee Schedule in Table 3 on page 12, shows the DIF for each category of land use during each year of community development. The FY 2017 Financing Plan update proposes an **11%** decrease in the current fee structure due to an accelerated absorption schedule with DIF payments in cash rather than the use of DIF credits, and a decrease in the ending DIF Cash Flow balance of approximately \$2.3 million from the most recent, FY 2015 Financing Plan. An inflation factor of 3% per year will be applied to the impact fee starting in FY 2018. The inflation factor is used to provide automatic annual increases in the DIF and takes effect at the beginning of each fiscal year (July 1). The automatic increase provision is effective only until such time as the next adjustment is authorized by the City Council. Thereafter, the subsequent Council-approved annual adjustment will apply.

Fee Deferral Program

On October 21, 2014, the San Diego City Council approved Ordinance O-20419, which allows for the deferral of the payment of Development Impact Fees for up to two years after construction permits are issued for a project. To defer the payment of DIF, the applicant must enter into a Fee Deferral Agreement with the City, which is subsequently recorded against the property. The applicant must pay an administrative fee to process a Fee Deferral Agreement. The DIF can be deferred for a maximum of two years, or until request for final inspection, whichever occurs first. The final inspection may not be scheduled until the applicable DIF are paid.

Development Impact Fees, including all applicable 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 Financing Plan, whichever fee is lower.

Table 3 Development Impact Fee Schedule

FISCAL YEAR	SFDU	MFDU	SNR	CKSF	INST AC	E/O KSF	HOTEL RM
2017	\$36,352	\$25,446	\$13,814	\$6,180	\$120,325	\$3,272	\$16,722
2018	\$37,443	\$26,210	\$14,228	\$6,365	\$123,936	\$3,370	\$17,224
2019	\$38,566	\$26,996	\$14,655	\$6,556	\$127,653	\$3,471	\$17,740
2020	\$39,723	\$27,806	\$15,095	\$6,753	\$131,483	\$3,575	\$18,273
2021	\$40,915	\$28,641	\$15,548	\$6,956	\$135,429	\$3,682	\$18,821
2022	\$42,142	\$29,499	\$16,014	\$7,164	\$139,490	\$3,793	\$19,385
2023	\$43,406	\$30,384	\$16,494	\$7,379	\$143,674	\$3,907	\$19,967
2024	\$44,708	\$31,296	\$16,989	\$7,600	\$147,983	\$4,024	\$20,566
2025	\$46,049	\$32,234	\$17,499	\$7,828	\$152,422	\$4,144	\$21,183

SFDU = Single-family dwelling unit
 MFDU = Multi-family dwelling unit
 SNR = Senior housing unit
 E/O KSF = Employment/Office (per 1,000 sf)

CKSF = Commercial (per 1,000 sf)
 INST AC = Institutional acre
 HOTEL RM = Hotel Room

Cash Flow Analysis

The Black Mountain Ranch Cash Flow, Table 6, page 15, presents an analysis of the Black Mountain Ranch Development Impact Fees. For each fiscal year during the development of the community, the cash flow shows the difference between anticipated DIF revenues (including earned interest) and the expected capital improvement expenditures. Interest earnings for cash on hand are compounded and based on an estimated 1% annual return for FY 2017 through full community development.

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.

Periodic updates of the cash flow analyses, using actual event status (project status, revenues collected, actual construction costs incurred, etc.), are anticipated throughout 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.

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 4 and 5 below. The indices are referenced as a demonstration of historical construction cost changes over time and an indicator of potential future cost changes which are factored into the costs of future facilities.

Table 4 Los Angeles/San Diego Construction Cost Index
As reported by *Engineering News Record*

Year	CCI	% Change/Year
2010	9770	(0.3%)
2011	10,035	2.72%
2012	10,284	2.48%
2013	10,284	0%
2014	10731	4.35%
2015	10995	2.46%
2016	11158	1.48%

Table 5 San Diego Consumer Price Index

Year	CPI	% Change/Year
2010	244.2	1.4%
2011	252.5	3.4%
2012	256.6	1.7%
2013	258.9	0.9%
2014	265.3	2.4%
2015	267.3	0.8%
2016	272.6	2.0%

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Table 6 - Black Mountain Ranch FBA Cash Flow

FY	SFDU	MFDU	SENIOR HOUSING	COMM	GOLF	INSTT	EMPLOY/OFFICE	HOTEL	SFDU	MFDU	SENIOR HOUSING	CKSF	INSTAC	EMPLOY/OFFICE KSF	HOTEL ROOM	REVENUE PLUS INTEREST	PLANNED CIP EXPENSES	NET BALANCE	FY
PRIOR	2,967	951	125	226	1	6.09	0	0										\$34,267,971	PRIOR
2017	209	187	263	0	0	0	0	0	\$36,352	\$25,446	\$13,814	\$6,180	\$120,325	\$3,272	\$16,722	\$16,305,384	\$21,417,169	\$29,156,187	2017
2018	98	178	36	0	0	0	280	0	\$37,443	\$26,210	\$14,228	\$6,365	\$123,936	\$3,370	\$17,224	\$10,061,501	\$14,064,048	\$25,153,640	2018
2019	10	36	36	0	0	0	0	0	\$38,566	\$26,996	\$14,655	\$6,556	\$127,653	\$3,471	\$17,740	\$2,068,132	\$15,711,594	\$11,510,177	2019
2020	9	29	40	0	0	5.64	0	0	\$39,723	\$27,806	\$15,095	\$6,753	\$131,483	\$3,575	\$18,273	\$2,567,141	\$14,005,922	\$71,396	2020
2021	59	7	0	0	0	0	0	0	\$40,915	\$28,641	\$15,548	\$6,956	\$135,429	\$3,682	\$18,821	\$2,621,793	\$1,293,498	\$1,399,691	2021
2022	54	9	0	0	0	3.80	0	0	\$42,142	\$29,499	\$16,014	\$7,164	\$139,490	\$3,793	\$19,385	\$3,087,126	\$2,696,677	\$1,790,139	2022
2023	52	1	0	0	0	0	0	0	\$43,406	\$30,384	\$16,494	\$7,379	\$143,674	\$3,907	\$19,967	\$2,316,581	\$59,703	\$4,047,018	2023
2024	27	5	0	0	0	0	235	300	\$44,708	\$31,296	\$16,989	\$7,600	\$147,983	\$4,024	\$20,566	\$8,508,186	\$10,750,145	\$1,805,058	2024
2025	10	2	0	14.76	0	0.47	0	0	\$46,049	\$32,234	\$17,499	\$7,828	\$152,422	\$4,144	\$21,183	\$723,177	\$2,123,357	\$404,879	2025
Anticipated	528	454	375	14.76	0.00	9.91	515.00	300											
Total	3,495	1,405	500	241	1.00	16.00	515.00	300								\$48,259,020	\$82,122,113		

Notes:

- 1) Values are rounded to the nearest dollar.
- 2) Annual interest rate is 1% in FY 2018 and beyond.
- 3) Annual inflation rate is 3% on project costs and FBA fee in FY 2018 and beyond.

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Property Owner's List

For each undeveloped map portion or parcel in the community, the Property Owner's List includes:

- Parcel number
- Name 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)

Identification numbers on the Property Owner's List may be non-sequential as a result of some parcels having been omitted after the Development Impact Fee is paid, as ownership changes, or as parcels subdivide. Ownership information is shown according to the County Assessor's records at the time the list is prepared. The current Property Owner's List starts on page 171 of this Financing Plan.

Development Forecast and Analysis

The development schedule for Black Mountain Ranch 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. Certain economic factors could adversely affect these development projections. Higher interest rates, higher land and housing prices, an economic recession, and issues involving transportation thresholds could slow or halt the development rate of Black Mountain Ranch. Conversely, a period of robust business expansion could significantly increase the rate of development. Indications are that the remaining development of Black Mountain Ranch will take place over a 9-year period.

The projected schedule of development for Black Mountain Ranch is presented in Table 7, 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 2016 refers to those for which permits were issued, with fees paid, between July 1, 2015 and June 30, 2016.

Residential

The anticipated remaining residential development for Black Mountain Ranch is estimated at 1,357 dwelling units, with total residential development estimated at 5,400 dwelling units at buildout.

Non-residential

The anticipated remaining non-residential development for Black Mountain Ranch is estimated to be 14,760 square feet of commercial uses, 515,000 square feet of employment/office uses, and 9.9 acres of institutional uses.

Table 7 Development Schedule

FISCAL YEAR	SFDU	MFDU	SNR	CKSF	INSTAC	E/OKSF	HOTEL	GOLF
2001	51	0						
2002	300	0						
2003	375	188						1
2004	257	129		8				
2005	61	0		8				
2006	233	204						
2007	321	3			1.14			
2008	87	49						
2009	59	0						
2010	148	0			1.66			
2011	79	10						
2012	128	20						
2013	164	110						
2014	171	127						
2015	241	36	100	163.43	3.29			
2016	292	75	25	46.81				
2017	209	187	263					
2018	98	178	36			280		
2019	10	36	36					
2020	9	29	40		5.64			
2021	59	7						
2022	54	9			3.80			
2023	52	1						
2024	27	5				235	300	
2025	10	2		14.76	0.47			
THRU FY 2016	2,967	951	125	226.24	6.09	0	0	1
ANTICIPATED	528	454	375	14.76	9.91	515	300	0
TOTAL	3,495	1,405	500	241	16.0	515	300	1

Notes: Development figures shown for development beyond FY 2016 are estimates. Units are shown in the year the FBA/DIF obligation is satisfied, not in the year permits were issued.

Capital Improvement Program

Future Public Facility Needs

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

- Transportation
- Parks and Recreation
- Fire
- Library
- Public Utilities

These projects are summarized by category in Table 8 on page 27. The anticipated project descriptions can be found in the Capital Improvement Program (CIP) sheets beginning on page 34.

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 may affect the schedule for providing needed public facilities. In addition, the City may amend this Financing Plan to add, delete, substitute, or modify a particular project to take into consideration unforeseen circumstances.

Project Costs

This update includes an analysis by each of the asset-owning 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.

Financing Strategy

The City of San Diego General Plan Policy PF-A-3 (Public Facilities, Services & Safety Element) calls for the City to maintain an effective Facilities Financing program to ensure that impacts of new development are mitigated through appropriate fees identified in the Public Facilities Financing Plans; to ensure new development pays its proportional fair share of public facilities costs; to ensure Development Impact Fees are updated frequently and evaluated periodically to ensure Financing Plans are representative of current project costs and facility needs; and to include in the Financing Plans a variety of facilities to effectively and efficiently meet the needs of diverse communities. Development impacts include impacts to public facilities and services including the water supply and distribution system, sanitary sewer system, drainage facilities, fire protection, streets, parks, and open space. Developers may provide a majority of the needed public facilities as a part of the subdivision/development process. Public facility projects that benefit a

population larger than the local/adjacent development may be financed by using the following methods:

Development Impact Fees

Development Impact Fees are a method whereby the impact of new development upon the infrastructure needs of the community is determined, and a fee is developed and imposed on development to mitigate the impact of new development while following the procedures specified in San Diego Municipal Code Chapter 14, Article 2, Division 6 and the Mitigation Fee Act. Impact fees cannot be used for existing facility deficiencies resulting from previous development. Development Impact Fees are collected at the time of construction permit issuance. Funds collected are deposited in a special interest bearing fund and can only be used for identified facilities serving the community in which they were collected.

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 may be 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.

Community Facilities Districts (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 Community Facilities District (CFD). The formation of such Community Facilities Districts 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.

Further guidance on both Assessment Districts and Community Facilities Districts within the City can be found in the City of San Diego Debt Policy – Appendix A – Special District Formation and Financing Policy.

Developer Construction

New development either constructs required facilities as a condition of subdivision or development approval 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 Development Impact Fees (DIF). As an alternative to the payment of DIF, 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 fees otherwise due, for the work performed pursuant to the terms of a Council approved reimbursement agreement (Council Policy 800-12).

Developer Advance

It is anticipated that some of the projects which have been identified as being DIF funded, are to be constructed by developers in Black Mountain Ranch. Subject to the terms of a reimbursement agreement, a developer may actually start construction of a project before there are sufficient DIF funds available to provide either cash reimbursement or credit against the developer's obligation to pay DIF fees. In other words, the "need" for the project may occur before there are DIF funds available to cover the cost of the project. Additionally, a developer may have accumulated credits from one or more other DIF funded projects such that the developer is unable to use credits as fast as they have been earned. 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 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 DIF fees. Subject to the availability of funds, the year(s) in which reimbursement or credit for the Developer Advance occurs may be accelerated to the fiscal year in which the Developer Advance is extended. On some Financing Plan project sheets, a developer is identified as being the party who will provide the Developer Advance. During the course of development of the Black Mountain Ranch community, the developer who actually constructs a given project may turn out to be different from the developer identified on the CIP project sheet. It is understood that by being named on the CIP project sheet, a developer is in no way obligated to actually construct that particular project. A developer's obligation to construct a project is determined not by being named in this Financing Plan but, rather, by the terms of a development agreement, map condition, reimbursement agreement or other such similar document.

Reimbursement Financing for Water and Sewer Facilities

This method of financing is outlined in Council Policy 400-07. 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. 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, Facilities Financing 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.

Cost Reimbursement District (CRD)

Occasionally, a developer/sub-divider is required to construct public improvements that are more than that which is required to support its individual property/development. A Cost Reimbursement District (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 Development Impact Fee 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, local roads, and the dedication or preservation of open space located within the proposed 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 charged a Development Impact Fee for infrastructure including transportation, fire, and utility facilities. However, developers of non-residential land will not be charged for park and recreation or library facilities since those facilities primarily serve the residential component of the Black Mountain 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, appropriate fair share may be evaluated at that time.
3. Periodic reviews may be performed to evaluate performance of the program and to consider the continuing commitments related to the completion of needed facilities. Project costs and charges would be evaluated for all portions of the program.
4. The owner, developer, or permittee, shall pay the applicable Development Impact Fee as a condition of obtaining a construction or building permit in accordance with the San Diego Municipal Code.

5. A developer, or group of developers, may propose to build or improve a Development Impact Fee (DIF) funded facility that is identified in the Capital Improvements Program. 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 DIF, provided that adequate funds are available in the DIF 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 DIF fund for the difference, subject to the terms of an approved reimbursement agreement and the availability of funds. If two developers are eligible for cash reimbursement during the same fiscal year, then the first reimbursement agreement to be approved by the City Council shall take precedence over subsequent reimbursement agreements approved by the City Council.
6. As Development Impact Fees are collected, they will be placed in a City fund that provides interest earnings for the benefit of Black Mountain Ranch.
7. The Development Schedule, shown in Table 7 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 proposed within Black Mountain 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 is not a binding commitment that the project will actually be constructed in that year. With each periodic 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. In addition, the City may amend this Financing Plan to add, delete, substitute, or modify a particular project to take into consideration unforeseen circumstances.
9. Only those roadways that have been designed as a four-lane facility or larger have been considered in this Financing Plan for funding with Development Impact Fees (DIF). All other roadways located within Black Mountain Ranch will be the direct responsibility of developer/sub-dividers and are therefore not reflected in the DIF calculations.
10. A large majority of the cost necessary to construct SR-56 will be provided from funds other than Development Impact Fees, e.g. TRANSNET, state or federal (ISTEA) highway funds, and/or toll road

funds, etc. In 2006, the voters of San Diego County approved the extension of the TRANSNET 1/2 cent sales tax and identified the widening of SR-56 as one of the projects to be funded by TRANSNET. Consequently, the funding of this project has now been identified in the Regional Transportation Program (RTP) managed by SANDAG.

11. 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 Black Mountain 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.
12. All costs for open space acquisition will be provided from funds other than Development Impact Fees, i.e. subdivision requirement, off-site mitigation for a particular project, etc.
13. All right-of-way for the major roads within the community are to be acquired via the subdivision process at no cost to the Development Impact Fees fund.
14. Development Impact Fees are paid by all categories of private development, including affordable housing projects.
15. This Financing Plan identifies a number of anticipated public facility projects as being funded by Development Impact Fees (DIF). However, it is understood that, during the development of Black Mountain Ranch, alternative funding sources may be proposed in lieu of DIF funding, such as developer funds or Mello-Roos Community Facilities District financing.
16. 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 DIF may include, but is 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.

Cross Funding Between Communities

Developers of Black Mountain Ranch Phase I (Santaluz), and Fairbanks Highlands constructed a number of public facilities projects identified in the FY 2003 Financing Plan as being partially the responsibility of the Torrey Highlands DIF. In an effort to simplify the “cross-funding” between Black Mountain Ranch and Torrey Highlands, the FY 2006 Financing Plan was revised to identify 100% DIF funding for a few projects in return for Torrey Highlands providing 100% DIF funding of a few others. After adjustment, the net funding obligation of both communities remained the same. Therefore, several of those Torrey Highlands projects are included in this financing plan as reference although they do not include Black Mountain Ranch DIF funding.

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