



DATE: March 27, 2013
TO: Honorable Mayor and City Councilmembers
FROM: City Manager's Office
SUBJECT: **EL CORAZON PUBLIC FACILITIES FEE STUDY**

SYNOPSIS

Staff recommends that the City Council approve the updating and completion of the El Corazon Public Facilities Fee Study, initiate the process to establish the fee via completion of the study and setting of a Public Hearing, and obtain direction from the City Council on a citywide assessment or tax increase to fund the future development of El Corazon.

BACKGROUND

In 2009, the El Corazon Planning Committee (ECPC) completed a Draft El Corazon Public Impact Fee Study with assistance from Willdan Financial Services. A copy of the Final Draft Report dated January 16, 2009, is attached. Due to the economic climate at that time, the study was put on hold.

As part of the City Council's recent Strategic Planning process, the Council and community identified the need to update the public facilities fee program for El Corazon.

ANALYSIS

The 2009 version of the El Corazon Public Facilities Impact Fee Study needs to be updated in order to implement a fee program. The 2009 draft identifies a total potential fee collection of \$32 million to be allocated to new development, which includes approximately \$10 million as part of the City's current Park Fee program, and an additional \$22 million as a new fee. This amounts to a new fee of approximately \$2,372 per single family home and \$1,848 per multi-family dwelling. The purpose of the fee is to ensure that new development funds the construction of its fair share of the cost of public facilities at El Corazon.

The draft study further identifies that a non-fee revenue requirement of \$140 million will be needed to finance the construction of facilities at El Corazon. Existing development, not just new development, will benefit from planned public facilities at El Corazon. In order to implement an El Corazon Facilities Fee, the City will also need to identify non-fee sources of funding as such assessments or taxes charged over time to existing

development or through a general increase to the City's sales tax rate that would be pledged against a bond to pay for El Corazon improvements. The non-fee revenue needed, per the 2009 draft study, equals \$784 per existing resident, or \$2,326 per single family home, and \$1,812 per multi-family dwelling. Over a 20-year period, \$116 in non-fee funding per existing single family home would be needed. The City does have the ability to add the El Corazon Park Fee to the City's Development Impact Fee structure. Any fees collected would have to be allocated within five years of their collection. Based on the amount of new housing development projected for the next few years, it is unlikely that any significant amount of fees would be collected to provide for any major improvements at El Corazon. However, there could be enough fees generated to incrementally provide for trails and similar improvements that can be implemented over time.

In order to reinitiate this process, the 2009 Fee Study needs to be reviewed, updated and validated in light of the City's 2013 circumstances.

FISCAL IMPACT

The cost to update and complete the study and to implement the fee program is estimated not to exceed \$22,000, which would be taken from account 150150101.5305. The fiscal impact of the actual facilities fee assessment will be determined on completion of the study itself.

INSURANCE REQUIREMENTS

Does not apply.

COMMISSION OR COMMITTEE REPORT

The Economic Development Commission (EDC), at its March 12, 2013 meeting, supported the completion of the El Corazon Public Facilities Impact Fee Study.

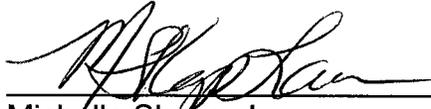
CITY ATTORNEY'S ANALYSIS

The referenced documents have been reviewed by the City Attorney and approved as to form.

RECOMMENDATION

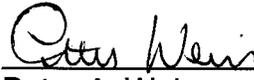
Staff recommends that the City Council approve the updating and completion of the El Corazon Public Facilities Fee Study, initiate the process to establish the fee via completion of the study in the setting of a Public Hearing, and obtain direction from the City Council on a citywide assessment or tax increase to fund the future development of El Corazon.

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City Manager

REVIEWED BY:

George Buell, Development Services Director



ATTACHMENTS:

El Corazon Public Impact Fee Study, January 16, 2009

CITY OF OCEANSIDE



EL CORAZON PUBLIC FACILITIES IMPACT FEE STUDY

**FINAL REPORT
JANUARY 16, 2009**



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1 . INTRODUCTION AND APPROACH

This report presents an analysis of the fair share of funding for the public facilities planned for the El Corazon Specific Plan that may be allocated to new residential development in the City of Oceanside through a development impact fee. The report calculates a fee schedule to identify the fee that should be paid by each residential development project. The report also documents the findings that are required for impact fees under the *Mitigation Fee Act*.

This chapter explains the study approach under the following sections:

- ◆ Background and Study Objectives;
- ◆ Public Facilities Financing in California;
- ◆ Existing Oceanside Park Impact Fee; and
- ◆ Organization of the Report.

BACKGROUND AND STUDY OBJECTIVES

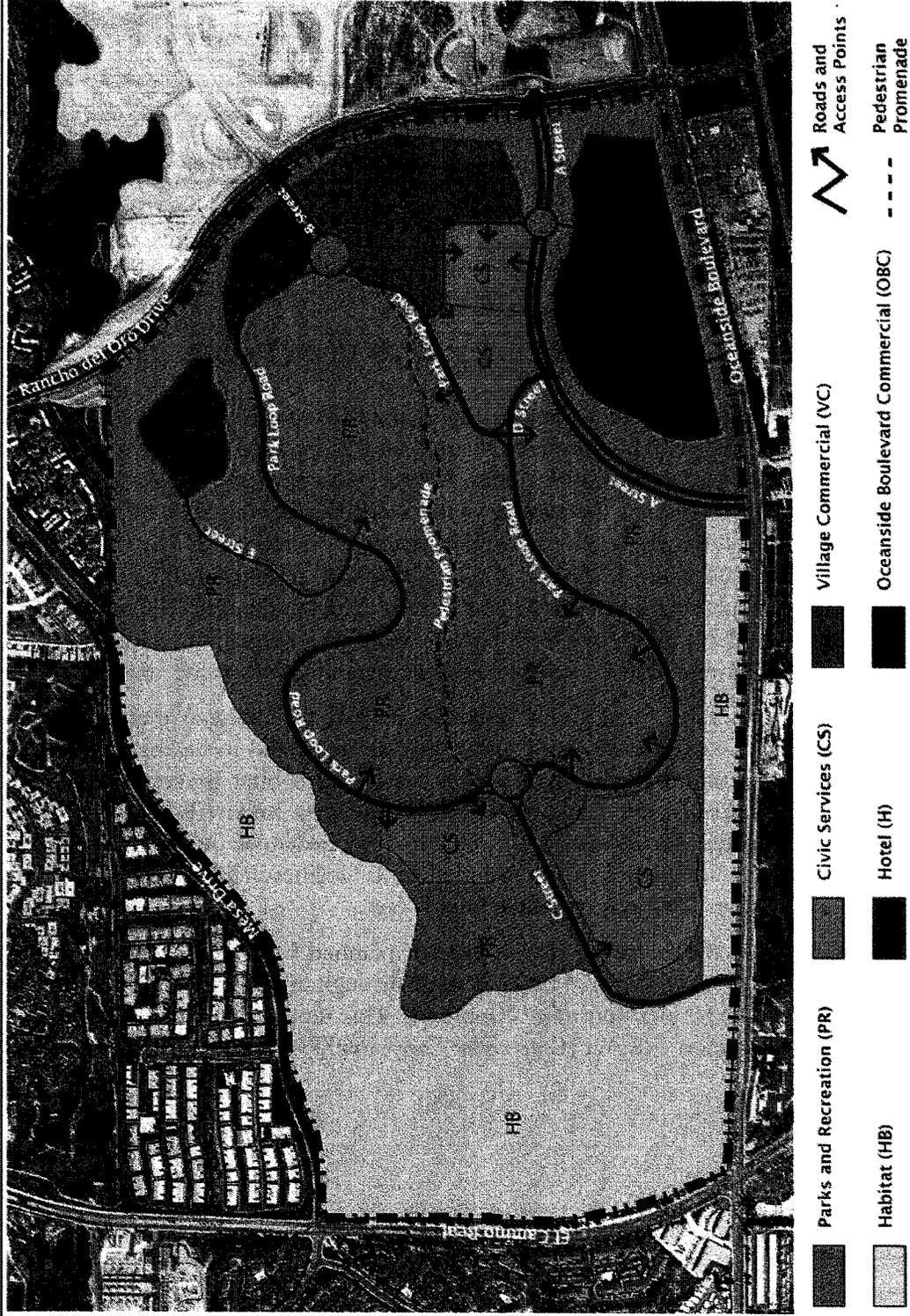
In 1994, approximately 465 acres of land formerly used for gravel mining was donated to the City of Oceanside. The area, now called El Corazon, is located in the center of the City and will be used for park and recreation facilities, habitat conservation, civic services, hotels and other commercial development. According to the Draft El Corazon Specific Plan, 410 of the 465 acres will be ultimately used for public facilities, including 212 acres of park and recreation facilities, 34 acres for civic services, and 164 acres of habitat preserve area.¹ **Figure 1** shows the planned land uses in El Corazon. The parkland in El Corazon is divided into nine park sites that provide for both passive and active recreation including a plaza and community center campus, several sports fields, playgrounds, and picnic areas.

The City expects to fund these public facilities in part by charging impact fees to new residential development. Residents, not businesses, are expected to be the primary users of the park and recreation facilities, civic facilities, and the habitat preserve planned for El Corazon. Correspondingly, the El Corazon Public Facilities Impact Fee would be charged only to new residential development, and not to nonresidential development projects. A portion of the costs of developing park and recreation facilities in El Corazon will be funded with revenue from the City's existing parks impact fee.

This report identifies the fair share of the costs of planned El Corazon public facilities that could be charged to new residential development through an additional impact fee and the corresponding impact fee per unit of development. This report also documents the findings required by the Mitigation Fee Act (*Government Code* §§66000 – 66025) for the adoption of an impact fee.

¹ El Corazon Specific Plan, adopted _____.

Figure 1: El Corazon Park Land Use Plan



Source: El Corazon Specific Plan

PUBLIC FACILITIES FINANCING IN CALIFORNIA

The changing fiscal landscape in California during the past 30 years has steadily undercut the financial capacity of local governments to fund infrastructure. Three dominant trends stand out:

- ◆ The passage of a string of tax limitation measures, starting with Proposition 13 in 1978 and continuing through the passage of Proposition 218 in 1996;
- ◆ Declining popular support for bond measures to finance infrastructure for the next generation of residents and businesses; and
- ◆ Steep reductions in federal and state assistance.

Faced with these trends, many cities and counties have had to adopt a policy of “growth pays its own way.” This policy shifts the burden of funding infrastructure expansion from existing taxpayers onto new development. This funding shift has been accomplished primarily through the imposition of assessments, special taxes, and development impact fees also known as public facilities fees. Assessments and special taxes require approval of property owners and are appropriate when the funded facilities are directly related to the developing property. Development fees, on the other hand, are an appropriate funding source for facilities that benefit all development jurisdiction-wide or within designated zones of benefit. Development fees may only be used to fund facilities whose need is caused, in part, by new development. Development fees need only a majority vote of the legislative body for adoption.

EXISTING OCEANSIDE PARK IMPACT FEE

The City of Oceanside currently charges a park impact fee of \$3,503 per dwelling unit to fund the neighborhood and community parks needed to serve new development.² The City plans to use revenue from the existing impact fee to fund development of \$10 million of park facilities in El Corazon. Other than the facilities to be funded with the existing impact fee, the planned park and recreation facilities in El Corazon will be additional facilities over and above the facilities provided through the existing park impact fee. Therefore, the El Corazon Public Facilities Impact Fee is based only on the cost of public facilities planned for El Corazon. This fee would be charged in addition to the existing park impact fee.

ORGANIZATION OF THE REPORT

In the following three chapters, this report identifies impact fees for public facilities in El Corazon and provides the necessary findings required by the Mitigation Fee Act for adoption of the identified fees. Chapter 2 documents the calculation of the impact fee. The calculation of the impact fee is based on development projections and planned public

² Based on the current average residential density in Oceanside of 2.74 persons per dwelling unit, the existing park impact fee corresponds to approximately \$1,278 per capita.

facilities in El Corazon. Chapter 3 outlines implementation procedures for the proposed impact fee. Chapter 4 provides the findings required by the Mitigation Fee Act.

2. FEE CALCULATION

This chapter of the report calculates a proposed impact fee for public facilities in El Corazon. The impact fee is based on the planned facilities and projected development in the City of Oceanside through the report's 2030 planning horizon.

The sections that follow describe the planned El Corazon public facilities and the service population for these facilities. The cost of planned facilities and the future service population are used to calculate the cost per capita for El Corazon public facility improvements to be funded with the impact fee. This cost per capita is then used as the basis for the El Corazon Public Facilities Impact Fee.

FACILITIES PLANNING AND STANDARDS

Planned public facilities in El Corazon are described in the Draft El Corazon Specific Plan. The Specific Plan is largely based on the El Corazon Land Use Master Plan Project Report, completed in 2005. The Master Plan was developed by the El Corazon Planning Commission (ECPC). The ECPC determined land uses for El Corazon by considering a number of factors, including:

- ◆ Public workshops;
- ◆ Endangered species habitat conservation;
- ◆ Environmental constraints;
- ◆ Supply and demand for various types of recreational facilities in Oceanside over time; and
- ◆ Fiscal feasibility, including the potential for developing commercial uses in El Corazon to partially fund public facilities.

In determining which sports and recreational facilities should be developed in El Corazon, the ECPC specifically considered the need for soccer, Little League and adult baseball, softball, aquatic facilities, and skateboarding/BMX facilities. The Commission analyzed needs over time for facilities for local recreational and league use, as well as the potential for hosting local, regional, and national tournaments. The ECPC considered projected population growth, trends in participation rates for various sports, and Oceanside's attributes compared to other locations in the region that could host sports tournaments. Based on the identified demand for sports and recreational facilities in Oceanside and current plans for the development of new facilities elsewhere in the City, the ECPC identified facilities that should be provided in El Corazon.

The public facilities in El Corazon will be available on an equal basis to residents of both existing and new development. Therefore, the cost of these facilities is allocated to both existing and new development on an equal per capita basis in this study. Funding for the fair share portion of the facilities allocated to new development will be generated through the proposed impact fee. The City of Oceanside will have to identify other, non-fee sources of funding for the share of facilities costs allocated to existing development.

Currently, El Corazon is unused except for a temporary 15 acre green waste recycling center. Development of a 15,000 square foot senior center in El Corazon has also begun, with completion scheduled for spring 2009. The City is currently working on the Draft Environmental Impact Report for El Corazon.

SERVICE POPULATION

The service population for the El Corazon public facilities will be made up of all residents Citywide. El Corazon is centrally located in the City. The public facilities planned for El Corazon, including multiple athletic facilities and fields, hiking trails, a bandstand, a community center, an aquatic center, and a skate park, will draw users from the entire City and not just the surrounding area. The El Corazon Specific Plan includes some nonresidential uses, including hotel, retail, and entertainment uses. The City has determined, however, that residents, and not businesses or employees, are the primary users of the park and recreation facilities and other public facilities to be provided in El Corazon. Therefore, workers in Oceanside are not included in the service population.

The El Corazon Public Facilities Impact Fee is based on the projected population of the City in 2030. A planning horizon of 2030 is used in this study because it is anticipated that development of El Corazon will be completed in approximately 2030. The El Corazon Land Use Master Plan Project Report states that full buildout of El Corazon is expected to occur over a period of 15 to 20 years.³ At the present time, development of the area has not begun, with the exception of the green waste facility and the senior center.

Table 1 shows the existing service population and the estimated service population at the 2030 planning horizon. The existing City population figure is from the 2008 California Department of Finance City/County Population Estimates. The 2030 population for Oceanside is projected by the San Diego Association of Governments.

Table 1: Parks Service Population

	Residents
Existing (2008)	178,806
New Development (2008-2030)	<u>28,431</u>
Total (2030)	<u>207,237</u>

Sources: California Department of Finance; San Diego Association of Governments.

EL CORAZON PUBLIC FACILITIES COSTS

The cost of planned El Corazon public facilities is divided between grading, utilities, specific park and recreation and civic facility costs, and Habitat District improvements.

³ El Corazon Land Use Master Plan Project Report, June 28, 2005, p. 3-24.

GRADING COSTS

The City of Oceanside Parks and Recreation Division estimated that basic grading and improvements that will be needed in the Park and Recreation District and Civic Services District before public facilities can be developed will cost approximately \$350,000 per acre. This cost does not include soil remediation.

The Habitat District in El Corazon has steep slopes that will need stabilization before the planned trails and habitat restoration can be developed. Detailed engineering studies will be needed to fully determine the slope stabilization measures that will be needed. However, the Oceanside Parks and Recreation Division provided a planning-level estimate of \$2.0 million for slope stabilization costs in the Habitat District.

Table 2 shows the estimated grading and slope stabilization costs for the public facilities in El Corazon.

Table 2: Grading

	Acres	Cost per Acre	Total Cost
<i><u>Basic Site Grading</u></i>			
Park and Recreation District	212	\$ 350,000	\$ 74,200,000
Civic Services District	34	350,000	<u>11,900,000</u>
Subtotal - Basic Site Grading			\$ 86,100,000
<i><u>Slope Stabilization</u></i>			
Habitat District	Lump Sum		<u>\$ 2,000,000</u>
Subtotal - Slope Stabilization			\$ 2,000,000
Total Grading Cost			\$ 88,100,000

Sources: El Corazon Specific Plan (Dec. 2007); City of Oceanside; Willdan Financial Services.

UTILITIES

Water, reclaimed water, and wastewater connections will have to be brought to El Corazon to provide water and wastewater service. The City of Oceanside estimated the cost of bringing these utility connections to El Corazon at approximately \$16.3 million, as shown in **Table 3**. This cost estimate reflects the cost to provide service to the entire El Corazon site, including the Hotel and Commercial Districts, as well as the Parks and Recreation and Civic Facilities Districts. The cost of utility needs for the Park and Recreation and Civic Facilities Districts is estimated based on the acreage of those uses as a portion of the total acreage to be served with these utility connections. It is assumed that the Habitat District will not have significant utility needs.

Table 3: Water Utilities Costs

<u>Acres Served by Water Utilities</u>		
Park and Recreation District (acres)	212	70%
Civic Services District (acres)	34	11%
Hotel District (acres)	11	4%
Village Commercial (acres)	19	6%
Oceanside Boulevard Commercial (acres)	<u>25</u>	<u>8%</u>
Total Utility Served Acres	301	100%
<u>Utilities Cost</u>		
Water	\$	3,674,000
Reclaimed Water		6,645,000
Wastewater		<u>6,002,500</u>
Total Utilities Cost	\$	16,321,500
Allocation to Park and Recreation Dist.	70%	
Allocation to Civic Services District	<u>11%</u>	
Total Public Facilities Allocation		<u>82%</u>
Utilities Cost Allocated to Public Facilities	\$	13,339,000

Source: El Corazon Specific Plan; City of Oceanside.

PARK AND RECREATION IMPROVEMENT COSTS

Table 4 shows the cost of the specific park and recreation improvements planned for each of the park sites in El Corazon. The planned park facilities are identified in the El Corazon Specific Plan. The cost estimates are based on current cost estimates provided by Oceanside Parks and Recreation Division. The costs shown in Table 4 are in addition to the basic grading costs shown in Table 2. The cost shown in Table 4 for athletic fields is for lights and construction and not for turf.

Table 4: Cost of Planned Park Improvements

	Quantity	Unit Cost	Total Cost
<u>Park 1</u>			
Athletic fields	8	\$ 308,500	\$ 2,468,000
Community playground	2	156,900	313,800
Picnic pavilion	3	270,000	810,000
Storage building	2	175,000	350,000
Restrooms	2	525,000	1,050,000
Concession area	1	525,000	525,000
Parking spaces	450	7,500	3,375,000
Subtotal			\$ 8,891,800
<u>Park 2</u>			
Athletic fields	4	\$ 308,500	\$ 1,234,000
Community playground	1	156,900	156,900
Picnic pavilion	1	270,000	270,000
Storage building	1	525,000	525,000
Restrooms	1	525,000	525,000
Concession area	1	525,000	525,000
Parking spaces	150	7,500	1,125,000
Subtotal			\$ 4,360,900
<u>Park 3</u>			
Little League baseball/softball diamonds	4	\$ 285,000	\$ 1,140,000
Community playground	1	156,900	156,900
Picnic pavilions	2	120,000	240,000
Storage building	1	525,000	525,000
Restrooms	1	525,000	525,000
Concession area	1	525,000	525,000
Press box	4	36,000	144,000
Bleacher set	8	36,000	288,000
Parking spaces	160	7,500	1,200,000
Subtotal			\$ 4,743,900
<u>Park 4</u>			
Softball fields	3	\$ 285,000	\$ 855,000
Community playground	1	156,900	156,900
Picnic pavilion	1	120,000	120,000
Storage building	1	525,000	525,000
Restrooms	1	525,000	525,000
Concession area	1	525,000	525,000
Press boxes	3	36,000	108,000
Bleacher sets	6	36,000	216,000
Parking spaces	150	7,500	1,125,000
Subtotal			\$ 4,155,900

Table 4: Cost of Planned Improvements (continued)

	Quantity	Unit Cost	Total Cost
<u>Park 5</u>			
Football fields	2	\$ 338,500	\$ 677,000
Athletic field	1	188,500	188,500
Community playground	1	156,900	156,900
Picnic pavilions	2	120,000	240,000
Storage building	1	525,000	525,000
Restrooms	1	525,000	525,000
Concession area	1	525,000	525,000
Dog park	1	110,000	110,000
Parking spaces	200	7,500	1,500,000
Subtotal			\$ 4,447,400
<u>Park 6</u>			
Docent center	1	\$ 875,000	\$ 875,000
Restrooms	1	525,000	525,000
Community playground	1	156,900	156,900
Picnic pavilions	2	120,000	240,000
Parking spaces	40	7,500	300,000
Subtotal			\$ 2,096,900
<u>Park 7</u>			
Athletic fields	3	\$ 188,500	\$ 565,500
Basketball courts	3	49,000	147,000
Community playground	1	156,900	156,900
Picnic pavilion	1	270,000	270,000
Storage building	1	525,000	525,000
Restrooms	1	525,000	525,000
Parking spaces	130	7,500	975,000
Subtotal			\$ 3,164,400
<u>Park 8</u>			
Public Plaza (incl. Bandstand and Water Play Fountain)	1	\$ 7,000,000	\$ 7,000,000
Destination playground	1	353,750	353,750
Picnic pavilion	1	120,000	120,000
Restrooms	1	525,000	525,000
Concession area	1	525,000	525,000
Significant public art feature	1	85,238	85,238
Subtotal			\$ 8,609,000
<u>Park 9</u>			
Parking spaces	10	\$ 7,500	\$ 75,000
Park maintenance facility ¹	1	1,450,000	1,450,000
Subtotal			\$ 1,525,000
Total			\$ 41,995,200

¹ Cost assumes a 5,000 sq. ft. pre-fabricated metal building at \$250/sq. ft. and 20,000 sq. ft. of pavement at \$10/sq. ft.

Sources: El Corazon Specific Plan; City of Oceanside; *Engineering News-Record*; Willdan Financial Services.

CIVIC FACILITIES

Table 5 shows the cost of the special facilities planned for the Civic Services District of El Corazon. As shown, planned facilities include a 23,000 square foot community center/cultural center, an aquatic center, and a skate park. The cost of these facilities was estimated by Oceanside Parks and Recreation Division staff.

Table 5: Civic Services District Facilities

Community Center/Cultural Center ¹	\$ 8,000,000
Aquatic Center	15,000,000
Skate Park ²	1,742,400
Total	\$ 24,742,400

¹Based on an estimated cost of \$350 per square foot and an approximately 23,000 square foot facility.

²Based on an estimated cost of \$40 per square foot and a one acre (43,560 square foot) facility.

Source: City of Oceanside.

HABITAT DISTRICT IMPROVEMENTS

Table 6 shows the cost of planned improvements in the Habitat District. These improvements consist of trails, fencing, trailhead parking, and habitat restoration. Oceanside Parks and Recreation Division staff estimated the cost of nature trails to be approximately \$264,000 per mile. Fencing was also estimated to cost \$264,000 per mile. Consistent with the estimated parking cost in the Parks and Recreation District, parking spaces are estimated to cost \$7,500 each. The El Corazon Specific Plan identifies approximately 2.0 miles of planned trails and 3.0 miles of planned fencing in the Habitat District.⁴

Restoration of coastal scrub sage habitat in the western portion of El Corazon and along Oceanside Boulevard is necessary to provide habitat for endangered and threatened species required by the Multiple Habitat Conservation Program (MHCP) and the City’s draft Subarea Plan (SAP). This restoration will enhance the value of these areas for habitat and for recreational trails. Some parts of the Habitat District have little vegetation as a result of former quarrying activities on the site. Other areas currently have non-native plant cover which provides little habitat and scenic value. The Oceanside Development Services Department provided estimates of the acreage and cost of coastal scrub sage habitat restoration based on restoration needs identified in the MHCP and the City’s SAP.

⁴ Based on Conceptual Habitat District Trail Plan map, p. 2-38.

Table 6: Habitat District Improvements

	Quantity	Unit Cost	Total Cost
Nature Trails	2.0 miles	\$ 264,000	\$ 528,000
Fencing	3.0 miles	264,000	792,000
Parking	50 spaces	7,500	375,000
Scrub Sage Restoration - Oceanside Blvd.	20 acres	85,000	1,700,000
Scrub Sage Restoration - Western El Corazon	40 acres	20,000	800,000
Total			\$ 4,195,000

Sources: El Corazon Specific Plan; City of Oceanside; Willdan Financial Services.

TOTAL EL CORAZON PUBLIC FACILITIES COSTS

Table 7 shows the total cost of planned El Corazon public facilities, including land, utilities, grading, park and recreation improvements, civic facilities, and Habitat District improvements. The total cost of the planned El Corazon public facilities is estimated at approximately \$172.4 million.

Table 7: Total El Corazon Public Facilities Costs

Grading	\$ 88,100,000
Utilities	13,339,000
Park Improvements	41,995,200
Civic Facilities	24,742,400
Habitat District Improvements	4,195,000
Total Cost	\$ 172,371,600

Source: Tables 2-6; Willdan Financial Services.

COST ALLOCATION

A facility cost standard converts the total cost of facilities into a cost per unit of residential development to calculate the impact fee. The facility cost standard maintains a reasonable relationship between size of a new development project and the amount of the fee. Examples of facility standards include cost of park facilities per person (for a park improvement fee) and costs per vehicle trip (for a traffic impact fee). The impact fees calculated in this report are based on a cost standard derived from the planned public improvements in El Corazon.

This report uses the **system plan** approach to calculate the El Corazon park facilities cost standard. The cost standard is calculated as follows:

$$\frac{\text{Cost of Planned El Corazon Facilities}}{\text{Total Future Population}} = \text{Fee Basis (\$/person)}$$

The system plan method is appropriate for this impact fee because a detailed master plan exists to identify facilities to be funded by the fee. The public facilities at El Corazon will benefit both new residential development and existing residential development on an equal basis because the public facilities will be available for use by both. El Corazon represents a decision by the City to invest in park facilities over and above the basic park facilities needed to serve new development that are funded by the City’s existing impact fee. Therefore, it is fair to allocate the costs of El Corazon evenly among all development expected through the 2030 planning horizon.

Table 8 calculates the cost per capita of planned El Corazon public facilities. This figure is used as the basis for the proposed impact fee. According to City of Oceanside staff, the existing park impact fee is designed to fund \$10.0 million of park facilities in El Corazon. To avoid including facilities already planned to be funded through the City’s existing impact fees in the new El Corazon public facilities fee, this \$10.0 million is subtracted from the total El Corazon public facilities cost of \$172.4 million. The remaining \$162.4 million is allocated among the entire projected 2030 resident population, resulting in a cost per capita of \$784.

Table 8: El Corazon Public Facilities Cost per Capita

Total El Corazon Public Facilities Cost	\$ 172,371,600
Less: El Corazon Park Costs Funded with Existing Park Impact Fee	<u>(10,000,000)</u>
Remaining El Corazon Public Facilities Cost	\$ 162,371,600
Service Population (2030)	<u>207,237</u>
Remaining El Corazon Public Facilities Cost per Capita	\$ 784

Sources: Tables 1 and 7; Willdan Financial Services.

PROPOSED EL CORAZON PUBLIC FACILITIES IMPACT FEE

Table 9 shows the proposed El Corazon Public Facilities Impact Fee. While the cost of the planned El Corazon public facilities is allocated on a per capita basis, the proposed fee would be charged based on the number of single family and/or multi-family dwelling units in a development project. Separate fees are calculated for single family and multi-family dwelling units based on the average number of residents in each type of unit in Oceanside. The population per dwelling unit factors used here are based on data for Oceanside from the

2000 Census updated based on the 2008 California Department of Finance population estimates.

The proposed fee schedule includes a two percent administrative charge to cover the costs of capital planning for the planned facilities, impact fee program administration and reporting. Two percent is a common estimate of administrative costs used for impact fee programs.⁵

Table 9: El Corazon Public Facilities Fee Schedule

Land Use	A	B	C = A x B	D = C x 2%	E = C + D
	Cost per Capita	Persons per DU	Base Fee ¹	Admin. Charge ²	Total Fee per DU
Single Family	\$ 784	2.97	\$ 2,326	\$ 47	\$ 2,372
Multi-family	\$ 784	2.31	\$ 1,812	\$ 36	\$ 1,848

¹ Fee per dwelling unit.

² Administrative charge of two percent for (1) legal, accounting, and other administrative support, (2) capital planning, programming, and project management costs and (3) impact fee program administration.

Sources: Table 8; United States Census 2000 (Tables H-31, H-32, H-33); California Department of Finance; Willdan Financial Services.

NON-FEE REVENUE NEEDED

In addition to revenue from the City's existing park impact fee and the proposed El Corazon Public Facility Impact Fee, a large amount of non-fee revenue will be needed to complete the planned public facilities. As shown in **Table 10**, the total cost of planned El Corazon public facilities is approximately \$172.4 million. This includes \$10.0 million in costs to be funded with revenue from the City's existing park impact fee, leaving \$162.4 million in remaining costs. Based on the proposed fee amount per capita and the projected service population growth through 2030, the proposed El Corazon impact fee would yield approximately \$22.3 million in revenue. An additional \$140.1 million in non-fee revenue will be needed.

⁵ Arthur C. Nelson, et. al.; *A Guide to Impact Fees and Housing Affordability*; Island Press, 2008; p. 48.

Table 10: Non-Fee Revenue Needed

Total El Corazon Park Value	\$ 172,371,600	
Less: El Corazon Park Costs Funded with Existing Park Impact Fee	<u>(10,000,000)</u>	
Remaining Improvement Costs		\$ 162,371,600
El Corazon Park Impact Fee per Capita	\$ 784	
Service Population Growth (2008-2030)	<u>28,431</u>	
El Corazon Park Impact Fee Revenue (2008-2030)		\$ <u>22,276,000</u>
Non-Fee Revenue Needed		\$ 140,095,600

Sources: Tables 1, 2, 7 and 8; Willdan Financial Services.

Funding the cost of El Corazon public facilities beyond the impact fee revenue will have to come from non-fee sources. Existing development, not just new development, will benefit from the planned public facilities at El Corazon. If the City does not receive non-fee funding sufficient to complete the planned facilities, new development will have paid too high a fee. In that case, new development would have been the sole funding source for a facility that benefits the entire city.

The burden of funding the planned facilities in El Corazon is allocated evenly on a per capita basis between existing and new development. Thus, the non-fee revenue needed equals \$784 per existing resident, or \$2,326 per single family house and \$1,812 per multifamily dwelling (see Table 9). Over a 20 year period, \$116 in non-fee funding per existing single family house would be needed annually. The non-fee funding share could be raised through taxes or assessments charged over time to existing development. It could also come from other funding sources, such as grants or tax revenue generated from commercial development at El Corazon.

The City should develop a financing plan for El Corazon public facilities and take the steps necessary to implement the funding sources identified in the financing plan. The financing plan should identify non-fee funding sources for the share of facility costs not funded by the fee. This may include seeking voter or landowner approval for taxes or property assessments.

The El Corazon Land Use Master Plan assumes that the following potential additional funding sources will be used for El Corazon public facilities:

- ◆ General obligation bonds – Requires two-thirds approval of registered voters;
- ◆ Revenue from leases of commercial property;
- ◆ Contributions;
- ◆ Sponsorships and license agreements;
- ◆ Sales tax generated by commercial uses at El Corazon;
- ◆ Transient occupancy tax from hotels in El Corazon;
- ◆ Grants; and

- ◆ Development Agreements.

The Land Use Master Plan cites a financial feasibility study that estimated that operating income from commercial lease payments and fees and transient occupancy tax generated in El Corazon could be leveraged to finance approximately \$20 million in facilities. The financial feasibility study also estimated that sales tax revenue generated in El Corazon could finance approximately \$10 million in facilities costs.⁶ The Land Use Master Plan was published in 2005, and these figures may not fully reflect current land use plans or revenue potential.

In addition, the Master Plan also identifies other funding sources that could be used, if needed. The following funding mechanisms would not require voter approval:

- ◆ Team and user fees;
- ◆ Joint-use agreements; and
- ◆ Public-private development partnerships.

Other potential funding sources that would require voter approval are shown below. These funding sources are subject to various constitutional and procedural limitations. In the course of developing a financing plan for El Corazon, the City should further explore the feasibility of these potential funding mechanisms.

- ◆ A benefit assessment district – Requires the finding of a special benefit to property included in the district. Requires approval by a majority of property owners based on assessment amount.
- ◆ Community facilities district special tax – Requires approval by two-thirds of the registered voters in the district.

The following funding sources would require approval by two-thirds of registered voters if they are special taxes dedicated to funding El Corazon public facilities. If they are not specifically dedicated to El Corazon and approved as general taxes, they would require majority voter approval.

- ◆ Parcel tax;
- ◆ Property transfer tax;
- ◆ Increases in citywide transient occupancy taxes;
- ◆ Sales tax increase; and
- ◆ Utility user tax.

Some cities have used a “split ballot” measure to secure approval of tax increases to fund specific facilities or services as general taxes, which require simple majority voter approval, rather than special taxes, which require approval by two-thirds of voters. With a split ballot measure, the City puts two questions to the voters in the same election. Voters are asked to approve a general tax increase, which does not bind the City to a particular use of the tax revenue. A separate, non-binding referendum is put on the ballot asking voters to approve the City’s intent to fund a particular facility or service. Through this approach, the City

⁶ El Corazon Land Use Master Plan Project Report, June 28, 2005, p. 3-8.

signals to the voters its intended use for the increased revenue, but is not legally bound to the stated intended use of the increased revenue.

3. PROGRAM IMPLEMENTATION

This chapter identifies steps to be taken for the implementation and ongoing operation of an impact fee program to fund El Corazon public facilities.

ADOPT RESOLUTION

Subject to the advice of legal counsel, the City Council should adopt a resolution to implement the El Corazon Public Facilities Impact Fee. The resolution should be in accordance with the City's existing impact fee ordinance (Chapter 32B of the Code of Ordinances of Oceanside) or, if necessary, the ordinance should be amended to accommodate the El Corazon Public Facilities Impact Fee. The fee resolution could reference the ordinance, set the amount of the fee, and reference this report to justify the amount of the fee. The Council should make a finding that this action is consistent with both the ordinance and with *California Government Code* Sections 66016 through 66018, which establish requirements for the impact fee implementation process. The City should:

- ◆ At least 14 days prior, send a notice of a public hearing to any party that has submitted a written request for such a notice, along with a statement indicating the availability of related fee documentation.
- ◆ At least 10 days prior, publish notice of a public hearing on the proposed impact fee.
- ◆ At least 10 days prior to the hearing, have this report and all supporting documentation such as the updated facility master plans available for review by the public.
- ◆ Hold the public hearing to consider a resolution adopting the El Corazon Public Facilities Impact Fee.
- ◆ City Council should adopt a resolution establishing the El Corazon Public Facilities Impact Fee.
- ◆ The fee may not become effective until 60 days after adoption of the resolution unless an interim fee is adopted as an urgency measure pursuant to Section 66017(b).

IDENTIFY NON-FEE REVENUE SOURCES

As shown in Chapter 2, approximately \$137.9 million in non-impact fee revenue will be needed to construct the public facilities planned for El Corazon. The El Corazon Land Use Master Plan identifies several potential non-fee funding sources. The City should develop a financing plan for the park facilities and take the steps necessary to implement the funding sources identified in the financing plan. Any new special tax would require two-thirds voter approval, while new assessments or property-related charges would require majority property-owner approval.

INFLATION ADJUSTMENT

Appropriate inflation indexes should be identified and a provision in the fee ordinance allowing for an annual adjustment to the fee should be considered. The index can be based on the City's recent capital project experience or can be taken from a reputable source, such as the *Engineering News-Record's* Construction Cost Index (CCI).

DOCUMENTATION UPDATES

Fee updates using inflation indexes are appropriate for annual or periodic updates to ensure that fee revenues keep up with increases in the costs of public facilities. However, the City will also need to conduct more extensive updates of the fee documentation and calculations when significant new or significantly changed data on growth projections and/or facility plans become available.

REPORTING REQUIREMENTS

The City should comply with the annual and five-year reporting requirements of the Act. For facilities to be funded by a combination of public fees and other revenues, identification of the source and amount of these non-fee revenues is essential. Identification of the timing of receipt of other revenues to fund the facilities is also important.

FEE ACCOUNTING

The City should deposit fee revenues into a separate restricted El Corazon Public Facilities Fee account.

4. MITIGATION FEE ACT FINDINGS

Facilities impact fees are imposed on new development projects by local agencies responsible for regulating land use (cities and counties). They are assessed and typically paid when a building permit is issued. To guide the imposition of impact fees, the California State Legislature adopted the *Mitigation Fee Act* with Assembly Bill 1600 in 1987 and subsequent amendments. The *Act*, contained in *California Government Code* §§66000 – 66025, establishes requirements on local agencies for the imposition and administration of fees. The Act requires local agencies to document five findings when adopting fees.

The five findings in the Act required for adoption of the fees documented in this report are: 1) Purpose of fee, 2) Use of fee Revenues, 3) Benefit Relationship, 4) Burden Relationship, and 5) Proportionality. They are each discussed below and are supported throughout this report.

PURPOSE OF FEE

For the first finding the City must:

Identify the purpose of the fee. (§66001(a)(1))

The purpose of the El Corazon Public Facilities Impact Fee is to ensure that new residential development funds the construction of its fair share the cost of public facilities in El Corazon, as identified in Chapter 2 of this report. The planned public facilities are identified in the Draft El Corazon Specific Plan.

USE OF FEE REVENUES

For the second finding the City must:

Identify the use to which the fee is to be put. If the use is financing public facilities, the facilities shall be identified. That identification may, but need not, be made by reference to a capital improvement plan as specified in Section 65403 or 66002, may be made in applicable general or specific plan requirements, or may be made in other public documents that identify the public facilities for which the fee is charged. (§66001(a)(2))

El Corazon Public Facilities Impact Fee revenue would be used to fund the construction of public facilities in El Corazon. The fee would only fund the share of facilities allocated to new residential development, as identified in Chapter 2 of this report. The planned public facilities are identified in the El Corazon Specific Plan. Planned facilities to be funded by the fees are also described in Chapter 2 of this report.

BENEFIT RELATIONSHIP

For the third finding the City must:

Determine how there is a reasonable relationship between the fee's use and the type

of development project on which the fee is imposed. (§66001(a)(3))

The City will restrict fee revenue to the development of public facilities in El Corazon as described above under the “Use of Fee Revenues” finding. The City should keep fees in segregated accounts. El Corazon public facilities funded by the fees are expected to be accessible to and used by the additional residents associated with new residential development. Fees are not intended to fund the share of planned facilities costs associated with existing development. Thus, a reasonable relationship exists between the use of fee revenue and the new residential development that will pay the fees.

BURDEN RELATIONSHIP

For the fourth finding the City must:

Determine how there is a reasonable relationship between the need for the public facility and the type of development project on which the fee is imposed. (§66001(a)(4))

Residents are expected to be the primary users of the public facilities planned for El Corazon; therefore, the El Corazon Public Facilities Impact Fee will be charged to residential development in Oceanside. Open space, recreational, and civic facilities contribute to a high quality of life for the residents of cities, providing needed opportunities for exercise, relaxation, sports competition, community gatherings, and fun. Public facilities in El Corazon are centrally located in the City and will provide these opportunities for all residents, including new residents of development. According to the El Corazon Land Use Master Plan Project Report, projections of the long term demand for soccer and baseball/softball facilities were considered when determining land uses for El Corazon, determining a need for increasing amounts of these facilities to serve existing and new development. Thus, there is a reasonable relationship between the need for public facilities in El Corazon and new residential development in Oceanside.

PROPORTIONALITY

For the fifth finding the City must:

Determine how there is a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed. (§66001(b))

The El Corazon Public Facilities Impact fee is based on the best available facility cost estimates provided by Oceanside city staff members who have experience developing parks and other public facilities. The planned facilities are special facilities in addition to the facilities needed to serve new development that will be funded through the City’s existing park impact fee, and the facilities will be available to serve new and existing development on an equal basis. Thus, the costs of the planned facilities are allocated on a per capita basis to all existing and anticipated new development in Oceanside through 2030. The impact fee is based on the cost per capita of planned facilities. While the cost per capita charged through the impact fee is based on all existing and development in Oceanside through 2030, the fee will only be charged to new development. Therefore, a large amount on non-fee funding will

be needed to fund the planned facilities. See the *Proposed El Corazon Public Facilities Impact Fee* section of Chapter 2 for the proposed impact fees per dwelling unit.

The reasonable relationship between the El Corazon Public Facilities Impact Fee for a specific new residential development project and the cost of the facilities attributable to that project is based on the estimated service population growth the project will accommodate. The proposed fees are based on the per capita cost of planned facilities and the average number of residents in a single or multi-family dwelling unit. Fees for a specific project are based on the project's number of dwelling units. Larger new development projects can result in a higher service population, resulting in higher fee revenue than smaller projects in the same land use classification.