



THE CITY OF SAN DIEGO

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## OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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**Date Issued:** September 13, 2013

**IBA Report Number:** 13-40

**City Council Docket Date:** September 16, 2013

**Item Number:** 202

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# Castlerock Housing Development Project

## OVERVIEW

On September 16, 2013, the City Council will consider approval of dual scenarios related to the construction of the Castlerock Housing Development (“Castlerock”) Project in the East Elliott Community Plan area. The Castlerock Project is the proposed construction of up to 283 single family detached dwellings, 147 multi-family detached units, a public park, and approximately 94-acres of open space on approximately 204 acres of undeveloped land on the border of the City of San Diego and the City of Santee. Upon completion of construction and full occupancy, the housing development is anticipated to accommodate approximately 1,040 persons.

The requested approval of the dual scenario consists of an Annexation scenario and a No Annexation scenario. The Annexation scenario is anticipated to provide 430 residential housing units, approximately 4.6 acres of public and pocket parks, a multi-use trail, and approximately 94-acres of open space. In this scenario, the boundary area of the project would detach from the City of San Diego and be annexed into the City of Santee, with the exception of approximately 90-acres of dedicated open space area. The additional city services (Police / Fire-Rescue / Library / Park and Recreation / Water /Sewer) needed to accommodate the occupants of the new housing would be not be the responsibility of the City of San Diego but would be addressed through the City of Santee, Padre Dam Municipal Water District, or the San Diego County Sheriff’s Department.

The No Annexation scenario is anticipated to develop 422 residential housing units, approximately 4.5 acres of public and pocket parks, a multi-use trail, and approximately 94-acres of open space. In this scenario, the housing development would remain a part of the City of San Diego, and as such, the City of San Diego would need to address the additional city service needs of the occupants of the housing development.

The developer of the project would address the additional infrastructure needs and costs associated with both the proposed scenarios.

## FISCAL/POLICY DISCUSSION

### *City Services*

As described previously, the proposed Castlerock Project is anticipated to generate additional needs for city services. The following table is a summary of the anticipated additional city services needed for the Castlerock Project scenarios (No Annexation and Annexation) and the parties responsible for providing the ongoing services.

City Service	No Annexation		Annexation	
	Responsible Party	Impact	Responsible Party	Impact
Police Department	San Diego PD - Eastern Division.	Additional 2 sworn officers <sup>1</sup> , no new facilities required	San Diego County Sheriff's Department	To be determined
Fire Service	San Diego Fire-Rescue Department	Increase of 74 calls annually, six options to address service needs <sup>2</sup> , including potential need for additional fire station	Santee Fire Department	Additional needs to be addressed through payment of DIF
Library	Serra Cooperative Library Service and Bookmobile Service	Increase in service needs, costs to be addressed through East Elliott PFFP ad hoc fee	Carlton Hills County branch library, Serra Cooperative Library Service, Bookmobile Service	Additional needs to be addressed through payment of DIF
Park and Recreation	City of San Diego - Parks and Recreation Department	No additional parks needed to for the proposed project	City of Santee	Park deficit would be addressed through park development impact fees
Water	City of San Diego - Service Pardee Developer - Infrastructure	Additional infrastructure includes new water tank for emergency use	Padre Dam Municipal Water District	To be determined
Sewer	City of San Diego - Service Pardee Developer - Infrastructure	Additional infrastructure includes new on-site wastewater pump	Padre Dam Municipal Water District	To be determined

<sup>1</sup>Two additional sworn officers needed in order to maintain city wide goal of 1.45 officers per 1,000 residents.

<sup>2</sup>Options described in Section 4.13.3.1 of the project EIR. As negotiated, one of the five options needs to be undertaken prior to approval for construction.

### Police

For the No Annexation scenario, it is anticipated that the additional population generated by the Castlerock Project would result in increase response time without the addition of two additional officers. The additional police coverage for the Castlerock Project would be from the Eastern Division – Beat 312. Beat 312 currently meets the response time goals of the Department.

For the Annexation scenario, the SD County Sheriff's Department would provide service to the Castlerock Project.

### Fire Service

For the No Annexation scenario, the obligation to provide adequate fire and emergency service is the responsibility of the City of San Diego. Per the Draft Vesting Tentative Map Conditions (Attachment 18 to the Planning Commission Report Number PC-13-083), prior to the issuance of the of the first building permit for any dwelling unit within

the project, the applicant shall have demonstrated, to the satisfaction of the San Diego Fire-Rescue Department and the Director of Development Services Department that fire protection services and emergency medical services shall be provided to all dwelling units within the project via an irrevocable agreement with Santee to provide these services or an equivalent alternative. The selected option would meet the performance criteria as described in Section 4.13.3.1 of the Environmental Impact Report (EIR).

The nearest City of San Diego fire station to the Castlerock Project is Station 34, which is approximately 6 miles away from the project site. Per the Project EIR, it is anticipated that it would take approximately 9.7 minutes for an engine to respond to a call for service to the Castlerock Project, approximately 13.0 minutes for the nearest truck to arrive, and approximately 15.3 minutes for the nearest Battalion Chief to arrive.

For the Annexation scenario, the City of Santee would provide fire and emergency services. The nearest City of Santee fire stations are within 3 miles of the project site.

#### Library

For the No Annexation scenario, the City of San Diego would provide the library service. The nearest City of San Diego branch library is the 8,200 square foot San Carlos Library, which is approximately 6 miles from the Castlerock Project. Due to location of the nearest City of San Diego library, the Serra Cooperative Library System and Bookmobile Service would provide additional library service.

For the Annexation scenario, the 7,500 square foot Carlton Hills County library branch is located approximately 1.6 miles from the project site. Additional services would be available through the Serra Cooperative Library System and Bookmobile Service.

#### Park and Recreation

For the No Annexation scenario, based the Project's EIR, the project would require the development of approximately 3.4 acres of population-based parks. In review of the Project's proposed plans, the project would provide 3 acres of useable parkland within 4.0 acres (gross) of public parks as well as 0.5 acres (0.4 acre usage) of private pocket parks on-site. The total planned park acreage meets the City's park requirements.

For the Annexation scenario, per the City of Santee's park requirements, the Project would be required to develop approximately 6.3 acres of new parks. Based upon the proposed plan, this scenario would develop approximately 4.6 acres of new parks. The deficit in newly developed parks would be addressed through the applicant's payment of the established park development impact fee to the City of Santee.

#### Water/Sewer

In considering the two scenarios, the No Annexation scenario would require a greater amount of infrastructure improvements as the City of San Diego would need to extend their service farther than the City of Santee. A list of the anticipated infrastructure that

would be needed under the No Annexation scenario is listed in Section S.1.3.b of the EIR. The list includes a water and wastewater utility corridor, an on-site wastewater pump station, and a 1.76 million gallon water tank.

The needed infrastructure and costs associated with the related construction will be provided by the developer in either scenario.

*Financial Analysis*

In development of the report to the Planning Commission, a financial analysis was undertaken by Leppert Engineering Corporation to determine the anticipated net fiscal impacts of the dual scenarios to the City of San Diego. The financial analysis was reviewed by the Development Services Department.

Summarily, the analysis considered all the revenue sources that could reasonably be generated by the Castlerock Project and then considered all the potential expenses related to providing city services specifically to the Castlerock Project, and then deducted the determined expenses from the anticipated revenues. The following table summarizes the calculations.

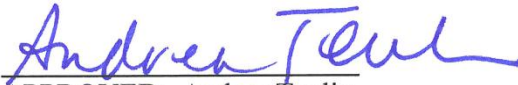
	<b>No Annexation</b>	<b>Annexation</b>
Total Potential Revenue	\$437,758	\$0
Total Estimate Expenditures	\$466,939	\$18,321
Net Revenue	(\$29,181)	(\$18,321)

Based upon the calculations within the financial analysis, it was determined that the No Annexation scenario would have a negative impact of approximately \$29,000 annually to the City’s General Fund, while the Annexation scenario would have a negative impact of approximately \$18,000 annually to the City’s General Fund. It should be noted that these results from the financial analysis did not include sale tax as a potential revenue source. This was done to conduct a conservative analysis of the potential revenues.

**CONCLUSION**

From a fiscal impact point-of-view, there is no significant impact on the City of San Diego’s General Fund from either scenario.

  
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