

The Economics of Land Use



Final Report

Public Facilities Financing Plan for the San Miguel Community Plan

Prepared for:

The County of San Luis Obispo

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1. EXECUTIVE SUMMARY AND KEY FINDINGS

This Public Facilities Financing Plan (PFFP) for the San Miguel Community Plan was prepared by Economic & Planning Systems, Inc. (EPS) in association with Rick Engineering. The PFFP provides an overview of the demographic and growth assumptions for the Community of San Miguel during the Community Plan horizon year (through 2035) and describes and quantifies the public facilities needed in the Community of San Miguel during the same period. The facilities that are identified are based on the Complete Communities Survey Facilities Inventory prepared by The Planning Center | DC&E¹ as well as input from County staff, the Wood Rodgers Draft Transportation Impact Fee Update (August 2014), and additional cost estimates provided by Rick Engineering. Existing and potential funding sources are identified and aligned by facility improvement type and are consistent with the policies contained in the Complete Communities Survey Funding and Financing Plan (November 2013). The final chapter recommends funding policies and actions to implement the improvements identified in the Facilities Inventory.

This Financing Plan has been informed and guided by current planning efforts in the Community of San Miguel, including the Draft San Miguel Community Plan (June 2013), the San Miguel Economic Strategy prepared by The Natelson Dale Group, Inc. (TNDG) in May 2013, and the Complete Communities Survey Facilities Inventory prepared by The Planning Center | DC&E (August 2012). Each is briefly summarized below and its applicability to the Financing Plan is noted.

The San Miguel Community Plan. The San Miguel Community Plan establishes a vision for the future that will guide development in San Miguel through the year 2035. The Plan began with a comprehensive outreach process conducted by California Polytechnic State University, City and Regional Planning students in 2010 and 2011. The resulting vision statement was then refined by the San Miguel Forward Collaborative, which formed in 2012 to provide consensus-based input from residents of San Miguel. The baseline and projected demographic and economic characteristics of San Miguel used in the Financing Plan, are taken from chapters 2 and 3 of the Draft San Miguel Community Plan. The Community Plan is currently in draft form with a place holder for the PFFP.

The San Miguel Community Plan – Economic Strategy. Though the Study Area evaluated in the TNDG report extends beyond the Community of San Miguel to include portions of San Luis Obispo and Monterey counties, the TNDG report includes a pertinent description of current economic conditions within the San Miguel community. The TNDG report also includes case studies of California communities possessing comparable features to San Miguel, a market analysis for retail, office and industrial uses, an analysis of viticulture and wine production as it pertains to San Miguel, and a discussion of economic strategies for the community going forward.

¹ Now PlaceWorks.

Complete Communities Survey – The Survey included a Facilities Inventory that provides an overview of San Miguel’s existing and future needs for utility infrastructure, transportation and public facilities. This Financing Plan relies upon the findings from the Complete Communities Survey Facilities Inventory that pertain to the Community of San Miguel (in addition to County Staff input) as the basis of the infrastructure and facility needs. The Survey also included a Funding and Financing Plan to guide implementation and subsequent community plans; the current Public Facilities Plan applies the policies and programs described in the Complete Communities Survey Funding and Financing Plan to San Miguel’s facility needs.

Demographic and real estate data from the Facilities Inventory reflects a geographic boundary consistent with the San Miguel Urban Reserve Line (URL), which is shown on **Figure 1** and compared with the geographic boundary of the Census Designated Place (CDP) and the San Miguel Community Service District (CSD) boundaries. The demographic and real estate data for San Miguel in the Complete Communities Survey has since been refined through the Community Plan process; however, the findings from the Complete Communities Survey remain applicable.

Key Findings

1. *The facility and infrastructure improvements identified for the Community of San Miguel will be costly and require a broad range of funding sources and financing mechanisms to construct and maintain.*

Nearly \$42.0 million of capital improvement projects are identified for the Community of San Miguel, which are fairly evenly distributed across utility infrastructure, transportation and public facilities. At the completion of this full set of improvements, the additional operations and maintenance costs will also be significant.

2. *The facility and infrastructure improvements identified in the Facilities Inventory are an integral part of the County’s efforts to revitalize and enhance the Community of San Miguel.*

Investments in the “public realm” are a key aspect of the County’s economic development effort to revitalize San Miguel. Investments in utilities, transportation infrastructure, streetscapes, parks and public facilities have been shown to induce private investment, development, and increased economic activity, where other key ingredients, such as market demand, are also present. This synergistic relationship between public and private investment can create a range of public and private benefits, including improved property values that can, in turn, contribute to the funding of additional improvements.

3. *New development in the Community will generate real estate value that serves as a basis for funding infrastructure improvements.*

County development projections indicate the potential for new development in the Community of San Miguel between now and 2035. Land and development-based funding sources include development impact fees, road improvement fees, and special taxes or assessments. While development impact fees paid by new development are used exclusively for capital improvements serving new development, special taxes and assessments may be used for capital improvements or ongoing maintenance and operations costs. Based on development projections through 2035, Public Facility Development Impact Fees revenues

could total nearly \$2.4 million and CSD Utility Connection Fees are estimated to total more than \$9.0 million.²

In addition, transportation impact fee revenue will be collected to fund the transportation-related improvements included in the fee program (e.g., the Mission St./14th St. River Road Intersection Signalization Improvements and the River Road Widening Improvements). While the fee levels are still in the process of being refined, it is expected that the fee program will fund approximately \$2.2 million of transportation improvements.³ Total transportation-related improvements currently total \$16.0 million, so additional funding sources will need to be identified. Existing infrastructure deficiencies cannot be funded through impact fees.

4. To fund existing deficiencies, a broad range of existing and new sources will be required.

Potential sources available to fund existing deficiencies may include a countywide sales tax increase, special taxes (e.g., Mello-Roos CFD), grants, utility revenues and revenue bonds among others. These will require additional detailed financial feasibility evaluation. Some measures may require voter approval and analysis of relative costs and benefits.

5. Facility and infrastructure improvements will need to be further prioritized and phased to improve feasibility.

Recognizing the considerable resources required to implement the complete set of facility improvements and significant funding constraints, strategic prioritization and phasing will be necessary to achieve the identified improvements. In October 2012, a public workshop was held that included exercises focusing on which community facilities should be prioritized through 2035. Furthermore, a Facilities Inventory Survey was sent to residents in San Miguel that asked them to prioritize community facilities for the community. Infrastructure improvements in San Miguel represent a high priority for the community, particularly water supply, water system and drainage improvements. Additionally, there is likely to be a continuing process of refinement and updating to the basic infrastructure items and costs identified in the Plan. Through this process, it may be possible to achieve cost savings and efficiencies, and refine the financing strategies proposed in this PFFP.

6. The overall cost burden placed on new development in San Miguel affects development feasibility, particularly when all development costs are considered.

The cumulative effect of fees, exactions and requirements will need to be carefully considered to avoid discouraging new development; the value created by new development is a principle source for funding identified improvements and meeting other County objectives. Initial analysis indicates that the proposed measures could be feasible; however, new taxes

² The \$9 million in CSD utility connection fees will be generated from development within the San Miguel CSD boundary and revenues will be applied to water/sewer infrastructure within the CSD boundary that benefits CSD ratepayers.

³ See Table 1, page 5, of the DRAFT San Miguel Community Plan Transportation Impact Fee Update prepared by Wood Rodgers, dated August 2014.

will require voter approval regardless of financial feasibility, and the magnitude of impact fees depends on future market conditions.

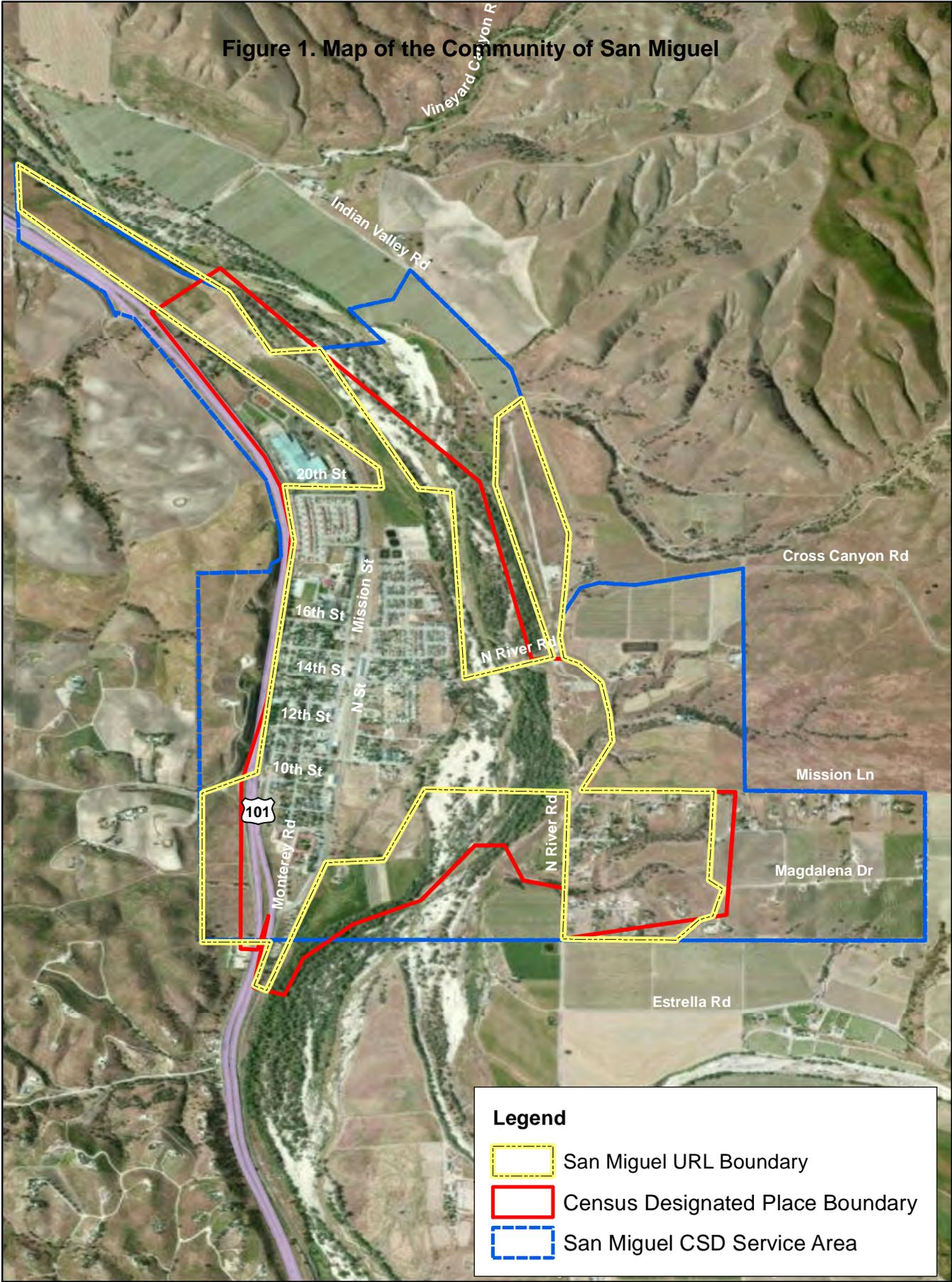
7. This Public Facilities Financing Plan includes funding goals, policies and actions that should be adopted as part of the Community Plan to guide the implementation of the infrastructure and facility improvements identified in the Facilities Inventory.

This report recommends funding goals and associated implementation policies, which can serve as a basis for an efficient and equitable financing plan. In addition, the County has adopted by resolution in 2010 an Infrastructure Planning and Funding Policy, which can guide infrastructure funding and investments. The goals, policies and actions contained herein are consistent with, and expand upon, adopted County policies.

A proposed financing plan is described in greater detail in **Chapter 5** (and summarized in **Table 5**). The Plan includes existing impact fees supplemented by new impact fees and a combination of special taxes and utility revenues.

Additional steps, as described in **Chapter 5**, will be necessary to implement the various financing mechanisms. It is likely that the Plan will be refined as implementation proceeds depending on actions taken by the County, the CSD, and voters of the Community and/or County.

Figure 1. Map of the Community of San Miguel



2. OVERVIEW OF THE COMMUNITY OF SAN MIGUEL

This chapter provides a summary of San Miguel's current and projected demographic characteristics and new development potential. The County of San Luis Obispo maintains population and housing unit counts and has estimated the buildout potential of San Miguel and prepared development projections by land use type.

About San Miguel

San Miguel is located on Highway 101 at the northern edge of San Luis Obispo County, approximately 10 miles north of Paso Robles. The community can trace its origins to the development of the Mission San Miguel, which has been designated as a National Historic Landmark and remains a tourist draw for the area. The majority of the commercial development in San Miguel occurred during the 1940s when nearby Camp Roberts was utilized by the United States Army for training purposes. According to the TNDG report, during WWII, Camp Roberts housed as many as 45,000 troops, driving demand for goods and services in nearby San Miguel. Following significant downsizing of Camp Roberts in the 1950s, there has been no significant redevelopment or expansion of commercial activity in San Miguel.

Currently, San Miguel is perceived as a low-cost bedroom community (due to its proximity to Paso Robles and aging home inventory) with minimal population growth and a stalled commercial environment. The TNDG Report describes San Miguel as a small, walkable, retirement-oriented community surrounding an aging main street (Mission Street) that includes a number of vacant and/or deteriorating buildings. Recent public improvements include a new fire station, an increased police presence, and new streetscape improvements along Mission Street.

San Miguel is located at the center of the Monterey/San Luis Obispo wine region, and within the Paso Robles American Viticulture Area (AVA), which has gained internationally-recognized elite status for wine and is growing as a tourist destination. In addition to wine-centered agro-tourism, San Miguel is located close by to a number of regional attractions such as San Simeon (Hearst Castle), Morro Bay, Paso Robles, San Luis Obispo and Cambria. The tourist draws of the wine industry, the Mission San Miguel and other regional attractions, coupled with the possible redevelopment and expansion of Camp Roberts by the National Guard, may provide potential development opportunities for San Miguel in the future.

Demographics

Population and Households

Based on data collected in the San Miguel Community Plan, the Community of San Miguel has a current population of approximately 2,336 people. The Plan's population estimates project population in San Miguel to increase by 57 percent to 3,658 people by 2035, equivalent to an annual growth rate of 1.8 percent. There are approximately 737 housing units in San Miguel currently, according to the Community Plan which is based on an assumption of approximately 3.17 people per household, as reported by the Census. Assuming this current ratio of people per household remains consistent over time, there will be a total of approximately 1,154 housing units in San Miguel in 2035 to accommodate the projected population. In The San Miguel Community Plan, the median household income is reported to be \$42,176, based on Census data. In its analysis, TNDG assumes median household income in the larger Study Area will remain constant at \$67,094.⁴

Employment

The San Miguel Census Designated Place (CDP) currently posts a far higher unemployment rate than California as a whole, and 25 percent of all families have fallen below the poverty level in the past 12 months.⁵ San Miguel CDP has 1,025 employed residents over the age of 16, including government workers. The major industries that employ San Miguel residents are construction (18.0 percent), retail trade (13.7 percent), manufacturing (12.8 percent), professional services (10.6 percent), arts, entertainment, and recreation (10.5 percent), and other services (14.2 percent). Nine percent of San Miguel's households receive social security benefits, compared to 24 percent of households for California as a whole. Of San Miguel's employed residents, approximately 97 percent commute to jobs outside of San Miguel.

TNDG projects that total non-farm employment in the SMTA will increase from 741 in 2012 to 911 in 2035, a 23 percent increase. The projection utilizes multiple metrics including anticipated population growth, jobs per person and the proportional employment relationship between San Luis Obispo County, North County and the San Miguel Trade Area (SMTA).

In the community of San Miguel, it is estimated that there are approximately 170 jobs based on data extracted from the U.S. Census' LED on the Map. New residential development and facility improvements could encourage investment in commercial development, which would bring additional jobs to the community. If the number of jobs in San Miguel increases in proportion with projected non-farm employment increases for the larger Study Area (projection of 23 percent job growth between 2012 and 2035), there would be approximately 209 jobs in San Miguel in 2035.

⁴ Study Area household income is provided by San Luis Obispo County, AMBAG and ESRI. It should be noted that Census data utilized in TNDG's report estimates median income for San Miguel CDP as \$42,176 in inflation-adjusted 2010 dollars, approximately 37 percent lower than the median income in the larger Study Area.

⁵ U.S. Census Bureau, 2006-2010 American Community Survey.

Table 1 Population, Households and Jobs in San Miguel

Item	2010	2035	2010 to 2035		
			Number	Annual Rate	Overall Increase
San Miguel					
Population	2,336	3,658	1,322	1.8%	56.6%
Housing Units	737	1,154	417	1.8%	56.6%
Jobs [1]	170	209	39	0.8%	23.0%

[1] Job count reflects "Primary Jobs" as extracted from the U.S. Census' LED on the Map, 2010 data.

Sources: The San Miguel Community Plan, Tables 2-A and 3-A; U.S. Census Bureau, Center for Economic Studies; The Natelson Dale Group Economic Development Strategy; Economic & Planning Systems, Inc.

Residential Demand

Demand for new homes is tied to population and household growth, household incomes and home prices. The TNDG Report describes San Miguel as a bedroom community located at the fringe of San Luis Obispo County and Paso Robles urbanization. Due to aging housing stock, home prices are relatively lower than in nearby communities in San Luis Obispo County. As shown above in **Table 1**, approximately 417 new homes are projected in San Miguel by 2035.

The community of San Miguel is zoned to provide capacity for 1,234 new residential units, 61 percent single-family and 39 percent multifamily. The 2035 residential projections generated in The San Miguel Community Plan are within the buildout capacity of the Community.

Retail Demand

Based upon assumed household growth (as estimated by TNDG) and constant average household income,⁶ TNDG projects retail sales within the larger San Miguel Study Area will increase from \$38.2 million in 2012 to \$65.9 million in 2035, a 72 percent increase. These figures assume 40 percent of household expenditures being allocated to retail goods (typical communities allocate between 30 and 35 percent of total expenditures) and 50 percent of all resident retail dollars being captured in San Miguel (with 50 percent "leaking" to regional retail centers in neighboring cities such as Paso Robles). The TNDG report shows that in 2012, the capture rate for all retail categories is 25 percent⁷, and to reach an average capture rate of 50 percent by 2015, additional retail space will need to be developed.

⁶ For the market analysis portion of the report, TNDG assumes average household income to remain static at \$67,094 for the 23-year period.

⁷ The Auto Dealers and Parts category is shown to capture zero percent of resident retail expenditures in 2012 as well as throughout the 23-year study period.

TNDG projects captured retail sales for residents in the Study Area to increase from \$8.8 million in 2012 to \$29.5 million in 2035. To account for retail spending by visitors, businesses and institutions, TNDG increased the market area demand figures by a factor of 15 percent for all retail categories with the exception of Building/Hardware/Farm and Auto Dealers and Parts. The total captured retail sales (residential and visitor/business/institutional) for the Study Area is expected to increase from \$9.9 million in 2012 to \$33.5 million in 2035.

TNDG projects that total potential supportable square footage of retail space, based upon standards derived from the Urban Land Institute's (ULI) Dollars & Cents publication, will increase from 38,933 square feet in 2012 to 129,565 square feet in 2035. These figures assume a 20 percent increase in total square footage to account for personal and business services space (typically seen in neighborhood shopping facilities) and a 5 percent vacancy factor, which reflects a typical "healthy" retail market.

The San Miguel Study Area currently offers approximately 100,000 square feet of retail space, roughly 30 percent of which is vacant. However, currently (as of 2012), TNDG finds that the Study Area could support an additional 14,331 square feet of retail space. By 2015, TNDG finds that the Study Area could support over 16,500 square feet of new retail space and by 2035, nearly 105,000 square feet of new space. Specifically, by 2035, TNDG finds that the Study Area would support nearly 19,700 square feet of "Food" retail, the equivalent of a small-scale grocery store, and an additional 15,200 square feet of "General Merchandise" space, enough for a drug store or similar convenience store.

The retail projections provided in The San Miguel Community Plan are based on the TNDG Report and indicate future demand for a total of 154,000 square feet of retail space in San Miguel by 2035.⁸ Retail space can be developed in land zoned Commercial Retail or Commercial Service, although most is likely to occur in the Commercial Retail zones.

Office and Industrial Demand

TNDG projects that total non-farm employment in the SMTA will increase from 741 in 2012 to 911 in 2035, a 23 percent increase. TNDG utilized multiple metrics including anticipated population growth, jobs per person and the proportional employment relationship between San Luis Obispo County, North County and the San Miguel Trade Area (SMTA) to project employment. TNDG then applied projected employment by industry to employment distribution percentages by type of use (office, industrial, or other). TNDG derived these percentages from long-term studies conducted throughout southern California relating office and industrial demand to employment growth.

The San Miguel Community Plan provides real estate projections for 2035 and indicates that the commercial square footage estimates are based on the market estimates provided in the TNDG Report.⁹

⁸ See Table 3-A and table notes of The San Miguel Community Plan to reconcile zoning and land use categories.

⁹ See Chapter 3 of The Community Plan, Table 3-A, Note a.

Office

From the TNDG employment forecasts, TNDG projects that office employment in the SMTA will increase from 98 in 2012 to 127 by 2035, an increase of nearly 30 percent. The largest increase in office employment is expected to occur during the five year period between 2015 and 2020. Assuming 225 square feet of office per employee (based upon the ULI's Dollars & Cents publication), TNDG estimates new supportable office space will increase by 6,953 by 2035. As with employment, the largest increase in supportable office square footage is expected to occur between 2015 and 2020.

The office projections provided in the San Miguel Community Plan are based on the TNDG Report and indicate future demand for a total of 11,000 square feet of office space in San Miguel by 2035.¹⁰ Office space can be developed in land zoned Commercial Retail or Commercial Service, although most is likely to occur in the Commercial Service zones. Approximately 7,535 square feet of new office development are projected by 2035.

The San Miguel Community Plan also projects Light Industrial development, which functions and is used more like office space than heavy industrial space. Approximately 43,000 square feet of total light industrial development is projected by 2035, representing approximately 34,500 new square feet between now and 2035.

Industrial and Other

Industrial employment in the larger San Miguel Study Area is expected to increase from 242 in 2012 to 297 in 2035, a 23 percent increase. The largest increase in industrial employment is expected to occur during the five year period between 2015 and 2020. Assuming 500 square feet of industrial space per employee (based upon the ULI's Dollars & Cents publication), TNDG projects new supportable industrial square footage in the Study Area will increase by 29,300 by 2035. As with employment, the largest increase in supportable industrial square footage is expected to occur between 2015 and 2020.

This projection of 29,300 square feet is for the larger Study Area; however, in San Miguel, the level of industrial development is expected to be minimal, approximately 3,000 square feet. The only "industrial" zoned land in San Miguel is located along the railroad tracks.

All "other" employment (which includes government services, the majority of retail trade, the majority of leisure and hospitality industries, as well as a number of other employment categories) is anticipated to increase from 402 in 2012 to 486 in 2035, a 21 percent increase. As with office and industrial employment, the largest absolute increase in "other" employment is expected to occur between 2015 and 2020. TNDG does not calculate "other" supportable square footage in its report.

¹⁰ Ibid.

Table 2 San Miguel Development Potential

Land Use Category	San Miguel - through 2035		
	2013	New Development	2035
Residential (units)			
Single Family	384	290	674
Multifamily [1]	265	93	358
Suburban [2]	<u>88</u>	<u>34</u>	<u>122</u>
Total, Residential	737	417	1,154
Commercial (sq.ft.)			
Office	3,465	7,535	11,000
Retail	69,072	84,928	154,000
Light Industrial	8,463	34,537	43,000
Industrial	0	3,000	3,000

[1] Multifamily includes new units that are expected to be developed in the Commercial Retail zone.

[2] "Suburban" refers to lower density single family housing, with minimum lot sizes of 1 acre.

Sources: The San Miguel Community Plan, Tables 3-A and 3-B;
 Economic & Planning Systems, Inc.

3. COMMUNITY FACILITY NEEDS AND COSTS

This Chapter provides an overview of the public facilities needed in the Community of San Miguel through 2035, the Community Plan horizon year. The facilities that are identified are based on the Complete Communities Survey Facilities Inventory prepared by The Planning Center | DC&E (now PlaceWorks) as well as input from County staff and additional cost estimates provided by Rick Engineering and the Wood Rodgers draft Transportation Impact Fee Update (August 2014). Improvements are organized by type of improvement, and whether they address an existing deficiency or are attributable to future growth, as these distinctions have implications for funding potential.

Community Services District

The San Miguel Community Services District (“CSD” or “District”) provides water, wastewater, fire, and lighting services to the residents and businesses in the Community of San Miguel. The District was created in February 2000 by the San Luis Obispo Board of Supervisors and included the San Miguel Fire Protection District, San Miguel Lighting District, and the SLO Waterworks District #1. In April 2001, the SLO County Board of Supervisors dissolved the San Miguel Sanitary District (Sewer and Solid Waste) and incorporated those services into the CSD.

The CSD charges water and wastewater connection fees for new development according to the schedule shown below on **Table 3**. Connection fee revenues are to be used for utility-related capital improvements to benefit new development. The CSD prepares master plans to plan for and guide capital improvements. The most recent Water Master Plan was prepared in 2002 and the most recent Wastewater Master Plan was prepared in 2005. Both need to be updated, and the CSD is working to identify funding to pay for the preparation of the plans.

The County collects the fire public facility impact fees and passes them along to the CSD. There are no impact fees related to lighting.

Table 3 San Miguel Community Services District Water and Wastewater Utility Impact Fee Schedule

Land Use Category and/or Meter Size	Water	Wastewater
Residential		
Single Family	\$9,490 per unit	\$8,332 per unit
Multifamily	\$5,694 per unit	\$4,999 per unit
Nonresidential Meter Size		
5/8"	\$9,490 each	\$8,332 each
3/4"	\$14,235 each	\$12,498 each
1"	\$23,725 each	\$20,830 each
1 1/2"	\$47,450 each	\$41,660 each
2"	\$75,920 each	\$66,656 each
3"	\$142,350 each	\$124,980 each
4"	\$237,250 each	\$208,300 each
6"	\$569,400 each	\$499,920 each
8"	\$949,000 each	\$833,200 each
10"	\$1,423,500 each	\$1,249,800 each
12"	\$2,087,800 each	\$1,833,040 each

Source: San Miguel CSD, 2014 schedule.

Community Public Facility Needs and Costs

The County of San Luis Obispo's Planning and Building Department prepared a Complete Communities Survey (finalized March 7, 2014) to identify policies and strategies to achieve community-focused, compact developments that use land, water, energy, and financial resources more efficiently. As part of the overall study, a Facilities Inventory was prepared which provides an overview of the conditions and capacity of the existing facilities and infrastructure in the Community of San Miguel. An assessment of future needs is provided in the Facilities Inventory, along with cost estimates.

Additionally, County staff has identified new facilities and improvements for the Community and Rick Engineering has estimated the costs of these improvements, unless otherwise noted.

Facility Needs and Costs

Approximately \$42.0 million of facility needs between now and 2035 are identified for the Community of San Miguel, more than 20 percent of which are attributable to existing deficiencies, while the remainder will be required to meet the demands of new population growth. **Table 4** provides a summary. **Appendix Table A-1** presents the detailed list of

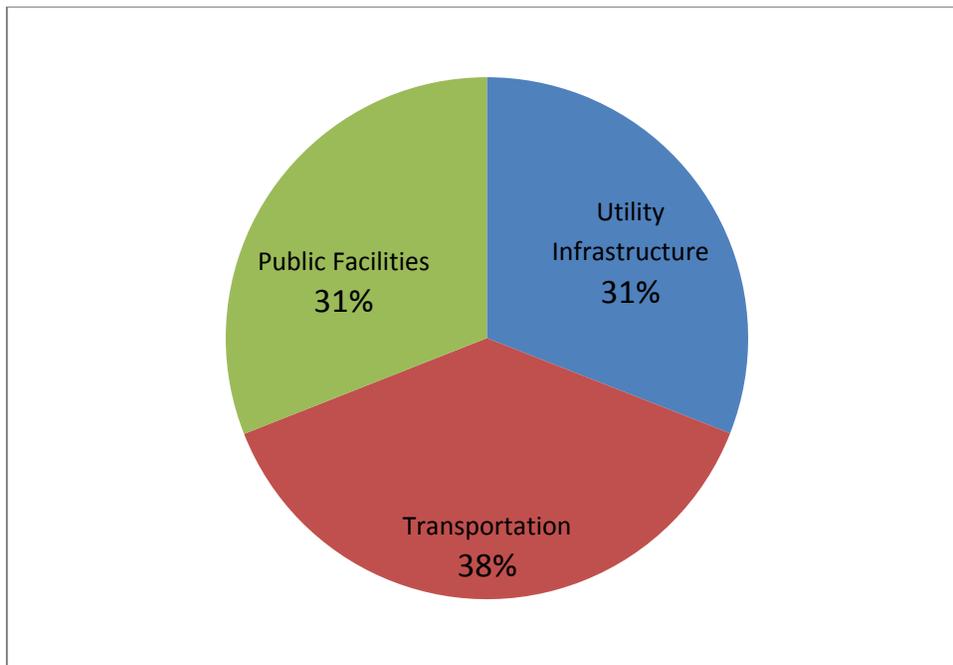
improvements, the estimating timing of the improvements and costs. Costs are approximately evenly distributed between utility infrastructure, transportation, and public facilities as shown on **Figure 2**.

Table 4 San Miguel Capital Improvement Program Summary

Category	Costs Attributable to Existing Deficiencies	Costs Attributable to New Growth (through 2035)	Total Cost
Utility Infrastructure	\$3,723,000	\$9,263,000	\$12,986,000
Transportation	\$3,307,806	\$12,680,072	\$15,987,878
Public Facilities	<u>\$2,600,000</u>	<u>\$10,407,100</u>	<u>\$13,007,100</u>
Total	\$9,630,806	\$32,350,172	\$41,980,978

Sources: County of San Luis Obispo Facilities Inventory; San Miguel CSD; Wood Rodgers Draft Transportation Impact Fee Update, August 2014; Rick Engineering; Economic & Planning

Figure 2 Distribution of Public Facility Costs by Category of Improvement



Utility Infrastructure

As indicated, \$13.0 million of utility infrastructure improvements are needed in San Miguel to remedy existing deficiencies and support new growth through 2035, including \$3.7 million to fund existing stormwater deficiencies. Required improvements include water supply, water

distribution, wastewater and stormwater improvements. It should be noted that stormwater drainage is the responsibility of County Public Works, not the CSD.¹¹

Stormwater improvements represent an immediate concern. Due to insufficient drainage and stormwater controls, the Community of San Miguel experiences regular flooding conditions, particularly between Mission Street and the railroad. Of the \$5.1 million in required stormwater infrastructure improvements, \$3.7 million are attributable to existing deficiencies and include storm drain pipes, jack and bore operations under the railroad, and drainage ditches and outfall structures.

In the short term (2020), entitlements to extract the Salinas River underflow and a new well to extract the flow and connect to the existing system are required to accommodate new growth. Upgraded water lines are also necessary at a cost of \$1.4 million by 2020 and an additional \$2.7 million by 2035. In the longer term, curb and gutter improvements are needed throughout the community. The Facilities Inventory reports that the community will face water supply shortfalls by 2040 (assumed 2035 for this analysis) and the estimated cost of a new well is \$750,000 (in addition to the well needed by 2020).

Transportation

Required transportation improvements include street and highway systems, sidewalks, streetscapes, bicycle lanes and paths, and a park and ride lot. Street and highway systems improvements include the Mission St./14th St. - River Road Intersection Signalization Improvements (total cost of \$405,000) as well as the River Road Widening Improvements (total cost of \$2.5 million).¹² Also included is the realignment of the 10th Street southbound on-ramp at an estimated cost of \$4.3 million.

These street and highway systems improvements are largely needed to serve new development. However, there is a portion of the River Road Widening Improvements that is needed to serve existing development.¹³

Required sidewalk improvements are significant and include new sidewalks to improve existing deficiencies, sidewalk improvements between the Mission and 16th Street (both sides) and new sidewalks to accommodate new development. Nearly \$3.8 million of sidewalk improvements are identified. It should be noted that sidewalk improvements are considered a low priority in the community; efforts will be focused on incremental improvements in high-demand pedestrian corridors.

¹¹ According to the Local Agency Formation Commission (LAFCO), the San Miguel CSD would be authorized to assume responsibility for stormwater management and infrastructure improvements, if the County and the CSD were in mutual agreement.

¹² See Table 1 of the Wood Rodgers' Draft Transportation Impact Fee Update.

¹³ For more detail on this allocation, see Table 1 of the Wood Rodgers' Draft Transportation Impact Fee Update.

Streetscape improvements are estimated to cost \$820,000 and include new street trees, pedestrian lighting and new benches for Mission Street and 10th Street. Streetscape and sidewalk improvements should be coordinated.

Bicycle lane and path improvements at a cost of \$4.15 million were identified by County staff after the Facilities Inventory was completed. Bicycle lanes are proposed primarily for River Road.

Additionally, 15 new spaces are needed at the park and ride lot in San Miguel at the southwest corner of K and 10th Street. The cost to prepare these spaces is estimated to be approximately \$64,000, which does not include acquisition of right of way and easements, if required.

Routine street maintenance is included in the Facilities Inventory, and although it is a significant cost item for the County (estimated at approximately \$6.75 million to \$8.86 million per year Countywide), it is not a capital improvement and, therefore, is not addressed here.¹⁴

Public Facilities

In San Miguel, identified public facilities improvements include public parks and open space, a 4,000-square foot community facility, trails and a library. Of \$3.7 million identified parks and open space improvements, \$2.3 million are attributable to existing deficiencies.

The 4,000-square foot community facility is estimated to cost approximately \$4.5 million, based on the actual per square foot costs of the community facility constructed in Oceano.

Two trails have been identified for San Miguel: the San Miguel Downtown Loop Trail (\$3.6 million) and the 10th Street Trail (approximately \$480,000), both of which were identified by County staff after the Facilities Inventory was finalized.

San Miguel has a 944 square-foot library, located on 13th Street, which is smaller than what the Community needs. Based on the current population, it is estimated that the Community's library should be approximately 1,600 square feet. It is estimated that by 2020, a total of 1,800 square feet of library space would be required and by 2035, a total of 2,300 square feet of library space would be required to accommodate new population growth. Library costs are estimated to be \$300,000 to address the existing deficiency, an additional \$127,000 by 2020 and an additional \$300,000 by 2035 to accommodate new growth.

The County Board of Supervisors' policy requires a 50/50 split in costs between the community and County Library budget to fund any new or remodeled buildings.

¹⁴ See Table 2-7 on page 2-20 of the Facilities Inventory that was prepared for the Community of San Miguel (http://www.slocounty.ca.gov/Assets/PL/pdfs/Facilities+Inventory_San+Miguel.pdf).

Community Priorities

Infrastructure improvements in San Miguel represent a high priority for the community, particularly water supply, water system and drainage improvements. The community also prioritized a police substation, as police services currently are based out of Templeton; however, the Facilities Inventory does not identify any public safety facility improvements. Sidewalk improvements are considered a low priority in the community; efforts will be focused on incremental improvements in high-demand pedestrian corridors, such as the Community Loop Trail.

4. FUNDING AND FINANCING MECHANISMS

There are a number of funding sources and financing mechanisms that can be applied to fund the capital infrastructure and facility improvements identified in **Appendix Table A-1**. Many are already in place, while others represent potential options for consideration. They are described in more detail below.

Whether a particular funding source is appropriate for a given improvement will depend on a number of factors, such as the type of improvement, whether the improvement is needed to address existing deficiencies or serve new development, how the combined burden of fees and/or assessments and taxes affect development feasibility, and the timing of funds versus the need for improvements. The following chapter includes a plan that combines potential funding sources to address needed facilities.

Funding Sources and Financing Mechanisms

Following is a description of potential funding sources; their revenue potential is addressed in the latter portion of this chapter.

Land-Secured Financing Mechanisms

Mello-Roos CFD Special Tax and Bonds

(authorized by Section 53311 et. seq. of the Government Code)

The Mello-Roos Community Facilities Act of 1982 enables the formation of Community Facilities Districts (CFDs) by local agencies, with two-thirds voter approval (or landowner approval in certain cases), for the purpose of imposing special taxes on property owners. Special tax revenue can be used to fund capital or operations and maintenance expenses, or they may be used to secure a bond issuance and pay the debt service. As taxes increase to 50 percent or more of the basic 1 percent, there is a risk of adverse impacts on land and home prices which would offset any financing benefit associated with the additional special taxes. This PFFP proposes the use of special taxes limited to 7.5 percent of assessed value; the actual amount will be refined in implementation, and may require a voter survey to establish the magnitude as applied to existing land uses.

Benefit Assessment Districts

(authorized by Section 54710 et. seq. of the Government Code)

Under a Benefit Assessment District, property assessments are raised within a specific geographic area, with the proceeds going to provide public improvements or services that benefit the property owners within that area. Only improvements with property-specific benefits (e.g., roads and sidewalk, and sewer and water improvements) can be financed with assessments. There must be a logical relationship between the assessment method and amount and the benefit received by associated property owners or tenants. A special assessment district also requires the voter approval of the owners of a majority of the property within the district.

Different types of assessment districts are supported by specific legislation. For example, funds generated through a Landscaping and Lighting District (LLD) would be restricted to construction and maintenance of parks, landscaping, and street lighting and can be assessed on both commercial and residential properties.

Enhanced Infrastructure Financing Districts

(authorized by the Infrastructure Financing District Act, Government Code §53395, et seq.; expanded by SB 628.)

The County or individual communities could consider establishing an Infrastructure Financing District (IFD), or an Enhanced Infrastructure Financing District (EIFD) as permitted under SB 628,¹⁵ which would create a mechanism for capturing/re-allocating increased levels of property tax revenues from future development towards investments in capital improvements.

The new EIFD legislation allows for the following:¹⁶

Reduce vote requirements: While current law requires a two-thirds vote to form an Infrastructure Financing District, the new EIFDs could be formed—and could use a range of existing financial tools—without going to voters. Only issuing tax increment bonds would require a vote, with a vote threshold of 55 percent.

Expand financing authority: The new EIFDs would allow local leaders to support infrastructure projects through multiple funding streams, including a full complement of existing public mechanisms (tax increment authority, benefit assessments, and fees), as well as private investment and procurement.

Increase investment in different types of infrastructure: The enhanced districts would be able to build every type of infrastructure: transportation, water, flood control and storm water quality management, transportation, energy, public facilities, energy, and environmental mitigation—so long as a direct connection can be established between the needed infrastructure and its users.

Allow more flexible institutional collaborations: SB 628 also gives communities more flexibility to accommodate regional growth by making infrastructure investments across jurisdictions through Joint Power Authorities.

Unlike former redevelopment tax increment funding, IFD's can only utilize the County's share of property tax increment (and any other agencies who agree to forego their share of tax increment). The Community of San Miguel would be permitted to retain the County's portion of property tax revenue (nearly 20 percent of the basic 1 percent property tax generated). At buildout, new development in San Miguel would generate approximately \$200,000 per year under an EIFD. This PFFP does not assume EIFD use due to the small amount of tax increment projected to be generated from new development in the Community of San Miguel and the need by the County for property tax funds to pay for ongoing services.

¹⁵ In September 2014, Governor Brown signed SB 628, a bill that expands the authority of Infrastructure Financing Districts.

¹⁶ www.caeconomy.org (“How New EIFDs Can Improve Local Infrastructure Development”).

Statewide Community Infrastructure Program

The Statewide Community Infrastructure Program (SCIP) is a program of the California Statewide Communities Development Authority that makes use of a local government's ability to create land secured financing districts. Because the obligations are "pooled" they typically can gain a comparatively lower interest rate, and issuance costs, particularly if the issue is small, will be reduced.

The Authority is a joint powers authority sponsored by the League of California Cities and the California State Association of Counties. Membership in the Authority is open to every California city and county, and most are already members. SCIP financing is available for development projects situated within cities or counties (local agencies) which have elected to become SCIP participants. Eligibility to become a local agency requires only (a) membership in the League of Cities or CSAC, as the case may be, (b) membership in the Authority, and (c) adoption of a resolution making the election (the "SCIP Resolution").

Participation in SCIP entails the submission of an application by the property owner of the project for which development entitlements either have been obtained or are being obtained from a Local Agency. For Projects determined to be qualified, SCIP provides non-recourse financing of either (a) eligible development impact fees payable to the Local Agency (the "Fees") or (b) eligible public capital improvements (the "Improvements") or both. Under certain circumstances, to be determined on a case by case basis, development impact fees payable to local agencies other than the Local Agency can also be used as repayment for upfront SCIP funding.

Applicants benefit from SCIP because it allows them to obtain low-cost, long-term financing of fees and improvements, which can otherwise entail substantial cash outlays. The Local Agencies benefit from SCIP because it encourages developers to pay fees sooner and in larger blocks than they otherwise would. The availability of low-cost, long-term financing also softens the burden of rising Fee amounts and Improvement costs, benefiting both the Applicants and the Local Agencies. Upon receipt of a completed Application, the SCIP team reviews it to determine (a) eligibility of the fees and improvements for which the Applicant seeks financing and (b) creditworthiness of the Applicant and the Project. Once approved by the SCIP team, the Application is countersigned by the Local Agency. Approved Applications are aggregated for inclusion in the next round of financing authorization. Periodically, as warranted by the accumulation of approved Applications, the Authority issues tax-exempt revenue bonds (the "Bonds"). The proceeds from the Bonds are used to finance fees and/or improvements for qualifying Projects located throughout the state. For projects involving a sufficient amount of financing (generally \$5 million or more), a special series of bonds may be issued to fund the project separately if the timing of issuance of a pooled financing does not suit the project, subject to approval of the Authority.

Revenues to pay debt service on the Bonds are derived by the Authority in one of two ways: 1) through the levy of special assessments on the parcels which comprise the participating Projects by establishing one or more assessment districts pursuant to the Municipal Improvement Act of 1913; or 2) through the levy of special taxes on the Project parcels by establishing a CFD pursuant to the Mello-Roos Community Facilities Act of 1982. Absent circumstances which warrant a CFD, the Assessment District format has been and is expected to continue to be the customary basis for SCIP financing.

Property Tax-Based Funding

General Obligation (G.O.) Bonds

Special districts are empowered by State statutes to issue G.O. bonds which are secured by a property tax rate (as an override to the Constitutionally-limited one percent basic tax rate). G.O. bonds may be utilized particularly if interest rates and issuance costs are favorable compared to other sources of financing. G.O. bonds require voter approval.¹⁷

General Fund and CIP Funding

County General Fund Contributions to Capital Improvement Programs

The County's Capital Projects budget includes funding from the Capital Fund and other reserves, grants, departmental funding, bond financing and the General Fund.¹⁸ Policies governing the development and selection of capital improvement projects are set forth in the Budget Policies and Goals approved by the Board of Supervisors each year.

Development-Based Financing Mechanisms

County Public Facility Fees

(authorized under Title 18 of SLO County Code)

New private development in unincorporated San Luis Obispo County is charged a public facility impact fee that is used to fund government, administration, sheriff, park, library, and fire facilities. Development impact fees can only fund capital improvements. In addition, the funding only accrues incrementally over time as new development occurs, limiting its ability to fund major infrastructure that may be required in advance of development. County Public Facility Fees may be used anywhere in the County as long as funds are spent on projects that are identified as part of the fee program; they are not required to be used in the community from which they are generated.

Road Improvement Fees (or Transportation Impact Fees)

(authorized by Title 13 of SLO County Code, 13.01.020)

Several communities in San Luis Obispo County, including San Miguel (for the area of the Community east of the railroad tracks), charge road improvement fees to new residential and commercial development to fund improvements that mitigate the future effects of new development. Currently, the fee is assessed per PM Peak Hour Trip, and it varies by community (and sometimes within a community) and by land use type (e.g., residential, retail and other).

The draft Transportation Impact Fee update is proposing fees charged on a per unit or per 1,000 square feet basis. The funds collected will be used to fund capital road improvement projects as

¹⁷ State bonds require majority voter approval, while local bonds require either 55 percent (for school districts) or two-thirds voter approval (other local bonds).

¹⁸ The Capital Fund is dedicated to funding improvements identified in the capital improvement program and typically includes allocations of one-time and/or periodic funds. The General Fund usually relies on ongoing revenue sources to fund ongoing operations, but may allocate some of these general revenues to the Capital Fund.

identified in each community's Circulation Study and in the impact fee update report. Revenues collected from the San Miguel Area Road Improvement Fee Program must be spent on projects identified as part of the fee program in the Community from which they are collected. Though the funds may not be used for standard annual road maintenance, major rehabilitation may be an appropriate use of road improvement fees in the future.¹⁹

Local Area Development Fees

(authorized by Section 66000 et. seq. of the Government Code)

The County is authorized to create local development impact fees to fund infrastructure improvements, and additional development impact fees (in addition to the existing Public Facility Fees) could be created. For example, a stormwater infrastructure development impact fee could help fund drainage improvements. Local impact fees also can be a mechanism to assure proportional cost sharing and may be a key part of the financing strategy.

Parkland (Quimby) Fees

(authorized by Title 21 of SLO County Code)

In addition to Public Facility Fees, park and recreation improvements are funded through the Quimby Act requirements (for parkland acquisition) through the subdivision process. Quimby Fees are charged according to Area. San Miguel is in Area 1.²⁰ Those lots that pay a Quimby Fee are exempt from the land portion of the Parks Development Impact Fee.

Utility Fees and Connection Charges

Utility connection charges from new development can fund utility infrastructure improvements. Revenue bonds may be issued secured by a utility rate charge base (water and sewer) and may be used for expansion to serve future development, or for reimbursement to the Developer for initial funding of utility facilities. The San Miguel CSD currently charges water and wastewater connection fees from new development, according to the schedule shown on **Table 3**.

Developer Capital

Developers are often asked to contribute through project-specific improvements, whether as part of individual project approval or as part of a broader set of area-wide design guidelines/other regulatory requirements. Typical examples might include improvements to the sidewalks in front of the new development and the planting of street trees consistent with the County's or

¹⁹ California Gov't Code Sec. 66001(g) states: "A fee... may include the costs attributable to the increased demand for public facilities reasonably related to the development project in order to (1) refurbish existing facilities to maintain the existing level of service..." The code includes streets as a public facility.

To qualify as an appropriate use of impact fees, the improvement(s) would need to be included in a fee program update and the action would need to be consistent with the County's road improvement fee ordinance. The County's ordinance does not appear to specifically exclude major road reconstruction projects, although revisions to the ordinance to include such projects would provide another layer of policy and legislative support.

²⁰ Area 1 includes: Adelaida, El Pomar-Estrella, Nacimiento, and Salinas River Planning Area.

community's direction. Developer contributions can be formalized through Development Agreements (DA) and Certificates of Participation (COP). When applicable, Development Agreements can ensure timely funding of infrastructure development. The agreements should enable and specify the terms for the establishment of needed infrastructure financing mechanisms.

Developer contributions would also result from the adoption of any area development impact and/or in-lieu fees, which has feasibility implications for development, especially in the context of all fees/exactions/requirements. Developer construction and fee contributions need to be carefully considered to avoid discouraging new development, which, in turn, reduces fee revenues for improvements that exceed their allocation.

It may be possible to reimburse the Developer from other sources at a future time, assuming the sources are not required for other public purposes, and that the reimbursement is for a qualifying expenditure for public purposes. The private capital is at greatest risk, since public debt will be secured by value of the development and will be in the first position for repayment. Private capital depends on the success of the project and repayment from future land and development sales after the successful completion of infrastructure and public facilities.

Grants

Grants provide external funding from regional, state, and federal sources. Many grants require local matches. Apart from local match requirements, there are significant staff costs associated with grant funding, including staff time during the application process and during the project. Grant funding is often limited to capital improvements with maintenance responsibilities falling to the local jurisdiction, or perhaps the CSD. The CSD does apply for grant funding and, recently, has used Community Development Block Grant (CDBG) funding to fund a sewer line replacement at 16th Street and N Street. In addition, a CDBG award has been made (although it is not yet funded) to study the arsenic issue in the San Lawrence Terrace Well. The CSD also has been successful in obtaining grant funding to replace structural firefighting protective equipment.

Regional, State, Federal Transportation Funding

Transportation authorities may fund portions of certain regional-serving transportation facilities and improvements. For example, San Miguel, is served by State Route 101 and one of the Community's needed roadway improvements is the realignment of the 10th street southbound on-ramp. Because of the regional-serving nature of US Route 101, statewide transportation funding may be available to fund these improvements.

CMAQ Improvement Program

One potential grant source is the Congestion Mitigation and Air Quality (CMAQ) Improvement Program. The Congestion Mitigation and Air Quality (CMAQ) Improvement Program was created in 1991 under the Intermodal Surface Transportation Efficiency Act (ISTEA) to fund transportation related projects that are designed to reduce traffic congestion and improve air quality in areas that do not meet air quality standards.

CMAQ has seven major project categories:

1. Transit
2. Shared Ride
3. Traffic Flow Improvements

4. Demand Management
5. Pedestrian/Bicycle
6. Inspection/Maintenance (I/M) and other Transportation Control Measures (TCMs)
7. Surface Transportation Program (STP)/CMAQ

Pedestrian and bicycle projects are their own major product category and make up approximately 13 percent of CMAQ projects. Walking and bicycling can also be included in other project categories such as transit by providing bike racks at public transportation stops.

CMAQ Improvement Program funds are available to a wide range of government and non-profit organizations, as well as private entities contributing to public/private partnerships. They are controlled by metropolitan planning organizations (MPOs) and state departments of transportation. Funding is available for areas that do not meet the National Ambient Air Quality Standards (nonattainment areas) as well as former nonattainment areas that are now in compliance (maintenance areas). CMAQ-funded projects may include bicycle and pedestrian facility improvements, bicycle racks and lockers, and individualized marketing initiatives that promote bicycling and walking.

Organizations that want access to CMAQ funds must first ask their Metropolitan Planning Organization (MPO) to place the project on the Transportation Improvement Program (TIP) – the County cannot apply directly.

Safe Routes to School Program

The Safe Routes to School program is a grant program administered by Caltrans and could be used to fund sidewalk improvements. The Program is designed to encourage more children to walk or ride bikes to school by reducing the barriers to doing so, such as a lack of infrastructure or unsafe infrastructure. Through the passage of AB 57, the Program was extended indefinitely with funding provided from the State Highway Account.

Other Funding Sources

Sales Tax Increase

With two-thirds voter approval, the County could adopt countywide special tax increases, such as a sales tax increase, to fund infrastructure and facility improvements. Depending on the level of tax increase, significant revenues can be generated, though there is often industry and community resistance to such increases. The current sales tax rate (in the Community of San Miguel) is 7.5 percent. This PFFP does not assume the use of a sales tax increase.

California Infrastructure and Economic Development Bank (I-Bank)²¹

(authorized by Section 63000 et. seq. of the Government Code)

The California I-Bank is State-run financing authority that operates the Infrastructure State Revolving Fund (ISRF) Program. This ISRF Program is a statewide program that provides low-cost loans up to \$10 million per project to local municipal governments for a wide variety of public infrastructure that provide local economic development benefits, such as:

²¹ More information can be found at <http://www.ibank.ca.gov>.

- City streets
- County highways
- Drainage, water supply and flood control
- Educational facilities
- Environmental mitigation measures
- Parks and recreational facilities
- Port facilities
- Power and communications
- Public transit
- Sewage collection and treatment
- Solid waste collection and disposal
- Water treatment and distribution
- Defense conversion
- Public safety facilities
- State highways
- Military infrastructure

An application is required for these loans, and loans require a stable and reliable source of repayment. If approved, loan repayment could be funded through a special tax if approved by voters. The San Miguel CSD has noted that the CSD is eligible for I-Bank funding for infrastructure projects that benefit CSD customers; in this circumstance, the loan payments could be funded through CSD rate revenues.

Sources of Funds by Type of Improvement

In **Appendix Table A-2**, the potential funding sources described above are aligned with specific improvements. Additional detail is provided below.

Utility Infrastructure

Utility infrastructure improvements include water supply, water distribution, wastewater, stormwater, and solid waste improvements.

- The CSD charges water and wastewater connection fees for new development which can be used to fund utility improvements identified in the supporting fee program nexus documentation. CSD Utility Connection Fees are estimated to total more than \$9.0 million during the development horizon of this PFFP. In addition, the CSD charges utility rates which can be used to underwrite revenue bonds.
- The County's Infrastructure and Facilities Five Year Capital Improvement Plan (CIP) includes public infrastructure projects, which are funded by a variety of sources, including the County General Fund, regional transportation funds, assessment districts, rates and charges to system customers, and grants and loans from State or Federal sources. CSD projects are not included in the County's CIP.
- Localized drainage projects have historically been funded through General Flood Control District reserve funds. For larger drainage projects, assessment districts have been established, and the revenues have been used to leverage Federal FEMA funds and State Proposition 1E Funds.

- Local Area Development Impact Fees focused on utility infrastructure could be established, though this would need to be evaluated in the context of the existing Public Facility Impact Fees to ensure a reasonable cost burden.
- A special assessment to fund stormwater and drainage improvements could be considered.

Transportation

Transportation improvements include street and highway system improvements, sidewalks, streetscapes, bicycle lanes and paths, public transit systems, and park-and-ride lots.

- Those projects with regional benefit, such as street and highway systems, public transit systems and park-and-ride lots can be funded through the County's Capital Projects and General Obligation Bonds.
- Road improvement fees are collected in San Miguel to fund improvements that mitigate the effects of new development and new growth. Road Improvement Fees cannot be used for routine maintenance, although periodic and comprehensive rehabilitation or reconstruction projects may be an appropriate use of these fees.²² The revenue must be invested in the area from which it was collected and on projects identified in the Community's circulation study and included in the fee program nexus study.²³ At this time, it is expected that the updated fee program will fund 100 percent of the Mission St./14th St. - River Road Intersection Signalization Improvements (total estimated cost of \$405,000) as well as approximately 75 percent of the River Road Widening Improvements (total estimated cost of \$2.5 million). Total street and highway improvements currently total \$16.0 million, so additional funding sources will need to be identified.
- In some cases, sidewalk costs potentially could be funded through grants provided through the Congestion Mitigation and Air Quality (CMAQ) Improvement Program or the Safe Routes to School program, which is administered by Caltrans. The CMAQ Program was created in 1991 under the Intermodal Surface Transportation Efficiency Act (ISTEA) to fund transportation related projects that are designed to reduce traffic congestion and improve air quality in areas that do not meet air quality standards. Pedestrian and bicycle projects are eligible. The Safe Routes to School program is designed to encourage more children to walk or ride bikes to school by reducing the barriers to doing so, such as a lack of infrastructure or unsafe infrastructure.
- Those improvements that relate directly to the new development (e.g., sidewalks and some streetscape improvements) currently are funded by the developer as part of the new development.

Public Facilities

Public facilities improvements include public parks and open space, trails, schools, libraries, community/civic facilities, public service facilities, and public safety buildings.

²² See footnote #19.

²³ Conversation with Frank Honeycutt, County Public Works Development Services, 09/14/14.

- The County has already established Public Facility Development Impact Fees for Government, Administration, Sheriff, Parks, Library, and Fire. The fees collected cannot exceed new development's fair share allocation, and therefore, are not available to fund improvements that are required due to existing deficiencies. Based on development potential through 2035, Public Facility Development Impact Fees could total approximately \$2.4 million. With an identified need of \$13.0 million, public facility improvements will require the identification of additional funding sources.
- Quimby Fees can be used for the purchase of new parklands and/or the construction of new parks-related facilities or rehabilitation/restoration of existing park lands and facilities. Quimby Fees apply only to subdivisions and are charged according to Area. San Miguel is in Area 1.
- According to the County's Infrastructure and Facilities Capital Improvement Plan, Board policy states that library projects are expected to be funded with 50 percent of the cost coming from the community in which the library improvements are proposed. The library component of the Public Facility Fee revenue is pledged to the Atascadero and Cambria library projects for the next 10 or more years, and as such, will not be available to fund expansions or improvements in other communities.²⁴
- Other non-project funding may include grants, which may be available to fund a wide spectrum of public facilities, from trail improvements to transit-related improvements.

Street Maintenance

Street maintenance needs are described in the Facilities Inventory as well as in the San Luis Obispo County Pavement Management Plan (typically updated annually). The Facilities Inventory reports that at least \$6.75 million per year is needed to maintain the countywide road system at the current level through 2018.²⁵ To improve the road system to the desired condition (Pavement Condition Index (PCI) of 70), annual improvement costs of \$8.86 million would be required.²⁶ Of the 1,080 County-maintained road miles in the County,²⁷ 1.1 percent is in San Miguel. To the extent that a portion of street maintenance costs can be categorized as non-routine, capital improvements, road improvement fees may be an appropriate funding source.²⁸ To qualify, the improvement(s) would need to be included in a fee program update and the

²⁴ County of San Luis Obispo, Infrastructure and Facilities Capital Improvement Plan, FY2012-13 – FY2016-17, Appendix 6.

²⁵ See Table 2-7 on page 2-20 of the Facilities Inventory that was prepared for the Community of San Miguel (http://www.slocounty.ca.gov/Assets/PL/pdfs/Facilities+Inventory_San+Miguel.pdf).

²⁶ Ibid.

²⁷ San Luis Obispo County Pavement Management Plan, 2009 Update, page 4.

²⁸ California Gov't Code Sec. 66001(g) states: "A fee... may include the costs attributable to the increased demand for public facilities reasonably related to the development project in order to (1) refurbish existing facilities to maintain the existing level of service..." The code includes streets as a public facility.

action would need to be consistent with the County's road improvement fee ordinance. The County's ordinance does not appear to specifically exclude major road reconstruction projects, although revisions to the ordinance to include such projects would provide another layer of policy and legislative support.

Facility Operations and Maintenance

While facility operations and maintenance costs are not specifically estimated in the Facilities Inventory, each of the identified improvements will have annual maintenance costs associated with them. There are few funding sources available to fund maintenance activities; most funding sources are intended to fund the one-time construction of the improvements or facilities. As such, maintenance costs associated with the types of improvements identified in this report typically will be funded through County or CSD General Fund expenditures and utility rates and charges.

5. FINANCING POLICIES, PLAN AND IMPLEMENTATION

This chapter recommends funding goals, policies and actions to guide the implementation of the infrastructure and facility improvements identified in **Chapter 3**. This chapter summarizes infrastructure and facility improvement costs, and identifies potential sources of funding for each category of improvement. The final section of this chapter recommends “Next Steps” towards implementing the Financing Plan. It is expected that the financing policies, plan and implementation strategy will be further refined as a part of the Community Plan finalization process, and as implementation of the Community Plan proceeds.

Financing Goals and Policies

The following goals and associated implementation policies serve as a basis for an efficient and equitable financing plan. In addition, the County has adopted by resolution in 2010 an Infrastructure Planning and Funding Policy²⁹ which can guide infrastructure funding and investments. The goals, policies and actions presented below are consistent with, and expand upon, goals, and policies consistent with the County’s resolution and the Complete Communities Survey.

1. Fund Infrastructure and Public Facilities in an Equitable Manner

1.1 New development shall fund its allocated share of infrastructure costs needed to serve the new development, except where other funding sources are appropriate and available, and subject to financial feasibility considerations and other community objectives.³⁰

1.2 Allocate costs for existing deficiencies among properties based on the benefit received and, where possible and applicable, on a regional basis.

1.3 When applied to existing residents, funding mechanisms for new infrastructure shall be consistent with the benefit received and ability to pay.

1.4 To eliminate duplication, existing Countywide development impact fees shall be evaluated to determine any overlap between the infrastructure projects funded by such Countywide fees and infrastructure required by the Community Plan.

1.5 The County shall explore the creation of Countywide development impact fees that would be collected from new development within cities to the extent that development in incorporated areas contributes to the need for Countywide facilities and infrastructure.

1.6 New projects outside of the Community Plan that benefit from infrastructure provided by the Plan shall contribute to infrastructure financing to the extent possible.

²⁹ See the County’s “Infrastructure Planning and Funding Policy,” which was adopted by resolution 9/7/10 (http://slocounty.granicus.com/MetaViewer.php?view_id=2&clip_id=951&meta_id=188918).

³⁰ Also, see Policy 1.7.

1.7 Total infrastructure and financing costs in the Community Plan should not exceed industry standards of financial feasibility.³¹

1.8 Grants and other outside funding, (e.g., State and federal sources, shall be pursued for infrastructure funding).

1.9 The County shall provide a process and mechanism, e.g., reimbursement agreements, for subsequent reimbursement to private parties who advanced infrastructure funding in excess of their allocated share.

2. Include this Public Facility Financing Plan with the San Miguel Community Plan

2.1 Based on proposed or reasonably foreseeable development that may occur pursuant to the Community Plan, this PFFP and future revisions shall detail all proposed development within the Community, the public facilities required for the Community Plan, the allocation of the costs of the facilities to existing and new development, and proposed methods for equitable and cost-effective funding.

2.2 The PFFP shall include an infrastructure phasing schedule that links the timing of infrastructure construction to the timing of new residential, commercial, and public facility development to the extent possible.

2.3 The PFFP shall account for Community-specific circumstances, reflect changing market conditions, and be updated periodically as more refined facility, phasing and cost data become available, including updates to the County's Development Impact Fee Program, Road Improvement Fee Program, and the County's periodic review of its infrastructure master plan, Capital Improvement Program, and other County impacts fees.³²

2.4 The PFFP shall maximize the use of pay-as-you-go methods (e.g., impact fee revenue, road improvement fee revenue, assessments) as well as reimbursements to best use available revenue, reduce interest costs, and minimize increases in costs due to delays.

2.5 Debt financing shall be considered where necessary to help fund facilities needed in advance of subsequent development and only in limited circumstances where there is a certifiable mechanism to pay for the debt and when other methods are unavailable or inappropriate.

2.6 The PFFP shall establish criteria and priorities for infrastructure and facilities. Criteria may include community priorities, strategic growth opportunities, health and safety considerations, cost effectiveness, value, economic development potential, beautification, recreation (non-health and safety), and facility maintenance costs (i.e., improvements that may reduce future maintenance and improvement costs).

³¹ Infrastructure cost burdens and associated financings (combined debt, impact fees, etc.) are typically limited to 1/3 of improved land value; e.g., Mello-Roos debt generally is constrained to a 1:3 lien to value ratio to assure adequate security for the debt.

³² For example, reports on the Road Improvement Fee (RIF) Program are prepared and submitted to the Board of Supervisors annually.

2.7 The County shall coordinate with the landowners, developers, and service providers in the Community Plan area in the development of Financing Strategies and implementation measures.

2.8 The County shall facilitate discussions with school districts regarding school facility requirements and planning, consider partnering with the districts for commonly desired facilities (such as Safe Routes or recreation or community facilities), and seek outcomes that facilitate timely development within the Community Plan area, if applicable.

2.9 Consistent with the County's adopted CFD policies, at the request of landowners or developers in the Community Plan area, the County should establish a financing district or districts to provide necessary land-secured debt financing.

2.10 The preferred financing mechanism(s) shall create incentives for properties in the Community Plan area to develop desired uses and densities. For example, a per acre rather than a per unit fee encourages development at higher densities.

3. Provide for Long-Term Operation, Maintenance and Replacement Costs

3.1 Developers shall participate in duly established (or to be established) financing mechanisms that provide funding for maintenance of public facilities and/or municipal services such as a CFD special tax for specific, additional services within new development areas, or an assessment for maintenance of facilities.

3.2 The County shall periodically review its infrastructure master plans, Capital Improvement Program, and County impact fees to assure that they are consistent with needs as identified in Community Plans, and consistent with nexus requirements of AB 1600.

Financing Sources and Uses

As presented in **Chapter 3** and summarized below in **Table 5**, \$42.0 million of facility improvements are identified for the Community of San Miguel, including \$13.0 million for utility infrastructure, \$16.0 million for transportation improvements and \$13.0 million for public facilities.

New development will generate approximately \$2.4 million in revenue through the County's public facility development impact fees. The transportation impact fee program is currently being updated; however, it is assumed, based on the August 2014 draft, that revenue will fund approximately \$2.2 million of specifically identified improvements. Some of the public facility fees currently are programmed for Countywide facilities serving the San Miguel area, but located outside San Miguel and not part of the identified Community improvements.

In addition, with voter approval, a special tax or other area benefit assessment could be established to fund capital improvements and/or ongoing maintenance. The existing assessed value in the Community of San Miguel (secured land and improvements only less exemptions) is \$178.9 million. Special taxes or assessments of 7.5 percent of the assessed value represents a feasible tax burden, although the actual rate will require a detailed rate and method analysis and could vary. Assuming a 7.5 percent special tax capacity, the existing development can support approximately \$13.44 million of improvements, depending on future financing conditions. This would represent approximately \$112.50 per year for a single family home valued at \$150,000. A

lower tax rate will reduce bonding capacity proportionately; for example, a \$50 annual tax would support approximately \$6 million of improvements.

New development also will be able to support a special tax or other assessment. As presented on **Table 2**, the Draft San Miguel Community Plan projects 417 new residential units and 130,000 square feet of new commercial development. Assuming an average value of \$200,000 per new residential unit and \$150 per square foot of new commercial development, the total assessed value of the new development is estimated to be approximately \$102.9 million, which can support approximately \$7.7 million of improvements.

Assuming a special tax at the rates described above, and buildout of the community, approximately \$1.0 million of other funding will still be required; this funding could include grants and/or regional or State funding sources. Utility rate surcharges could be considered, but their revenue potential will depend on the magnitude of existing rates.

Table 5 San Miguel Funding Sources and Uses

Item	Amount
Infrastructure Improvements and Costs	
Utility Infrastructure	\$12,986,000
Transportation	\$15,987,878
Public Facilities	<u>\$13,007,100</u>
Total Costs	\$41,980,978
Funding Sources	
CSD Utility Connection Fees [1]	\$9,085,637
Public Facility Fees [2]	\$2,403,216
Road Improvement Fees [3]	\$2,220,000
Special Taxes or Other Assessments [4]	
Existing Development	\$13,417,219
Future Development	\$7,717,500
Other Funding Required [5]	<u>\$7,137,406</u>
Total Funding Sources	\$41,980,978

- [1] CSD Utility Connection Fees can be used to fund water and wastewater capital facilities within the San Miguel CSD boundary for the direct benefit of CSD customers. The schedule of fees is presented on Table 3.
- [2] County Public Facility Fees may be used anywhere in the County; they are not required to be used in the community from which they are generated.
- [3] Road Improvement (or Transportation Impact) Fees are calculated in the Wood Rodgers Draft Transportation Impact Fee program, although the estimates are likely to change in the final version of the study. The fee levels will be set so that the revenue generated pays for 100% of the Mission St./14th St. - River Road Intersection Signalization Improvements and approximately 75% of the River Road Widening from Salinas River Bridge through Magdalena Dr. improvements.
- [4] Assumes a special tax or other assessment capacity of 7.5% of the current assessed value and 7.5% of the future assessed value. The FY2014/15 Assessed Value (secured land and improvements, less exemptions) is \$178.9 million.
- [5] Other funding will include Regional, State or Federal funding, direct developer contributions and grants.

Sources: County of San Luis Obispo Facilities Inventory; San Miguel CSD; Rick Engineering; Wood Rodgers Draft Transportation Impact Fee Update, August 2014; County of San Luis Obispo Auditor's Office; Economic & Planning Systems, Inc.

The timing of improvements will partly depend on the availability of revenues. For example, the revenue potentials described above require, in part, full buildout of new development. Because certain improvements will be needed in advance of new development, it will be necessary to provide interim funding. For example, construction of certain facilities could be funded by new development which would receive credit against fee obligations and would be reimbursed from other benefitting properties and future development.

Implementation Next Steps

This section recommends steps and actions needed to implement the goals, policies and financing plan described above.

Infrastructure Program

1. To ensure that new development pays its fair share of infrastructure improvement costs, identify improvements needed for the Community of San Miguel that are, or should be, included in existing fee programs, or potential new Countywide fee programs, where feasible.
2. The San Miguel CSD's master plans for water and wastewater should be updated to identify projects and guide prioritization. The Water Master Plan was last prepared in 2002 and the Wastewater Master Plan was last prepared in 2005.

Public Facilities Finance Plan

3. Establish a schedule for updating this Public Facilities Financing Plan. Every five years, or in conjunction with any major fee adoptions, updates or development proposals, update the priority, timing, cost and required facility improvements and costs.
4. When updating this PFFP, continue to refine prioritization and phasing of infrastructure. Criteria for prioritization should include the Community's priorities, strategic growth opportunities, health and safety considerations, cost effectiveness, value, economic development potential, beautification, recreation (non-health and safety), funding availability, and facility maintenance costs (i.e., improvements that may reduce future maintenance and improvement costs).

Land-Secured Financing Mechanisms

5. Study whether a special tax can be established and whether there would be voter support for benefit received; a special tax can be used to help fund ongoing operations and maintenance, as well as capital improvements.

Development-Based Financing Mechanisms

6. In conjunction with planned new development, consider an area of benefit fee program to generate additional revenues for local infrastructure improvements that are not otherwise addressed by existing fees. These and other potential fees should be tested to assure financial feasibility without producing unsupportable burdens that would discourage new development.
7. Consider establishing a fee program to fund stormwater improvements. Existing and future impact or area of benefit fee programs should include a mechanism for

reimbursing private parties to encourage infrastructure funding in advance of the collection of fees from other future development.

Grants

8. Research grant opportunities and prepare grant applications, particularly for stormwater, sidewalk, bicycle and trail improvements, to fill existing funding gaps.

Other Funding Sources

9. The CSD could consider preparing an updated fee and rate study to evaluate whether existing CSD connection charges are adequate to serve future development and determine whether a nexus study is needed to update the fees. The study also could evaluate whether existing utility rates have capacity for an additional capital replacement surcharge to address existing deficiencies.
10. Study and evaluate whether there would be voter and community support for a Countywide sales tax increase to help fund the construction and/or maintenance of public facilities.



APPENDIX A:
Capital Improvement Costs
by Improvement Type

Appendix Table A-1
San Miguel Capital Facilities Needs and Cost Estimates
Community of San Miguel Public Facilities Financing Plan; EPS #121016

Category	Costs Attributable to Existing Deficiencies	Costs Attributable to New Growth (through 2035)			Total Cost	Improvement and Cost Estimate Source
		Now through 2020	2021 through 2035	Total Costs Attributable to New Growth		
Utility Infrastructure						
<u>Water Supply</u>						
Entitlements for Extraction of Salinas River Underflow [1]	\$0	\$300,000	\$0	\$300,000	\$300,000	Steve Tanaka (SMCSD)
New Well to Extract Flow; Connect to Existing System [1]	\$0	\$750,000	\$0	\$750,000	\$750,000	Steve Tanaka (SMCSD)
New Well Needed by 2040	\$0	\$0	\$750,000	\$750,000	\$750,000	Steve Tanaka (SMCSD); cost updated from CCS Facilities Inventory
Water Supply, Subtotal	\$0	\$1,050,000	\$750,000	\$1,800,000	\$1,800,000	
<u>Water Distribution</u>						
Upgrade water lines	\$0	\$1,400,000	\$2,700,000	\$4,100,000	\$4,100,000	CCS Facilities Inventory, San Miguel
Water Distribution, Subtotal	\$0	\$1,400,000	\$2,700,000	\$4,100,000	\$4,100,000	
<u>Wastewater</u>						
Upgrade sewer lines	\$0	\$300,000	\$0	\$300,000	\$300,000	CCS Facilities Inventory, San Miguel
Install new gravity sewer, new manhole diversion structure, and construct new ponds	\$0	\$0	\$1,700,000	\$1,700,000	\$1,700,000	CCS Facilities Inventory, San Miguel
Wastewater, Subtotal	\$0	\$300,000	\$1,700,000	\$2,000,000	\$2,000,000	
<u>Stormwater</u>						
Improvements to address existing deficiencies	\$3,723,000	\$0	\$0	\$0	\$3,723,000	CCS Facilities Inventory, San Miguel
Upgrade infrastructure, curb and gutter improvements	\$0	\$0	\$1,363,000	\$1,363,000	\$1,363,000	CCS Facilities Inventory, San Miguel
Stormwater, Subtotal	\$3,723,000	\$0	\$1,363,000	\$1,363,000	\$5,086,000	
Utility Infrastructure, Subtotal	\$3,723,000	\$2,750,000	\$6,513,000	\$9,263,000	\$12,986,000	
Transportation						
<u>Street & Highway Systems</u>						
Mission St./14th St. - River Road Intersection Signalization Improvements [2]	\$0	\$405,000	\$0	\$405,000	\$405,000	Wood Rodgers' Draft Transportation Impact Fee Update
River Road Widening from Salinas River Bridge through Magdalena Dr. [3]	\$681,000	\$1,815,000	\$0	\$1,815,000	\$2,496,000	Wood Rodgers' Draft Transportation Impact Fee Update
Realign 10th Street southbound on-ramp	\$0	\$0	\$4,300,000	\$4,300,000	\$4,300,000	CCS Facilities Inventory, San Miguel
Street & Highway Systems, Subtotal	\$681,000	\$2,220,000	\$4,300,000	\$6,520,000	\$7,201,000	
<u>Sidewalks</u>						
Improve existing deficiencies	\$1,879,006	\$0	\$0	\$0	\$1,879,006	CCS Public Facilities Financing Plan
Mission St. sidewalk improvements (between the Mission and 16th St., both sides)	\$747,800	\$0	\$0	\$0	\$747,800	Rick Engineering (1/2014)
Sidewalks needed to accommodate new development	\$0	\$340,696	\$789,676	\$1,130,372	\$1,130,372	CCS Public Facilities Financing Plan
Sidewalks, Subtotal	\$2,626,806	\$340,696	\$789,676	\$1,130,372	\$3,757,178	
<u>Streetscapes</u>						
Streetscape improvements	\$0	\$250,000	\$570,000	\$820,000	\$820,000	CCS Facilities Inventory, San Miguel
<u>Bicycle Lanes & Paths</u>						
10th Street bicycle lanes	\$0	\$367,200	\$0	\$367,200	\$367,200	Rick Engineering (1/2014)
River Road bicycle lanes	\$0	\$3,778,400	\$0	\$3,778,400	\$3,778,400	Rick Engineering (1/2014)
Bicycle Lanes & Paths, Subtotal	\$0	\$4,145,600	\$0	\$4,145,600	\$4,145,600	
<u>Park & Ride Lots</u>						
20 park & ride spaces	\$0	\$64,100	\$0	\$64,100	\$64,100	Rick Engineering (1/2014)
Transportation, Subtotal	\$3,307,806	\$7,020,396	\$5,659,676	\$12,680,072	\$15,987,878	
Public Facilities						
<u>Public Parks & Open Space</u>						
Public Parks & Open Space	\$2,300,000	\$440,000	\$1,000,000	\$1,440,000	\$3,740,000	CCS Facilities Inventory, San Miguel
<u>Community Facility [4]</u>						
Community Facility [4]	\$0	\$0	\$4,500,000	\$4,500,000	\$4,500,000	Michael Conger (6/2014)
<u>Trails</u>						
San Miguel Downtown Loop Trail	\$0	\$3,558,800	\$0	\$3,558,800	\$3,558,800	Rick Engineering (1/2014)
10th Street Trail	\$0	\$481,300	\$0	\$481,300	\$481,300	Rick Engineering (1/2014)
Trails, Subtotal	\$0	\$4,040,100	\$0	\$4,040,100	\$4,040,100	
<u>Library</u>						
Library	\$300,000	\$127,000	\$300,000	\$427,000	\$727,000	CCS Facilities Inventory, San Miguel
Public Facilities, Subtotal	\$2,600,000	\$4,607,100	\$5,800,000	\$10,407,100	\$13,007,100	
Total	\$9,630,806	\$14,377,496	\$17,972,676	\$32,350,172	\$41,980,978	

[1] Line item reflects soft costs associated with the entitlement process, not actual infrastructure. Estimated by Steve Tanaka (SMCSD).
[2] The Mission St./14th St. - River Road Intersection Signalization Improvements (\$405,000) is expected to be funded through the road improvement fee program (also referred to as the transportation impact fee program). See Wood Rodgers' Draft Transportation Impact Fee Update.
[3] The portion of the River Road Widening Improvements (total cost of \$2.5 million) that is attributable to new development is expected to be funded through the transportation impact fee program. The balance will be the responsibility of the County (\$681,000) and is shown above as an existing deficiency. See Wood Rodgers' Draft Transportation Impact Fee Update.
[4] The Community Facility is estimated to be approximately 4,000 square feet. Costs are based on the per square foot costs of the Oceano Community Facility (per Michael Conger 6/2/14).

Sources: County of San Luis Obispo Facilities Inventory; San Miguel CSD; Wood Rodgers Draft Transportation Impact Fee Update, August 2014; Rick Engineering; Economic & Planning Systems, Inc.

Appendix Table A-2
San Miguel Capital Facilities Needs, Cost Estimates and Potential Funding Matrix
Community of San Miguel Public Facilities Financing Plan; EPS #121016

Category	Total Cost	Public Facility Development Impact Fees	Road Improvement Fees	Quimby Fees	Other Impact Fees	CSD Revenues	Regional, State or Federal Funding	County CIP	General Obligation Bond	Direct Developer Funding	Grants	Other
Utility Infrastructure												
<u>Water Supply</u>												
Entitlements for Extraction of Salinas River Underflow	\$300,000					X	X					
New Well to Extract Flow; Connect to Existing System	\$750,000					X	X					
New Well Needed by 2040	<u>\$750,000</u>					X	X					
Water Supply, Subtotal	\$1,800,000											
<u>Water Distribution</u>												
Upgrade water lines	<u>\$4,100,000</u>				X	X	X					
Water Distribution, Subtotal	\$4,100,000											
<u>Wastewater</u>												
Upgrade sewer lines	\$300,000					X	X					
Install new gravity sewer, new manhole diversion structure, and construct new ponds	<u>\$1,700,000</u>				X	X	X					
Wastewater, Subtotal	\$2,000,000											
<u>Stormwater</u>												
Improvements to address existing deficiencies	\$3,723,000						X					
Upgrade infrastructure, curb and gutter improvements	<u>\$1,363,000</u>				X		X					
Stormwater, Subtotal	\$5,086,000											
Utility Infrastructure, Subtotal [1]	\$12,986,000											
Transportation [2]												
<u>Street & Highway Systems</u>												
Mission St./14th St. - River Road Intersection Signalization Improvements [2]	\$405,000		X									
River Road Widening from Salinas River Bridge through Magdalena Dr. [3]	\$2,496,000		X									
Realign 10th Street southbound on-ramp	<u>\$4,300,000</u>						X	X	X			
Street & Highway Systems, Subtotal	\$7,201,000											
<u>Sidewalks</u>												
Improve existing deficiencies	\$1,879,006						X					
Mission St. sidewalk improvements (between the Mission and 16th St., both sides)	\$747,800						X					
Sidewalks needed to accommodate new development	<u>\$1,130,372</u>						X			X		
Sidewalks, Subtotal [3]	\$3,757,178											
<u>Streetscapes</u>												
Streetscape improvements [4]	\$820,000									X	X	
<u>Bicycle Lanes & Paths</u>												
10th Street bicycle lanes	\$367,200						X				X	
River Road bicycle lanes	<u>\$3,778,400</u>						X				X	
Bicycle Lanes & Paths, Subtotal	\$4,145,600											
<u>Park & Ride Lots</u>												
20 park & ride spaces [5]	<u>\$64,100</u>											X
Transportation, Subtotal	\$15,987,878											
Public Facilities												
<u>Public Parks & Open Space [6]</u>	\$3,740,000	X		X							X	
<u>Community Facility [7]</u>	\$4,500,000			X			X				X	X
<u>Trails</u>												
San Miguel Downtown Loop Trail	\$3,558,800						X				X	
10th Street Trail	<u>\$481,300</u>						X				X	
Trails, Subtotal	\$4,040,100											
<u>Library [8]</u>	<u>\$727,000</u>	X					X					
Public Facilities, Subtotal	\$13,007,100											
Total	\$41,980,978											

[1] Utility infrastructure improvements are typically funded with revenues collected by the CSD or State and/or Federal sources. A development impact fee focused on utility infrastructure could be established to help fund those improvements required to serve new development.
[2] Projects with regional benefit, such as street and highway systems, public transit systems and park-and-ride lots can be funded through the County's Capital Projects and General Obligation Bonds.
[3] Sidewalk costs potentially could be funded through grants provided through the Congestion Mitigation and Air Quality (CMAQ) Improvement Program or the Safe Routes to School program, which is administered by Caltrans.
[4] Improvements that relate directly to the new development (e.g., sidewalks and some streetscape improvements) currently are funded by the developer as part of the new development.
[5] Funding for the park & ride lot has already been identified and construction is expected to begin soon.
[6] Quimby Fees can be used for the purchase of new parklands and/or the construction of new parks-related facilities or rehabilitation/restoration of existing park lands and facilities. Quimby Fees apply only to subdivisions and are charged according to Area. San Miguel is in Area 1.
[7] The costs and funding strategy assumed for the community facility are based on the recently constructed Oceano Community Center. State funding assumes a Community Development Block Grant (CDBG). State grants, private and nonprofit donations helped to fund the Center.
[8] Revenues from the Library Public Facility Fee are pledged to the Atascadero and Cambria library projects for the next 10 years or more and are not available for library improvements in other communities. The San Miguel library improvements will need to be prioritized accordingly or regional, State or federal funding could be identified.

Sources: County of San Luis Obispo; Economic & Planning Systems, Inc.

APPENDIX B:
CSD Utility Connection Fees Calculations



**Appendix Table B-1
CSD Utility Connection Fees Calculation
Community of San Miguel Public Facilities Financing Plan; EPS #121016**

Land Use Category	New Development (through 2035)	CSD Utility Connection Fees					
		Water		Wastewater		Total	
		Fee Level (per Unit or per 5/8" meter)	Amount	Fee Level (per Unit or per 5/8" meter)	Amount	Fee Level (per Unit or per 5/8" meter)	Amount
Residential (units)							
Single Family	324	\$9,490	\$3,074,760	\$8,332	\$2,699,568	\$17,822	\$5,774,328
Multifamily	<u>93</u>	\$5,694	<u>\$529,542</u>	\$4,999	<u>\$464,907</u>	\$10,693	<u>\$994,449</u>
Subtotal, Residential	417		\$3,604,302		\$3,164,475		\$6,768,777
Commercial (sq.ft.) [1]							
Office	7,535	\$9,490	\$71,507	\$8,332	\$62,782	\$17,822	\$134,289
Retail	84,928	\$9,490	\$805,967	\$8,332	\$707,620	\$17,822	\$1,513,587
Light Industrial	34,537	\$9,490	\$327,756	\$8,332	\$287,762	\$17,822	\$615,518
Industrial	<u>3,000</u>	\$9,490	<u>\$28,470</u>	\$8,332	<u>\$24,996</u>	\$17,822	<u>\$53,466</u>
Subtotal, Commercial	130,000		\$1,233,700		\$1,083,160		\$2,316,860
Total, San Miguel			\$4,838,002		\$4,247,635		\$9,085,637

[1] One 5/8" meter is assumed to be needed for every 1,000 sq.ft. of new development. Actual meter size and number of meters will be determined at the time of development.

Sources: San Miguel CSD; Economic & Planning Systems, Inc.

APPENDIX C:
County Public Facilities Fee Calculations



Appendix Table C-1
Public Facility Fees Calculation
Community of San Miguel Public Facilities Financing Plan; EPS #121016

Land Use Category	New Development (through 2035)	Public Facility Fees													
		Government		Administration		Sheriff		Park [1]		Library		Fire [2]		Total	
		Fee Level (per Unit or per 1,000 Sq.Ft.)	Amount	Fee Level (per Unit or per 1,000 Sq.Ft.)	Amount	Fee Level (per Unit or per 1,000 Sq.Ft.)	Amount	Fee Level (per Unit or per 1,000 Sq.Ft.)	Amount	Fee Level (per Unit or per 1,000 Sq.Ft.)	Amount	Fee Level (per Unit or per 1,000 Sq.Ft.)	Amount	Fee Level (per Unit or per 1,000 Sq.Ft.)	Amount
Residential (units)															
Single Family	324	\$533	\$172,692	\$111	\$35,964	\$280	\$90,720	\$2,303	\$746,172	\$454	\$147,096	\$1,994	\$646,056	\$5,675	\$1,838,700
Multifamily	93	\$406	\$37,758	\$72	\$6,696	\$213	\$19,809	\$1,753	\$163,029	\$345	\$32,085	\$902	\$83,886	\$3,691	\$343,263
Subtotal, Residential	417		\$210,450		\$42,660		\$110,529		\$909,201		\$179,181		\$729,942		\$2,181,963
Commercial (sq.ft.)															
Office	7,535	\$719	\$5,418	\$45	\$339	\$378	\$2,848			\$239	\$1,801	\$902	\$6,797	\$2,283	\$17,202
Retail	84,928	\$432	\$36,689	\$34	\$2,888	\$226	\$19,194			\$143	\$12,145	\$902	\$76,605	\$1,737	\$147,520
Light Industrial	34,537	\$309	\$10,672	\$29	\$1,002	\$163	\$5,630			\$103	\$3,557	\$902	\$31,152	\$1,506	\$52,013
Industrial	3,000	\$309	\$927	\$29	\$87	\$163	\$489			\$103	\$309	\$902	\$2,706	\$1,506	\$4,518
Subtotal, Commercial	130,000		\$53,705		\$4,315		\$28,160		\$0		\$17,812		\$117,260		\$221,253
Total, San Miguel			\$264,155		\$46,975		\$138,689		\$909,201		\$196,993		\$847,202		\$2,403,216

[1] Park fees are composed of Land and Development. Those lots which paid a Quimby Fee are exempt from the land portion.

[2] The Fire Fee is the only facility fee on residential development that is not a fixed amount per unit; it varies by unit size. The fee is \$902 per 1,000 square feet. Calculations assume a 2,210 sq.ft. single family home and a 1,000 sq.ft. multifamily unit.

Sources: San Luis Obispo County, Planning and Building Department Public Facility Fees Schedule, FY 2014/15; Economic & Planning Systems, Inc.