



# Carlsbad TOMORROW

Growth Management Citizens Committee

Meeting 3  
May 26, 2022





# Call to Order & Roll Call



# Approval of Minutes

# Public Comment





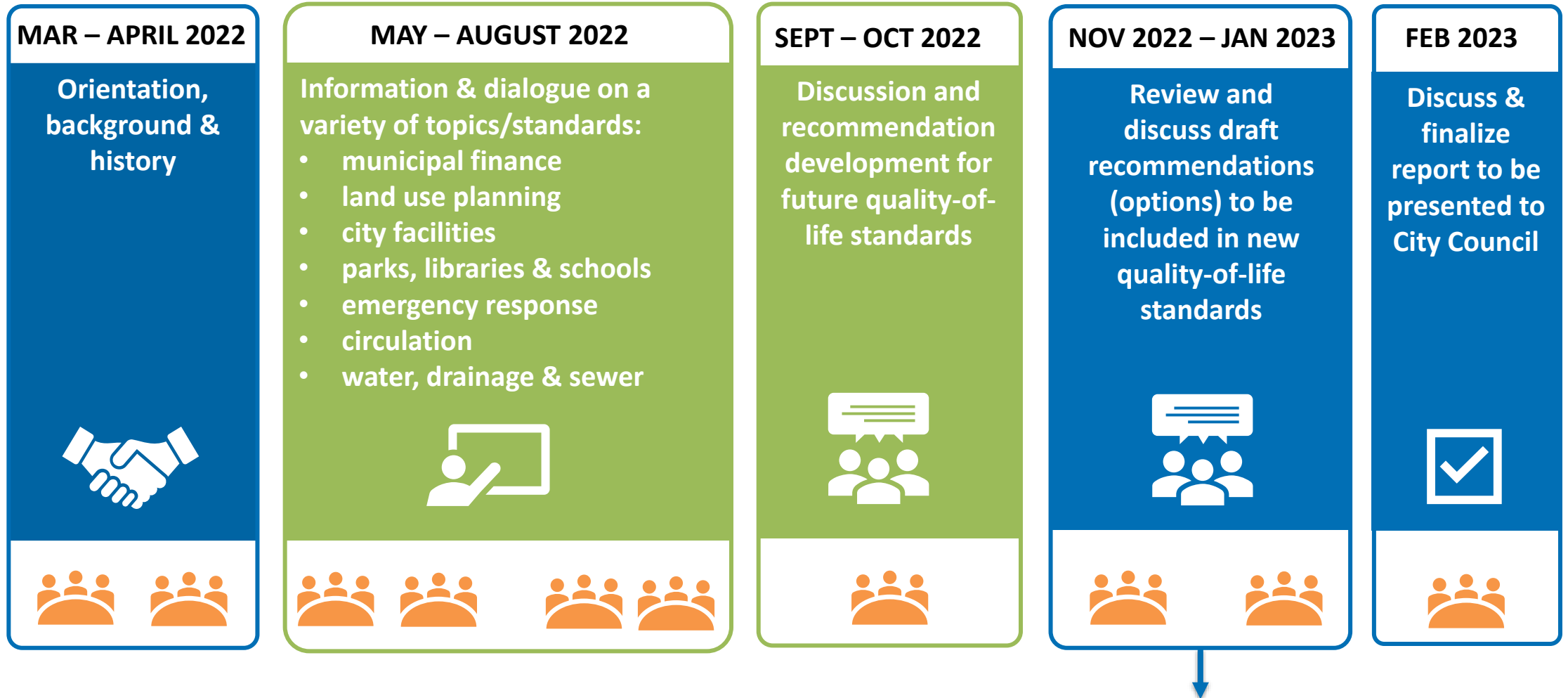
# Welcome & Introductions

Carlsbad  
TOMORROW 

## COMMITTEE PURPOSE

Promote balanced consideration of a range of perspectives on issues affecting the future growth and quality of life in Carlsbad and identify the key elements of a new plan to manage growth in Carlsbad in a way that maintains an excellent quality of life while also complying with state law.

# COMMITTEE PROCESS



Committee meetings are open to the public and livestreamed.

# AGENDA

- Discussion items
  - Committee business
    - City of Carlsbad budget
    - Financing & Growth Management
    - City Administration Facilities Performance Standards
    - Additional growth management topics
- Committee member requests for agenda items
- Public comment (continued if needed)
- Adjourn



# 1. Committee Business



# City of Carlsbad Finance Overview

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# TODAY'S PRESENTATION

- Overview
- Fund Structure
- Funding Sources
- Budget Process
- Forecast
- Policy





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## OPERATIONAL OVERVIEW

- \$350 million-plus organization
- Diverse lines of business
- Public facing services
- Internal organizational services

# FINANCE OVERVIEW

Major lines of business:

- General Accounting and Reporting
- Purchasing
- Payroll
- Debt Management
- Long-Range Financial Planning and Budget Management

Annual Budget of approximately \$5.5 million

Employees: 26 full-time & 3 part-time



## TREASURY

- Elected City Treasurer
- Pooled investment portfolio
- Reported to City Council monthly
- Governed by Investment Policy  
compliant with CA Gov't Code § 53601
- Safety, Liquidity, Return
- ~\$800 million portfolio



# TREASURY

	Investment cost		Market value			Average yield	
Class	Current month	Prior month	Current month	Prior month	YTD income	Current month	Prior month
FA	\$ 325,144,134	\$ 322,296,400	\$ 310,303,863	\$ 313,863,405	\$ 2,196,546	0.97%	0.97%
SN	28,654,402	28,654,402	27,438,941	27,901,389	410,438	1.53	1.53
TR	79,812,212	78,739,575	77,336,888	77,415,396	694,775	0.95	0.96
CN	207,992,429	211,258,976	200,573,064	206,974,552	3,567,168	1.80	1.80
CD	21,333,323	20,098,323	20,626,019	19,764,314	204,624	1.46	1.43
MBS (agency)	22,598,798	22,922,765	21,146,443	21,967,135	284,832	1.63	1.62
MBS (non-agency)	-	-	-	-	-	0.00	0.00
Muni	53,331,642	48,137,481	50,154,181	46,342,570	363,003	0.98	0.85
Bank account	6,038,310	10,703,438	6,038,310	10,703,438	-	1.00	0.01
IRT	2,901,644	3,485,268	2,901,644	3,485,268	280	1.00	0.01
CAMP	1,006,740	1,006,693	1,006,740	1,006,693	343	0.50	0.05
LAIF	80,467,941	80,467,941	80,467,941	80,467,941	243,762	0.42	0.20
<b>Total</b>	<b>\$829,281,576</b>	<b>\$827,771,262</b>	<b>\$797,994,035</b>	<b>\$809,892,101</b>	<b>\$7,965,771</b>	<b>1.16%</b>	<b>1.13%</b>

FA - Federal agency notes

SN - Supranational

TR - US Treasury

CN - Corporate notes

CD - Certificate of deposit

MBS - Passthrough/mortgage backed securities

Muni - Municipal Bonds

Bank account - General cash account

Sweep - Overnight cash account

IRT - Investment cash account

CAMP - California Asset Management Program

LAIF - Local Area Investment Fund



# FUND STRUCTURE



General Fund

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Special Revenue Funds

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Capital Projects Funds

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Enterprise Funds

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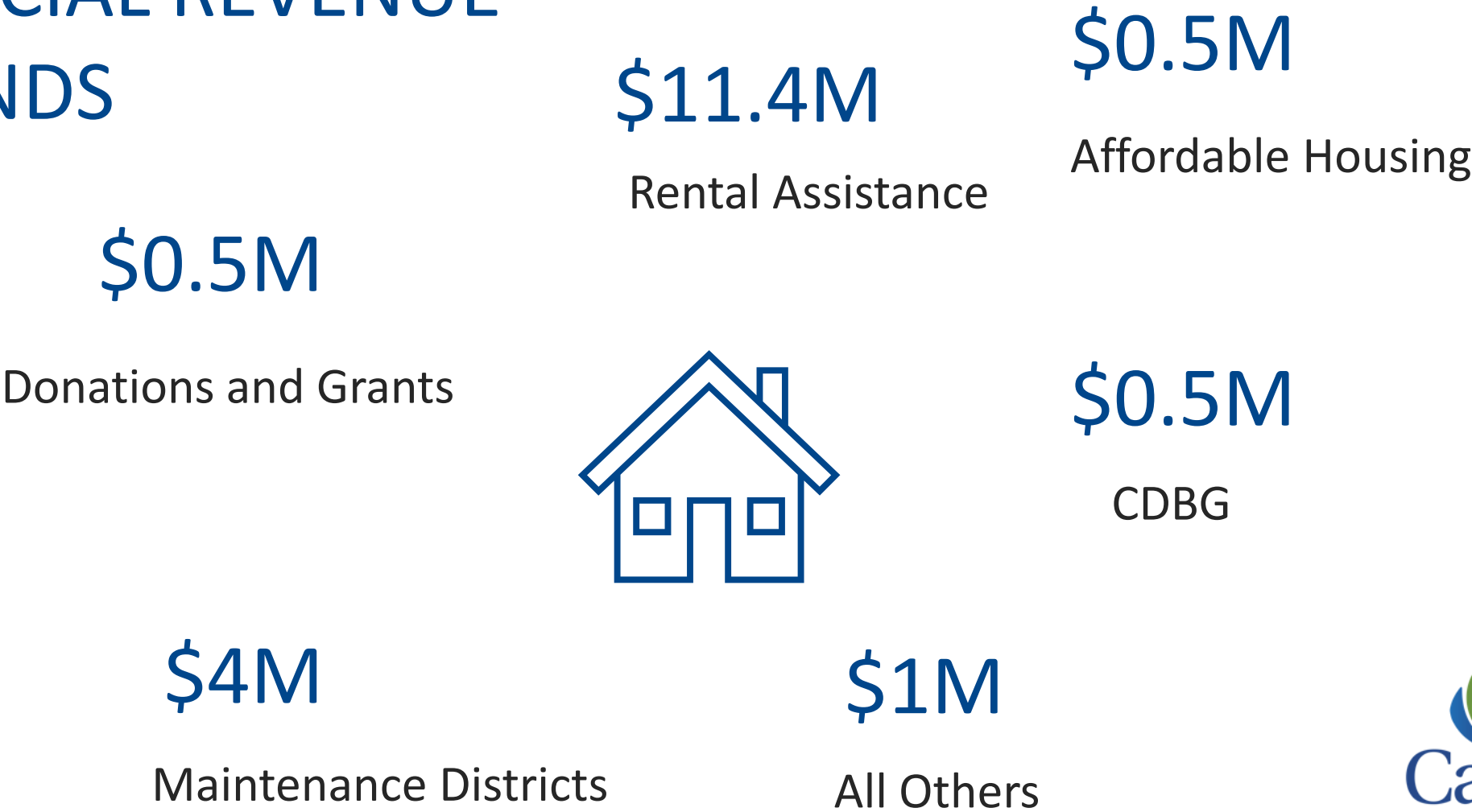


Internal Service Funds

# FUNDING SOURCES – GENERAL FUND



# FUNDING SOURCES – SPECIAL REVENUE FUNDS



# FUNDING SOURCES

## CAPITAL PROJECTS FUNDS

**General Fund**

**Inter-governmental**

**Enterprise Funds**



**District Taxes**

**Developer Fees**

# FUNDING SOURCES – ENTERPRISE FUNDS

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**\$9.6M**  
Golf Course  
Operations

**\$5M**  
Solid Waste Mgmt

**\$19.3M**  
Wastewater  
Operations



**\$47M**  
Water Operations

**\$8.7M**  
Recycled Water

FUNDING SOURCES –  
INTERNAL SERVICE  
FUNDS

\$3.4M

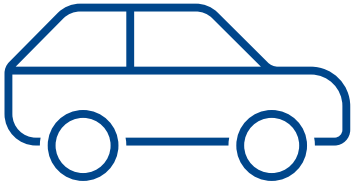
Risk Management

\$3.4M

Vehicle Maintenance

\$4.7M

Workers’  
Compensation



\$4.3M

Vehicle Replacement

\$14.8M

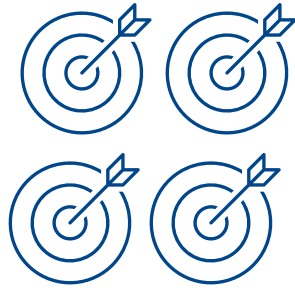
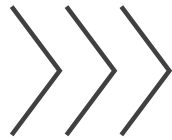
Information Technology



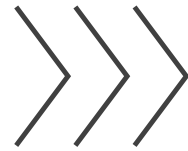
# BUDGET PROCESS



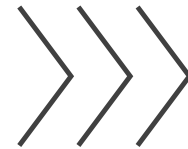
COMMUNITY  
VISION



STRATEGIC  
PLAN

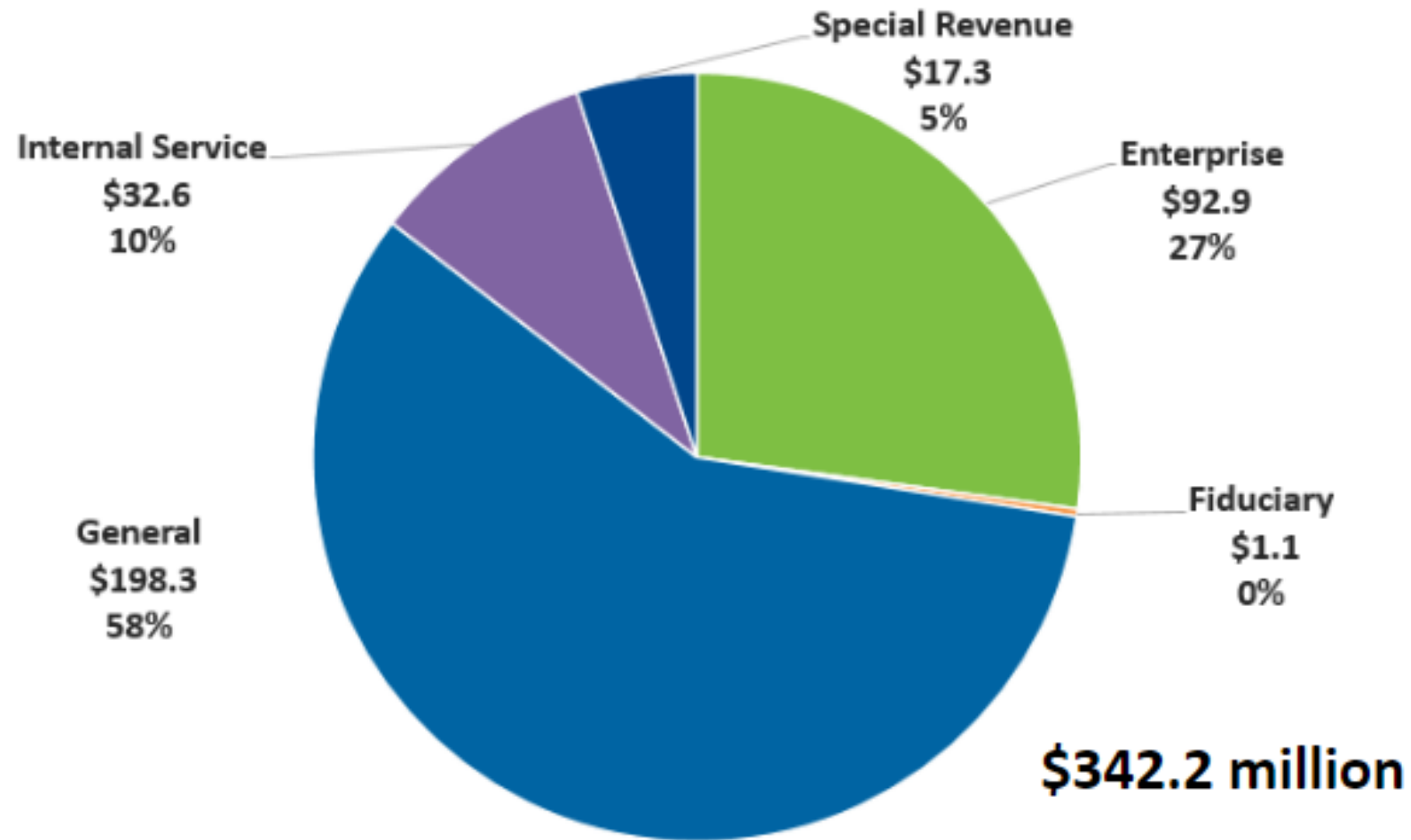


WORK  
PLAN

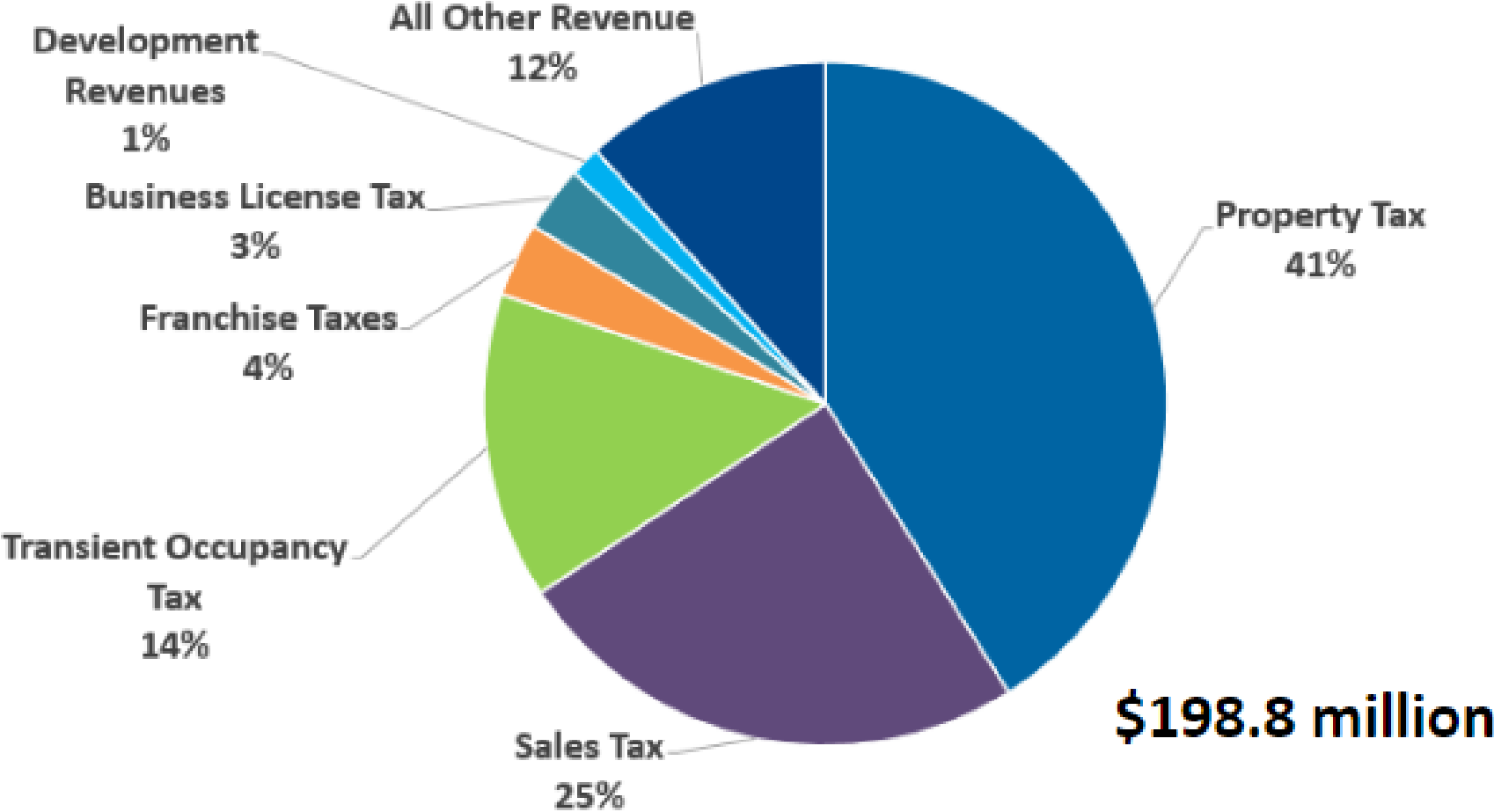


ANNUAL  
BUDGET

# Citywide expenses



# General Fund revenues





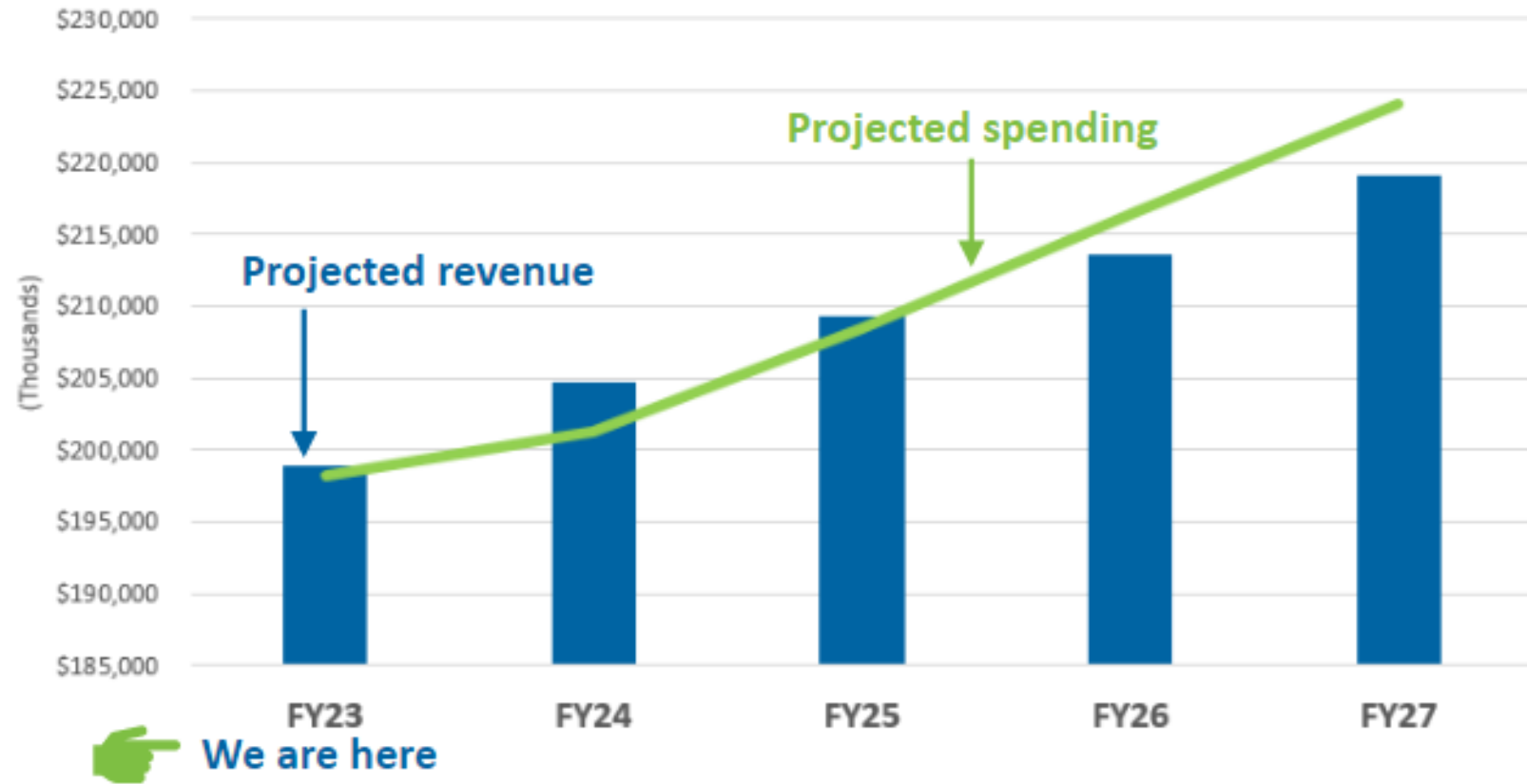
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## GENERAL FUND FORECAST

- A forecast is not a budget or a plan
- Driven by assumptions at a point in time
- Tool to understand where organization may be headed
- Assumptions change constantly and continual updating is necessary



## General Fund 5-year forecast





## POLICY

- City Council Policy Statement No. 74 – General Fund Reserve
- City Council Policy Statement No. 86 – Pension Funding
- City Council Policy Statement No. 87 – General Fund Surplus
- City Council Policy Statement No. 91 – Long Term General Fund Capital Funding Policy



# Financing & Growth Management

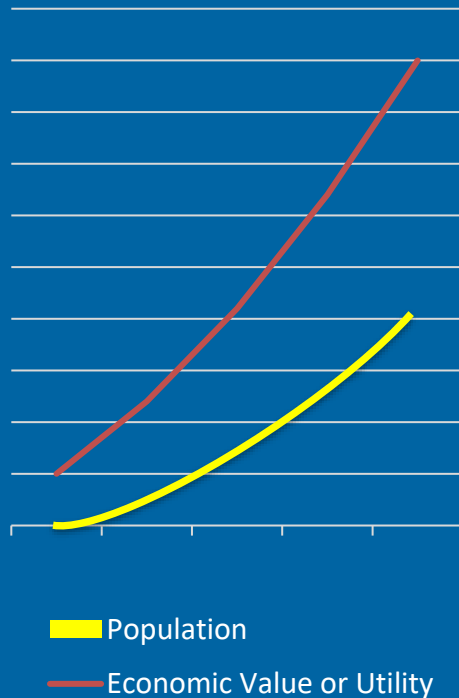
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# Questions

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# ECONOMIC RATIONALE FOR GROWTH MANAGEMENT



- Obtain greater aggregate quality-of-life value by managing impact costs (externalities) and investing in public improvements
- By internalizing public costs, decision-makers plan and design greater efficiencies to mitigate impacts
- Assign funding responsibilities to those who benefit from the public facilities and services provided
- Generate timely fiscal revenue to fund public improvements



## PRINCIPLES

- **Transparent metrics** for measuring quality-of-life objectives
- A rational **nexus**
- **Fair share** allocation of costs, benefits and responsibilities



# BASIS FOR GM POPULATION DEMAND FORECASTS

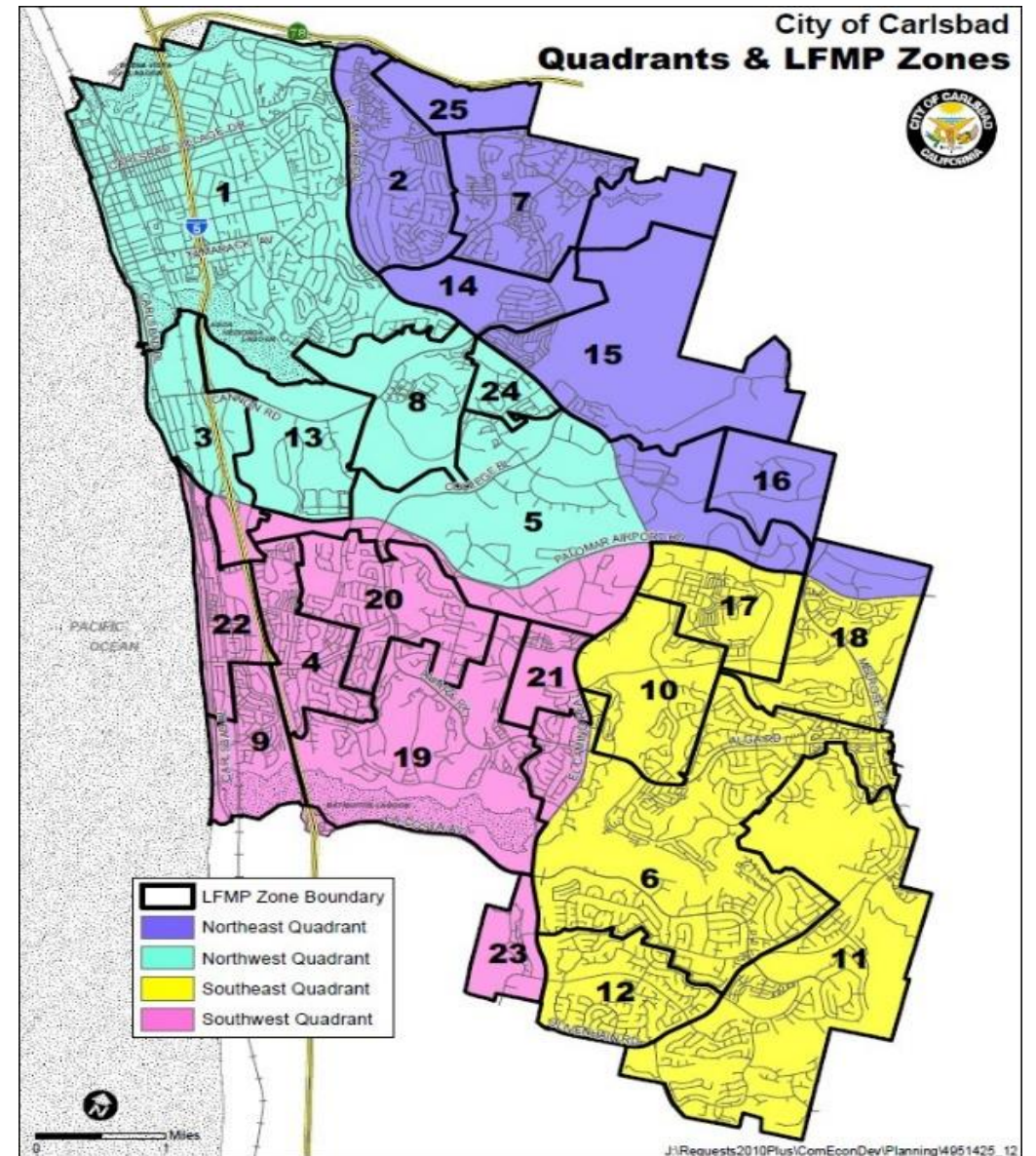
- Total Population/Total Residential Units\*
- Current factor used = 2.404 persons per unit, based on 2020 Census

\* Residential units = residential units + accessory dwelling units + commercial living units like professional care facilities

Applied:

- Citywide
- By quadrant
- By Facility Management Zone

to number of residential units planned



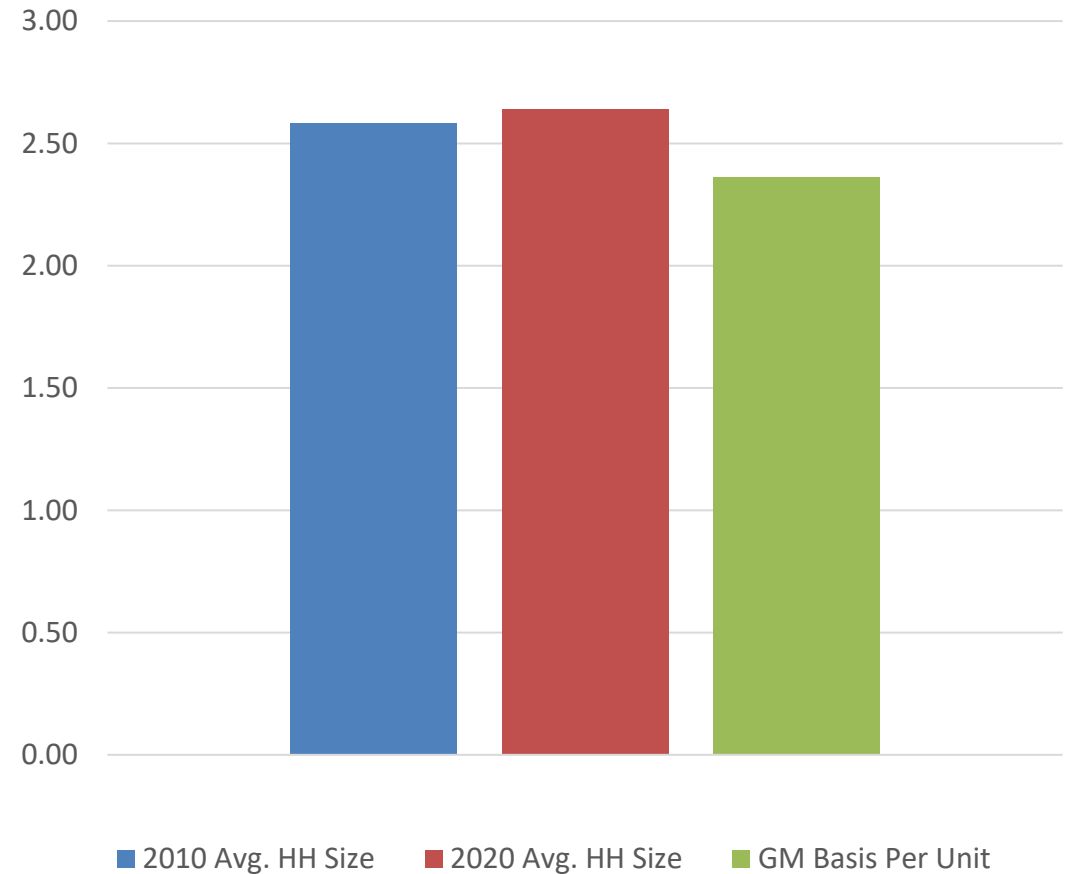
# Units is different than households

Household = occupied unit

Avg. HH size = household population/occupied units

GM population per unit is not the same as average household size

Difference is the vacancy rate



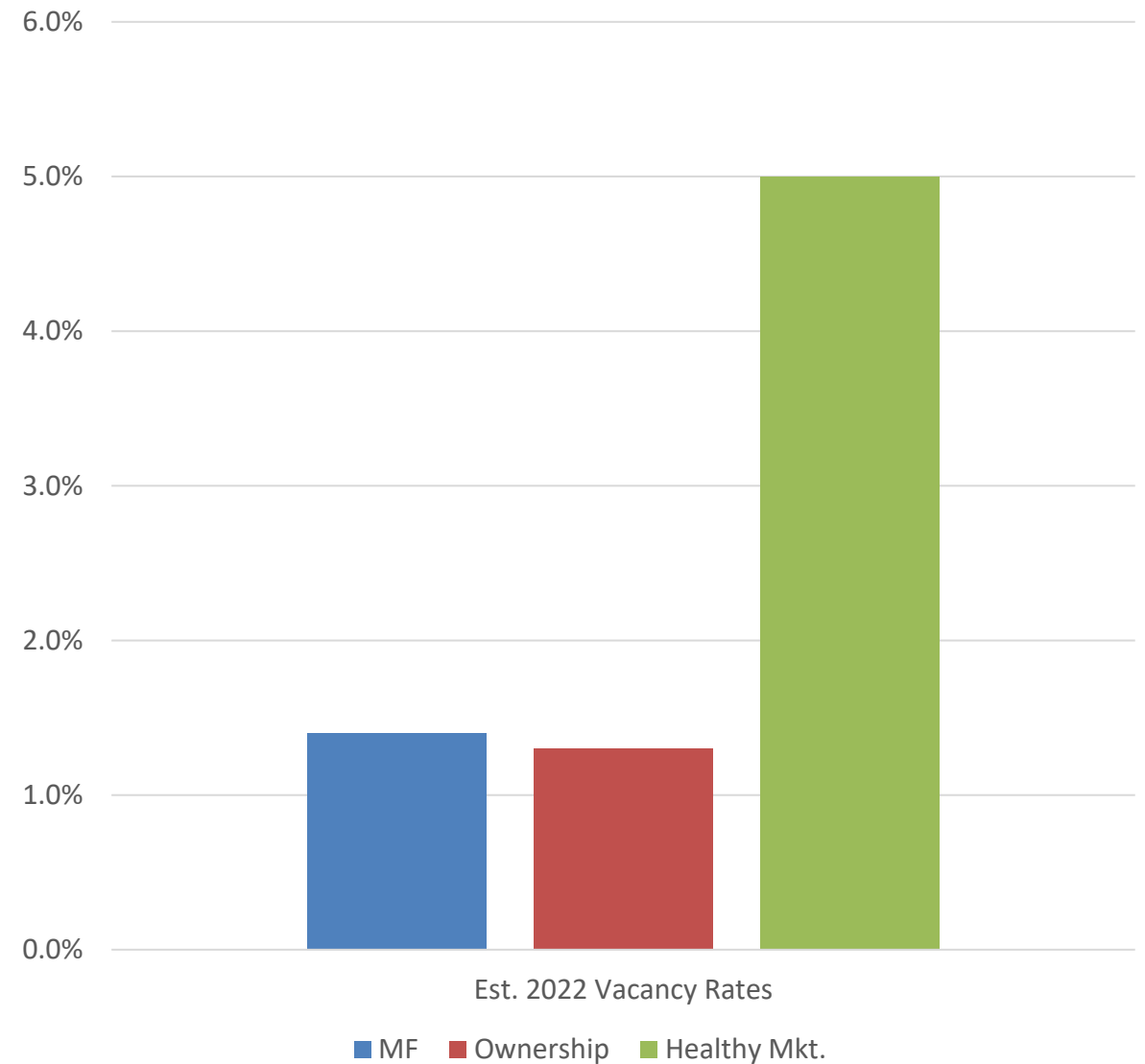
Vacancy rates are currently low

GM population forecasts slightly lower (almost 2%):

GM = 116,025 in FY21-22

Census = 114,746 in 2020

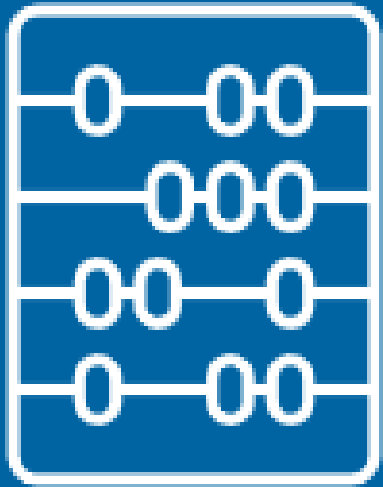
Source: CoStar; Rate.com; CITECON





## INFLUENCES ON HOUSEHOLD SIZE CHANGE OVERTIME – CHANGING DEMAND FOR PUBLIC FACILITIES & SERVICES

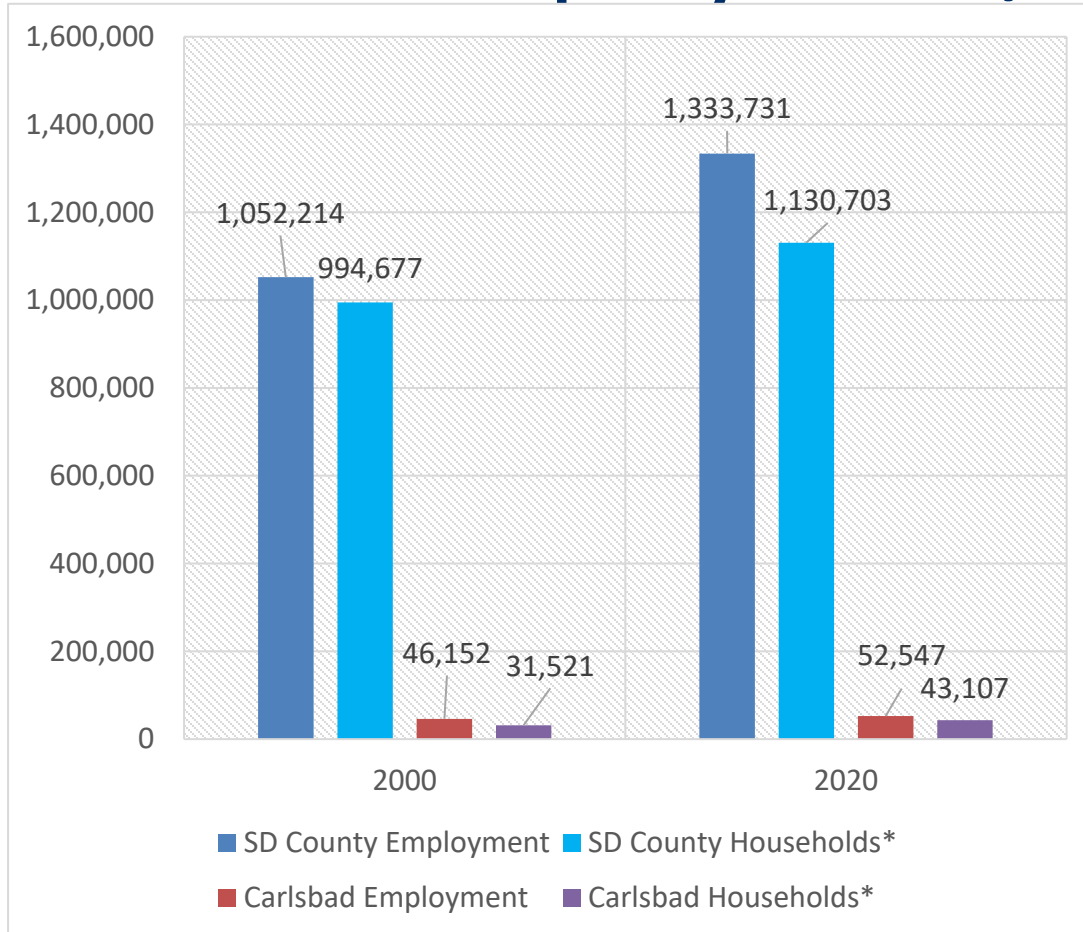
- % of families with children
- Age distribution
- Culture
- Income distribution
- Divorce rates
- Residential product types available
- Other factors



## OTHER INFLUENCES ON PUBLIC FACILITY DEMAND

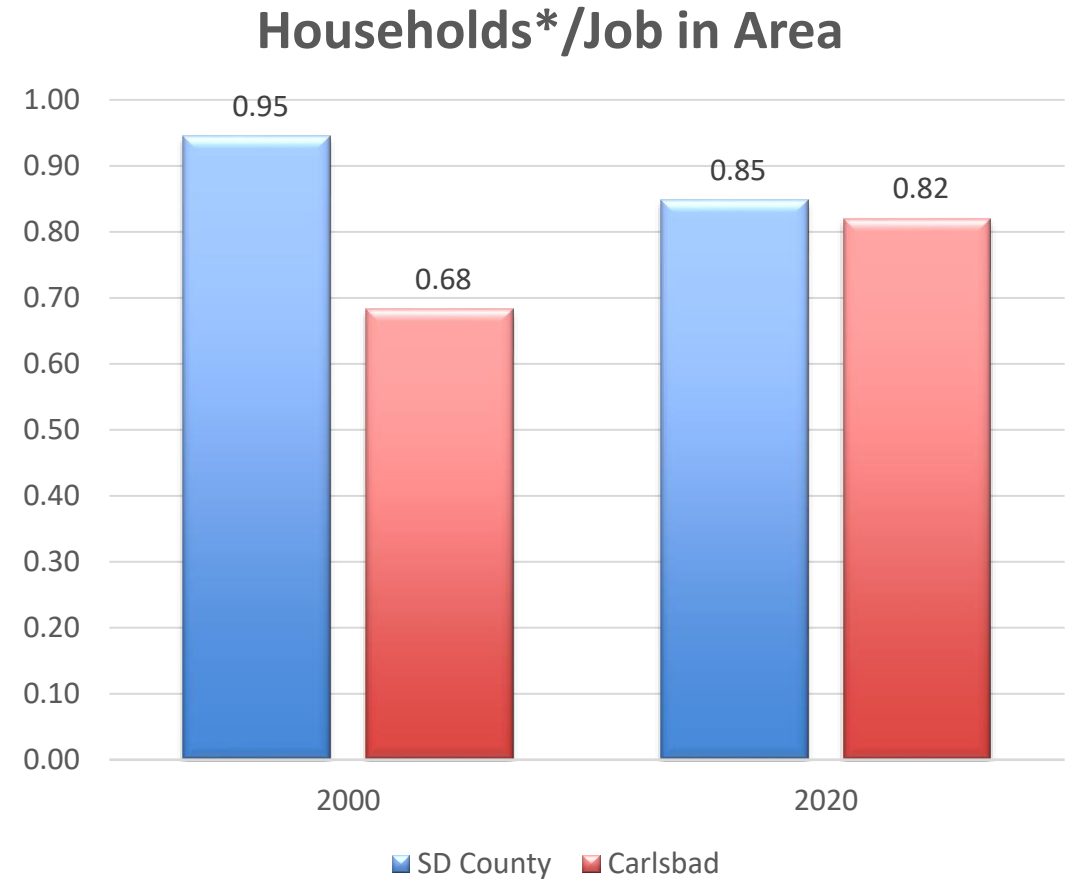
- % seasonal housing
- Visitors
- Location within city
- Development patterns & densities
- Employment growth

# Employment/Households Relationship



\* Average from 2016-2020 for 2020 data point

Source: Bureau of Labor Statistics, U.S. Census Bureau; CITECON



\* Average from 2016-2020 for 2020 data point

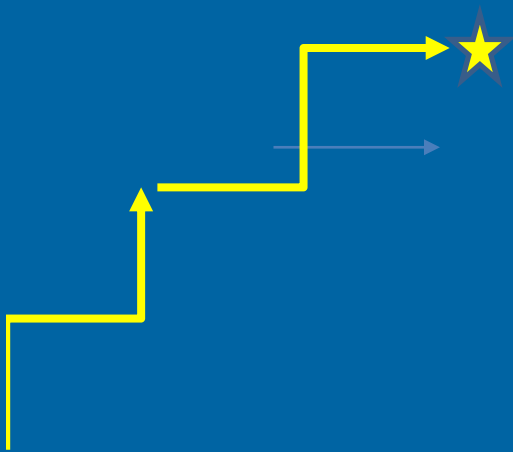
Source: Bureau of Labor Statistics, U.S. Census Bureau; CITECON

# ALLOCATING FISCAL COSTS

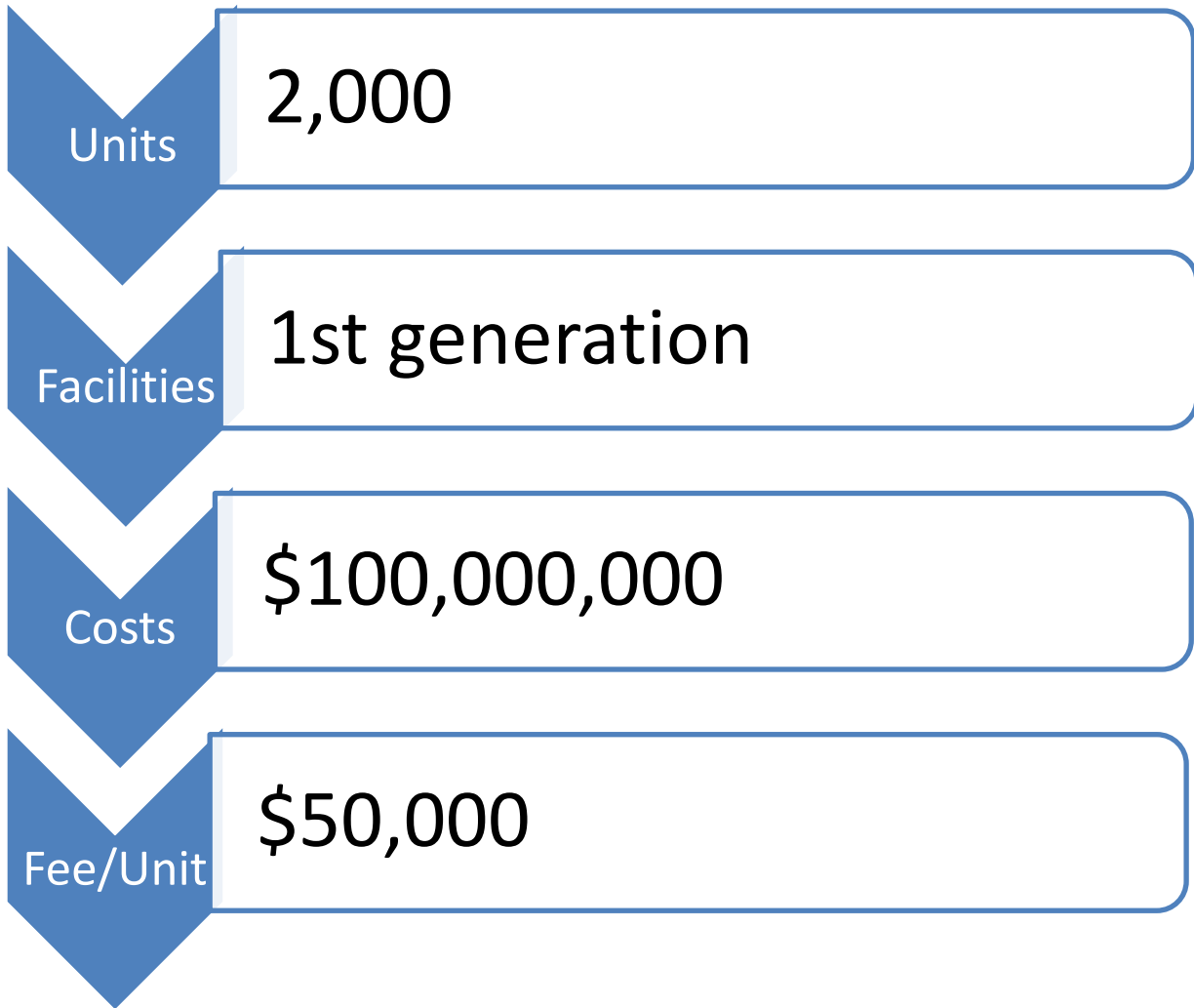
1. At build-out – growth caps
2. Phasing overtime – concurrency requirements

State Laws now prohibit caps –

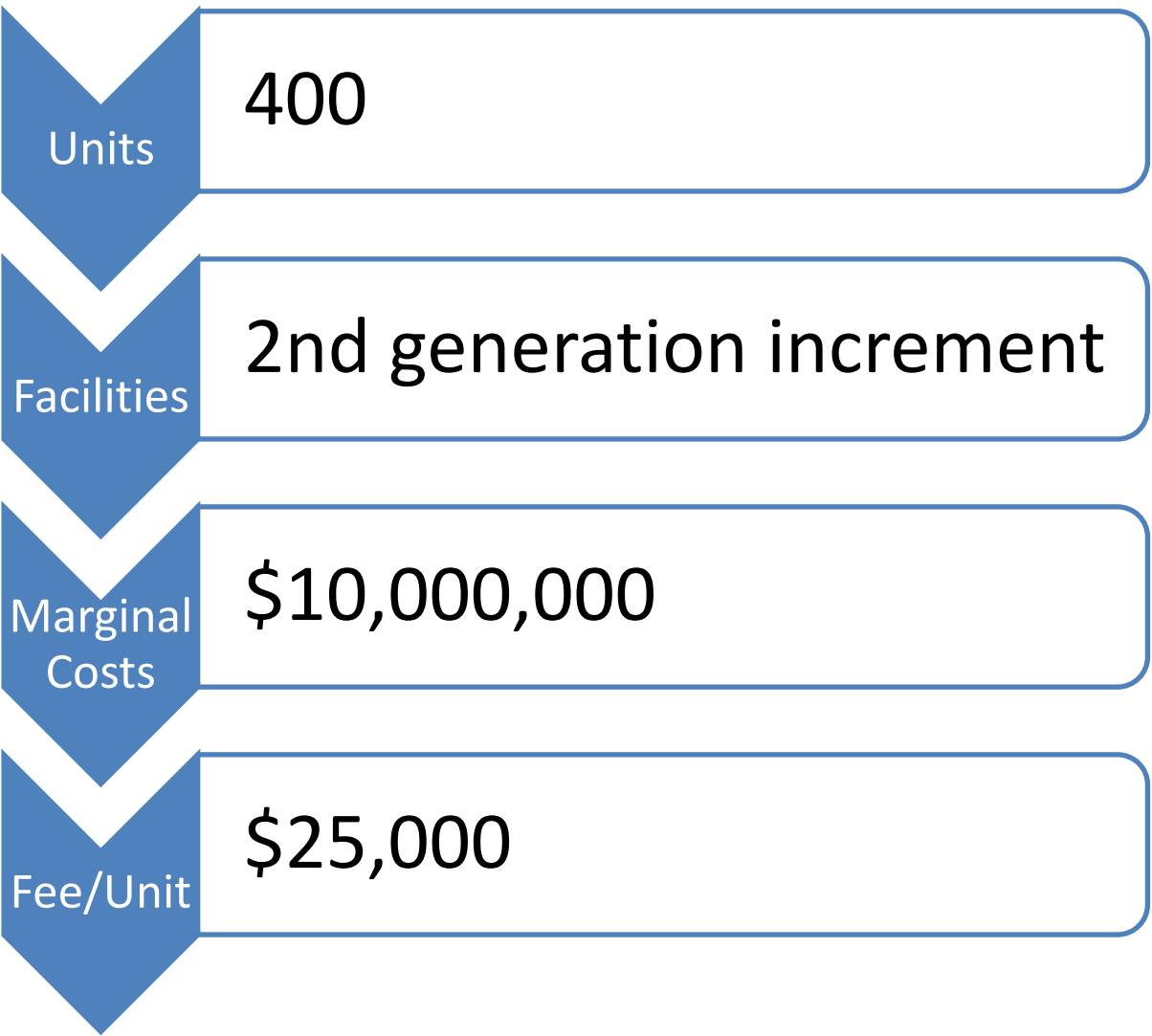
How should Carlsbad address growth after GM build-out numbers are reached?



## Average Cost Approach\*

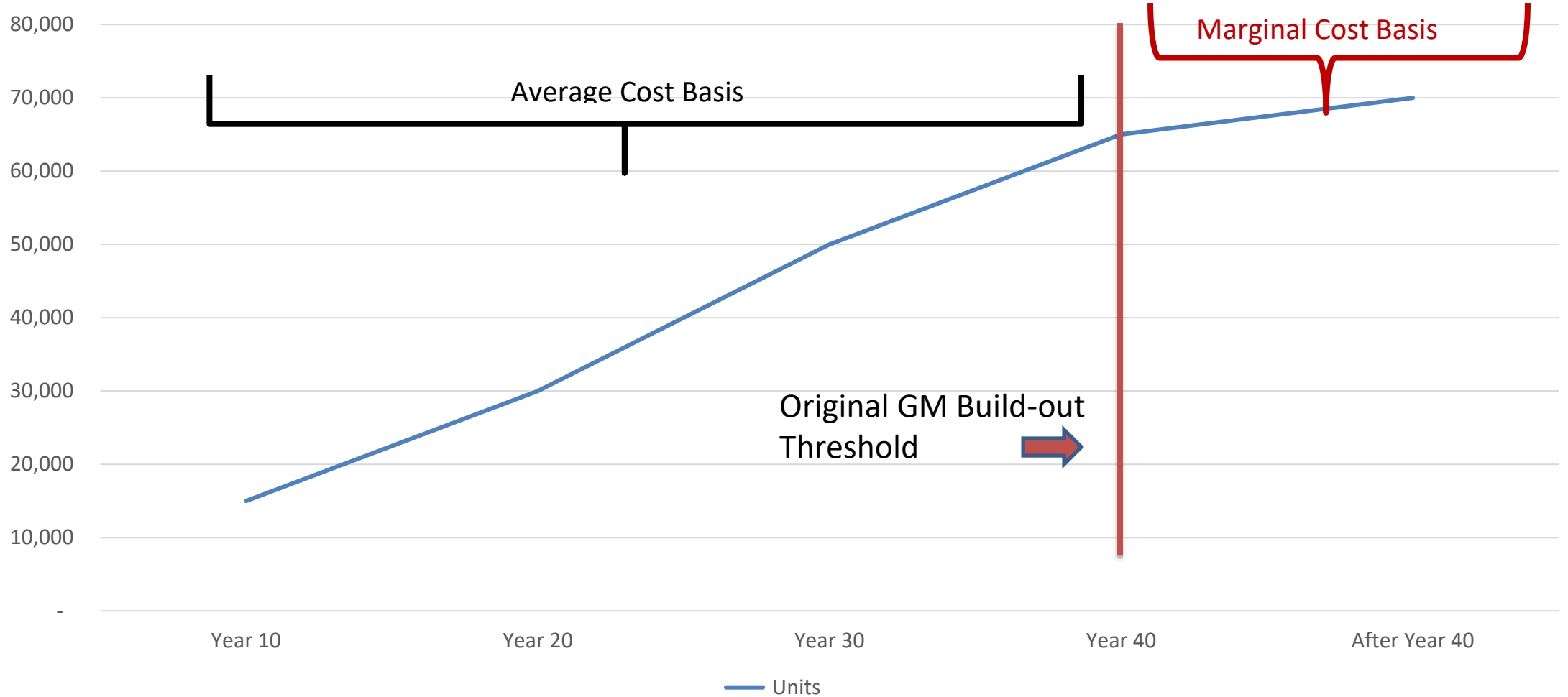


## Marginal Cost Approach\*



\* Hypothetical

# Illustrative Two-Tier Approach



General Plan  
technical  
requirements  
compliance  
policies &  
strategies

## STANDARDS DRIVE COSTS

- Geography served
- Development patterns
- Plan & design efficiencies
- Location efficiencies
- Co-benefits
- Equity
- Priorities

# SOURCES OF FUNDING

Capital Operations & Maintenance

Impact fees

Mello-Roos Community Facilities Districts

Benefit Assessment Districts

Subdivision exactions & dedications

# SOURCES OF FUNDING

## Capital Operations & Maintenance

### Other Potential Mechanisms

GO bonds

Special purpose tax districts

Tax increment

Grants and subventions

Negotiated and value capture techniques

Tax sharing agreements & JPAs

P3 financing

General funds

Others

Visitors

Location within city

Development patterns & densities

Employment growth



# Questions

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# **City Administration Facilities Performance Standard**

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# CITY ADMINISTRATIVE FACILITIES PERFORMANCE STANDARD

1,500 square feet  
per 1,000 population  
(citywide)

- When need is first identified, facilities must be scheduled for construction:
- Within a five-year period; or
  - Prior to construction of 6,250 dwelling units

## BACKGROUND

- Origin – Council Policy 32 (1982)
  - Established first public facility standards
  - Admin. Facilities – 1,150 sq. ft. per 1,000 population
  - Square feet needed for employees to serve target population
- Updated when Growth Management Plan adopted in 1986

## ADMINISTRATIVE FACILITIES CURRENT STATUS

- Current population (June 2021) = 116,025
- Current demand = 174,038 sq. ft.
- Supply exceeds demand (203,936 sq. ft.)

# CURRENT ADMINISTRATIVE FACILITIES

Facility	Square Feet
City Hall	16,000
Faraday Building	68,000
Fleet Service Center	10,540
Water District (maintenance & operations)	18,212
Parks Yard (maintenance & operations)	4,012
Public Works Operations	9,950
Safety Center (Police & Fire)	55,027
First Responder Safety Training Center	15,090
Senior Center	5,770
Harding Community Center	1,335
<b>Total</b>	<b>203,936</b>



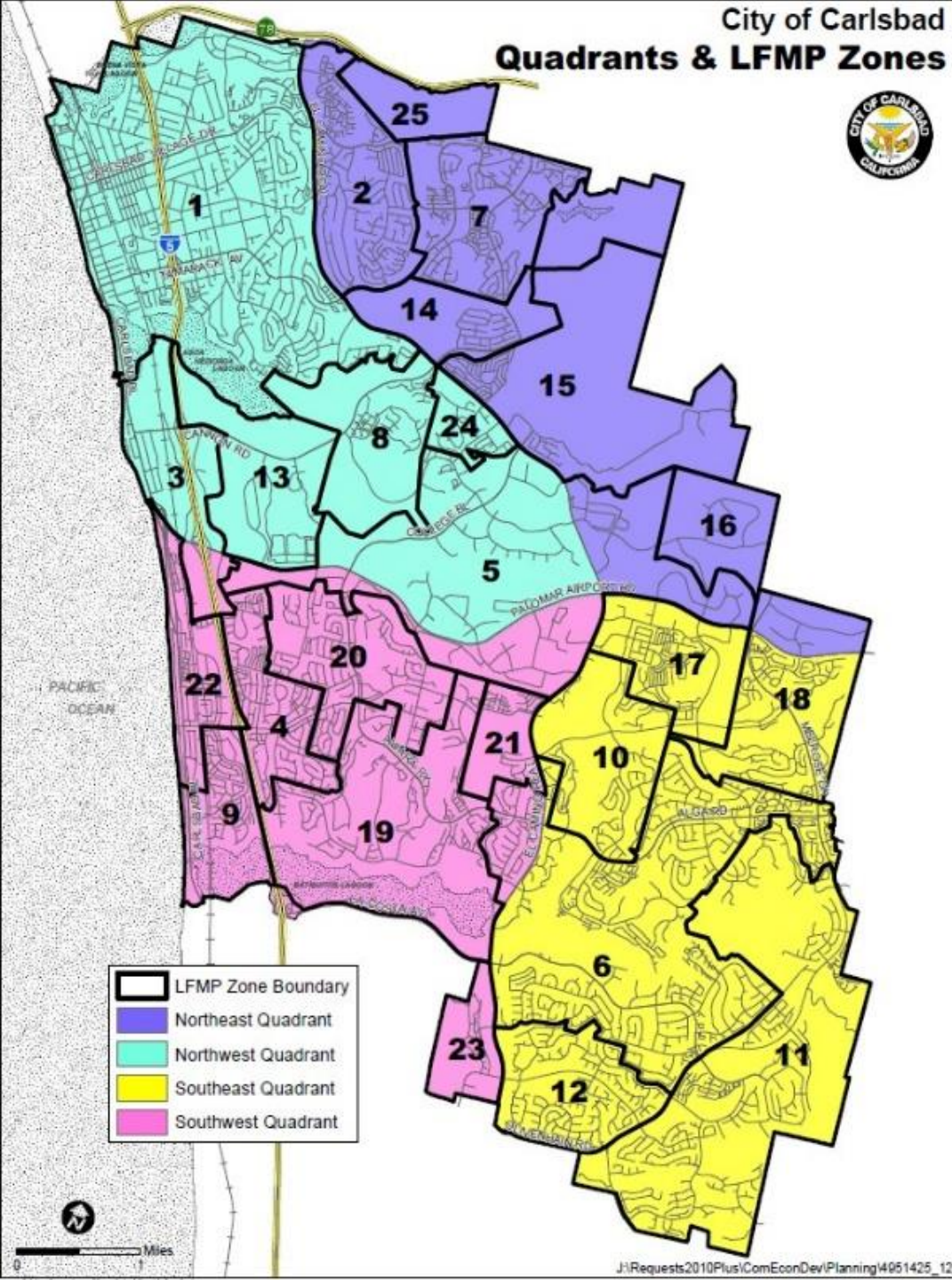
## ADMINISTRATIVE FACILITIES BUILDOUT ANALYSIS

- Buildout population estimate = 133,249
- Buildout demand = 199,874 sq. ft.
- Supply exceeds demand (203,936 sq. ft.)
- Future projects planned
  - Orion Center
  - New City Hall



## CFD #1 FACILITIES FUNDING

- New facilities funded by CFD1 (tax)
- Vacant land and new development pay taxes
- CFD 1 tax not applicable in Zones 1 – 4 and 6
- CFD1 tax goal - \$195 million
- \$81 million spent to date on public facilities
- Estimate \$114 million to be spent in future



# CURRENT AND FUTURE PROJECTS

## Community Facilities District No. 1

### Project Schedule

July 1, 2021



#### Current and Future Projects:

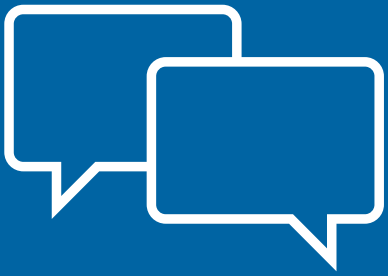
	Total Project Budget	Total Expenses to Date	Future Expenditures							Total Future Expenditures
			Carryforward Unexpended Budget 2020-21	Year 1 Budgeted 2021-22	Year 2 Budgeted 2022-23	Year 3 Budgeted 2023-24	Year 4 Budgeted 2024-25	Year 11 Budgeted 2031-32	Year 13 Budgeted 2033-34	
Civic Center	\$ 51,028,105	\$ 233,555	\$ 794,550	\$ -	\$ -	\$ -	\$ -	\$ 50,000,000	\$ -	\$ 50,794,550
Civic Center (Farmer's Bldg Purchase)	15,733,172	15,733,172	-	-	-	-	-	-	-	-
Library (Future Cole Expansion)	5,988,000	-	-	-	-	-	-	-	5,988,000	5,988,000
Orion Center (Public Works Center)	32,778,158	2,312,937	29,743,331	721,890	-	-	-	-	-	30,465,221
Orion Center (Cam. Vida Roble Bldg Purchase)	2,480,000	2,480,000	-	-	-	-	-	-	-	-
Veteran's Memorial Park	27,547,200	565,103	1,272,097	1,275,000	1,175,000	1,175,000	22,085,000	-	-	26,982,097
										-
<b>Completed Projects:</b>										
Cannon Road @ I-5	422,840	422,840								-
Cannon Road West	6,528,546	6,528,546								-
Faraday Avenue	5,423,394	5,423,394								-
La Costa Avenue	6,200,095	6,200,095								-
La Costa Interchange	7,329,516	7,329,516								-
Library (Learning Center)	4,501,717	4,501,717								-
Library (S. Carlsbad)	14,443,717	14,443,717								-
Olivenhain/Rancho Santa Fe Road	5,700,000	5,700,000								-
Palomar Airport Road Interchange	2,667,496	2,667,496								-
Poinsettia Interchange	6,469,457	6,469,457								-
	<b>\$ 195,241,413</b>	<b>\$ 81,011,545</b>	<b>\$ 31,809,978</b>	<b>\$ 1,996,890</b>	<b>\$ 1,175,000</b>	<b>\$ 1,175,000</b>	<b>\$ 22,085,000</b>	<b>\$ 50,000,000</b>	<b>\$ 5,988,000</b>	<b>\$ 114,229,868</b>



## OTHER STANDARDS

- Administrative facility standard unique to Carlsbad
- Future workforce changes may affect facility space
- Some cities plan to reduce building footprint
  - Alternative employee schedules
  - Technology changes – more online services
  - Environmental benefit – reduce greenhouse gas emissions
- Future demand for administrative space is unclear

# DISCUSSION QUESTIONS



- Is this standard important to quality of life in Carlsbad?
- Should this standard be re-evaluated in any way?



# Additional Growth Management Topics

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# MEETING TOPICS & SCHEDULE

	DATE/TIME	POTENTIAL TOPICS
	June 23, 2022 5 p.m.	Wastewater treatment, drainage, sewer and water distribution, schools
	July 28, 2022 5 p.m.	Libraries, parks and open space
	Aug. 25, 2022 5 p.m.	Traffic and mobility circulation, emergency response

## WHAT WE'LL COVER

- Funding of sewer and water facilities during buildout
- Water and desalination
- How school growth is monitored and managed
- Parks standards
- Law enforcement/public safety issues
- Fire response times/services
- Circulation/traffic

## WHAT'S ADDRESSED BY OTHER CITY EFFORTS



- **Aging community**
  - ✓ Age Friendly Action Plan
- **Power and renewable energy**
  - ✓ Clean Energy Alliance
  - ✓ Climate Action Plan
- **New City Hall and Civic Center**
  - ✓ Site, scoping and planning analysis
  - ✓ Public input summary report
  - ✓ Presentation to City Council in summer 2022

## WHAT'S ADDRESSED BY OTHER CITY EFFORTS



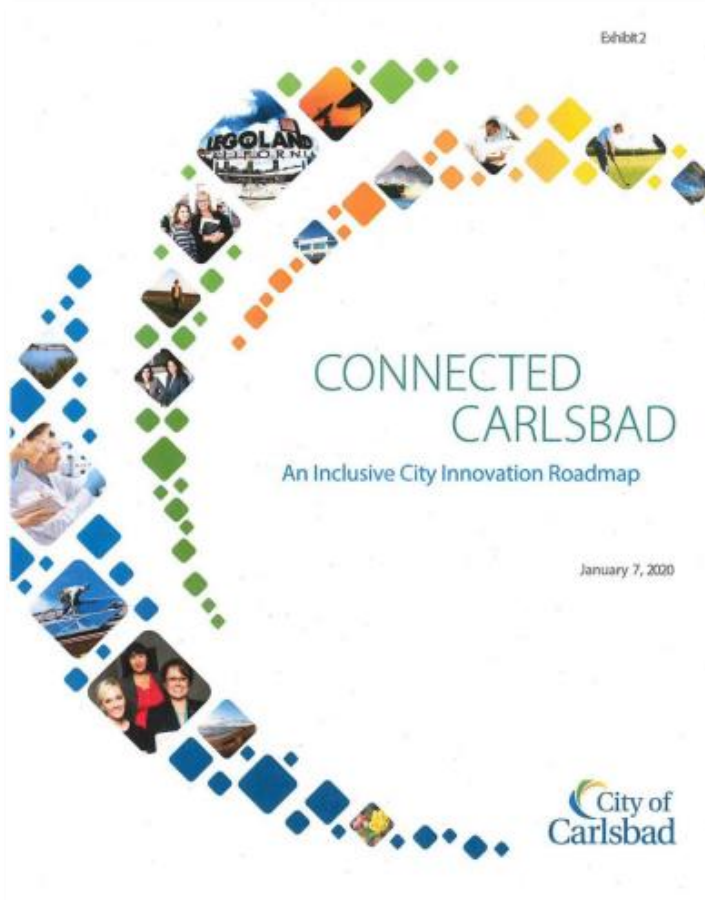
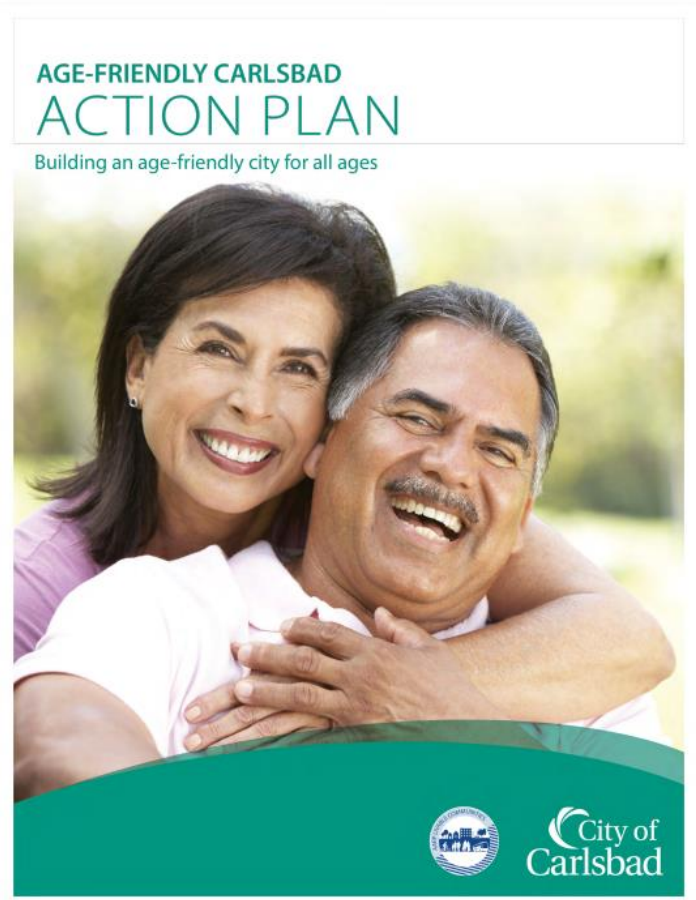
- **Sea level rise**
  - ✓ Sea Level Rise Vulnerability Assessment
  - ✓ Draft Local Coastal Program Land Use Plan
- **Arts and culture**
  - ✓ Arts & Culture Master Plan
- **Homeless issues and impacts**
  - ✓ Homeless Response Plan

## WHAT'S ADDRESSED BY OTHER CITY EFFORTS



- **Walkability and connectivity**
  - ✓ Sustainable Mobility Plan
- **Leveraging technology**
  - ✓ Strategic Digital Investment Plan
  - ✓ Connected Carlsbad Roadmap
- **Where we can grow as population increases**
  - ✓ Housing Element

# RESOURCES





# **Committee Member Requests for Future Agenda Items**

# Public Comment





# Adjournment

**Next Meeting: June 23, 2022**

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