

**OTAY MESA ENHANCED INFRASTRUCTURE FINANCING DISTRICT
PUBLIC FINANCING AUTHORITY
Meeting of February 22, 2024**

DATE ISSUED: February 15, 2024

SUBJECT:

Otay Mesa Enhanced Infrastructure Financing District Budget for Fiscal Year 2025

CONTACT/PHONE NUMBER:

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DESCRIPTIVE SUMMARY OF ITEM:

This item includes the Fiscal Year (FY) 2025 Proposed Budget for the Otay Mesa Enhanced Infrastructure Financing District (District).

STAFF RECOMMENDATION:

Adopt a resolution approving the District's FY 2025 Budget.

EXECUTIVE SUMMARY OF ITEM:

The District's FY 2025 Proposed Budget is \$7,877,975. The budget is funded by \$7,022,373 in projected Tax Increment (TI) revenue and from \$855,602 of fund balance from the prior year.

The proposed budget has operating and Capital Improvement Project (CIP) expenditure components as follows:

Budget Category	Fund	Description	Amount
Operating	200803	<ul style="list-style-type: none">• Staff services to the District• Contractual services for independent financial audit• Consultant costs related to bond issuance analysis• Public noticing and County fees	\$159,810

CIP	400870	<ul style="list-style-type: none"> • S-00995 Hidden Trails NP • S-00784 Fire Station #49 • RD22001 Dennerly Ranch NP • P-19006 Siempre Viva Road • P-19007 Airway Road 	<p style="text-align: right;">\$850,000</p> <p style="text-align: right;">\$1,500,000</p> <p style="text-align: right;">\$4,368,165</p> <p style="text-align: right;">\$500,000</p> <p style="text-align: right;">\$500,000</p>
		Total Proposed Budget	\$7,718,165

The proposed budget for FY 2025 includes a decrease in operating costs of \$975,200, which includes removal of the \$950,000 contingency for a potential bond debt service payment. The proposed budget for FY 2025 also includes an increase CIP funding of \$1,638,740 over the FY 2024 budget.

Additionally, \$100,000 in prior year fund balance has been set aside in the operating fund for any unanticipated loss in revenue.

Operating Budget

The operating budget functions to reimburse the City for projected expenses of providing operational staff services to the District, in accordance with the adopted Memorandum of Understanding (MOU). The proposed operating budget of \$159,810 is based on estimated staff services to be provided to the District, including operating and CIP budget development and monitoring; financial review, support and reporting for District operations and bond issuances; coordination of bond authorization and issuance; monitoring of TI allocation and bonding capacity; as needed consultation with the Planning Department; and legal counsel. Details of the proposed operating budget are provided in Attachment 1 to this report.

CIP- Budget

The CIP budget represents the District’s investment in Otay Mesa infrastructure projects. As noted in the MOU, the City and District acknowledge that all projects are City projects, and as such, will be prioritized by the City pursuant to Council Policy 800-14: Prioritizing Capital Improvement Program. The proposed FY 2025 CIP budget of \$7.72 million is proposed to be appropriated to provide supplemental funding for five eligible projects with immediate funding needs, as follows:

Hidden Trails Neighborhood Park (S-00995), \$850,000: This project is expected to be fully funded with funding support from the Otay EIFD. Funding provides for the acquisition, design, and construction of an approximately 4.0 acre Neighborhood Park located in the Hidden Trails Subdivision. This project is currently in the construction phase.

Fire Station #49 (S-00784), \$1.5 million: This project is currently in the preliminary planning stages. The completed project includes an approximately 13,000 square foot

double-house fire station serving the Otay Mesa and Otay Mesa/Nestor Communities.

Dennery Ranch Neighborhood Park (RD22001), \$4.37 million: This project is currently in the design phase but expected to be fully funded with the commitment of EIFD funding. Funding provides for the design, and construction of a nine useable acre park site in the Otay Mesa Community Plan and the Dennery Ranch Precise Plan areas.

Siempre Viva Road Improvements (P-19006), \$500,000: This project will facilitate the design and construction needed to upgrade Siempre Viva Road into a six-lane primary arterial road, stretching from La Media Road to Otay Center Drive. This funding will be allocated for a feasibility study, which will develop a preliminary cost estimate, conceptual design, preliminary environmental assessment, and related traffic analysis.

Airway Road Improvements (P-19007), \$500,000: This project will support the design and construction efforts to transform Airway Road into a four-lane major roadway, extending from La Media Road to Harvest Road. This project funding will be allocated for a feasibility study to develop a preliminary cost estimate, conceptual design, preliminary environmental assessment, and related traffic analysis.

Staff will continue to monitor priority CIP needs and provide regular updates to the Public Financing Authority (Authority) at least annually through the budget process.

ENVIRONMENTAL IMPACT:

This activity, approval of the District's FY 2025 Budget including the proposed allocation of funds to the following CIP projects: Hidden Trails Neighborhood Park (S-00995), Fire Station #49 (S-00784), Siempre Viva Road Improvement (P-19006), Airway Road Improvements (P-19007), and Dennery Ranch Neighborhood Park project, (RD22001) has been reviewed for consistency with and is adequately addressed in the Final Environmental Impact Reports (FEIRs) prepared for the Otay Mesa Community Plan Update (Project Nos. 30330 and 304032/SCH No. 2004651076) which was certified by the San Diego City Council on March 25, 2014 (Resolution R-308809); Hidden Trails (DEPR No. 89-0739/SCH No. 1998021010) which was certified by the San Diego City Council on February 6, 2001 (Resolution R-294520); and the Dennery Ranch Project (DEP No. 88-0785/SCH No. 1988113034) which was certified by the San Diego City Council on November 9, 1993 (Resolution R-282970). This activity is a subsequent discretionary action and is not considered to be a separate project for the purposes of CEQA review pursuant to CEQA Guidelines Sections 15378(c) and 15060(c)(3). Pursuant to Public Resources Code Section 21166 and CEQA Guidelines Section 15162, there is no change in circumstance, additional information, or project changes to warrant additional environmental review for this action.

CONCLUSION:

It is recommended that the Authority adopt the resolution approving the District's FY 2025 Proposed Budget.

Respectfully submitted,

Richard Eyre
Financial Operations Manager
City of San Diego
Department of Finance – Debt Management

Attachment:

Attachment 1: Otay Mesa EIFD Fiscal Year 2025 Proposed Budget