



THE CITY OF SAN DIEGO

REPORT TO THE CITY COUNCIL

DATE ISSUED: December 21, 2010 REPORT NO: 10-164
ATTENTION: Council President and City Council
SUBJECT: Informational Report Pursuant to the Local Agency Special Tax and Bond
Accountability Act for the fiscal year ended June 30, 2010.

REQUESTED ACTION: Information Item Only

SUMMARY

THIS IS AN INFORMATION ITEM ONLY. NO ACTION IS REQUIRED ON THE PART OF THE CITY COUNCIL.

BACKGROUND

This Annual Report is being provided pursuant to the Local Agency Special Tax and Bond Accountability Act. The ("Act") was enacted by the California State Legislature to provide accountability measures associated with a local agency's adoption of voter approved special taxes and certain forms of bonded indebtedness. The Act requires that, on or after January 1, 2001, any local special tax or bond measure subject to voter approval shall provide accountability measures that include:

1. A statement indicating the specific purposes of the special tax or bond;
2. A requirement that the proceeds of the special tax or bond be applied to those specific identified purposes;
3. The creation of an account into which the proceeds shall be deposited; and
4. An annual report containing specified information concerning the use of the proceeds.

At present, the City of San Diego has three Community Facilities Districts that fall under the provisions of the Act; Community Facilities District No. 2 (Santaluz) Improvement Area No. 1 and Improvement Area No. 4, Community Facilities District No. 3 (Liberty Station), and Community Facilities District No. 4 (Black Mountain Ranch Villages).



Revenue and expenditure data contained herein is based upon unaudited financial information for fiscal year 2010.

DISCUSSION

Previous Council actions, public hearings, and elections have formally established the aforementioned districts, authorized the levy of special taxes, and authorized the issuance of special tax bonds to finance the acquisition of certain necessary public improvements. The documents associated with those actions fulfill, or provide for, satisfaction of the first three requirements referenced above. The purpose of this report is to comply with the Annual Report requirements (No. 4, above) of the Act as they pertain to the above referenced Community Facilities Districts. Accordingly, the following information is presented:

**COMMUNITY FACILITIES DISTRICT NO. 2
(Santaluz)
Improvement Area No. 1
Special Tax Bonds**

**Annual Report
Pursuant to the Local Agency Special Tax and Bond Accountability Act
(Unaudited)**

Pursuant to Ordinance No. O-19085 and Resolution Nos. R-296009 and R-292869 (the “Authorizing Documents”), Community Facilities District No. 2 (Santaluz) Improvement Area No. 1 was established and authorized to issue up to \$62.2 million of special tax bonds and to levy special taxes to pay debt service on the bonds and/or to directly pay for the acquisition of various public facilities.

Special Taxes

In accordance with Government Code Section 50075.3, the following information is presented for the fiscal year ending June 30, 2010:

(a) The amount of funds collected and expended:

Funds Collected	
Special Tax Collections	\$5,542,179
Interest Earnings	306,445
Total	\$5,848,624
Funds Expended	
Debt Service Payments	\$(4,815,283)
Administrative Expenses	(93,845)
Total	\$(4,909,128)

- (b) Pursuant to the Authorizing Documents, special taxes may be levied to pay debt service on the bonds and/or to directly pay for the acquisition of various public facilities and to pay costs associated with administration of the district. Special taxes, referenced above, were utilized to pay debt service on the bonds and to pay administrative costs. The status of projects to be funded by the bonds is shown below under the Local Bond Measure section of this report.

Local Bond Measure (Special Tax Bonds)

In accordance with Government Code Section 53411, the following information is presented for the fiscal year ending June 30, 2010:

- (a) The amount of funds collected and expended:

Funds Collected - No Revenue in FY 2010	
Funds Expended	
Project Costs	\$(2,408,686)
Total	\$(2,408,686)

- (b) The status of any project required or authorized to be funded, pursuant to the Authorizing Documents

See Appendix A.

**COMMUNITY FACILITIES DISTRICT NO. 2
(Santaluz)
Improvement Area No. 4
Special Tax Bonds**

**Annual Report
Pursuant to the Local Agency Special Tax and Bond Accountability Act
(Unaudited)**

Pursuant to Ordinance No. O-19152 and Resolution Nos. R-297633 and R-297634 (the "Authorizing Documents"), Community Facilities District No. 2 (Santaluz) Improvement Area No. 4 was established and authorized to issue up to \$10.5 million of special tax bonds and to levy special taxes to pay debt service on the bonds and/or to directly pay for the acquisition of various public facilities.

Special Taxes

In accordance with Government Code Section 50075.3, the following information is presented for the fiscal year ending June 30, 2010:

- (a) The amount of funds collected and expended:

Funds Collected	
Special Tax Collections	\$789,529
Interest Earnings	2,742
Total	\$792,271
Funds Expended	
Debt Service Payments	\$(640,656)
Transfers Out ¹	(6,706)
Administrative Expenses	(48,565)
Total	\$(695,927)

- (b) Pursuant to the Authorizing Documents, special taxes may be levied to pay debt service on the bonds and/or to directly pay for the acquisition of various public facilities and to pay costs associated with administration of the district. Special taxes, referenced above, were utilized to pay debt service on the bonds and to pay administrative costs. The status of projects to be funded by the bonds is shown below under the Local Bond Measure section of this report.

¹ Transfers to Delinquency Fund 200506 per O-17882

Local Bond Measure (Special Tax Bonds)

In accordance with Government Code Section 53411, the following information is presented for the fiscal year ending June 30, 2010:

(a) The amount of funds collected and expended:

Funds Collected	
Interest Earnings	\$26,562
Total	\$26,562
Funds Expended	
Project Costs	\$200,000
Total	\$200,000

(b) The status of any project required or authorized to be funded, pursuant to the Authorizing Documents:

See Appendix A.

**COMMUNITY FACILITIES DISTRICT NO. 3
(Liberty Station)
Special Tax Bonds**

**Annual Report
Pursuant to the Local Agency Special Tax and Bond Accountability Act
(Unaudited)**

Pursuant to Ordinance No. O-19078 and Resolution Nos. R-296710 and R-296742 (the "Authorizing Documents"), Community Facilities District No. 3 (Liberty Station) was established and authorized to issue up to \$30 million of special tax bonds and to levy special taxes to pay debt service on the bonds and/or to directly pay for the acquisition of various public facilities.

Special Taxes

In accordance with Government Code Section 50075.3, the following information is presented for the fiscal year ending June 30, 2010:

(a) The amount of funds collected and expended:

Funds Collected	
Special Tax Collections	\$2,016,502
Interest Earnings	7,767
Total	\$2,024,269
Funds Expended	
Debt Service Payments	\$(1,408,253)
Transfers Out ²	(3,144)
Admin Expense	(65,792)
Total	\$(1,477,189)

(b) Pursuant to the Authorizing Documents, special taxes may be levied to pay debt service on the bonds and/or to directly pay for the acquisition of various public facilities and to pay costs associated with administration of the district. Special taxes, referenced above, were utilized to pay debt service on the bonds, project costs, and to pay administrative costs. The status of projects to be funded by the bonds is shown below under the Local Bond Measure section of this report.

² Transfer to Delinquency Fund 200506 per O-17882

Local Bond Measure (Special Tax Bonds)

In accordance with Government Code Section 53411, the following information is presented for the fiscal year ending June 30, 2010:

(a) The amount of funds collected and expended:

Funds Collected	
Interest Earnings	\$7,990
Total	\$7,990
Funds Expended	
Project Cost	\$(5,412,321)
Total	\$(5,412,321)

(b) The status of any project required or authorized to be funded, pursuant to the Authorizing Documents:

See Appendix A.

**COMMUNITY FACILITIES DISTRICT NO. 4
(Black Mountain Ranch Villages)
Special Tax Bonds**

**Annual Report
Pursuant to the Local Agency Special Tax and Bond Accountability Act
(Unaudited)**

Pursuant to Ordinance No. O-19090 and Resolution Nos. R-294259, R-294260, and R-296893 (the "Authorizing Documents"), Community Facilities District No. 4 (Black Mountain Ranch Villages) was established and authorized to issue up to \$30 million of special tax bonds and to levy special taxes to pay debt service on the bonds and/or to directly pay for the acquisition of various public facilities.

Special Taxes

In accordance with Government Code Section 50075.3, the following information is presented for the fiscal year ending June 30, 2010:

(a) The amount of funds collected and expended:

Funds Collected	
Special Tax Collections	\$1,125,587
Interest Earnings	12,159
Total	\$1,137,746
Funds Expended	
Debt Service Payments	\$(874,979)
Transfers Out ³	(8,244)
Administrative Expenses	(39,095)
Total	\$(922,318)

(b) Pursuant to the Authorizing Documents, special taxes may be levied to pay debt service on the bonds and/or to directly pay for the acquisition of various public facilities and to pay costs associated with administration of the district. Special taxes, referenced above, were utilized to pay for project costs and to pay administrative costs. The status of projects to be funded by the bonds is shown below under the Local Bond Measure section of this report.

³ Transfer to Delinquency Fund 200506 per O-17882

Local Bond Measure (Special Tax Bonds)


In accordance with Government Code Section 53411, the following information is presented for the fiscal year ending June 30, 2010:

(a) The amount of funds collected and expended:

Funds Collected	
Interest Earnings	\$2,694
Total	\$2,694
Funds Expended – No Expenses in FY 2010	

(b) The status of any project required or authorized to be funded, pursuant to the Authorizing Documents:

See Appendix A.


Kenton C. Whitfield
City Comptroller


Mary Lewis
Chief Financial Officer

APPENDIX A

In accordance with Government Code Section 50075.3 and Section 53411, the following information is presented:

The status of any project required or authorized to be funded, pursuant to the Authorizing Documents.

As noted below, for each Community Facilities District, the project status information is obtained directly from the associated developer responsible for the projects, and is reported as of December 2010. For the purpose of this report, status of the projects was not independently verified by the City.

COMMUNITY FACILITIES DISTRICT NO. 2 (Santaluz) Improvement Area No. 1 Special Tax Bonds

The construction status information below was provided by the CFD No. 2 Improvement Area No. 1 developer, Santaluz, LLC:

Project	Construction Status
Carmel Valley Road from Via Abertura to Black Mountain Road (Seg B) Includes Black Mountain Road from Carmel Valley Road southerly to existing Black Mountain Road Includes Collins Nursery ROW acquisition Includes portion of 36" water line – 793 zone Includes 36" water line – 610 zone Includes Pressure Reduction Station	Complete
Construction of Carmel Valley Road Segments 1, 2 and 3 from North of SR 56 to Via Abertura Includes traffic signal at Rancho Santa Fe Farms Road	Complete
Camino Ruiz South Includes 16" Water Line in Camino Ruiz Includes 24" Water Line in Camino Ruiz	Complete
Camino Ruiz from CR South Northerly to San Dieguito and Extension to Stn. 213 Includes 16" Water Line Includes 24" Water Line Includes Sewer Trunk from Fairbanks Highlands Intercept to Pump Station No. 3 Intercept	Complete
San Dieguito Road from Camino Ruiz to existing San Dieguito Road - includes Water Facilities	Complete

Median and Parkway Landscaping of Carmel Valley Road from Via Abertura to Black Mountain Road (Seg B) Includes Black Mountain Road from Carmel Valley Road southerly to existing Black Mountain Road	Complete
Water and Sewer Facilities a. Sewer Trunk Line from Existing Carmel Valley Sewer Trunk Line to Fairbanks Highlands Intercept b. Trunk Sewer from Pump Station No. 3 Intercept to Pump Station No. 2 Intercept c. Trunk Sewer from Pump Station No. 2 Intercept to northerly end of Project d. Pump Station No. 3 and Force Main to Trunk Sewer e. Pump Station No. 2 and Force Main to Trunk Sewer f. 36" Water Line from Reservoir to Black Mountain Road, including construction of initial Carmel Valley Road Segment BB improvements (land bridge, grading and encasement of existing water facilities)	Complete
25 Million Gallon Reservoir	Complete
South Fire Station and Equipment (Portion)	Complete
Offsite Traffic Signals and Intersection Improvements Intersection Improvements at El Camino Real and San Dieguito Road Traffic Signal at Black Mountain Road and Maler Road Intersection Improvements at Black Mountain Road and Park Village Road	Complete
Traffic Signal at Camino Ruiz and San Dieguito Traffic Signal at Carmel Valley Road and Camino Ruiz Traffic Signal at Carmel Valley Road and Black Mountain Road	Complete
Regional Park Land Acquisition and Grading (Fair Share)	Complete
Preliminary Design Costs of Public Improvements	Complete
Neighborhood Park Improvements	Complete
Landscaping of Camino Del Sur and San Dieguito Road	Complete
Community Park Improvements	Complete

**COMMUNITY FACILITIES DISTRICT NO. 2
(Santaluz) Improvement Area No. 4
Special Tax Bonds**

The construction status information below was provided by the CFD No. 2 Improvement Area No. 4 developer, D.R. Horton, Inc.:

Project	Construction Status
Offsite Water and Sewer Improvements	Complete
Community Park Improvements	Complete
El Camino Real from Derby Downs Road to San Dieguito Road	Road portion of the project is complete. Estimated completion of the Wildlife Crossing and traffic signal is August 2011.

**COMMUNITY FACILITIES DISTRICT NO. 3
(Liberty Station)
Special Tax Bonds**

The construction status information below was provided by the CFD No. 3 developer, McMillin Companies, LLC:

Project	Construction Status
Rosecrans Street Improvements and Lytton Street Improvements	Complete
Park Demolition and Rough Grading	Complete
Landscaping of Rosecrans Parkway	Complete
Rosecrans Intersection At Nimitz Boulevard	Complete
Phase I Park Facilities and Remaining Park Demolition and Rough Grading	Complete
Phase II Park Facilities	Complete
Harbor Drive Street Improvements	Complete
Laning/Cushing Drive Signal Improvements	Construction estimated to commence in May 2012 with completion by August 2012

**COMMUNITY FACILITIES DISTRICT NO. 4
(Black Mountain Ranch Villages)
Special Tax Bonds**

The construction status information below was provided by the CFD No. 4 developer, Black Mountain Ranch, LLC:

Project	Construction Status
Extend Camino Ruiz, 2 Lanes, from Santaluz to Resort Street: a. Street Improvements (portion of T-5) b. Wildlife Crossing (T-7) c. Underground Utilities & Improvements	Complete Complete Complete
Sewer Lift Station No. 1, including Gravity Line from Camino Ruiz and Force Mains to Santaluz	Complete
Extend Camino Ruiz, 2 Lanes, from Resort Street to Camino del Norte: a. Street Improvements (remainder of T-34.1) b. Underground Utilities & Improvements	Complete Complete
If not already existing, widen Camino Ruiz, from 2 to 4 Lanes, from San Dieguito Road to Carmel Valley Road: a. Street Improvements (T-10) b. Wildlife Crossing (T-12)	Construction has not commenced; estimated completion date December 2013 Construction has not commenced; estimated completion date December 2013
If not already existing, widen Carmel Valley Road, from 2 to 4 lanes, from Black Mountain Road to entrance of Fairbanks Highlands: a. Street Improvements (portion of T-22) b. Wildlife Crossing (T-24)	Construction has not commenced; estimated completion date December 2013 Complete

Project	Construction Status
<p>Extend Carmel Valley Road, 4 Lanes, from Black Mountain Road to Camino Crisalida:</p> <p>a. Street Improvements (T-25)</p> <p>b. Wildlife Crossing (T-27)</p> <p>c. Underground Utilities & Improvements</p>	<p>Construction has commenced; estimated completion date December 2015</p> <p>Construction has commenced; estimated completion date December 2015</p> <p>One portion of project is complete (Rancho Bernardo pipeline); estimated completion date for remainder of project is December 2013</p>
<p>Gravity Sewer Line from East Clusters to Existing Gravity Line at Camino Ruiz</p>	<p>Construction has not commenced; estimated completion date January 2012</p>
<p>If not already existing, extend Camino Ruiz, 2 lanes, from Carmel Valley Road to SR-56. (T-13)</p>	<p>Complete</p>
<p>If not already existing, widen Camino Ruiz, from 2 to 4 lanes, from Carmel Valley Road to SR-56. (T-14)</p>	<p>Complete</p>
<p>If not already existing, widen Carmel Valley Road, from 2 to 4 lanes, from Via Abertura to Del Mar Heights Road. (T-20)</p>	<p>Construction has not commenced; estimated completion date January 2014</p>
<p>If not already existing, widen Camino Ruiz, from 2 to 4 lanes, from San Dieguito Road to Camino del Norte:</p> <p>a. Street Improvements (T-6 and T-34.2)</p> <p>b. Wildlife Crossing (T-8)</p>	<p>Construction has not commenced; estimated completion date December 2012</p> <p>Complete</p>