



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: December 22, 2008 REPORT NO: 09-001
ATTENTION: Honorable Mayor and City Council
SUBJECT: Informational Report Pursuant to the Local Agency Special Tax and Bond
Accountability Act for the fiscal year ended June 30, 2008.
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 statements for fiscal year 2008.

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**

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, 2008:

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

Funds Collected	
Special Tax Collections	\$4,794,196
Interest Earnings	422,250
Total	\$5,216,446
Funds Expended	
Debt Service Payments	\$(4,482,137)
Administrative Expenses	(113,846)
Total	\$(4,595,983)

- (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, 2008:

- (a) The amount of funds collected and expended

Funds Collected	
Interest Earnings	\$20,073
Total	\$20,073
Funds Expended	
Project Costs	\$(3,325)
Total	\$(3,325)

- (b) The status¹ of any project required or authorized to be funded, pursuant to the Authorizing Documents, is shown in the table below:

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

¹ Project status provided by developer, Santaluz, LLC.

<p>Camino Ruiz South Includes 16" Water Line in Camino Ruiz Includes 24" Water Line in Camino Ruiz</p>	Complete
<p>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</p>	Complete
<p>San Dieguito Road from Camino Ruiz to existing San Dieguito Road Includes Water Facilities</p>	Complete
<p>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</p>	Complete
<p>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)</p>	Complete
<p>25 Million Gallon Reservoir</p>	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 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**

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, 2008:

(a) The amount of funds collected and expended:

Funds Collected	
Special Tax Collections	\$744,179
Interest Earnings	16,355
Total	\$760,534
Funds Expended	
Debt Service Payments	\$(613,445)
Transfers Out ²	(7,030)
Administrative Expenses	(56,701)
Total	\$(677,176)

(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.

² Transfers to Delinquency Fund 79900 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, 2008:

(a) The amount of funds collected and expended:

Funds Collected	
Interest Earnings	\$275,568
Total	\$275,568
Funds Expended – No Expenses in FY 2008	

(b) The status³ of any project required or authorized to be funded, pursuant to the Authorizing Documents, is shown in the table below:

Project	Construction Status
Offsite Water and Sewer Improvements	Complete
Community Park Improvements	Complete
El Camino Real from Derby Downs Road to San Dieguito Road	Design in process, construction to commence after design is complete.

³ Project status provided by developer, D. R. Horton, Inc.

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

Annual Report

Pursuant to the Local Agency Special Tax and Bond Accountability Act

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, 2008:

(a) The amount of funds collected and expended:

Funds Collected	
Special Tax Collections	\$1,710,300
Interest Earnings	29,084
Total	\$1,739,384
Funds Expended	
Debt Service Payments	\$(1,008,263)
Transfers Out ⁴	(12,126)
Admin Expense	(68,420)
Total	\$(1,088,809)

(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.

⁴ Transfer to Delinquency Fund 79900 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, 2008:

(a) The amount of funds collected and expended: (Liberty Station) Special Tax Bonds Series A of 2008 were issued on April 10, 2008.

Funds Collected	
Bond Proceeds	\$3,950,000
Interest Earnings	160,238
Total	\$4,110,238
Funds Expended	
Project Costs	\$(7,244,729)
Cost of Issuance	(407,799)
Total	\$(7,652,528)

(b) The status⁵ of any project required or authorized to be funded, pursuant to the Authorizing Documents, is shown in the table below:

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	Under construction; estimated completion in fall 2009.
Harbor Drive Street Improvements	Complete
Laning/Cushing Drive Signal Improvements	Construction to commence February 2009; estimated completion in August 2009.

⁵ Project status provided by developer, McMillin Companies, LLC.

**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

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, 2008:

(a) The amount of funds collected and expended:

Funds Collected	
Special Tax Collections	\$940,032
Interest Earnings	55,852
Developer Contribution	90,000
Total	\$1,085,884
Funds Expended	
Project Costs	\$(98,525)
Transfers Out ⁶	(2,044)
Administrative Expenses	(65,462)
Total	\$(166,031)

(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.

⁶ Transfer to Delinquency Fund 79900 per O-17882

Local Bond Measure (Special Tax Bonds)

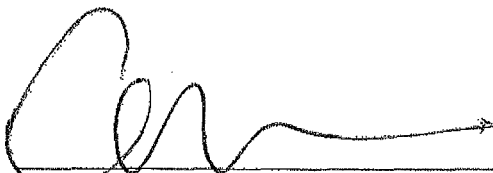
In accordance with Government Code Section 53411, the following information is presented for the fiscal year ending June 30, 2008:

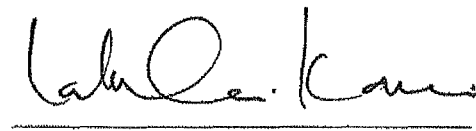
- (a) The amount of funds collected and expended: None - Special Tax Bonds are not anticipated to be issued until August 2008.
- (b) The status⁷ of any project required or authorized to be funded, pursuant to the Authorizing Documents, is shown in the table below:

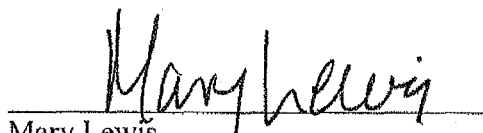
Project	Construction Status
Extend Camino Ruiz, 2 Lanes, from Santaluz to Resort Street: a. Street Improvements (portion of T-5) b. Wildlife Crossing (T-7) c. Underground Utilities & Improvements	Completed April 2008. Complete Completed April 2008.
Sewer Lift Station No. 1, including Gravity Line from Camino Ruiz and Force Mains to Santaluz.	Completed May 2006.
Extend Camino Ruiz, 2 Lanes, from Resort Street to Camino del Norte: a. Street Improvements (remainder of T-34.1) b. Underground Utilities & Improvements	Completed June 2008. Completed June 2008.
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 2012 Construction has not commenced; estimated completion date December 2012
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 2012. Complete

⁷ Project status provided by developer, Black Mountain Ranch, LLC.

Extend Carmel Valley Road, 4 Lanes, from Black Mountain Road to Camino Crisalida:	
a. Street Improvements (T-25)	Construction has commenced; estimated completion date December 2012.
b. Wildlife Crossing (T-27)	Construction has commenced; estimated completion date December 2012.
c. Underground Utilities & Improvements	Construction has commenced; estimated completion date December 2012.
Gravity Sewer Line from East Clusters to Existing Gravity Line at Camino Ruiz.	Construction has not commenced; estimated completion date April 2010.
If not already existing, extend Camino Ruiz, 2 lanes, from Carmel Valley Road to SR-56. (T-13)	Complete
If not already existing, widen Camino Ruiz, from 2 to 4 lanes, from Carmel Valley Road to SR-56. (T-14)	Complete
If not already existing, widen Carmel Valley Road, from 2 to 4 lanes, from Via Abertura to Del Mar Heights Road. (T-20)	Construction has not commenced; estimated completion date January 2013.
If not already existing, widen Camino Ruiz, from 2 to 4 lanes, from San Dieguito Road to Camino del Norte:	
a. Street Improvements (T-6 and T-34.2)	Construction has not commenced; estimated completion date December 2012.
b. Wildlife Crossing (T-8)	Complete


 Gregory Levin, CPA
 Comptroller


 Lakshmi Kommi
 Debt Management Director


 Mary Lewis
 Chief Financial Officer