

Otay Mesa Enhanced Infrastructure Financing District
Fiscal Year 2024 Annual Report
February 27, 2025

INTRODUCTION

Pursuant to Government Code section 53398.66(j)(2)-(3), as amended by the approval of Assembly Bill 116 on October 9, 2019, the Public Financing Authority (PFA) of the Otay Mesa Enhanced Infrastructure Financing District (District) is required to adopt an annual report on or before June 30 of each year after holding a public hearing. This Annual Report satisfies this statutory requirement and serves as a summary of the operations and financial condition of the District for the Fiscal Year ended June 30, 2024.

GOALS

The PFA's goals for the District are to facilitate economic development and improve the quality of life of District residents through accelerated provision of needed infrastructure within the City of San Diego Otay Mesa Community Plan Area, specifically the public improvements and facilities identified in the District's Infrastructure Financing Plan (IFP), adopted in July 2017. The underlying objectives include economic development in the form of fiscal revenue generation for the District, improvement of quality of life, and promotion of environmental sustainability.

BACKGROUND

The District was formed by Resolution OMPFA-2017-2 of the associated PFA on July 24, 2017, for the purpose of financing infrastructure in the Otay Mesa community as authorized by Resolution R-310938 of the Council of the City of San Diego (City), adopted February 7, 2017. The District has no staff and therefore relies on the City to provide for its operational staffing needs. This is accomplished via a Memorandum of Understanding (MOU) between the District and the City outlining how the City provides operational staff services to the District, and how the District in turn reimburses the City for those services. The MOU also describes the process by which the City proposes eligible capital improvement projects for funding and approval by the District.

The District began receiving Tax Increment (TI) revenue in the fiscal year starting July 1, 2018 (Fiscal Year 2019). Accordingly, the District has required the adoption of an Operating and Capital Budget for every fiscal year since, each approved by PFA Resolution. The Operating Budget functions to reimburse the City for expenses related to providing operational staff services to the District in accordance with the MOU. The Capital Improvement Program (CIP) Budget reflects the District's investment in the District's infrastructure projects.

LEGISLATIVE REQUIREMENT

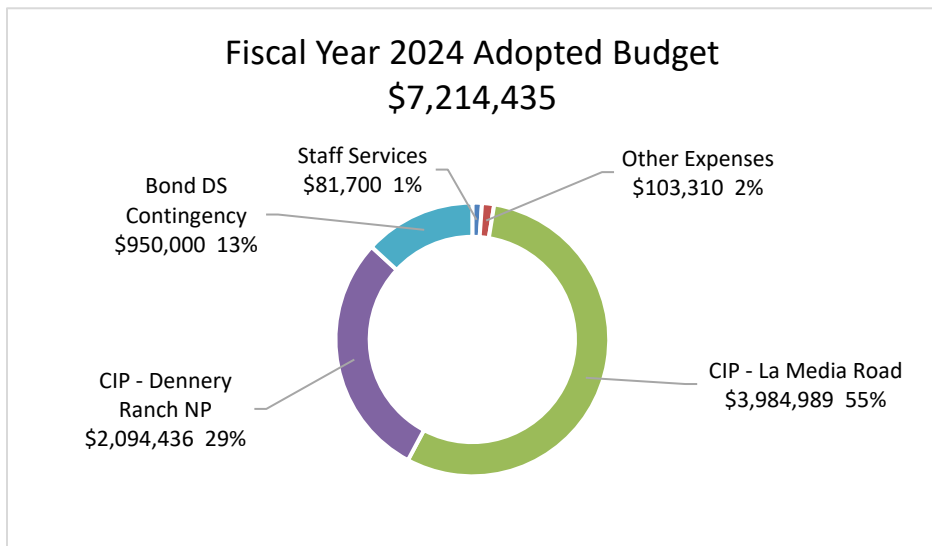
Assembly Bill 116, approved on October 9, 2019, implemented several changes to the Enhanced Infrastructure Financing District laws in the California Government Code. These amendments included

a requirement to adopt an annual report, on or before June 30 of each year, after holding a public hearing. Per California Government Code section 53398.66(j)(3), the annual report shall contain the following content:

- A) A description of the projects undertaken in the fiscal year, including any rehabilitation structures, and a comparison of the progress expected to be made on those projects compared to the actual progress;
- B) A chart comparing the actual revenues and expenses, including administrative costs, of the PFA to the budgeted revenues and expenses;
- C) The amount of tax increment revenues received;
- D) An assessment of the status regarding completion of the Otay Mesa Enhanced Infrastructure Financing District (EIFD) projects;
- E) The amount of revenues expended to assist private businesses.

FISCAL YEAR 2024

The District’s total adopted budget for Fiscal Year 2024 was \$7,214,435, and had three operating components and two CIP components, as follows:



OPERATING BUDGET

A breakdown of the operating budget is reflected below:

Operating Description	Amount
Staff services to the District during Fiscal Year 2024	\$81,700
Other Costs (Independent Financial Audit, Fiscal Consultant, Public Notices and Contingency)	\$103,310
Contingency for Bond Debt Service	\$950,000

A significant portion of the budgeted operating costs for Fiscal Year 2024 entailed planned City staff services to the District related to annual CIP preparation and approvals, legal counsel, financial reporting, and administrative support. An additional contingent amount for debt service was included in the operating budget for a potential bond issuance which did not occur.

CAPITAL IMPROVEMENT PROGRAM BUDGET

The CIP budget for Fiscal Year 2024 designated funding for the La Media Road project and Dennery Ranch Neighborhood Park (NP):

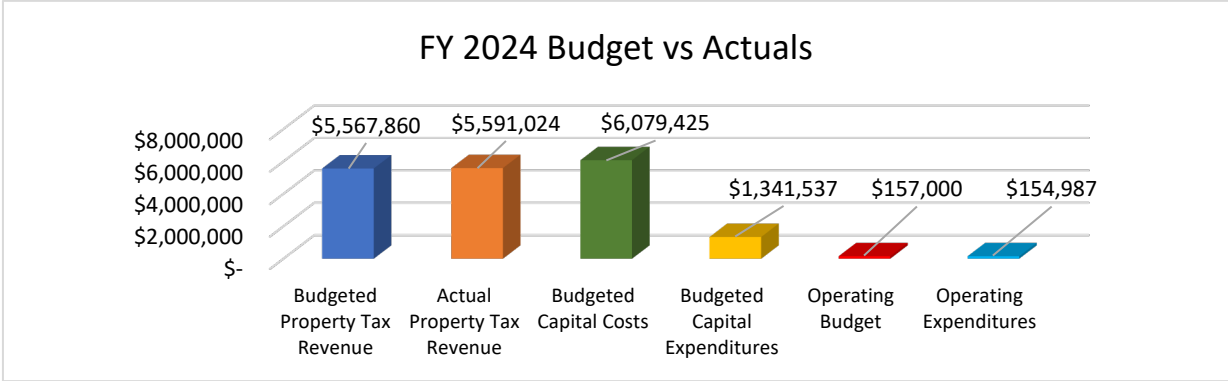
Capital Description	FY 2024 Budget
La Media Road S-15018	\$3,984,989
Dennery Ranch NP RD22001	\$2,094,436

The CIP budget represents the District’s investment in Otay Mesa infrastructure projects. A budgeting process is identified in the MOU for annual budgeting of Otay Mesa EIFD funds for eligible public infrastructure. As noted in the MOU, the City and District agree that the EIFD projects are all City projects, and as such, will be prioritized by the City annually for implementation pursuant to Council Policy 800-14: Prioritizing Capital Improvement Program.

The purpose of the Otay Mesa EIFD is to provide dedicated, supplemental revenues to address a portion of the funding gap originally identified in the Fiscal Year 2014 Otay Mesa Public Facilities Financing Plan (PFFP). Public facilities eligible for Otay Mesa EIFD funding are the public improvements contained in the Otay Mesa PFFP – 75% are transportation related projects the remainder is comprised of, parks, library, fire, police, water, and sewer projects. These projects are listed in the District’s IFP, adopted as required under EIFD Law at the time of District formation.

FISCAL YEAR 2024 YEAR-END ACTIVITY

Fiscal Year 2024 property tax revenues were \$5,591,024, 0.42% over the budgeted amount of \$5,567,860. Operating expenditures (excluding contingent bond debt service) were \$83,081, 55.03% under the budgeted \$185,010.



In Fiscal Year 2024, the adopted budget included \$3,984,989 for the La Media Road Improvements Project and \$2,094,436 for the Dennery Ranch NP. There was \$1,341,537 in expenditures recorded for the projects during Fiscal Year 2024.

PROJECT STATUS – LA MEDIA ROAD IMPROVEMENTS PROJECT (S-15018)

Including Fiscal Year 2024 funding, the District has budgeted a total of \$9.3M to date for the La Media Road Improvement project and is fully funded with additional dedicated funding sources. This road improvement is part of an integrated transportation network identified in the Otay Mesa Community Plan that will provide mobility and accessibility to the residents and businesses of the community. It is also part of the designated Truck Route for the Otay Mesa Port of Entry, and once completed will accommodate future development and commercial traffic.

During Fiscal Year 2023, staff obtained all required resource agency permits, Caltrans encroachment permit and successfully completed the construction contract bid and award phases. Project construction phase started in Fiscal Year 2023. In Fiscal Year 2024, this project was in active construction operation and is currently still in progress.

Details of the La Media Road Improvements Project (S-15018) can be found on the City's online CIP project information webpage at <https://cipapp.sandiego.gov/CIPDetail.aspx?ID=S15018>.

PROJECT STATUS – DENNERY RANCH NP (RD22001)

The project is currently in design. The District has budgeted a total of \$2.1M to date for the Dennery Ranch Neighborhood Project and is partially funded with additional dedicated funding sources. During permitting at the Development Services Department last year, modifications to the stormwater conveyance system were determined to be necessary. This required additional design evaluation, coordination with other agencies, and a Substantial Conformance Review to be completed for the proposed stormwater infrastructure. An updated cost estimate and schedule will be prepared for construction of the project once additional engineering design and updated construction documents are completed.

Details of the Dennery Ranch Neighborhood Park Project (RD22001) can be found on the City's online CIP project information webpage at <https://cipapp.sandiego.gov/CIPDetail.aspx?ID=RD22001>

REVENUES EXPENDED TO ASSIST PRIVATE BUSINESSES

The primary purpose of the District is to fund capital improvements that serve the community at-large. No Fiscal Year 2024 revenues were expended to assist private businesses. Furthermore, it is not anticipated that District revenues will be used to assist private businesses going forward.