



THE CITY OF SAN DIEGO REPORT TO THE CITY COUNCIL

DATE ISSUED: October 22, 2008 REPORT NO:08-200
ATTENTION: Honorable Council President Scott Peters and Members of the City Council
SUBJECT: Informational Report Pursuant to the Local Agency Special Tax and Bond
Accountability Act for the fiscal year ended June 30, 2005.

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 audited financial statements for Fiscal Year 2005. On October 26, 2007, Macias Gini & O'Connell LLP ("Macias") the City's outside auditor, issued an unqualified opinion of the City's Fiscal Year 2005 CAFR and the City's Audit Committee began its review of said financial statements on November 27, 2007. On December 12, 2007, the City re-opened the

2005 CAFR for the limited purpose of revising the disclosures related to the City’s Preservation of Benefits Plan. On February 8, 2008, Macias issued an unqualified opinion on the 2005 CAFR that incorporated the October 26, 2007 opinion and covered the subsequent revisions to the 2005 CAFR. The City Council reviewed and filed the 2005 Comprehensive Annual Financial Report (“CAFR”) on March 25, 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, 2005:

(a) The amount of funds collected and expended:

Funds Collected	
Special Tax Collections	\$4,679,075
Interest Earnings	184,651
Total	\$4,863,726
Funds Expended	
Debt Service Payments	(\$4,382,797)
Administrative Expenses	(89,999)
Total	(\$4,472,796)

- (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, 2005:

- (a) The amount of funds collected and expended

Funds Collected	
Interest Earnings	\$109,578
Total	\$109,578
Funds Expended	
Project Costs	(\$4,133,983)
Total	(\$4,133,983)

- (b) The status 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

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 Improvement	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, 2005:

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

Funds Collected	
Special Tax Collections	\$624,298
Interest Earnings	6,954
Total	\$631,252
Funds Expended	
Debt Service Payments	(\$510,423)
Transfers Out ¹	(391)
Administrative Expenses	(28,612)
Total	(\$539,426)

- (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 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, 2005:

(a) The amount of funds collected and expended:

Funds Collected	
Interest Earnings	\$150,598
Total	\$150,598
Funds Expended – No Expenses in FY 2005	

(b) The status 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 Improvements	Construction to be coordinated with CIP project 52-479.0

**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, 2005:

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

Funds Collected	
Special Tax Collections	\$1,018,417
Interest Earnings	17,963
Total	\$1,036,380
Funds Expended	
Project Costs	(\$1,359,322)
Administrative Expenses	(18,565)
Total	(\$1,377,887)

- (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 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.

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, 2005:

- (a) The amount of funds collected and expended: Special Tax Bonds are not anticipated to be issued until 2006.

Funds Collected	
Developer Contribution	\$188,300
Interest Earnings	1,788
Total	\$190,088
Funds Expended	
Administrative Expenses	(\$191,189)
Total	(\$191,189)

- (b) The status 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	Construction to commence July 2006; estimated completion in April 2007
Phase I Park Facilities and Remaining Park Demolition and Rough Grading	Construction to commence September 2005; estimated completion in December 2006
Phase II Park Facilities	Construction to commence August 2007; estimated completion in November 2008
Harbor Drive Street Improvements	Complete
Laning/Cushing Drive Signal Improvements	Construction to commence December 2006; estimated completion in March 2007

**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, 2005:

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

Funds Collected	
Special Tax Collections	\$680,239
Developer Contribution	90,000
Interest Earnings	19,801
Total	\$790,040
Funds Expended	
Transfers Out ¹	(\$1,060)
Administrative Expenses	(86,439)
Total	(\$87,499)

- (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 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 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, 2005:

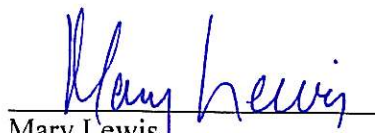
- (a) The amount of funds collected and expended: None - Special Tax Bonds are not anticipated to be issued until August 2008.
- (b) The status of any project required or authorized to be funded, pursuant to the Authorizing Documents, is shown in the table below:

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	 Construction commenced January 2005; estimated completion date March 2006. Construction underway; estimated completion date December 2005. Construction underway; estimated completion date December 2005.
Sewer Lift Station No. 1, including Gravity Line from Camino Ruiz and Force Mains to Santaluz.	Construction underway; estimated completion date March 2006.
Extend Camino Ruiz, 2 Lanes, from Resort Street to Camino del Norte: a. Street Improvements (remainder of T-5) b. Underground Utilities & Improvements	 Estimated completion date March 2006 Construction underway; estimated completion date December 2005.
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 2009 Construction has not commenced; estimated completion date December 2009

<p>If not already existing, widen Carmel Valley Road, from 2 to 4 lanes, from Black Mountain Road to entrance of Fairbanks Highlands:</p> <p>a. Street Improvements (portion of T-22)</p> <p>b. Wildlife Crossing (T-24)</p>	<p>Construction to commence January 2009</p> <p>Complete</p>
<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 2010</p> <p>Construction has commenced; estimated completion date December 2012</p> <p>Construction has commenced; estimated completion date December 2010</p>
<p>Gravity Sewer Line from East Clusters to Existing Gravity Line at Camino Ruiz.</p>	<p>Construction has not commenced; estimated completion date April 2007</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 2013</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)</p> <p>b. Wildlife Crossing (T-8)</p>	<p>Construction has not commenced; estimated completion date December 2010</p> <p>Construction underway; estimated completion date March 2006</p>


 Gregory Levin, CPA
 Comptroller


 Lakshmi Kommi
 Debt Management Director


 Mary Lewis
 Chief Financial Officer