THE CITY OF SAN DIEGO

REPORT TO THE CITY COUNCIL

DATE ISSUED: October 22, 2008 REPORT NO: 08-201

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, 2006.

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 2006. On March 21, 2008, Macias Gini and O'Connell LLP, the outside auditor, issued an unqualified opinion of the City's Financial Statements related to the Fiscal Year 2006 CAFR. The City Council reviewed and filed the 2006 Comprehensive Annual Financial Report "(CAFR") on April 22, 2008.

DIVERSITY

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, 2006:

(a) The amount of funds collected and expended:

Funds Collected	
Special Tax Collections	$5,390,234
Charges for current services/Other Revenues	2,457
Interest Earnings	381,994
Total	**$5,774,685**
Funds Expended	
Debt Service Payments	($4,369,566)
Administrative Expenses	(102,373)
Total	**($4,471,939)**

(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, 2006:

(a) The amount of funds collected and expended

Funds Collected	
Interest Earnings	$107,213
Total	**$107,213**
Funds Expended	
Project Costs	($3,854,748)
Total	**($3,854,748)**

(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 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, 2006:

(a) The amount of funds collected and expended:

Funds Collected	
Special Tax Collections	$796,963
Interest Earnings	17,334
Total	**$814,297**
Funds Expended	
Debt Service Payments	($596,271)
Administrative Expenses	(38,873)
Total	**($635,144)**

(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, 2006:

(a) The amount of funds collected and expended:

Funds Collected	
Interest Earnings	$349,788
Total	**$349,788**
Funds Expended – No expenses in FY 2006	

(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 from Derby Downs Road to San Dieguito Road	Construction to be coordinated with CIP project 52-479.0 Construction has not yet started.

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, 2006:

(a) The amount of funds collected and expended:

Funds Collected	
Special Tax Collections	$1,357,349
Interest Earnings	5,501
Total	**$1,362,850**
Funds Expended	
Project Costs	($1,300,000)
Administrative Expenses	(14,209)
Total	**($1,314,209)**

(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, 2006:

(a) The amount of funds collected and expended: Special Tax Bonds are not anticipated to be issued until July 13, 2006.

Funds Collected	
Developer Contribution	$60,000
Interest Earnings	3,908
Total	**$63,908**
Funds Expended	
Administrative Expenses	($54,251)
Total	**($54,251)**

(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	Estimated completion date 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, 2006:

(a) The amount of funds collected and expended:

Funds Collected	
Special Tax Collections	$682,736
Interest Earnings	41,512
Total	**$724,248**
Funds Expended	
Administrative Expenses	($51,299)
Total	**($51,299)**

(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.

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, 2006:

(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)	Project expected to be substantially completed by October 2006. Estimated completion date June 2009.
b. Wildlife Crossing (T-7)	Completed May 2006.
c. Underground Utilities & Improvements	Project expected to be substantially completed by October 2006. Estimated completion date June 2009.
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)	Project expected to be substantially completed by March 2007. Estimated completion date June 2009.
b. Underground Utilities & Improvements	Project expected to be substantially completed by March 2007. Estimated completion date June 2009.
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)	Construction has not commenced; estimated completion date December 2012
b. Wildlife Crossing (T-12)	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
Extend Carmel Valley Road, 4 Lanes, from Black Mountain Road to Camino Crisalida: a. Street Improvements (T-25) b. Wildlife Crossing (T-27) c. Underground Utilities & Improvements	 Construction has not commenced; estimated completion date December 2012. Construction has commenced; estimated completion date December 2012. 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) b. Wildlife Crossing (T-8)	 Construction has not commenced; estimated completion date December 2012. Complete

Gregory Levin, CPA
Comptroller

Lakshmi Kommi
Debt Management Director

Mary Lewis
Chief Financial Officer