



THE CITY OF SAN DIEGO

REPORT TO THE CITY COUNCIL

DATE ISSUED: December 22, 2009 REPORT NO: 09-173
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, 2009.

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 2009.

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, 2009:

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

| | |
|-------------------------|----------------------|
| Funds Collected | |
| Special Tax Collections | \$4,974,234 |
| Interest Earnings | 323,507 |
| Total | \$5,297,741 |
| Funds Expended | |
| Debt Service Payments | \$(4,744,592) |
| Administrative Expenses | (109,092) |
| Total | \$(4,853,684) |

- (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, 2009:

- (a) The amount of funds collected and expended

| | |
|------------------------|-------------------|
| Funds Collected | |
| Interest Earnings | \$11,104 |
| Total | \$11,104 |
| Funds Expended | |
| Project Costs | \$(63,800) |
| Total | \$(63,800) |

- (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, via Debt Management

| | |
|---|----------|
| 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**

**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, 2009:

(a) The amount of funds collected and expended:

| | |
|----------------------------|--------------------|
| Funds Collected | |
| Special Tax Collections | \$766,705 |
| Interest Earnings | 4,631 |
| Total | \$771,336 |
| Funds Expended | |
| Debt Service Payments | \$(625,021) |
| Transfers Out ² | (6,839) |
| Administrative Expenses | (41,720) |
| Total | \$(673,580) |

(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, 2009:

(a) The amount of funds collected and expended:

| | |
|--|------------------|
| Funds Collected | |
| Interest Earnings | \$128,001 |
| Total | \$128,001 |
| | |
| Funds Expended – No Expenses in FY 2009 | |

(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 | Construction is to commence December 2009; estimated completion date September 2010. |

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

**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, 2009:

(a) The amount of funds collected and expended:

| Funds Collected | |
|----------------------------|----------------------|
| Special Tax Collections | \$1,952,396 |
| Interest Earnings | 12,717 |
| Total | \$1,965,113 |
| Funds Expended | |
| Debt Service Payments | \$(1,405,221) |
| Transfers Out ⁴ | (5,100) |
| Admin Expense | (72,255) |
| Total | \$(1,482,576) |

(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, 2009:

(a) The amount of funds collected and expended:

| Funds Collected | |
|------------------------|------------------|
| Interest Earnings | \$138,967 |
| Total | \$138,967 |
| | |
| Funds Expended | |
| Cost of Issuance | \$(225) |
| Total | \$(225) |

(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 | Construction estimated completion date December 2009. |
| Harbor Drive Street Improvements | Complete |
| Laning/Cushing Drive Signal Improvements | Construction to commence and estimated completion 2011. |

⁵ Project status provided by developer, McMillin Companies, LLC., via Debt Management

**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, 2009:

(a) The amount of funds collected and expended:

| Funds Collected | |
|----------------------------|----------------------|
| Special Tax Collections | \$1,072,357 |
| Developer Contribution | 100,000 |
| Interest Earnings | 25,373 |
| Total | \$1,197,730 |
| | |
| Funds Expended | |
| Project Costs | \$(1,089,981) |
| Debt Service Payments | (357,888) |
| Transfers Out ⁶ | (7,494) |
| Administrative Expenses | (137,173) |
| Total | \$(1,592,536) |

(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, 2009:

- (a) The amount of funds collected and expended: CFD#4 Black Mountain Ranch Villages 2008 Bonds were issued on August 21, 2008.

| Funds Collected | |
|-------------------------|-----------------------|
| Bond Proceeds | \$12,365,000 |
| Interest Earnings | 4,013 |
| Total | \$12,369,013 |
| | |
| Funds Expended | |
| Project Costs | \$(10,541,964) |
| Original Issue Discount | (128,682) |
| Cost of Issuance | (745,801) |
| Total | \$(11,416,447) |


- (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) | Complete |
| b. Wildlife Crossing (T-7) | Complete |
| c. Underground Utilities & Improvements | 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) | Complete |
| b. Underground Utilities & Improvements | Complete |

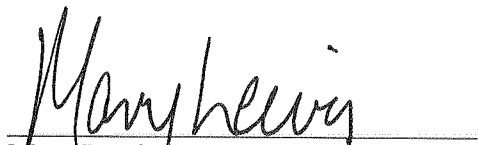
⁷ Project status provided by developer, Black Mountain Ranch, LLC., via Debt Management

| | |
|--|--|
| <p>If not already existing, widen Camino Ruiz, from 2 to 4 Lanes, from San Dieguito Road to Carmel Valley Road:</p> <p>a. Street Improvements (T-10)</p> <p>b. Wildlife Crossing (T-12)</p> | <p>Construction has not commenced; estimated completion date December 2013</p> <p>Construction has not commenced; estimated completion date December 2013</p> |
| <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 has not commenced; estimated completion date December 2013</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 2013</p> <p>Construction has commenced; estimated completion date December 2013</p> <p>Construction has commenced; estimated completion date 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 April 2013</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 2013</p> <p>Complete</p> |
|--|--|


 Kenton C. Whitfield
 City Comptroller


 Lakshmi Kommi
 Debt Management Director


 Mary Lewis
 Chief Financial Officer