THE CITY OF SAN DIEGO

REPORT TO THE CITY COUNCIL

DATE ISSUED: December 23, 2014 REPORT NO: 14-072

ATTENTION: Council President and City Council

FROM: Chief Financial Officer via the Office of the City Comptroller

SUBJECT: Informational Report Pursuant to the Local Agency Special Tax and Bond Accountability Act for the Fiscal Year Ended June 30, 2014

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"). 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 four Community Facilities Districts (CFD) that fall under the provisions of the Act; Community Facilities District No. 1 (Miramar Ranch North), 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).

DIVERSITY
BRINGS US ALL TOGETHER

Collections and Expenditures

The revenues and expenses of each Community Facilities District and Improvement Areas are tracked using separate restricted funds. When collected funds exceed the amount of funds expended for the year, the excess funds remain in the separate fund and can only be used for their intended purposes. When the funds expended exceed the amount collected in the year, the excess amount is paid from the restricted fund balance of the CFD. Revenue and expenditure data contained herein is based upon audited financial information for Fiscal Year 2014.

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. 1
(Miramar Ranch North)
Special Tax Bonds

Annual Report
Pursuant to the Local Agency Special Tax and Bond Accountability Act
(Audited)

Pursuant to Ordinance No. O-17588 and Resolution Nos. R-277111 and R-277110 (the "Authorizing Documents"), Community Facilities District No. 1 (Miramar Ranch North) was established and authorized to issue 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. In June 2012, Community Facilities District No. 1 (Miramar Ranch North) issued its Special Tax Refunding Bonds, Series 2012 (the "2012 Refunding Bonds"). These bonds were issued to refund the previously issued 1998 CFD No.1 (Miramar Ranch North) Special Tax Refunding Bonds. The original 1998 Bonds were issued to refund the previously issued 1991 and 1995 CFD No. 1 (Miramar Ranch North) Special Tax Bonds which financed 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, 2014:

(a) The amount of funds collected and expended:

Funds Collected	
Special Tax Collections[1]	$ 3,721,102
Interest Earnings	2,127
Total	**$ 3,723,229**
Funds Expended	
Debt Service Payments	$ 3,494,350
Transfers Out[2]	9,050
Administrative Expenses	45,489
Total	**$ 3,548,889**

(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. The status of projects authorized to be funded by the district, subject to various conditions is shown in Appendix A.

[1] Includes delinquent amounts and penalties received in FY 2014 from prior year levies.
[2] Transfer to Delinquency Fund 200506 in the amount of $9,050 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, 2014:

(a) The amount of funds collected and expended:

Funds Collected	
Interest Earnings	$ 7,351
Total	**$ 7,351**
Funds Expended	
No expenses in FY14	$ 0
Total	**$ 0**

(b) The status of any project required or authorized to be funded, pursuant to the Authorizing Documents

See Appendix A.

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
(Audited)

Pursuant to Ordinance No. O-18788 and 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 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. In December 2011, Community Facilities District No. 2 (Santaluz) Improvement Area No.1 issued its Special Tax Refunding Bonds, Series A of 2011 (the "2011 Refunding Bonds"). These bonds were issued to refund the previously issued CFD No. 2 Improvement Area No. 1 Special Tax Bonds, Series A of 2000 and Series A of 2004. The original 2000 and 2004 Bonds were issued to finance various public facilities. The accounts associated with the CFD No. 2 Improvement Area No.1 Special Tax Bonds, Series A of 2000 and Series A of 2004 were transferred into the CFD No. 2, Improvement Area No.1 Special Tax Refunding Bonds, Series A of 2011 accounts in conjunction with the refunding transaction.

Special Taxes

In accordance with Government Code Section 50075.3, the following information is presented for the fiscal year ending June 30, 2014:

(a) The amount of funds collected and expended:

Funds Collected	
Special Tax Collections[3]	$ 3,962,757
Interest Earnings	2,643
Total	**$ 3,965,400**
Funds Expended	
Debt Service Payments	$ 4,005,630
Administrative Expenses	73,248
Total	**$ 4,078,878**

[3] Includes delinquent amounts and penalties received in FY 2014 from prior year levies.

(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. The status of projects authorized to be funded by the district, subject to various conditions is shown in Appendix A.

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, 2014:

(a) The amount of funds collected and expended:

Funds Collected	
Interest Earnings	$ 11,989
Total	**$ 11,989**
Funds Expended	
No Expenses in FY2014	$ 0
Total	**$ 0**

(b) The status of any project required or authorized to be funded, pursuant to the Authorizing Documents

See Appendix A.

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
(Audited)

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 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, 2014:

(a) The amount of funds collected and expended:

Funds Collected	
Special Tax Collections[4]	$ 607,510
Interest Earnings	378
Total	**$ 607,888**
Funds Expended	
Debt Service Payments[5]	$ 1,247,203
Transfers Out[6]	2,737
Administrative Expenses	45,115
Total	**$ 1,295,055**

(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. The status of projects authorized to be funded by the district, subject to various conditions is shown in Appendix A.

[4] Includes delinquent amounts and penalties received in FY 2014 from prior year levies.
[5] Includes September 1, 2013 bond call and premium payments of $645,000.00.
[6] Transfer to Delinquency Fund 200506 in the amount of $2,737 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, 2014:

(a) The amount of funds collected and expended:

Funds Collected	
Interest Earnings	$ 1,768
Total	**$ 1,768**
Funds Expended	
Project Cost	$ 172,650
Total	**$ 172,650**

(b) The status of any project required or authorized to be funded, pursuant to the Authorizing Documents:

See Appendix A.

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

Annual Report
Pursuant to the Local Agency Special Tax and Bond Accountability Act
(Audited)

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 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. In February 2013, Community Facilities District No. 3 (Liberty Station) issued its Special Tax Refunding Bonds, Series 2013 (the "2013 Refunding Bonds"). These bonds were issued to refund the previously issued CFD No. 3 (Liberty Station) Special Tax Bonds Series A of 2006 and Series A of 2008, which financed 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, 2014:

(a) The amount of funds collected and expended:

Funds Collected	
Special Tax Collections[7]	$ 1,216,570
Interest Earnings	638
Total	**$ 1,217,208**
Funds Expended	
Debt Service Payments	$ 1,066,001
Transfers Out[8]	2,150
Administrative Expenses	55,275
Total	**$ 1,123,426**

(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. The status of projects authorized to be funded by the district, subject to various conditions is shown in Appendix A.

[7] $31,603 of the total collected came from optional prepayment; also includes delinquent amounts and penalties received in FY 2014 from prior year levies.
[8] Transfer to Delinquency Fund 200506 in the amount of $2,150 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, 2014:

(a) The amount of funds collected and expended:

Funds Collected	
Interest Earnings	$ 3,435
Total	**$ 3,435**
Funds Expended	
Costs of Issuance	$ 900
Total	**$ 900**

(b) The status of any project required or authorized to be funded, pursuant to the Authorizing Documents:

See Appendix A.

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
(Audited)

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 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, 2014:

(a) The amount of funds collected and expended:

Funds Collected	
Special Tax Collections[9]	$ 1,246,290
Interest Earnings	802
Transfers In[10]	36,155
Total	**$ 1,283,247**
Funds Expended	
Debt Service Payments	$ 883,769
Transfers Out[11]	5,664
Administrative Expenses[12]	88,189
Total	**$ 977,622**

(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. The status of projects authorized to be funded by the district, subject to various conditions is shown in Appendix A.

[9] Includes delinquent amount and penalties received in FY2014 from prior year levies.
[10] Transfer from Delinquency Fund 200506 to pay for refunding of previous year levies that were overcharged.
[11] Transfer to Delinquency Fund 200506 in the amount of $5,664 per O-17882.
[12] Includes $38,702 in refunds for previous year levies that were overcharged.

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, 2014:

(a) The amount of funds collected and expended:

Funds Collected	
Interest Earnings	$ 2,635
Total	**$ 2,635**
Funds Expended	
No Expenses in FY2014	$ 0
Total	**$ 0**

(b) The status of any project required or authorized to be funded, pursuant to the Authorizing Documents:

See Appendix A.

Rolando Charvel
City Comptroller

Mary Lewis
Chief Financial Officer

APPENDIX A

In accordance with Government Code Section 50075.3 and Section 53411, the following information is presented:

> The status of any project required or authorized to be funded, pursuant to the Authorizing Documents.

For each Community Facilities District, the project status for incomplete projects is updated based on information obtained directly from the associated developer until each project is reported as complete. The status of the projects has been independently verified by the City. Note that not all authorized facilities listed have been, or are intended to be, financed in whole or in part by the special taxes or proceeds of the special tax bonds.

COMMUNITY FACILITIES DISTRICT NO. 1
(Miramar Ranch North)
Special Tax Refunding Bonds

Project	Construction Status
Regional Park / Open Space	Complete
Aherns Field Lighting	Complete
Capitalized Interest	Complete
Mercy Interchange (Stage 1)	Complete
Mercy Interchange (Stage 2)	Complete
Park & Ride / Traffic Signal	Complete
Scripps Ranch Bl West	Complete
Scripps Ranch Bl East	Complete
Scripps North Parkway Offsite (West)	Complete
Scripps North Parkway On-Site (East)	Complete
Contribution For Offsite Roads - Pomerado	Complete
Contribution For Offsite Roads - 8A	Complete
Spring Canyon Road	Complete
Cypress Canyon Road	Complete
Reservoir Road	Complete
Booster Pump (Near Mercy Road)	Complete
Water Reservoir/Booster Pump	Complete
Modified Interceptor Ditch	Complete
Offsite Sewer South	Complete

Project	Construction Status
Offsite Sewer North	Complete
Community Park West	Complete
Lakeshore Park	Complete
Community Park East	Complete
Recreation Building	Complete
Fire Station #37	Complete
Scripps Ranch Library	Complete
Mass Transit Study	Complete

COMMUNITY FACILITIES DISTRICT NO. 2
(Santaluz) Improvement Area No. 1
Special Tax Bonds

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

Project	**Construction Status**
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

Project	Construction Status
Offsite Water and Sewer Improvements	Complete
Community Park Improvements	Complete
El Camino Real from Derby Downs Road to San Dieguito Road	Complete

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

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	Plans are approved and permitted. Construction is estimated to commence early 2015 with completion by mid 2015.
Phase I Park Facilities and Remaining Park Demolition and Rough Grading	Complete
Phase II Park Facilities	Complete
Harbor Drive Street Improvements	Complete
Laning/Cushing Drive Signal Improvements	Complete

COMMUNITY FACILITIES DISTRICT NO. 4
(Black Mountain Ranch Villages)
Special Tax Bonds

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
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)	Complete. Substantial Completion Letter issued 6/25/2014. NOC and As-Builts projected for February, 2015.
b. Wildlife Crossing (T-12)	Complete. Substantial Completion Letter issued 6/25/14. NOC and As-Builts projected for February, 2015.

Project	Construction Status
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)	Project T-22 consists of two phases of Carmel Valley Road widening (T22.1 & T22.2). T22.1 is widening the road to four lanes from Via Albertura east to Camino Del Sur. This phase is further split into two phases. The first consisting of widening from Via Albertura to the easterly boundary of Fairbanks Country Villas property is being constructed by Davidson Communities under the terms of a reimbursement agreement (RA). This phase has recently been completed during FY 2014 and is proceeding through the close out process. The second phase of T22.1 will be completed under the terms of a separate RA with D.R. Horton. This phase will continue the widening easterly to Camino del Sur. The project plans are moving through the review process at the City and it is anticipated the project will be initiated within the next several months, with possible completion towards the end of FY 2015. T22.2 is the portion of the widening from Camino Del Sur easterly to Black Mountain Road and anticipated to be constructed by BMR, LLC under the terms of a RA currently being negotiated. The permit for this project has been pulled and bonds posted. It is anticipated that the developer will go out for bids in March, 2015. Therefore project completion is now anticipated for FY 2016.

b. Wildlife Crossing (T-24) Now included as a portion of projects T21.1 and T22.1)	The original two lanes of the wildlife crossing on Carmel Valley Road were ultimately completed as part of project T21.1. Two additional lanes will be added as part of the widening project.
Extend Carmel Valley Road, 4 Lanes, from Black Mountain Road to Camino Crisalida:	
a. Street Improvements (T-25) b. Wildlife Crossing (T-27)	Project T25 is divided into three projects. The original two lanes and a wildlife bridge (T25.1) and a water pipeline (T25.2) from Black Mountain Road to Camino Crisalida have been completed. Project T25.3 will widen the existing road to four lanes, while project T-27 will provide for a second wildlife bridge. Projects have been completed in FY 2015 and the Notice of Completion (NOC) and As-Built are projected to be finalized by February, 2015.
c. Underground Utilities & Improvements	Complete
Gravity Sewer Line from East Clusters to Existing Gravity Line at Camino Ruiz	Construction has commenced; estimated completion in calendar year 2014.
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)	Camino Ruiz (now Camino Del Sur) has already been widened to four lanes. There will be a future expansion to six lanes commensurate with the requirements of the Transportation Phasing Plans in BMR and Torrey Highlands. BMR, LLC currently has plans in engineering for review. Improvement plans are currently in review with DSD. It is now anticipated that the widening may begin early FY 2016 with a target completion date of FY 2017.

If not already existing, widen Carmel Valley Road, from 2 to 4 lanes, from Via Abertura to Del Mar Heights Road. (T-20)	The project is being completed by Pardee in two phases. The first phase from Del Mar Heights Road to Lopelia has been completed. The second easterly phase from Lopelia to Via Albertura is also being constructed by Pardee as part of a reimbursement agreement. Phase 2 is anticipated to be completed in Fiscal Year 2015. NOC and As-Builts anticipated to be completed in early FY 2016.
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)	 Complete. Project T-6 consists of the widening to 4 lanes of Camino Ruiz (now Camino Del Sur) from San Dieguito Road north of Paseo del Sur. This project was completed during FY2014. City has issued letter of substantial completion and NOC is anticipated for March, 2015. Project T-34.2 consists of extending Camino Del Sur by building a 4 lanes road from Bernardo Lake Drive East to Lone Quail Road. This project was completed in FY 2014. City has issued letter of substantial completion on 5/16/2014, and NOC is anticipated for March, 2015. As a note, project T34.1 consisted of extending Camino Del Sur from Paseo del Sur to Bernardo Lakes Drive, which links the two projects above. This project has been previously completed. Complete