

The City of San Diego
Department of Finance

Otay Mesa Enhanced Infrastructure Financing District
Fiscal Year 2025 Annual Report
February 26, 2026

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, 2025.

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.

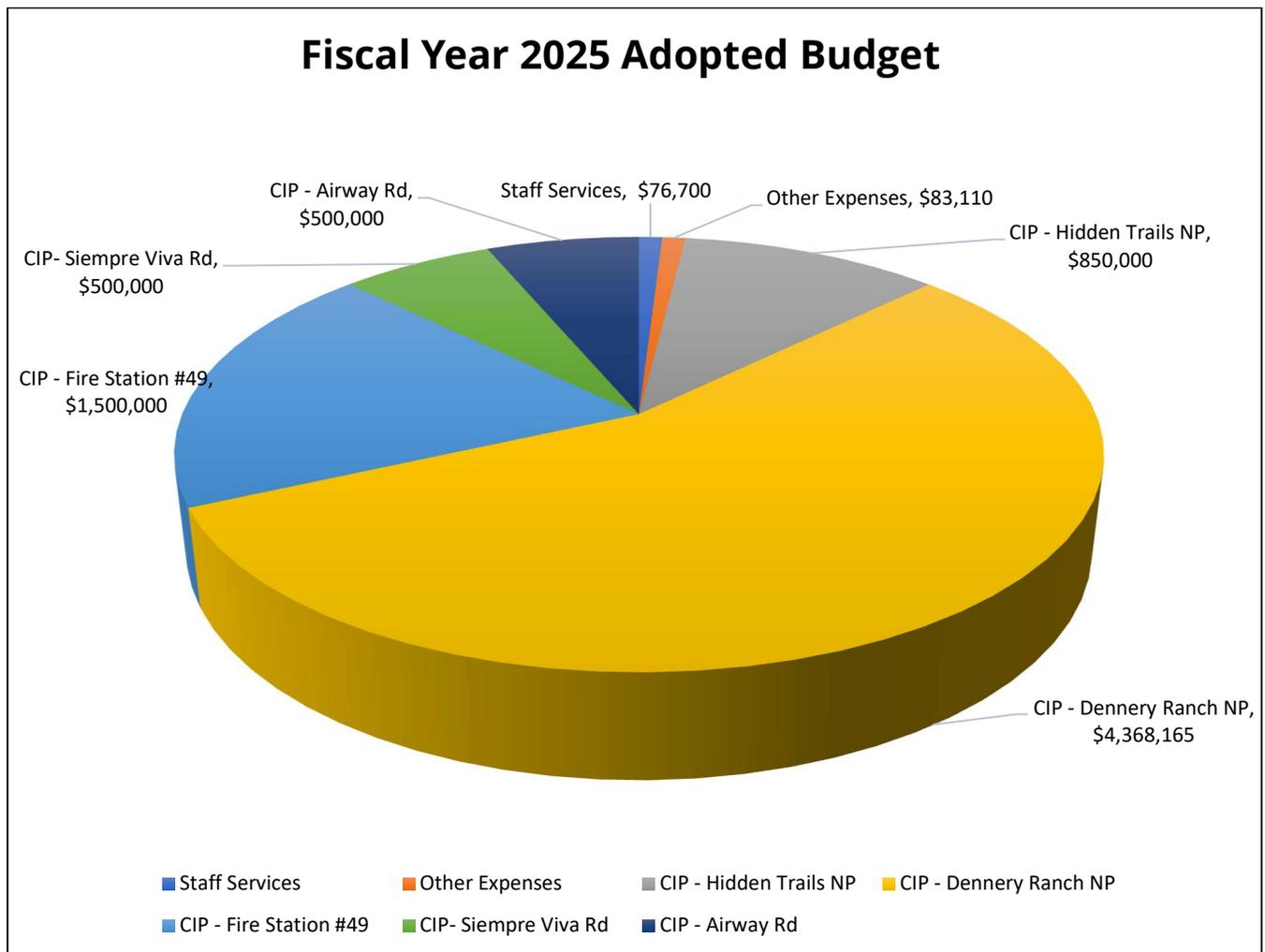
LEGISLATIVE REQUIREMENT

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 2025

The District’s total adopted budget for Fiscal Year 2025 was \$7,877,975, and had two administrative components and five CIP components, as follows:



ADMISTRATIVE BUDGET

A breakdown of the administrative budget is reflected below:

Administrative Description	Amount
Staff services to the District during Fiscal Year 2025	\$76,700
Other Costs (Independent Financial Audit, Fiscal Consultant, Public Notices and Contingency)	\$83,110

A significant portion of the budgeted administrative costs for Fiscal Year 2025 entailed planned City staff services to the District related to annual CIP preparation and approvals, legal counsel, financial reporting, and administrative support.

CAPITAL IMPROVEMENT PROGRAM BUDGET

The CIP budget for Fiscal Year 2025 designated funding for Hidden Trails Neighborhood Park, Denny Ranch Neighborhood Park, Fire Station #49, Siempre Viva Road Improvements and Airway Road Improvements.

Capital Description	FY 2025 Budget
Hidden Trails Neighborhood Park (S-00995)	\$850,000
Denny Ranch Neighborhood Park (RD22001)	\$4,368,165
Fire Station #49 (S-00784)	\$1,500,000
Siempre Viva Road Improvements (P-19006)	\$500,000
Airway Road Improvements (P-19007)	\$500,000

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 2025 YEAR-END ACTIVITY

Fiscal Year 2025 property tax revenues were \$6,537,057, 6.91% under the budgeted amount of \$7,022,373. Administrative expenditure was \$147,465, 7.72% under the budgeted amount of \$159,810.

FISCAL YEAR 2025 BUDGET VS ACTUALS		
	Budget	Actual
Property Tax Revenue	\$7,022,373	\$6,537,057
CIP		
	\$7,718,165	\$251,228
Administrative Costs	\$159,810	\$147,465

During Fiscal Year 2025, there were CIP expenditures on two capital projects. The Siempre Viva Road Improvements project expended \$52,073, while the Airway Road Improvements project expended \$199,155. No expenditures were recorded from the Otay Mesa EIFD fund during the fiscal year for the Hidden Trails Neighborhood Park, Dennery Ranch Neighborhood Park, or Fire Station #49 project.

PROJECT STATUS

Project	Budgeted EIFD Funds Disbursed To Date	Expended To Date
La Media Road Improvements (S-15018) ¹	\$9,304,139	\$6,144,395
Hidden Trails Neighborhood Park (S-00995) ¹	\$2,000,000	\$0
Dennery Ranch Neighborhood Park (RD22001) ¹	\$6,462,601	\$0
Fire Station #49 (S-00784)	\$1,500,000	\$0

Siempre Viva Road Improvements (P-19006)	\$550,000	\$52,073
Airway Road Improvements (P-19007)	\$450,000	\$199,155

¹La Media Road Improvements, Hidden Trails Neighborhood Park, and Dennery Ranch Neighborhood Park received funding prior to Fiscal Year 2025.

LA MEDIA ROAD IMPROVEMENTS (S-15018)

This project will improve and reconfigure La Media Road between SR-905 to Siempre Viva Road. La Media Road will be upgraded to a six-lane primary arterial from SR905 to Airway Road and a five-lane major between Airway Road and Siempre Viva Road, with three southbound lanes and two northbound lanes. This project will also improve drainage at the intersection of La Media Road and Airway Road. Improvements from Siempre Viva to Otay Truck Route will be constructed under a different project. La Media Road is part of the designated Truck Route for the Otay Mesa Port of Entry.

These improvements are needed to accommodate future development and future truck traffic. Property acquisition began in Fiscal Year 2021 and was completed in Fiscal Year 2022. The construction phase began in Fiscal Year 2023 and was completed in Fiscal Year 2026. A minimum five-year wetland and vernal pool monitoring period is required after construction completion.

HIDDEN TRAILS NEIGHBORHOOD PARK (S-00995)

This project provides for the acquisition, design, and construction of an approximately 4.0 useable acre neighborhood park serving the Ocean View Hills Community. Amenities include an open turf area, children's play area, picnic areas, a new comfort station, public art, landscaping, and other park improvements.

Land acquisition began in Fiscal Year 2008 and was completed in Fiscal Year 2012. This project's General Development Plan phase was completed in Fiscal Year 2021. Design began in Fiscal Year 2022 and was completed in Fiscal Year 2025. Construction began following the Notice to Proceed issued in October 2025. Current work includes site clearing, rough grading, drainage improvements, and retaining wall installation, will be executed in the coming months.

DENNERY RANCH NEIGHBORHOOD PARK (RD22001)

This project provides for the acquisition, design, and construction of a 9 useable acre park site in the Otay Mesa Community Plan and the Dennery Ranch Precise Plan areas. The park may include a multi-purpose court, multi-purpose sports fields, comfort station, children's play area, picnic area and facilities, open turf area, staging area, and trail with connectivity to the Otay Valley Regional Park.

This project provides population-based park acreage in accordance with the City's General Plan standards to accommodate the park and recreational needs of the residents within the Dennery Ranch Subdivision. This turn-key project will be designed and constructed by the developer, Tripointe

Homes. The project is currently in design. During permitting 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. Design and programming are now nearing completion to advance priority improvements that can be constructed within the allocated budget, positioning the project for the next phase of development. Construction is anticipated to begin in Fiscal Year 2027 and conveyance of the completed park to the City is expected to occur in Fiscal Year 2028.

FIRE STATION #49 (S-00784)

Fire Station #49 provides for an approximately 13,000 square foot double house fire station located across the intersection of Ocean View Hills Parkway and Sea Fire Point and will serve the community. The fire station will accommodate 3 apparatus bays and will also have a training room and outside training area. The new fire station will comply with current station design and construction standards and specifications. Land acquisition was completed in Fiscal Year 2022. In Fiscal Year 2025 the project primarily focused on scoping and initial surveys. A CEQA addendum is currently underway to confirm compliance with the Environmental Impact Report. CEQA clearance is anticipated within Fiscal Year 2026 which will facilitate Design-Build solicitation in Fiscal Year 2027; however, should a Mitigated Negative Declaration be required, solicitation may be deferred to a subsequent fiscal year.

SIEMPRE VIVA ROAD IMPROVEMENTS (P-19006)

The Siempre Viva Road Improvements Project is currently undergoing a feasibility study which is anticipated to be completed by June 2026. The study will evaluate upgrading the existing Siempre Viva Road into a six-lane primary arterial roadway extending from Britannia Boulevard to approximately 600 feet east of La Media Road. The project area includes a segment of Siempre Viva Road from Inbound Street (cul-de-sac) to La Media Road that is currently an unpaved dirt road approximately one-quarter mile (1,320 linear feet) in length. This segment is located within a multi-habitat planning area and includes a waterway, requiring environmental and hydrologic considerations. The feasibility study will consist of preliminary engineering and technical investigations, topographic and right-of-way surveys, a desktop geotechnical investigation and report, traffic analysis, hydrology and hydraulics studies, conceptual drawings, and preparation of an engineer's opinion of probable construction cost.

AIRWAY ROAD IMPROVEMENTS (P-19007)

The Airway Road Improvements Project (P-19007) completed a feasibility study at the end of December 2025. The study focused on upgrading the existing roadway into a four-lane major corridor from La Media Road to Harvest Road. Situated in an industrial zone southeast of San Diego, Airway Road is a critical truck route serving heavy vehicle traffic. The study included preliminary traffic analysis, geotechnical review, utility assessments, and conceptual designs for two roadway alternatives, incorporating drainage and wet utility evaluations to support future infrastructure needs. The feasibility study will be submitted to the Transportation Department January 2026 to determine the next steps.

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 2025 revenues were expended to assist private businesses. Furthermore, it is not anticipated that District revenues will be used to assist private businesses going forward.