

**OTAY MESA ENHANCED INFRASTRUCTURE FINANCING DISTRICT
PUBLIC FINANCING AUTHORITY
Meeting of February 4, 2019**

DATE ISSUED: February 4, 2019

SUBJECT:

Adoption of the Otay Mesa Enhanced Infrastructure Financing District (District) Operating and Capital Improvement Program Budgets for Fiscal Year 2020.

CONTACT/PHONE NUMBER:

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DESCRIPTIVE SUMMARY OF ITEM:

This item includes:

1. The proposed District Operating Budget for Fiscal Year 2020
2. The proposed District Capital Improvement Program Budget for Fiscal Year 2020

STAFF RECOMMENDATION:

Approve the proposed resolution.

EXECUTIVE SUMMARY OF ITEM:

The District was formed by Resolution OMPFA-2017-2 of the Public Financing Authority (Authority) on July 24, 2017, for the purpose of financing

infrastructure in the Otay Mesa community.

The District is reliant on the City of San Diego (City) to provide its operational staff. A Memorandum of Understanding (MOU) dated February 1, 2018 was entered into between the District and the City outlining how the City will provide operational staff services to the District and how the District will reimburse the City for those services (Operating Budget, Fund 200803). The MOU also describes the process for the City to propose eligible capital improvement projects for funding and approval by the District (Capital Budget, Fund 400870).

Fiscal Year 2019 Budget Monitoring:

Details of the total \$670,000 adopted Fiscal Year 2019 budget are displayed in Attachment 2. Year-end revenues are projected to be 21% less than budgeted based on current tax-increment receipts and revised assumptions. Operating expenditures are also projected to be 54% under budget at year-end. This projection is based on actual expenditures to-date and revised estimates for administrative activities from departments staffing the District.

The year-end expenditure projection includes reimbursements to the City for formation costs. Reimbursement to the City for one-time District formation costs are capped under the Enhanced Infrastructure Financing District law at 10% of the District's initial two years (Fiscal Years 2018-2019) of revenue. Formation cost reimbursement to the City is currently estimated to be \$52,900 (less than the actual formation costs paid by the City). The actual amount to be reimbursed to the City will be determined at the end of Fiscal Year 2019 based on actual revenues. The operating fund is projected to be balanced at year-end.

Fiscal Year 2020 Proposed Budget:

It is projected that the District will receive Tax Increment (TI) revenue in the amount of \$773,000 in the fiscal year starting July 1, 2019 (Fiscal Year 2020). The District requires an operating budget and capital improvement program budget for Fiscal Year 2020. The proposed actions are for the Authority to adopt such budgets by resolution. The operating budget functions to reimburse the City for projected expenses of providing operational staff services to the District in accordance with the adopted MOU. The capital improvement program (CIP) budget represents the District's investment in Otay Mesa infrastructure projects.

The District's proposed budget for Fiscal Year 2020 has both an operating component and a CIP component, as follows:

Budget Category	Fund	Description	Amount
Operating	200803	Staff services to the District during Fiscal Year 2020	\$45,500
CIP	400870	S-15018 La Media Road	\$727,500
		Total Fiscal Year 2020 Proposed Budget	\$773,000

Details of the proposed operating budget are provided in Attachment 1 to this report and are further described in the estimated revenue and expense statements included as Attachment 2 to this report. The proposed Fiscal Year 2020 operating budget of \$45,500 is based on estimated staff services to be provided to the District for annual CIP preparation and approvals, legal counsel, meetings, and financial reporting.

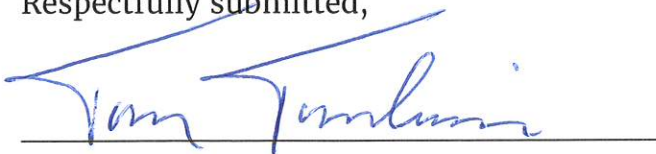
Bond financings are anticipated to begin in Fiscal Year 2021 and that fiscal year's budget will reflect the associated increased use of City staff resources.

The District's estimated \$727,500 CIP budget proposes continued funding of Capital Improvement Project S-15018 La Media Road.

CONCLUSION:

It is recommended that the Authority adopt the resolution approving the District's Fiscal Year 2020 operating and capital improvement program budgets.

Respectfully submitted,



Tom Tomlinson

Assistant Planning Director

City of San Diego

Attachments:

Attachment 1: Proposed District Operating Budget

Attachment 2: Proposed District Revenue and Expense Statements

ATTACHMENT 1
Otay Mesa Enhanced Infrastructure Financing District
Fiscal Year 2020 Proposed Operating Budget

Category	Services	PFA Approved FY19 ¹ Budget	FY 2020 Proposed Budget
City Staff Services to EIFD			
I. Department of Finance²	CIP budget development oversight and monitoring, financial support and reporting.	\$52,000	\$5,000
II. Planning Department	Operating and CIP budget preparation, adjustments and approvals; EIFD/City MOU Contract Administrator.	\$30,000	\$17,000
III. City Clerk	Elections official for bond authorization/election.	\$2,000	\$0
IV. City Attorney	Legal counsel related to bond authorization/election and continuing operation of EIFD.	\$56,000	\$1,500
V. Debt Management	Coordination of bond authorization/election approvals in FY19 and monitoring of TI allocation and bonding capacity.	\$37,000	\$10,000
VI. City Council District 8	Authority Coordinator functions.	\$20,000	\$10,000
SUB-TOTAL		\$197,000	\$43,500
Other Costs			
I. Fiscal Consultant	Update fiscal projections for bond election.	\$5,561	\$0
II. Noticing	Public notice for bond issuance ROI.	\$250	\$0
III. FY 2019 Election Costs	County Registrar of Voters (estimate).	\$20,000	\$0
SUB-TOTAL		\$25,811	\$0
Contingency			
I. 5% Staff Services and Other Costs		\$11,141	\$2,000
TOTAL OPERATING COSTS		\$233,952	\$45,500
Reimbursable Formation Costs³			
I. Fiscal Consultant	Fiscal projections and creation of IFP.	\$86,239	\$0
II. Mailing	Mailing of ROI and IFP.	\$6,233	\$0
III. State/ County Fees	State Board of Equalization fee & County service fee.	\$3,645	\$0
IV. Description of Boundary	Map and legal description of boundary.	\$14,712	\$0
V. Noticing	Public notice for public hearing.	\$406	\$0
SUB-TOTAL		\$111,236	\$0
REIMBURSABLE FORMATION COSTS/ PROJECTED REIMBURSABLE CAP		\$67,000	\$0
TOTAL OPERATING & REIMBURSABLE FORMATION COSTS		\$300,952	\$45,500

1. FY19 Budget includes District formation costs, FY18 and FY19 City staff services.

2. Financial Management Department and Comptroller Department merged to become the Department of Finance.
 Financial Management FY 2018 budget \$5,000 & FY 2019 budget \$5,000.
 Comptroller FY2018 budget \$21,000 & FY 2019 budget \$21,000

3. Per section 53398.69(c) of the CA Gov. Code, 10% of the first two years of EIFD accrued tax increment can reimburse the City for EIFD planning and dissemination of information costs. Reimbursable Cap based on projected tax increment revenues to the Otay Mesa EIFD published in the Otay Mesa EIFD IFP (\$670,000).

ATTACHMENT 2

Otay Mesa Enhanced Infrastructure Financing District

Revenue and Expense Statement

Fund Number: 200803

Fund Title: Otay Mesa EIFD

	FY 2019 Budget	FY 2019 YE Projections	FY 2020 Proposed Budget
BEGINNING BALANCE AND RESERVES			
Balance from Prior Year	\$ -	\$ -	\$ -
Continuing Appropriation - CIP	\$ -	\$ -	\$ -
Continuing Appropriation - Operating	\$ -	\$ -	\$ -
Operating Reserve	\$ -	\$ -	\$ -
TOTAL BALANCE AND RESERVES	\$ -	\$ -	\$ -
REVENUE			
District Tax Increment	\$ 670,000	\$ 529,000	\$ 773,000
Revenue from Other Agencies	\$ -	\$ -	\$ -
TOTAL REVENUE	\$ 670,000	\$ 529,000	\$ 773,000
TOTAL BALANCE, RESERVES, AND REVENUE	\$ 670,000	\$ 529,000	\$ 773,000
CAPITAL IMPROVEMENTS PROGRAM EXPENSE (TRANSFERS to 400870 Otay Mesa EIFD Capt)			
CIP S-15018 La Media Road	\$ 369,048	\$ 369,048	\$ 727,500
TOTAL CIP EXPENSE	\$ 369,048	\$ 369,048	\$ 727,500
OPERATING EXPENSE			
Personnel Expenses			
Department of Finance	\$ 52,000	\$ 5,000	\$ 5,000
Planning Department	\$ 30,000	\$ 19,000	\$ 17,000
City Clerk	\$ 2,000	\$ -	\$ -
City Attorney	\$ 56,000	\$ 9,000	\$ 1,500
Debt Management	\$ 37,000	\$ 37,000	\$ 10,000
City Council District 8	\$ 20,000	\$ 10,000	\$ 10,000
Non-Personnel Expenses			
Other Expenses	\$ 25,811	\$ 27,052	\$ -
Capital Expenditures	\$ -	\$ -	\$ -
Contingency (5%)	\$ 11,141	\$ -	\$ 2,000
TOTAL OPERATING EXPENSE	\$ 233,952	\$ 107,052	\$ 45,500
EXPENDITURE OF PRIOR YEAR FUNDS			
District Formation Costs	\$ 67,000	\$ 52,900	\$ -
Operating Expenditures	\$ -	\$ -	\$ -
TOTAL EXPENDITURE OF PRIOR YEAR FUNDS	\$ 67,000	\$ 52,900	\$ -
TOTAL EXPENSE	\$ 670,000	\$ 529,000	\$ 773,000
RESERVES			
Continuing Appropriation - CIP	\$ -	\$ -	\$ -
Continuing Appropriation - Operating	\$ -	\$ -	\$ -
Operating Reserve	\$ -	\$ -	\$ -
TOTAL RESERVES	\$ -	\$ -	\$ -
BALANCE	\$ -	\$ -	\$ -
TOTAL BALANCE, RESERVES, AND EXPENSE	\$ 670,000	\$ -	\$ 773,000

Otay Mesa Enhanced Infrastructure Financing District

Revenue and Expense Statement

Fund Number: 400870

Fund Title: Otay Mesa EIFD Capt

	FY 2019 Budget	FY 2019 YE Projections	FY 2020 Proposed Budget
BEGINNING BALANCE AND RESERVES			
Balance from Prior Year	\$ -	\$ -	
Continuing Appropriation - CIP	\$ -	\$ -	\$ 369,048
Continuing Appropriation - Operating	\$ -	\$ -	\$ -
Operating Reserve	\$ -	\$ -	\$ -
TOTAL BALANCE AND RESERVES	\$ -	\$ -	\$ 369,048
REVENUE*			
Transfers from 200803 - Otay Mesa EIFD Fund	\$ 369,048	\$ 369,048	\$ 727,500
TOTAL REVENUE	\$ 369,048	\$ 369,048	\$ 727,500
TOTAL BALANCE, RESERVES, AND REVENUE	\$ 369,048	\$ 369,048	\$ 1,096,548
CAPITAL IMPROVEMENTS PROGRAM EXPENSE (TRANSFERS to 400870 Otay Mesa EIFD Capt)			
CIP S-15018 La Media Road	\$ 369,048	\$ -	\$ 727,500
TOTAL CIP EXPENSE	\$ 369,048	\$ -	\$ 727,500
RESERVES			
Continuing Appropriation - CIP S-15018 La Media Road	\$ -	\$ 369,048	\$ 369,048
Continuing Appropriation - Operating	\$ -	\$ -	\$ -
Operating Reserve	\$ -	\$ -	\$ -
TOTAL RESERVES	\$ -	\$ 369,048	\$ 369,048
BALANCE	\$ -	\$ -	\$ -

*Revenues are transfers from fund 200803 Otay Mesa EIFD Fund.