



THE CITY OF SAN DIEGO

TODD GLORIA

MAYOR

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SEP 26 2022
SAN DIEGO
COUNTY GRAND JURY

September 20, 2022

Honorable Michael T. Smyth
Presiding Judge of the Superior Court
1100 Union Street, 10th Floor
San Diego, CA 92101

SEP 21 2022

Re: Grand Jury Report: "Community Facilities Districts, the Misunderstood and Sometimes Hidden Use of Mello-Roos Taxes Across San Diego County"

Dear Judge Smyth:

Pursuant to California Penal Code Section 933.0S(a), (b) and (c), the City of San Diego provides the attached response to the findings and recommendations included in the above-referenced Grand Jury Report.

If you require additional information or have any questions, please do not hesitate to contact Matt Yagagan, Deputy Director of Policy and Council Affairs, at 619-380-5075.

Sincerely,

TODD GLORIA
Mayor
City of San Diego

Attachments:

1. City of San Diego Response to San Diego County Grand Jury Report Titled "Community Facilities Districts, the Misunderstood and Sometimes Hidden Use of Mello-Roos Taxes Across San Diego County"

cc: Ed Lopatin, Foreperson, 2022/2023 San Diego County Grand Jury
 Honorable Council President Sean Elo-Rivera and Members of the City Council
 Honorable City Attorney Mara Elliot
 Charles Modica, Independent Budget Analyst
 Paola Avila, Chief of Staff, Office of the Mayor
 Jay Goldstone, Chief Operating Officer
 Christiana Gauger, Chief Compliance Officer

**City of San Diego Response to
San Diego County Grand Jury Report Titled
“Community Facilities Districts, the Misunderstood and Sometimes Hidden Use of Mello-
Roos Taxes Across San Diego County”**

Pursuant to California Penal Code Section 933.05(a), (b) and (c), the City of San Diego provides the following response from the Mayor to the applicable findings and recommendations included in the above referenced Grand Jury Report.

RESPONSE TO FACTS PRESENTED:

The City of San Diego would like to clarify the following detail and fact presented in the Grand Jury's report:

First, the report states that a two-third majority vote of the property owners is County requirement. This is a State Constitution requirement for Special Taxes under [Article III C Section 2\(d\)](#).

Second, the City of San Diego would like to clarify the following fact presented in the Grand Jury report:

Fact: The intended purpose of a special tax, administrative costs, why a CFD was created and the duration of the CFD levies are not stated in a consumer-friendly manner.

This Fact is subjective and not applicable to the City. The City is not responsible for information provided to homeowners at the time of purchase nor when the County sends the property tax bills to homeowners. However, the City of San Diego provides information on all the Community Facilities Districts (CFDs) that the City administers on its [public website](#). The website includes annual reports on the administration of each CFD which includes background on the District, the current debt service schedule, and information about the calculation of the annual special tax levy formatted as a table and a graph for ease of reading. It also includes a breakdown of the levy calculated by parcel in the CFD.

RESPONSE TO FINDINGS:

Finding 1: *Transparency in the CFD process for the homeowner is available but not in a meaningful or helpful way.*

Response: **The City of San Diego disagrees in part with the Grand Jury's finding.**

The City strives to maintain transparency in the ongoing administration of all CFDs. The City's [website](#) is frequently updated to ensure information is readily available for each special tax levy year for each CFD and includes relevant documents such as the

Rate and Method of Apportionment and robust FAQs.¹ The City also provides contact information on the website to reach City staff and our Special Tax Consultant directly for any questions.

Finding 2: *Education for the buyer or homeowner does exist but only if they seek out information.*

Response: The City of San Diego agrees with the Grand Jury's finding.

The City provides comprehensive information on the CFDs administered by the City as well as helpful FAQs for homeowners buying/selling their home.

Finding 3: *Oversight of the CFD process is the critical missing ingredient to a comprehensive understanding of individual CFDs. Annual reports that are available are not meaningful to the average homeowner.*

Response: The City of San Diego disagrees in part with the Grand Jury's finding.

The City strives to ensure annual information provided for each CFD is helpful and reader friendly. The reports are posted timely after each levy is submitted to the County and includes background on the District, the current debt service schedule, and a breakdown of the calculation of the annual special tax levy.

RESPONSE TO RECOMMENDATIONS:

Recommendation 22-24: Create procedures for oversight, over and above what the law requires, to include communicating with their constituencies, answering questions, and providing copies of notices or annual reports as requested through direct action or through their websites. Oversight information should include links to foundational documents, CFD administrator information, current tax levy analysis, and a simple description of the district.

Response: The recommendation has been implemented.

The City has implemented and currently does the recommended actions. The City maintains internal procedures for the formation and administration of CFDs. In addition, the City provides a phone number and email address for any questions from constituents and/or homeowners to contact staff directly, the City contracts a Special Tax Consultant who is available to the public for any questions regarding the CFDs as well. Communication follows City policies on responding to ensure we are providing the highest level of customer service. All annual reports for the CFDs as well as guiding documents such as the Rate and Method of Apportionment, District Boundary Map and the required State reports are posted publicly on the City's website.

¹ <https://www.sandiego.gov/debtmanagement/districts>