

# Request for Action: Addressing Concerns Raised in the Grand Jury Report "What's the DIF?" and Inadequate IBA Response

The Honorable Mayor Todd Gloria  
Office of the Mayor  
City of San Diego  
202 C Street, 11th Floor  
San Diego, CA 92101

Cc: Joe LaCava, Jennifer Campbell, Stephen Whitburn, Monica Montgomery Steppe, Marni von Wilpert, Kent Lee, Raul Campillo, Vivian Moreno, Sean Elo-Rivera, Office of the Independent Budget Analyst, Honorable Judge Michael T. Smyth

Dear Mayor Todd Gloria et al,

We, the Community Planners Committee (CPC), would like to address several areas of concern in the recent Grand Jury Report filed May 30, 2023, titled CITY OF SAN DIEGO DEVELOPMENT IMPACT FEES: What's the DIF? as well as the inadequate response provided by the Independent Budget Analyst (IBA), approved by the City Council on November 6, 2023.

The CPC, as a representative of Community Planning Groups (CPG), has both direct involvement with the recommendations of the Grand Jury and continues to be a 'key stakeholder' and focus for community input on Capital Improvement Projects (CIP). Page 13 of the Grand Jury report states, 'While community planning groups are a key stakeholder, hearing from a broader cross-section of our City's residents is critical to ensuring equitable community input on the City's CIP. Only by improving and changing the community input process on the City's CIP budget can the City begin to deliver critically needed infrastructure that truly meets the needs of residents.'

We do not disagree that input beyond the CPG is needed; however, there are several issues brought to light by the Grand Jury report that require resolution. Therefore, we kindly request your attention and action on the following matters:

## **1. Disparity in Fund Balances**

We urge you to address the reported disparity in fund balances, specifically the \$500 million reported by the Grand Jury and the \$222 million reported in Todd Gloria's press release *Mayor Gloria Launches 'Build Better SD' to Improve Neighborhoods Faster* on 2/18/22. We request a detailed accounting explanation to be provided, ensuring transparency and clarity in the financial reporting.

## **2. Journaling Details for DIF in Lockboxes**

To ensure accurate and auditable fund management, we recommend conducting a comprehensive accounting by recording and making public the DIF lockbox collection details. This should include information such as the source, payee, deposit date, and assigned community planning area/group for each DIF, including projects invoiced but not collected.

### **3. Administration Fee Determination**

We seek clarification on the rationale behind setting the DIF Lockbox administration fee at 8%. It is important to understand the factors considered, especially considering that overhead costs for fund administration may not be directly tied to the deposit amount. We request insights into how this percentage was determined.

### **4. Use of DIF Lockbox Funds**

We request clarification on the process of loaning DIF lockbox funds between communities for larger projects. If DIF loaning is possible, we would like to know whether new DIF collected in the “borrower community “ would be used to repay the DIF lockbox borrowed amount or would be deposited into Build Better SD accounts.

### **5. City Wide Fund Reporting**

We seek clarification on how collected DIF under the Build Better SD plan will be managed. Specifically, we would like to know if funds will be collected via four individual DIF related to the four spending categories or if collected DIF will be held in a pool for distribution to the Build Better SD spending categories. If the funds are to be commingled, we request information on how spending will be mapped to the impact nexus in order to remain compliant with state law.

### **6. DIF Nexus**

We urge you to provide details on the process of utilizing nexus analysis for determining the spending of DIF on CIP. We are concerned that relying solely on surveys may exclude large portions of historically underserved communities, such as non-English speaking and/or digitally challenged individuals. We also request clarification on who conducts the nexus analysis and the vetting process with Community Planning Groups to ensure transparency and community input.

Furthermore, we would appreciate an explanation of the strategies that will be implemented under Build Better SD to ensure that communities with lower rates of new construction can accumulate sufficient DIF fees for necessary CIP. It is crucial that a nexus rule is applied to the collected DIF while addressing the needs of these communities.

We highly value your commitment to ensuring the effectiveness and fairness of our DIF management system, aligning it with the needs and expectations of our communities. Your attention and action on these matters will contribute significantly to building trust and maintaining transparency in our city's governance.

Thank you for your time and consideration.

Sincerely,

[Names]

[Community Planners Committee]

**Referenced Documents:**

IBA response (Nov. 6, 2023 City Council meeting)

<https://sandiego.hylandcloud.com/211agendaonlinecouncil/Documents/ViewDocument/IBA%20Report%2023-30%20Proposed%20Response%20to%20Grand%20Jury%20Report%20City%20of%20San%20Diego%20.pdf?meetingId=5811&documentType=Agenda&itemId=227558&publishId=796223&isSection=false>

Grand Jury Report

<https://www.sandiegocounty.gov/content/dam/sdc/grandjury/reports/2022-2023/City%20of%20San%20Diego%20Development%20Impact%20Fees.pdf>

IBA PowerPoint

<https://sandiego.hylandcloud.com/211agendaonlinecouncil/Documents/ViewDocument/ITEM%20201%20-%20Proposed%20Response%20to%20Grand%20Jury%20Report%20City%20of%20San%20Diego%20Developm.pdf?meetingId=5811&documentType=Agenda&itemId=227558&publishId=796225&isSection=false>

IBA Staff Report

[https://sandiego.hylandcloud.com/211agendaonlinecouncil/Documents/ViewDocument/Staff%20Report%20for%20-%20%20\(\).pdf?meetingId=5811&documentType=Agenda&itemId=227558&publishId=796220&isSection=false](https://sandiego.hylandcloud.com/211agendaonlinecouncil/Documents/ViewDocument/Staff%20Report%20for%20-%20%20().pdf?meetingId=5811&documentType=Agenda&itemId=227558&publishId=796220&isSection=false)