

INC.

SPECIAL TAX REPORT

**COMMUNITY FACILITIES DISTRICT NO. 98-1
Interim Open Space Maintenance District
(Otay Project, LLC-OVP, Villages 1 West, 2,
2 West, 6, 7 & Planning Area 12)**

**FOR THE
CITY OF CHULA VISTA**



**Prepared By
Berryman & Henigar**

JULY 1, 1998

Project No. 14358.00

COMMUNITY FACILITIES DISTRICT NO. 98-1
Interim Open Space Maintenance District
City of Chula Vista

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COMMUNITY FACILITIES DISTRICT NO. 98-1
Interim Open Space Maintenance District (Otay Ranch)
City of Chula Vista

INTRODUCTION

The City of Chula Vista (City) has been requested to initiate proceedings to establish a Community Facilities District to include that property commonly known as all or portions of Otay Ranch, Villages One West, Two West, and portions of Villages Two, Six, Seven and Planning Area 12 for the purpose of providing services for the maintenance of its proportionate share of medians, drainage facilities, parkways, perimeter slope areas, and trails, which will be constructed with the Otay Ranch - SPA One, Villages One West and Two until a permanent financing plan is established for the maintenance of those facilities.

The proposed District is located in the City of Chula Vista, County of San Diego, State of California, as depicted on a reduced map of the boundaries thereof, Exhibit A, Boundary Map, included herein.

The City Council adopted a resolution entitled "Resolution of Intention to Establish a Community Facilities District", Resolution No.19113 declaring its intention to form the District and ordered the preparation of a report describing the proposed services to be financed by the District if it is formed. The proceedings are being conducted in accordance with the provisions of the "Mello Roos Community Facilities Act of 1982," being Chapter 2.5, Part 1, Division 2, Title 5, commencing with Section 53311, of the Government Code of the State of California (the Act) and the City of Chula Vista Community Facilities District Ordinance (the "Ordinance") being Ordinance No. _____, enacted pursuant to the powers reserved to the City under Sections 3, 5, and 7 of Article XI of the Constitution of the State of California and the Charter of the City. The report has been prepared by, or under the direction of the Director of Public Works and other such officers responsible for the providing of the services to be financed by the proposed District. The report has been prepared in accordance with Section 53321.5 of the Act and includes among other information:

- a) A description of the maintenance services which are required to adequately meet the needs of the District. (Part II)
- b) An estimate of the fair and reasonable cost of providing maintenance services and all other related costs as provided in Section 53345.3 of the Act. (Part III)

Part I - Description of District

The proposed District Community Facilities District No. 98-1, (Interim Open Space Maintenance District - Otay Ranch) as shown in Exhibit A and includes the following Assessor's Parcel Numbers:

<u>Assessor's Parcel Number</u>	<u>Owner</u>	<u>Acreage</u>
643-020-28	Otay Project, LLC-OVP	48.13
641-080-01 (portion of) ¹	Otay Project, LLC-OVP	19.93
641-020-15	Otay Project, LLC-OVP	21.89
641-020-18	Otay Project, LLC-OVP	10.00
641-071-12 (portion of) ¹	Otay Project, LLC-OVP	63.08
641-060-04	Otay Project, LLC-OVP	8.16
641-060-06	Otay Project, LLC-OVP	17.91
641-070-01	Otay Project, LLC-OVP	87.86
641-030-16	Otay Project, LLC-OVP	16.50
642-090-01 (portion of) ¹	Otay Project, LLC-OVP	55.30
643-050-01	Otay Project, LLC-OVP	58.24
643-020-10 (portion of) ¹	Otay Project, LLC-OVP	99.30
643-060-04	Otay Project, LLC-OVP	268.55
644-030-01	Otay Project, LLC-OVP	311.03
644-030-06	Otay Project, LLC-OVP	255.85
	Total Acreage	1,341.73

¹ Only the acreage within the boundaries of the District is shown above.

PROPOSED BOUNDARY MAP
 COMMUNITY FACILITIES DISTRICT NO. 98-1
 INTERIM OPEN SPACE MAINTENANCE DISTRICT
 (OTAY PROJECT, LLC-OVP-SPA ONE, VILLAGES 1 WEST, 2 WEST, AND PORTIONS OF VILLAGES 2, 6, 7, & PLANNING AREA 12)
 CITY OF CHULA VISTA, COUNTY OF SAN DIEGO
 STATE OF CALIFORNIA

FILED IN THE OFFICE OF THE CITY CLERK OF THE CITY OF CHULA VISTA, THIS ____ DAY OF _____, 199__

BY: CITY CLERK BEVERLY A. AUTHOLET
 CITY OF CHULA VISTA
 STATE OF CALIFORNIA

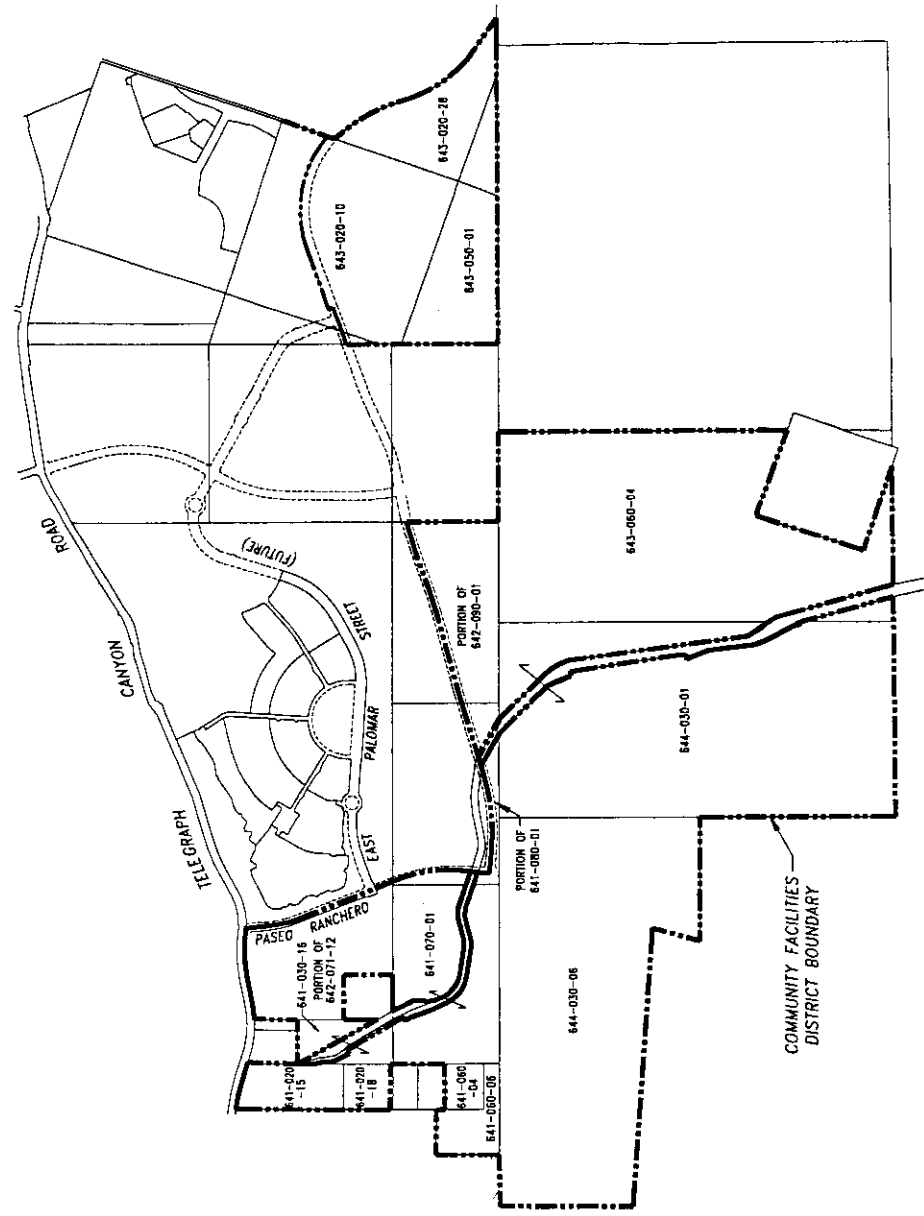
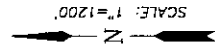
I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF CTD No. 98-1, IN THE CITY OF CHULA VISTA, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF CHULA VISTA AT A REGULAR MEETING THEREOF, HELD ON THE ____ DAY OF _____, 199__ BY ITS RESOLUTION NO. _____

BY: CITY CLERK BEVERLY A. AUTHOLET
 CITY OF CHULA VISTA
 STATE OF CALIFORNIA

FILED THIS ____ DAY OF _____, 199__ AT THE HOUR OF ____ O'CLOCK ____ M. IN BOOK ____ PAGE ____ OF MAPS OF ASSESSMENT AND COMMUNITIES FACILITIES DISTRICTS IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF SAN DIEGO, CALIFORNIA.

BY: COUNTY RECORDER
 COUNTY OF SAN DIEGO
 STATE OF CALIFORNIA

LEGEND
 [Dashed Line] MAINTENANCE DISTRICT BOUNDARY
 [Solid Line] ASSESSOR PARCEL NUMBER
 [Thin Solid Line] PARCEL LINE



Part II - Description of Facilities and Services

Section 53311.5 of the Act and the provisions of the Ordinance provide for alternate financing of certain services in developing areas. Since there are no other means of financing available to the City, and since the services are required to meet additional demands on the City as a result of development occurring adjacent to and within the proposed District, the financing of the proposed services is in accordance with Section 53313.5 of the Act and the provisions of the Ordinance.

The proposed services include all direct, administrative, and incidental annual costs and expenses related to providing for the maintenance and servicing of public facilities including irrigation, cultivation, installation and replacement of plant material, tree trimming and necessary supplies; personnel, utility and equipment costs; contract services where applicable; maintenance and servicing of parks, parkway landscaping and medians, drainage facilities, pedestrian bridges and open space slopes, trails and walls, including:

Parkway Landscaping and Medians which includes:

- a) Median in Telegraph Canyon Road between the western property boundary of Village One West and Paseo Ranchero (not to exceed 50% of maintenance cost).
- b) Parkway in Telegraph Canyon Road (southern side) between the western property boundary of Village One West and Paseo Ranchero.
- c) Median in Paseo Ranchero between Telegraph Canyon Road and Olympic Parkway (not to exceed 50% of maintenance cost).
- d) Parkway in Paseo Ranchero (western side) between Telegraph Canyon Road and Olympic Parkway.
- e) A pro-rata share of the median in Olympic Parkway between Paseo Ranchero and the eastern Otoy Project, LLC property boundary (not to exceed 50% of maintenance cost).
- f) A pro-rata share of the Parkway in Olympic Parkway (southern side) between Paseo Ranchero and the eastern Otoy Project, LLC property boundary.

Drainage Facilities which include:

- a) A pro-rata share of the detention basin and channel in the Telegraph Canyon drainage area between the western property boundary in Village One West and Paseo Ranchero (within Otoy Project, LLC ownership).
- b) A pro-rata share of the detention basin and channel in the Poggi Canyon drainage area between the western property boundary in Village Two west and the eastern property boundary (within Otoy Project, LLC ownership).

Pedestrian Bridges which include:

- a) A pro-rata share of the bridge between Villages One and Two

Maintenance shall include the furnishing of services and materials for the ordinary and usual operation, maintenance and servicing of any improvement or appurtenant facilities, including repair, removal or replacement of all or any part of the improvement or appurtenant facilities, providing for the life, growth, health and beauty of the landscaping, including cultivation, irrigation, trimming, spraying, fertilizing and treating for disease or injury; the removal of trimmings, rubbish, debris and other solid waste. Maintenance also means the furnishing of water for the irrigation of the landscaping, the installation of planting or landscaping, or the installation or construction of supplemental facilities including any facilities which are necessary or convenient for the maintenance of eligible facilities.

The foregoing services shall be provided by the City, either with its own forces or by contract with third parties, or any combination thereof, as determined by the City.

Part III - Cost Estimate

The estimate of the fair and reasonable cost of the proposed services for Open Space Maintenance including Administrative Expenses in connection with providing said services, and all other related costs is deemed to be not greater than \$137,849 if all facilities were complete for the fiscal year ending June 30, 1999.

A detailed breakdown of the estimated cost is included in the appendix of this report.

Each Fiscal Year the City shall cause to be prepared an annual budget showing the estimated costs of maintenance services, including administration for such Fiscal Year. The budget for each Fiscal Year may show the proportional annual cost of those maintenance activities which occur less frequently than on an annual basis.

Part IV - Rate and Method of Apportionment of Special Taxes

ANNUAL TAX

A Special Tax shall be levied annually on land within Community Facilities District No. 98-1 (Interim Open Space Maintenance District) of the City of Chula Vista (the "District"), and collected according to the Special Tax Liability determined by the City of Chula Vista (the "City") through the application of the following procedures. All of the property within the District, unless otherwise exempted by law or the express provisions of the rate and method of apportionment expressed below, shall be taxed to the extent and in the manner provided below.

All Special Taxes applicable to Parcels shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, and that Special Taxes so levied will be subject to the same penalties and procedures, sale and lien priority in case of delinquency as is provided for ad valorem taxes.

DEFINITIONS

Acre or Acreage means the area of a Parcel as shown on the latest maps of the Assessor of the County of San Diego, or, if the area of such Parcel is not shown on such Assessor's maps, the area as shown on a current recorded subdivision map, parcel map, record of survey or other recorded document creating or describing the Parcel. If the preceding maps are not available, the area shall be determined by the City Engineer.

Administrative Expenses means the direct and indirect expenses incurred by the City in carrying out its duties with respect to the District (including, but not limited to, the levy and collection of the Special Taxes) including the fees and expenses of its counsel. Any fees of the County related to the District or the collection of Special Taxes, an allocable share of the salaries of City staff directly related thereto, any amounts paid by the City from its general fund with respect to the District, and expenses incurred by the City in undertaking actions to foreclose on properties for which the payment of Special Taxes is delinquent, and all other costs and expenses of the City related to the District.

City means the City of Chula Vista

District means the Interim Open Space Maintenance District - SPA One (Villages One West, Two West, and portions of Villages Two, Six, Seven and Planning Area 12) of the Community Facilities District No. 98-1 of the City of Chula Vista.

Facilities means those improvements defined in Part II of the Special Tax Report dated July 1, 1998 for Community Facilities District No. 98-1 of the City of Chula Vista.

Fiscal Year means the period starting on July 1 and ending the following June 30.

Maximum Special Tax means the maximum special tax that can be levied within CFD No. 98-1 by the City Council in any Fiscal Year for each Parcel of Taxable Property.

Operating Fund means a fund that shall be maintained within the District for any Fiscal Year to pay for the actual costs of maintenance, repair, and replacement of the Facilities, and the Administrative Expenses.

Operating Fund Balance means the amount of funds in the Operating Fund at the end of the preceding Fiscal Year.

Operating Fund Requirement means for any Fiscal Year an amount equal to the budgeted costs of the maintenance, repair and replacement of the Facilities which have been accepted and maintained by the District or are reasonably expected to be accepted and maintained by the District during the current Fiscal Year plus the budgeted Administrative Expenses of the District for the current Fiscal Year in which Special Taxes are levied.

Parcel means any San Diego County Assessor's Parcel or portion thereof that is within the boundaries of the District designated on a map of the San Diego County Assessor and which has been assigned a discrete identifying number on the equalized tax rolls of the County.

Reserve Fund means a fund that shall be maintained to provide necessary cash flow for operations and maintenance for the first six months of each Fiscal Year, working capital to cover maintenance and repair cost overruns and delinquencies that may arise in connection with the collection of Special Taxes and a reasonable buffer against large variations in annual special tax amounts.

Reserve Fund Balance means the amount of funds in the Reserve Fund at the end of the preceding Fiscal Year.

Reserve Fund Requirement means the required balance in the Reserve Fund equal to up to 100% of the Operating Fund Requirement.

Special Tax means the special tax or special taxes actually levied within CFD No. 98-1.

Special Tax Liability for any Fiscal Year is an amount determined sufficient to pay the costs of the District, including: (i) the amount required to be deposited into the Operating Fund to meet the Operating Fund Requirement, less the Operating Fund Balance, and (ii) the total amount required to be deposited into the Reserve Fund if any, to meet the Reserve Fund Requirement, less the Reserve Fund Balance.

Taxable Property is all real property or Parcels within the boundaries of the District which are not exempt from the Special Tax pursuant to law, or which are not classified or assigned to the Exempt Category as defined herein.

Categories of Special Taxes

Taxable Category

The taxable land category includes each Parcel of Taxable Property assigned to the District (Taxable Category).

The Maximum Special Tax which may be levied on each Parcel within the Taxable Category for Fiscal Year 1998/99 shall be \$103 per Acre (said amount to be levied pro rata for any portion of an Acre). Said Maximum Special Tax shall be increased or decreased each Fiscal Year thereafter by a factor which shall be the lesser of the annual percentage change in the January to January San Diego Metropolitan Area All Urban Consumer Price Index (All Items) or the annual percentage change in the estimated California Fourth Quarter Per Capita Personal Income as contained in the Governor's budget published every January.

Exempt Category

The exempt category includes each property owned by, conveyed or irrevocably offered for dedication to a public agency, land which is in the public right-of-way, unmanned utility easements which make utilization for other than the purpose set forth in the easement impractical, common areas, private streets and parks, and open space lots (Exempt Category).

Assignment to Categories of Special Taxes

On or about July 1 of each year (but in any event in sufficient time to include the levy of the Special Taxes on the County's secured tax roll) the City shall assign each Parcel within the District to the Taxable Category, or Exempt Category. Parcels subject to levy shall be determined based upon the records of the San Diego County Assessor.

Levy and Apportionment of Special Taxes

The City shall determine the Special Tax Liability for the District in each Fiscal Year on or about every July 1 (but in any event in sufficient time to include the levy of the Special Taxes on the County's secured tax roll). Special Taxes shall then be levied on each Parcel within the District as follows:

Step 1: The Special Tax per Acre for Parcels assigned to the Taxable Category shall be calculated as the lessor of:

- (i) The Special Tax Liability for the District as determined by the City, divided by the total Acres for all Parcels assigned to the Taxable Category,

OR,

(ii) the Maximum Special Tax rate for Parcels assigned to the Taxable Category

Step 2: The City shall advise the owner of Parcels within the District of the Special Tax Liability for the next Fiscal Year.

Step 3: The owner(s) of Parcels within the District, may at its election, deposit funds with the City prior to July 15 each Fiscal Year, in an amount equal to the Parcel's Special Tax which shall be deposited into the Operating Fund and Reserve Fund of the District.

Step 4: If the funds deposited with the City is less than the Parcel's Special Tax for the Fiscal Year, then a Special Tax shall be levied equal to the Parcel's Special Tax as determined in Step 1 minus any funds deposited for the current Fiscal Year pursuant to Step 3.