ATTACHMENT 1

DOWNTOWN CHULA VISTA COMMUNITY BENEFIT DISTRICT (DCV CBD)

ASSESSMENT ENGINEER'S REPORT

Being Established for a 20-year Term Pursuant to the City of Chula Vista's
Community Benefit District Ordinance
Chapter 5.14 added to Title 5 of the Chula Vista Municipal Code.

Prepared by
Edward V. Henning
California Registered Professional Engineer # 26549
Edward Henning & Associates

August 11, 2026

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ASSESSMENT ENGINEER'S REPORT

To Whom It May Concern:

I hereby certify to the best of my professional knowledge and experience that each of the identified benefiting properties located within the proposed Downtown Chula Vista Community Benefit District ("DCV CBD") being established for a 20 year term will receive a special benefit over and above the benefits conferred on the public at large and that the amount of the proposed assessment is proportional to, and no greater than the benefits conferred on each respective property. **As required by State Law, I have personally prepared this entire Report and hereby attest to all of its contents.**

Prepared by Edward V. Henning, California Registered Professional Engineer # 26549

REGISTERED PROFESSIONAL ENGINEER
EDWARD V HENNING
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EXP. 3/31/28
CIVIL
STATE OF CALIFORNIA

RPE #26549 **August 10, 2026**

Edward V. Henning — Date

(NOT VALID WITHOUT SIGNATURE AND CERTIFICATION SEAL HERE)

Introduction

This report serves as the "detailed engineer's report" required by Section 4(b) of Article XIIID of the California Constitution to support the benefit property assessments to be levied within the proposed DCV CBD in the City of Chula Vista, California being established for a 20 year term. The discussion and analysis contained within this Report constitutes the required "nexus" of rationale between assessment amounts levied and special benefits conferred on real properties within the proposed DCV CBD.

Background

The DCV CBD is a property-based benefit assessment type district being established for a 20 year term pursuant to the City of Chula Vista’s Community Benefit District Ordinance, codified Under Municipal Code Chapter 5.14 added to Title 5 (the “Ordinance”), which supplements Section 36600 et seq. of the California Streets and Highways Code (as amended), also known as the Property and Business Improvement District Law of 1994 (the “Act”). Due to the benefit assessment nature of assessments levied within a property and business improvement district (“PBID”) or community benefit district (“CBD”), district program costs are to be distributed amongst all identified benefiting properties based on the proportional amount of special benefit each property is expected to derive from the assessments levied. Only those properties on which special benefits are expected to be conferred from assessment funded programs and activities may be assessed and only in an amount proportional to the relative special benefits expected to be conferred on each property.

Supplemental Article XIIID Section 4(b) California Constitution
Procedures and Requirements

Proposition 218, approved by the voters of California in November of 1996, adds a supplemental array of procedures and requirements to be carried out prior to levying a property-based assessment like the DCV CBD. These requirements are in addition to requirements imposed by State and local assessment enabling laws. These requirements were “chaptered” into law as Article XIIID Section 4(b) of the California Constitution (hereinafter Article XIIID).

Since Article XIIID provisions will affect all subsequent calculations to be made in the final assessment formula for the DCV CBD, each of these supplemental requirements will be taken into account and addressed in this Report. The key provisions of Article XIIID along with a description of how the DCV CBD complies with each of these provisions are delineated below.

(Note: All section references below pertain to Article XIII D of the California Constitution)

<u>Finding 1.</u> From Section 4(a): "Identify all parcels which will have a special benefit conferred upon them and upon which an assessment will be imposed"

<u>Boundaries</u>

The proposed Downtown Chula Vista CBD (DCV CBD) consists of approximately 27 square blocks (blocks vary in size on each side of both Third Avenue, in general with E Street as the northern boundary (north and south sides of the street, I Street as the southern boundary, (north side only) and on the east and west side of Third Avenue which following the predominantly commercial and governmental parcels in a varying boundary. There are 253 parcels owned by 199 property owners. The boundaries also include large parcels and buildings owned by both the City and County of San Diego. The boundary of the DCV CBD and parcels within it are shown on the map of the DCV CBD attached as Appendix 2 to this Report.

<u>District Boundary Rationale</u>

The DCV CBD boundaries are comprised of parcels that highlight restaurants, bars, breweries, retailers, services, office buildings, government buildings, two hospitals, health care office buildings, banks and mixed-use residential condominiums, apartment units in general. The boundaries from the renewal of this property assessment district mirror, in general, the boundaries of the PBID approved by property owners in 2017 with an extension of the service area running westward on both sides of H Street, ending at the eastern intersection of Fourth Avenue and H Street. Under the new local enabling ordinance, the term will allow the district to help fund and improve new projects throughout the district, over a maximum 20-year term. The new projects may include the creation of Memorial Plaza and new public spaces created and managed throughout the district boundaries.

<u>Northern Boundary</u>

The northern boundary of the proposed DCV CBD is bounded by E Street on the north, including the north and south sides of E Street ending at parcel 566-240-011 on the east, the parcel at the northwest section of the intersection of Del Mar Avenue and E Street. On the west side, the district ends at parcel 566-232-010, 566-232-018, 566-232-013 and parcel 566-232-017 which serves as the group of parcels defining the northwest corner of the District boundaries. No District special benefit services shall be provided north of the northern District boundary.

<u>Western Boundary</u>

The western boundary of the proposed Downtown Chula Vista CBD includes the parcel at the southwest corner of the intersection of E Street and Landis Avenue, parcel 568-043-022. The western boundary continues southward running along the west side of the parcels from 568-043022 ending at parcel 568-151-022. The western boundary then extends westward to include parcels 568-153-001, 568-153-002 (west of Garrett Street and F street). The western boundary then crosses southward at F Street to include the following parcels running southward on a variety of blocks starting with parcel 568-270-031, then crosses southward at Fourth Avenue and runs southward on the west side of parcels 568-270-029, 568-270-044. The western boundary continues southward and runs along the west side of Third Avenue from Park Way and Third Avenue including all the parcels along the west side of Third Avenue, parcel 573-300-046 running southward to parcels 573-450-066. The western boundary then moves westward to both sides of H Street ending at parcel 568-450-55 at Fourth Avenue and H Street (north side) and parcel 573010-021 at Fourth Avenue and H Street (south side). The western boundary then runs eastward on the south side of H Street, up to Third Avenue. From there the western boundary turns at H Street turning southward to include the County owned buildings including parcel 573-100-037, 573-100-039 and 573-

100-038, ending at the northwestern corner of the intersection of I Street and Third Avenue, parcel 573-100-038. No District programs and services will be provided west of the western District boundary.

Southern Boundary

The southern boundary of the proposed DCV CBD ends at two parcels at the northwestern parcel of the intersection of I Street and Third Avenue, parcel 573-100-038 and then includes the parcel at the northeastern corner of I Street and Third Avenue, parcel 573-110-024. No District programs and services will be provided south of the southern District boundary.

Eastern Boundary

The eastern boundary of the proposed DCV CBD starts at the northeastern parcel of the intersection of I Street and Third Avenue, parcel 573-110-024 and then proceeds northward on the east side of Third Avenue including all the parcels on the east side of Third Avenue up to parcel 573-512-039 at Alvarado Street. The eastern boundary then continues running northward along the east side of Third Avenue including parcels 573-420-021, 573-420-020 and parcel 573-420-019. The eastern boundary then continues northward running along the east side of Third Avenue including all the parcels between the alley east of Third Avenue to Third Avenue from Alvarado Street on the south to Center Street on the north. All the parcels between Third Avenue and the alley to the east of Third Avenue are included in the eastern boundary. At Center Street, the eastern boundary continues northward to include all the parcels between the east side of Third Avenue and the west side of Del Mar Avenue, ending at F Street (parcel 568-333-011). The eastern boundary then moves northward along the east side of Church Avenue starting at parcel 568-162011 at the northeastern corner of the intersection of F Street and Church Avenue and continues northward including all the parcels fronting along the east side of Church Avenue ending at the parcel on E Street, parcel 569-072-026. The eastern boundary terminates at the parcel on the north side of E Street and Del Mar Avenue, parcel 566-240-011. No District programs and services will be provided east of the eastern District boundary.

Summary

All identified parcels within the above-described boundaries and shall be assessed to fund supplemental special benefit programs, services and improvements as outlined in the Management District Plan (the "Plan") and in this Assessment Engineer's Report (the "Report"). All DCV CBD funded services, programs and improvements provided within the above-described boundaries shall confer special benefit to identified assessed parcels inside the DCV CBD boundaries and none will be provided outside of the DCV CBD. Each assessed parcel within the DCV CBD will proportionately specially benefit from the DCV CBD funded Civil Sidewalks-Safety-Cleanliness, District Identity-Placemaking, Administration and Contingency-Reserve as described in more detail under "Work Plan", beginning on page 12 of this Report. These services, programs and improvements are intended to improve commerce, employment, rents, livability and commercial and residential occupancy rates of parcels and businesses within the DCV CBD by reducing litter and debris, deterring crime, marketing the available goods and services and installing beautification elements, each considered necessary in a competitive properly managed mixed-use business district. All DCV CBD funded services programs and improvements are considered supplemental, above normal base level services provided by the City of Chula Vista and are only provided for the special benefit of assessed parcels within the boundaries of the DCV CBD.

A list of all parcels included in the proposed DCV CBD is shown as Appendix 1, attached to this Report with their respective San Diego County assessor parcel number. The boundary of the proposed DCV CBD and parcels within it are shown on the map of the DCV CBD attached as Appendix 2 to this Report.

<u>Finding 2.</u> From Section 4(a): "Separate general benefits (if any) from the special benefits conferred on parcel(s). Only special benefits are assessable. "

QUANTITATIVE BENEFIT ANALYSIS

As stipulated in Article XIIID Section 4(b) of the California Constitution, assessment district programs and activities confer a combination of general and special benefits to properties, but the only program benefits that can be assessed are those that provide special benefit to the assessed properties. For the purposes of this analysis, a "general benefit" is hereby defined as: "A benefit to properties in the area and in the surrounding community or benefit to the public in general resulting from the improvement, activity, or service to be provided by the assessment levied". "Special benefit" as defined by Article XIIID means a distinct benefit over and above general benefits conferred on real property located in the district.

The property uses within the boundaries of the DCV CBD that will receive special benefits from DCV CBD funded programs and services are currently an array of restaurants, bars, breweries, retailers, services, office buildings, government buildings and market rate apartment units with future residential condominiums. Services, programs and improvements provided and funded by the DCV CBD are primarily designed to provide special benefits as described below to identified assessed parcels and the array of land uses within the boundaries of the DCV CBD and are over and above services already provided by the City to the general public at large.

The proposed DCV CBD programs, improvements and services and Year 1 budget allocation are as follows:

<u>Year 1 - DCV CBD Special Benefit Cost Allocations (Assessment Revenue Only) *</u>

Civil Sidewalks-Safety-Cleanliness	District Identity - Placemaking	Administration	Contingency - Reserve	TOTAL
59.9629%	14.9907%	22.0537%	2.9927%	100.00%
$416,000	$104,000	$153,000	$20,762	$693,762

* These dollar numbers are rounded to the closest whole dollar amount

Assessed parcels are conferred proportionate special benefits from all DCV CBD funded programs, services and improvements which are intended to attract more customers, users, visitors, employees, tenants and investors. DCV CBD programs, services and improvements are designed to increase business volumes, sales transactions, occupancies, livability and rental income. These programs, services and improvements are designed to improve commerce and aesthetic appeal for owners, tenants, patrons, residents, visitors and employees of these parcels within the DCV CBD by reducing litter and debris, deterring crime, marketing the available goods and services and installing beautification elements, each considered necessary in a competitive properly managed mixed-use business district. Importantly, these services and improvements are in addition to services and improvements that the City provides to the general public and are only provided to and funded by the assessed parcels.

These benefits are particular and distinct to each and every identified and assessed parcel within the DCV CBD and are not provided to non-assessed parcels outside of the DCV CBD. These programs, services and improvements will only be provided to each individual assessed parcel within the DCV CBD boundaries and, in turn, confer proportionate special benefits to each assessed parcel.

In the case of the DCV CBD, the very nature of the purpose of this CBD is to fund supplemental programs, services and improvements to assessed parcels within the DCV CBD boundaries above and beyond what is being currently funded either via normal tax supported methods or other funding sources. All benefits derived from the assessments to be levied on assessed parcels within the DCV CBD are for services, programs and improvements directly and specially benefiting each individual assessed parcel within the DCV CBD. No DCV CBD funded services, activities or programs will be provided outside of the DCV CBD boundaries.

While every attempt is made to provide DCV CBD services and programs to confer special benefits only to those identified assessed parcels within the DCV CBD. Article XIIID stipulates that the portion of the program costs that are attributable to general benefits must be assigned a value and funded from sources other than assessment revenue. A special benefit does not become or create general benefits if the special benefit creates or produces general benefits, either General benefits might be conferred on parcels within the DCV CBD, or "spillover" onto parcels surrounding the DCV CBD, or to the public at large who might be passing through the DCV CBD with no intention of transacting business within the DCV CBD or interest in the DCV CBD itself.

Assessment engineering experience throughout California has found that general benefits within a given business improvement district tend to range from 2-6% of the total costs. There are three methods that have been used by this Assessment Engineer for determining general and special benefit values within assessment districts:

(1) The parcel-by-parcel allocation method
(2) The program/activity line-item allocation method, and
(3) The composite district overlay determinant method.

A majority of PBID type districts in California for which this Assessment Engineer has provided assessment engineering services in conformance with Article XIIID have used Method #3, the composite district overlay determinant method which will be used for the DCV CBD. This method of computing the value of general benefit involves a composite of three distinct types of general benefit – general benefit to assessed parcels within the DCV CBD, general benefit to the public at large within the DCV CBD and general benefit to parcels outside the DCV CBD.

<u>General Benefit – Assessed Parcels within the DCV CBD</u>
DCV CBD funded programs are narrowly designed and carefully implemented to specially benefit the assessed DCV CBD parcels and are only provided for the special benefit to each and every assessed parcel within the DCV CBD. It is the opinion of this Engineer, based on over 30 years of professional assessment engineering experience and knowledge of similar factors used in similar type business improvement districts throughout California by other Assessment Engineer's, that nearly 100% of benefits conferred on the 253 assessed parcels within the DCV CBD are distinct and special. In the case of the DCV CBD, it is projected that there are 0.25% general benefits conferred on these parcels. This high ratio of special benefits to general benefits is because the DCV CBD funded programs and services are specially geared to the unique needs of each parcel within the DCV CBD and are directed specially only to these parcels within the DCV CBD and are in addition to services provided City-wide and to the general public at large. This concept is further reinforced by the proportionality of special benefits conferred on each parcel within

the DCV CBD as determined by the special benefit assessment formula as it is applied to the unique and varying property characteristics of each parcel. The computed 0.25% general benefit value on the 253 assessed parcels within the DCV CBD equates to $1,734 or (.25% x $693,762).

Spillover General Benefits to Parcels Outside of DCV CBD

While DCV CBD programs and services will not be provided directly to parcels outside the DCV CBD boundaries, it is reasonable to conclude that DCV CBD services may confer an indirect general benefit on parcels adjacent to the DCV CBD boundaries. The California Court of Appeal has previously held that indirect benefits to non-assessed parcels resulting from programs and services provided directly and only to assessed parcels does not in and of itself create a general benefit. Nevertheless, out of an abundance of caution, and in light of certain adjacent parcels, this report analyzes the potential for some general benefit.

An inventory of the DCV CBD boundaries finds that the DCV CBD is immediately surrounded by 140 parcels. Of these, 21 are commercial zoned parcels with commercial uses and 119 are either residentially zoned parcels with residential uses or public or non-profit owned parcels with public or non-profit uses.

The 140 parcels directly outside the DCV CBD boundaries can reasonably be assumed to receive some indirect general benefit as a result of DCV CBD funded programs, services and improvements. Based on over 30 years of assessment engineering experience and knowledge of similar factors used in similar type business improvement districts throughout California by other Assessment Engineer's, it is the opinion of this Engineer that a benefit factor of 1.0 be attributed to the 253 assessed parcels within the DCV CBD, a benefit factor of 0.05 be attributed to general benefits conferred on the 21 commercial parcel located adjacent to or across the street from assessed parcels within the DCV CBD, and a benefit factor of 0.005 be attributed to general benefits conferred on the 119 residential or public or non-profit parcels and uses located adjacent to or across the street from assessed parcels within the DCV CBD. The cumulative dollar value of this general benefit type equates to $4,545 ($2,892 + $1,653) as delineated in the following Table:

"Spillover" General Benefits *

Parcel Type	Quantity	Benefit Factor	Benefit Units	Benefit Percent	Benefit Value
Assessed Parcels Inside BID	253	1.000	253.00	99.3521%	$693,762
Commercial Perimeter Parcels Outside BID	21	0.050	1.05	0.4123%	$2,892
Other Perimeter Parcels Outside BID	119	0.005	0.60	0.2356%	$1,653
TOTAL			254.65	100.00%	$701,550

* It is noted that some of these numbers are rounded to the closest whole dollar amount.

General Benefit - Public At Large

While the DCV CBD funded programs are narrowly designed and carefully implemented to specially benefit the assessed DCV CBD parcels, are provided directly and exclusively to assessed parcels, and are only provided for the special benefit to each and every assessed parcel within the DCV CBD, these programs also provide general benefits to the public at large within the DCV CBD.

For the proposed DCV CBD activities, assessment engineering experience in California, based on actual professionally conducted pedestrian intercept surveys in other similar business improvement type districts has found that generally over 95% of people moving about within similar district boundaries are engaged in business related to assessed parcels and businesses located within them, while the public at large "just passing through" is typically 5% or less. Districts with high levels of transit connecting nodes and patrons may have higher levels of general benefits conferred on non-engaged "passers-through", i.e. the public at large.

Tangible services and improvements such as security, benches and shade trees would confer higher levels of general benefits on the public at large than say steam cleaned sidewalks, planters, decorative pavement and other general district management and operation activities. Typically, a factor range from 2.0% to 4% (0.02 to 0.04) is assigned to tangible streetscape/sidewalk type services, programs and improvements such as security, benches and shade trees; in turn, a factor ranging from 0.25% to 1.0% (0.0025 to 0.01) is assigned to intangible services, programs and improvements such as sidewalk and pavement cleaning, general landscape improvements and ancillary services such as district management, operations and overhead.

While the California Court of Appeal has previously held that a business improvement district that provides services directly to assessed properties in addition to services provided to the public at large provides only a special benefit to the assessed parcels *even if* the special benefits produce general benefits to the public at large. Nevertheless, out of an abundance of caution, this report identifies some general benefit.

Based on experience and the nature of the proposed DCV CBD funded programs and over 30 years of assessment engineering experience, it is the opinion of this Assessment Engineer that districtwide general benefit factors for each of the DCV CBD funded special benefit program element costs that provide a general benefit to the public at large are as shown in the Table below. These factors are applied to each program element cost in order to compute the dollar and percent value of districtwide general benefits to the public at large. The total dollar value of this general benefit type, public at large, equates to $7,729 as delineated in the following Table:

GENERAL BENEFITS TO "PUBLIC AT LARGE" *

	A	B	C	E
Program Element	**Dollar Allocation**	**General Benefit Percent**	**General Benefit Factor**	**General Benefit Value (A x C)**
Civil Sidewalks-Safety-Cleanliness	$416,000	1.50%	0.0150	$6,240
District Identity-Placemaking	$104,000	0.50%	0.0050	$520
Administration	$153,000	0.50%	0.0050	$765
Contingency	$20,762	0.50%	0.0050	$104
Total	$693,762			$7,629

* It is noted that some of these numbers are rounded to the closest whole dollar amount.

Composite General Benefit

Based on the general benefit values delineated in the three sections above, the total value of districtwide general benefits conferred on assessed parcels within the DCV CBD, on the public at large and on parcels outside the DCV CBD, equates to $13,908 ($1,734 + $4,545 + $7,629). Total Year 1 program costs are estimated $707,670. This Assessment Engineer has determined that the general benefit value portion of this equates to $13,908 or 1.97% of the total estimated DCV CBD program costs. This leaves a value of 98.03% assigned to special benefit related costs. The general benefit percentage will now be conservatively rounded up to 2.0% of the total revised program costs of $707,920 or $14,158. Subtracting the composite general benefit value of $14,158 from the revised total estimated program cost of $707,920 results in a special benefit value of $693,762. This is the total amount of assessments to be levied on the 253 assessed parcels in the proposed renewed DCV CBD for Year 1. General benefit costs of $14,158 will need to be funded by other non-assessment sources.

A breakdown of projected special and districtwide general benefits for Years 1-20 for each program element is shown in the following Table:

20 Year Special + General Benefit Costs (Assumes max of 7% Annual Increase) *

(*These dollar numbers are rounded to the closest whole dollar amount)

YR	PROGRAM CATEGORY	SPECIAL BENEFIT ASSESSMENT COSTS	GENERAL BENEFIT NON-ASSESSMENT COSTS	TOTAL ADJUSTED COSTS	% OF TOTAL
1	Civil Sidewalks-Safety-Cleanliness	$416,000	$8,490	$424,490	59.9629%
	District Identity - Placemaking	$104,000	$2,122	$106,122	14.9907%
	Administration	$153,000	$3,122	$156,122	22.0537%
	Contingency - Reserve	$20,762	$424	$21,186	2.9927%
	Total	$693,762	$14,158	$707,920	100.0000%
2	Civil Sidewalks-Safety-Cleanliness	$445,120	$9,084	$454,204	59.9629%
	District Identity - Placemaking	$111,280	$2,271	$113,551	14.9907%
	Administration	$163,710	$3,341	$167,051	22.0537%
	Contingency - Reserve	$22,215	$454	$22,669	2.9927%
	Total	$742,325	$15,150	$757,475	100.0000%
3	Civil Sidewalks-Safety-Cleanliness	$476,278	$9,720	$485,998	59.9629%
	District Identity - Placemaking	$119,070	$2,430	$121,500	14.9907%
	Administration	$175,170	$3,575	$178,745	22.0537%
	Contingency - Reserve	$23,770	$486	$24,256	2.9927%
	Total	$794,288	$16,211	$810,499	100.0000%
4	Civil Sidewalks-Safety-Cleanliness	$509,617	$10,400	$520,017	59.9629%
	District Identity - Placemaking	$127,405	$2,600	$130,005	14.9907%
	Administration	$187,432	$3,825	$191,257	22.0537%
	Contingency - Reserve	$25,434	$520	$25,954	2.9927%
	Total	$849,888	$17,345	$867,233	100.0000%

5	Civil Sidewalks-Safety-Cleanliness	$545,290	$11,128	$556,418	59.9629%
	District Identity - Placemaking	$136,323	$2,782	$139,105	14.9907%
	Administration	$200,552	$4,093	$204,645	22.0537%
	Contingency - Reserve	$27,214	$556	$27,770	2.9927%
	Total	$909,379	$18,559	$927,938	100.0000%
6	Civil Sidewalks-Safety-Cleanliness	$583,460	$11,907	$595,367	59.9629%
	District Identity - Placemaking	$145,866	$2,977	$148,843	14.9907%
	Administration	$214,591	$4,380	$218,971	22.0537%
	Contingency - Reserve	$29,119	$595	$29,714	2.9927%
	Total	$973,036	$19,859	$992,895	100.0000%
7	Civil Sidewalks-Safety-Cleanliness	$624,302	$12,740	$637,042	59.9629%
	District Identity - Placemaking	$156,077	$3,185	$159,262	14.9907%
	Administration	$229,612	$4,687	$234,299	22.0537%
	Contingency - Reserve	$31,157	$637	$31,794	2.9927%
	Total	$1,041,148	$21,249	$1,062,397	100.0000%
8	Civil Sidewalks-Safety-Cleanliness	$668,003	$13,632	$681,635	59.9629%
	District Identity - Placemaking	$167,002	$3,408	$170,410	14.9907%
	Administration	$245,685	$5,015	$250,700	22.0537%
	Contingency - Reserve	$33,338	$682	$34,020	2.9927%
	Total	$1,114,028	$22,737	$1,136,765	100.0000%
9	Civil Sidewalks-Safety-Cleanliness	$714,763	$14,586	$729,349	59.9629%
	District Identity - Placemaking	$178,692	$3,647	$182,339	14.9907%
	Administration	$262,883	$5,366	$268,249	22.0537%
	Contingency - Reserve	$35,672	$730	$36,402	2.9927%
	Total	$1,192,010	$24,329	$1,216,339	100.0000%
10	Civil Sidewalks-Safety-Cleanliness	$764,796	$15,607	$780,403	59.9629%
	District Identity - Placemaking	$191,200	$3,902	$195,102	14.9907%
	Administration	$281,285	$5,742	$287,027	22.0537%
	Contingency - Reserve	$38,169	$781	$38,950	2.9927%
	Total	$1,275,450	$26,032	$1,301,482	100.0000%
11	Civil Sidewalks-Safety-Cleanliness	$818,332	$16,699	$835,031	59.9629%
	District Identity - Placemaking	$204,584	$4,175	$208,759	14.9907%
	Administration	$300,975	$6,144	$307,119	22.0537%
	Contingency - Reserve	$40,841	$836	$41,677	2.9927%
	Total	$1,364,732	$27,854	$1,392,586	100.0000%

12	Civil Sidewalks-Safety-Cleanliness	$875,615	$17,868	$893,483	59.9629%
	District Identity - Placemaking	$218,905	$4,467	$223,372	14.9907%
	Administration	$322,043	$6,574	$328,617	22.0537%
	Contingency - Reserve	$43,700	$895	$44,595	2.9927%
	Total	$1,460,263	$29,804	$1,490,067	100.0000%
13	Civil Sidewalks-Safety-Cleanliness	$936,908	$19,119	$956,027	59.9629%
	District Identity - Placemaking	$234,228	$4,780	$239,008	14.9907%
	Administration	$344,586	$7,034	$351,620	22.0537%
	Contingency - Reserve	$46,759	$958	$47,717	2.9927%
	Total	$1,562,481	$31,891	$1,594,372	100.0000%
14	Civil Sidewalks-Safety-Cleanliness	$1,002,492	$20,457	$1,022,949	59.9629%
	District Identity - Placemaking	$250,624	$5,115	$255,739	14.9907%
	Administration	$368,707	$7,526	$376,233	22.0537%
	Contingency - Reserve	$50,032	$1,025	$51,057	2.9927%
	Total	$1,671,855	$34,123	$1,705,978	100.0000%
15	Civil Sidewalks-Safety-Cleanliness	$1,072,666	$21,889	$1,094,555	59.9629%
	District Identity - Placemaking	$268,168	$5,473	$273,641	14.9907%
	Administration	$394,516	$8,053	$402,569	22.0537%
	Contingency - Reserve	$53,534	$1,097	$54,631	2.9927%
	Total	$1,788,884	$36,512	$1,825,396	100.0000%
16	Civil Sidewalks-Safety-Cleanliness	$1,147,753	$23,421	$1,171,174	59.9629%
	District Identity - Placemaking	$286,940	$5,856	$292,796	14.9907%
	Administration	$422,132	$8,617	$430,749	22.0537%
	Contingency - Reserve	$57,281	$1,174	$58,455	2.9927%
	Total	$1,914,106	$39,068	$1,953,174	100.0000%
17	Civil Sidewalks-Safety-Cleanliness	$1,228,096	$25,060	$1,253,156	59.9629%
	District Identity - Placemaking	$307,026	$6,266	$313,292	14.9907%
	Administration	$451,681	$9,220	$460,901	22.0537%
	Contingency - Reserve	$61,291	$1,256	$62,547	2.9927%
	Total	$2,048,094	$41,802	$2,089,896	100.0000%
18	Civil Sidewalks-Safety-Cleanliness	$1,314,063	$26,814	$1,340,877	59.9629%
	District Identity - Placemaking	$328,518	$6,705	$335,223	14.9907%
	Administration	$483,299	$9,865	$493,164	22.0537%
	Contingency - Reserve	$65,581	$1,344	$66,925	2.9927%
	Total	$2,191,461	$44,728	$2,236,189	100.0000%

19	Civil Sidewalks-Safety-Cleanliness	$1,406,047	$28,691	$1,434,738	59.9629%
	District Identity - Placemaking	$351,514	$7,174	$358,688	14.9907%
	Administration	$517,130	$10,556	$527,686	22.0537%
	Contingency - Reserve	$70,172	$1,438	$71,610	2.9927%
	Total	$2,344,863	$47,859	$2,392,722	100.0000%
20	Civil Sidewalks-Safety-Cleanliness	$1,504,470	$30,699	$1,535,169	59.9629%
	District Identity - Placemaking	$376,120	$7,676	$383,796	14.9907%
	Administration	$553,329	$11,295	$564,624	22.0537%
	Contingency - Reserve	$75,084	$1,539	$76,623	2.9927%
	Total	$2,509,003	$51,209	$2,560,212	100.0000%

DCV CBD WORK PLAN

Overview

The services, programs and improvements to be funded by the DCV CBD include Civil Sidewalks-Safety-Cleanliness, District Identity-Placemaking, Administration and Contingency-Reserve. The property uses within the boundaries of the DCV CBD that will receive special benefits from DCV CBD funded programs, services and improvements are currently an array of restaurants, bars, breweries, retailers, services, office buildings, government buildings and market rate apartment units with future residential condominiums zoned as mixed-use. Services, programs and improvements provided and funded by the DCV CBD are primarily designed to provide special benefits as described below to identified assessed parcels within the boundaries of the DCV CBD, and are different from, supplemental and/or in addition to services provided by the City to the public at large.

These special benefits are particular and distinct to each and every identified assessed parcel within the DCV CBD and are not provided to non-assessed parcels outside of the DCV CBD. These programs, services and improvements will only be provided to each individual assessed parcel within the DCV CBD boundaries and, in turn, confer proportionate special benefits to each assessed parcel.

The very nature of the purpose of the DCV CBD is to fund supplemental programs, services and improvements to assessed parcels within the DCV CBD boundaries above and beyond the base line services provided by the City of Chula Vista. The City of Chula Vista does not provide these supplemental programs and services to non-assessed parcels. All benefits derived from the assessments to be levied on assessed parcels within the DCV CBD are for services, programs and improvements directly benefiting each individual assessed parcel within the DCV CBD. No DCV CBD funded services, activities or programs will be provided outside of the DCV CBD boundaries.

The program special benefit cost allocations of the DCV CBD assessment revenues for Year 1-2026 are shown in the Table on page 15 of this Report. The projected program special benefit cost allocations of the DCV CBD assessment revenues for the 20-year term of the DCV CBD, assuming a 7% maximum annual assessment rate increase, are shown in the Table on page 14 of this Report.

WORK PLAN DETAILS

The services to be provided by the DCV CBD (i.e. Civil Sidewalks-Safety-Cleanliness, District Identity-Placemaking, Administration and Contingency-Reserve) are all designed to contribute to the cohesive urban fabric to ensure economic success and vitality of each assessed parcel within the proposed DCV CBD. The assessed parcels in the DCV CBD will specially benefit from the DCV CBD programs in the form of increasing commerce and improving economic success, livability and vitality through meeting the DCV CBD Goals: to improve cleanliness, safety, beautification, landscaping and to attract and retain businesses and services, generate more pedestrian and visitor traffic and to increase commerce and improve the economic viability of each individual assessed parcel.

Assessed parcels are conferred proportionate special benefits from all DCV CBD funded programs, services and improvements which are intended to attract more customers, users, visitors, employees, tenants, residents and investors. DCV CBD programs, services and improvements are designed to increase business volumes, sales transactions, occupancies and rental income. These programs, services and improvements are designed to improve commerce, livability and aesthetic appeal for owners, tenants, patrons, residents, visitors and employees of these parcels within the DCV CBD by reducing litter and debris, deterring crime, marketing the available goods and services and installing beautification elements, each considered necessary in a competitive properly managed business district.

These benefits are particular and distinct to each and every identified and assessed parcel within the DCV CBD and are not provided to non-assessed parcels outside of the DCV CBD. These programs, services and improvements will only be provided to each individual assessed parcel within the DCV CBD boundaries and, in turn, confer proportionate "special benefits" to each assessed parcel.

The following programs, services and improvements are proposed by the DCV CBD to specially benefit each and every individually assessed parcel within the DCV CBD boundaries..

CIVIL SIDEWALKS – SAFETY – CLEANLINESS $416,000 60%

Examples of this category of special benefit services and costs may include, but are not limited to:

- Regular sidewalk and gutter sweeping
- Periodic sidewalk steam cleaning
- Beautification of the district
- Enhanced trash emptying (over and above city services)
- Timely graffiti removal, within 48 hours as necessary
- Maintenance of existing and new public spaces
- Maintenance of the new proposed Memorial Plaza
- Set up and take down of special events
- Installation and maintenance of flowers throughout the district (outside of medians)
- Possible supplemental services provided to the City of Chula Vista through contracting out services in city assets such as the downtown parking structure
- Personnel to manage in-house or contracted maintenance and any security teams.

The goal of the Civil Sidewalk-Safety-Cleanliness work plan component is to ensure that all identified assessed parcels are clean, well maintained and safe, thereby creating an attractive DCV CBD for the special benefit of each and every assessed DCV CBD parcel. These supplemental services will assist in creating a clean, orderly and safer environment for the special benefit of each assessed parcel in the DCV

CBD. A well maintained, secured and managed environment may improve commerce and and may attract patrons, visitors and tenants and increase rents and occupancies. For the land uses within the DCV CBD this work plan component is designed to increase commerce and customer activity, attract and retain new business, residents and patrons, and may increase rents and occupancies for the assessed parcels within the DCV CBD boundaries. Each assessed parcel will specially benefit from the Civil Sidewalk-Safety-Cleanliness programs which will only be provided to, and for the direct benefit of, each identified assessed parcel within the DCV CBD boundaries.

DISTRICT IDENTITY - PLACEMAKING – $104,000 15%

Examples of this category of special benefit services and costs may include, but are not limited to:

- Traditional events done by the Downtown Chula Vista Association
- Contracting with social media, public relations firm
- Enhancing current City holiday and seasonal decorations
- Branding of Downtown Chula Vista so a positive image is promoted to the public
- Activation of Memorial Plaza
- Banner programs
- Public space design and improvements
- Personnel to manage in-house or contracted public relations, web site maintenance and social media contractors.

The District Identity-Placemaking component is designed to promote the image of DCV CBD with physical improvements and amenities to attract and increase pedestrian activity and both business and residential occupancies. This program helps meet the goals of business and service attraction and retention and increased commerce while attracting new businesses, residents and investors.

The District Identity-Placemaking component is also designed with the intent to increase the public's awareness of the DCV CBD as a single destination in order to attract consumers to the rich collection of attractions, events, and services which will ultimately lead to increased commerce and livability. For example, the DCV CBD will publish a regular e-newsletter to keep property owners informed of upcoming events and services. The Owners' Association will use its website to promote the assessed DCV CBD parcels in an effort to increase awareness of the DCV CBD as a destination for consumers and business and residential tenants and increase occupancy and commerce on the assessed parcels. The website will provide visitors with information about the DCV CBD and comply with the open meetings and records provisions of the Brown Act.

ADMINISTRATION - $153,000 22%

Examples of this category of special benefit services and costs may include, but is not limited to:

- Staff and administrative costs, contracted or in-house
- Directors and Officers and General Liability Insurance
- Office related expenses
- Office and equipment rent
- Financial reporting and accounting
- Legal work

CONTINGENCY - RESERVE - $20,762 3%

Examples of this category of special benefit services and costs include, but is not limited to:

- Delinquencies, City/County fees, reserves

The Administration and Contingency-Reserve components are key to the proper expenditure of DCV CBD assessment funds and the administration of DCV CBD programs and activities for the special benefit of all parcels and land uses within the DCV CBD. The Administration and Contingency-Reserve work plan component exists only for the purposes of the DCV CBD and directly relates to the implementation of cleaning, security and beautification, district identity and improvement programs and services, which specially benefit each identified assessed parcel within the DCV CBD boundaries.

In summary, all DCV CBD funded services, programs and improvements described above confer special benefits to identified assessed parcels inside the DCV CBD boundaries and none will be provided outside of the DCV CBD. Each assessed parcel within the DCV CBD will proportionately specially benefit from Civil Sidewalks-Safety-Cleanliness, District Identity-Placemaking, Administration and Contingency-Reserve. These services, programs and improvements are intended to improve commerce, employment, rents, livability and occupancy rates of assessed parcels within the DCV CBD by reducing litter, deterring crime, marketing the available goods and services and installing physical improvements, each considered necessary in a competitive properly managed mixed-use business district. All DCV CBD funded services programs and improvements are considered supplemental, above normal base level services provided by the City of Chula Vista and are only provided for the special benefit of each and every assessed parcel within the boundaries of the DCV CBD.

WORK PLAN BUDGET

Each identified assessed parcel within the DCV CBD will be assessed the full amount of the proportionate special benefit conferred upon it based on the level of DCV CBD funded services provided. The projected DCV CBD program special benefit (assessments) allocation budget for Year 1 is shown in the following Table:

DCV CBD Year 1 Special Benefit Assessment Budget by Zone *

(*These numbers are rounded to the closest whole dollar amount)

Civil Sidewalks-Safety-Cleanliness	District Identity - Placemaking	Administration	Contingency - Reserve	TOTAL
59.9629%	14.9907%	22.0537%	2.9927%	100%
$416,000	$104,000	$153,000	$20,762	$693,762

In order to carry out the DCV CBD programs outlined in the previous section, a Year 1 assessment budget of $693,762 is projected. Since the DCV CBD is being proposed for a 20-year term, projected program costs for future years (Years 2-20) are set at the inception of the DCV CBD. While future inflationary and other program cost increases are unknown at this point, a maximum annual increase of 7% per year, commensurate to special benefits conferred on each assessed parcel, is incorporated into the projected program costs and assessment rates for the DCV CBD.

Funding carryovers, if any, may be reapportioned the following year for related programs, services and improvements in accordance with the Plan. Detailed annual budgets will be prepared by the

Property Owners' Association Board and included in the Annual Report for the City Council's review and approval.

It is recognized that market conditions may cause the cost of providing goods and services to fluctuate from year to year for the proposed DCV CBD. Accordingly, the Owners' Association shall have the ability to reallocate any budget line item within the budget categories in the Management District Plan subject to the review and approval by the Owners' Association Board. Any surplus or unspent funds, per category, shall be accumulated year to year over the life of the DCV CBD. Such reallocation will be included in the Annual Report for approval by the City of Chula Vista City Council pursuant to related City policies. Any accrued interest or delinquent payments may be expended in any budget category in accordance with the Management District Plan.

A 20-year projected DCV CBD special benefit budget is shown in the following Table:

YEAR 1-20 PROJECTED DCV CBD ASSESSMENT BUDGET SUMMARY (Special Benefits) *

(Assumes 7% max rate increase per year)

(*These numbers are rounded to the closest whole dollar amount)

YR	Civil Sidewalks-Safety-Cleanliness	District Identity - Placemaking	Administration	Contingency - Reserve	TOTAL
	59.9629%	14.9907%	22.0537%	2.9927%	100.00%
1	$416,000	$104,000	$153,000	$20,762	$693,762
2	$445,120	$111,280	$163,710	$22,215	$742,325
3	$476,278	$119,070	$175,170	$23,770	$794,288
4	$509,617	$127,405	$187,432	$25,434	$849,888
5	$545,290	$136,323	$200,552	$27,214	$909,379
6	$583,460	$145,866	$214,591	$29,119	$973,036
7	$624,302	$156,077	$229,612	$31,157	$1,041,148
8	$668,003	$167,002	$245,685	$33,338	$1,114,028
9	$714,763	$178,692	$262,883	$35,672	$1,192,010
10	$764,796	$191,200	$281,285	$38,169	$1,275,450
11	$818,332	$204,584	$300,975	$40,841	$1,364,732
12	$875,615	$218,905	$322,043	$43,700	$1,460,263
13	$936,908	$234,228	$344,586	$46,759	$1,562,481
14	$1,002,492	$250,624	$368,707	$50,032	$1,671,855
15	$1,072,666	$268,168	$394,516	$53,534	$1,788,884
16	$1,147,753	$286,940	$422,132	$57,281	$1,914,106
17	$1,228,096	$307,026	$451,681	$61,291	$2,048,094
18	$1,314,063	$328,518	$483,299	$65,581	$2,191,461
19	$1,406,047	$351,514	$517,130	$70,172	$2,344,863
20	$1,504,470	$376,120	$553,329	$75,084	$2,509,003

The DCV CBD assessments may increase for each individual parcel each year during the life of the DCV CBD, but not to exceed 7% per year, commensurate to special benefits received by each assessed parcel, and must be approved by the Owners' Association Board of Directors, included in the Annual Report and adopted by the City of Chula Vista City Council. Any accrued interest and delinquent payments will be expended within the budgeted categories. The Owners' Association Board of the Directors ("Property Owners' Association of the DCV CBD) shall determine the percentage increase, if any, to the annual assessment, not to exceed 7% per year. The Owners' Association Executive Director shall communicate the annual increase to the City each year in which the DCV CBD operates at a time determined in the Administration Contract held between the Owners' Association and the City of Chula Vista. No bonds are to be issued in conjunction with the proposed DCV CBD.

Pursuant to the Ordinance, any funds remaining after the 20-Year term will be rolled over into the renewal budget or returned to stakeholders in accordance with the Ordinance. If the DCV CBD is terminated for any reason or disestablished, unencumbered/unexpended funds will be returned to the property owners in accordance with the Ordinance.

Finding 3. From Section 4(a): "(Determine) the proportionate special benefit derived by each parcel in relationship to the entirety of the..........cost of public improvement(s) or the maintenance and operation expenses...........or the cost of the property related service being provided.

Each identified assessed parcel within the DCV CBD will be assessed based on property characteristics unique only to that parcel. Based on the specific needs and corresponding nature of the program activities to be funded by the proposed DCV CBD (i.e. Civil Sidewalks-Safety-Cleanliness, District Identity-Placemaking, Administration and Contingency-Reserve), it is the opinion of this Assessment Engineer that the assessment factors on which to base assessment rates relate directly to the proportionate amount of building area, land area and street frontage of each parcel except as noted herein within one benefit zone.

The calculated assessment rates are applied to the actual assessed factor quantities of each parcel and thereby are proportional to each and every other identified assessed parcel within the DCV CBD as a whole. Larger parcels and those with larger buildings and/or street frontage are projected to impact the demand for services and programs to a greater extent than smaller parcels or smaller buildings or street frontages and thus, are assigned a greater proportionate degree of assessment program and service costs. The proportionality is further achieved by setting targeted formula component weights for the respective parcel by parcel identified property attributes.

The proportionate special benefit cost for each parcel has been calculated based on proportionate formula components and is listed in the Plan and this Report. The individual percentages (i.e. proportionate relationship to the total special benefit related program and activity costs) are computed by dividing the individual parcel assessment by the total special benefit program related costs.

Finding 4. From Section 4(a): "No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel."

Not only are the proposed program costs reasonable due to the benefit of group purchasing and contracting which would be possible through the proposed DCV CBD, they are also considerably less than other options considered by the DCV CBD Formation Committee. The actual assessment rates for each parcel within the DCV CBD directly relate to the level of service and, in turn, special benefit to be conferred on each parcel based on the respective amount of building area, land area and street frontage of each parcel except as noted herein within one benefit zone.

<u>Finding 5.</u> From Section 4(a): "Parcels…......that are owned or used by any (public) agency shall not be exempt from assessment…......."

Article XIIID states that "parcels within a District that are owned or used by any agency, the State of California or the United States shall not be exempt from assessment unless the agency can demonstrate by clear and convincing evidence that those publicly-owned parcels in fact receive no special benefit."

There are currently 27 public and/or tax exempt owned parcels within the boundaries of the proposed DCV CBD. Of these parcels, 21 are owned by the City of Chula Vista, 2 by the County of San Diego, 1 by Pacific Bell, 1 by Sweetwater Authority (water agency), 1 by Scripps Health and 1 by Sharp Healthcare.

DCV CBD services are designed to improve the cleanliness and image of assessed publicly owned parcels and facilities for visitors, their employees, students and users of public facilities on publicly owned parcels within the DCV CBD by reducing litter and debris, deterring crime and improving their image, each considered detractions to employment, visitation and use of public facilities if not contained and properly managed. In turn, these services will serve to enhance the public purpose provided by public facilities and parcels within DCV CBD.

It is the opinion of this Assessment Engineer that there is no clear and convincing evidence that any of these public owned and/or tax exempt parcels would not receive proportionate special benefits and thus, will not be exempt from assessments nor assessed differently than privately owned parcels. The Table below lists all publicly owned parcels within the proposed DCV CBD and their Year 1 assessment amounts:

<u>PUBLIC OR TAX EXEMPT OWNED PARCELS</u>

APN	Legal Owner	Site Street	Year 1 Assessment	% of Total
568-044-02-00	CITY OF CHULA VISTA	205 LANDIS AVE	$ 700.00	0.10%
568-044-09-00	CITY OF CHULA VISTA	245 LANDIS AVE	$ 588.00	0.08%
568-044-10-00	CITY OF CHULA VISTA	245 LANDIS AVE	$ 1,400.00	0.20%
568-044-11-00	CITY OF CHULA VISTA	245 LANIS AVE	$ 1,820.00	0.26%
568-044-18-00	CITY OF CHULA VISTA	226 THIRD AVE	$ 1,816.60	0.26%
568-044-19-00	CITY OF CHULA VISTA	224 THIRD AVE	$ 660.00	0.10%
568-071-18-00	CITY OF CHULA VISTA	248 CHURCH AVE	$ 1,207.68	0.17%
568-071-19-00	CITY OF CHULA VISTA	CHURCH AVE	$ 876.48	0.13%
568-152-02-00	CITY OF CHULA VISTA	281 LANDIS AVE	$ 700.00	0.10%
568-152-03-00	CITY OF CHULA VISTA	285 LANDIS AVE	$ 700.00	0.10%
568-152-29-00	CITY OF CHULA VISTA	LANDIS AVE	$ 700.00	0.10%
568-152-32-00	CITY OF CHULA VISTA	LANDIS AVE	$ 3,368.48	0.49%
568-153-02-00	CITY OF CHULA VISTA	365 F ST	$ 24,957.10	3.60%
568-162-08-00	CITY OF CHULA VISTA	281 CHURCH AVE	$ 856.76	0.12%
568-162-09-00	CITY OF CHULA VISTA	287 CHURCH AVE	$ 785.28	0.11%
568-270-29-00	CITY OF CHULA VISTA	340 F ST	$ 35,839.76	5.17%
568-270-31-00	CITY OF CHULA VISTA	315 4TH AVE	$ 31,023.48	4.47%
568-300-44-00	CITY OF CHULA VISTA	356 3RD AVE	$ 3,643.84	0.53%
568-333-11-00	CITY OF CHULA VISTA	270 F ST	$ 7,956.96	1.15%

568-350-02-00	CITY OF CHULA VISTA	MADRONA AVE	$ 907.60	0.13%
568-350-03-00	CITY OF CHULA VISTA	MADRONA AVE	$ 940.00	0.14%
		TOTAL	$ 121,448.02	17.51%
573-100-38-00	COUNTY OF SAN DIEGO	590 3RD AVE	$ 17,423.10	2.51%
573-100-39-00	COUNTY OF SAN DIEGO	500 3RD AVE	$ 65,181.00	9.40%
		TOTAL	$ 82,604.10	11.91%
568-410-37-00	PACIFIC BELL	420 3RD AVE	$ 10,128.42	1.46%
568-450-72-00	SCRIPPS HEALTH	333 H ST	$ 20,139.24	2.90%
573-040-19-00	SHARP HEALTHCARE	525 3RD AVE	$ 5,620.00	0.81%
573-100-37-00	SWEETWATER AUTHORITY	505 GARRETT AVE	$ 5,049.16	0.73%

Finding 6. From Section 4(b): "All assessments must be supported by a detailed engineer's report prepared by a registered professional engineer certified by the State of California".

This report serves as the "detailed engineer's report" to support the benefit property assessments proposed to be levied within the proposed DCV CBD.

Finding 7. From Section 4(c): "The amount of the proposed assessment for each parcel shall be calculated (along with) the total amount thereof chargeable to the entire district, the duration of such payments, the reason for such assessment and the basis upon which the amount of the proposed assessment was calculated."

The individual and total parcel assessments attributable to special property benefits are shown in Appendix 1 to the Plan and this Report. The proposed DCV CBD and resultant assessment levies will continue for 20 years unless disestablished. The reasons for the proposed assessments are outlined in Finding 2 above as well as in the Plan. The calculation basis of the proposed assessment is attributed to building area, land area and street frontage of each parcel except as noted herein within one benefit zone.

Assessment Formula Methodology

Step 1. Select "Benefit Unit(s)"

Background – Generic Assessment Formula Development

The method used to determine special benefits derived by each identified assessed property within a CBD begins with the selection of a suitable and tangible basic benefit unit. For property related services, such as those proposed in the DCV CBD, the benefit unit may be measured in building size in square feet, parcel land area in square feet or parcel street frontage in linear feet or any combination of these factors. Factor quantities for each parcel are then measured or otherwise obtained. From these figures, the amount of benefit units to be assigned to each property can be calculated. Special circumstances such as unique geography, land uses, development constraints etc. are carefully reviewed relative to specific programs and improvements to be funded by a CBD in order to determine any levels of different benefit that may apply on a parcel-by-parcel or categorical basis.

Based on the factors described above such as geography and nature of programs and activities proposed, an assessment formula is developed which is derived from a singular or composite benefit unit factor or factors. Within the assessment formula, different factors may be assigned different "weights" or percentage of values based on their relationship to programs/services to be funded.

Next, all program and activity costs, including incidental costs, administration and ancillary program costs, are estimated. It is noted, as stipulated in Article XIIID Section 4(b) of the California Constitution, and now required of all property-based assessment districts, indirect or general benefit related costs may not be incorporated into the assessment formula and levied on the district properties; only direct or "special" benefits related costs may be used. Indirect or general benefits, if any, must be identified and, if quantifiable, calculated and factored out of the assessment cost basis to produce a "net" cost figure. In addition, Article XIIID Section 4(b) of the California Constitution also no longer automatically exempts publicly owned property from being assessed unless the respective public agency can provide clear and convincing evidence that their property does not specially benefit from the programs and services to be funded by the proposed special assessments. If special benefit is determined to be conferred upon such properties, they must be assessed in proportion to special benefits conferred in a manner similar to privately owned property assessments. (See pages 18-19 of this Report for discussion regarding publicly owned parcels within the DCV CBD).

From the estimated program costs, the value of a benefit unit or "unit cost" can be computed by dividing the total amount of estimated program costs by the total number of benefit units. The amount of assessment for each parcel can be computed at this time by multiplying the Unit Cost times the number of Benefit Units per parcel. This is known as "spreading the assessment" or the "assessment spread" in that all costs are allocated proportionately or "spread" amongst all benefitting properties within the CBD.

The method and basis of spreading program costs varies from one CBD to another based on local geographic conditions, types of programs and activities proposed, and size and development complexity of the district. CBDs may require secondary benefit zones to be identified to allow for a tiered assessment formula for variable or stepped-down benefits derived based on general land use differentials or levels of services required or programmed to be provided.

DCV CBD Assessment Formula

Based on the specific needs and corresponding nature of the program activities to be funded by the proposed DCV CBD (i.e. Civil Sidewalks-Safety-Cleanliness, District Identity–Placemaking, Administration and Contingency-Reserve) it is the opinion of this Assessment Engineer that the assessment factors on which to base assessment rates relate directly to the proportionate amount of building area, land area and street frontage of each parcel except as noted herein within one benefit zone.

The "Benefit Units" will be expressed as a combined function of gross building square footage (Benefit Unit "A"), parcel land square footage (Benefit Unit "B"), street frontage (Benefit Unit "C") and residential condominium interior building square footage (Benefit Unit "D"). Based on the shape of the proposed DCV CBD, as well as the nature of the work program, it is determined that all identified properties will gain a direct and proportionate degree of special benefit based on the respective amount of building area, land area and street frontage of each parcel except as noted herein within one benefit zone. It is noted and explained in more detail on page 21 under "Special Assessment Circumstances" that residential condominiums will be assessed based only on interior building pad square footage of each unit.

The interaction of building area, land area and street frontage quantities is a common method of fairly and equitably spreading special benefit costs to the beneficiaries of CBD funded services, programs and improvements. These factors directly relate to the proportion of special benefit each assessed parcel will receive from DCV CBD funded activities, programs and improvements.

Building Area (Benefit Units A & D) is a direct measure of the static utilization of each parcel and its corresponding impact or draw on DCV CBD funded activities. The combined targeted revenue weight of Building Area (Units A & D) is about 40%. Units A and D will actually generate 42,1651% of the overall assessment revenue

Land Area (Benefit Unit B) is a direct measure of the current and future development capacity of each parcel and its corresponding impact or draw on DCV CBD funded activities. The targeted revenue weight of Land Area (Unit B) is about 40%. Unit B will actually generate 39.7907% of the overall assessment revenue.

Street Frontage (Benefit Unit C) is a direct measure of each parcel's corresponding impact or draw on DCV CBD funded activities. The targeted revenue weight of Street Frontage (Unit C) is about 20%. Unit C will actually generate 18.0442% of the overall assessment revenue.

Special Assessment Circumstances

1. Residential Condominiums (future)
Residential condominium parcels (which are zoned mixed-use) will be assessed as a separate category. It is the opinion of this Assessment Engineer that residential condominium parcels will proportionately specially benefit from DCV CBD funded programs and activities, but differently than commercial parcels and other residential parcels with multiple units on them. As such, based on the development configuration of such units which are generally multi floor buildings with no direct land or street frontage, the assessments for residential condominiums shall be assessed based solely on the internal building area of each residential condominium unit at the rate of $0.14 per square foot of internal building pad area, the same building area rate of all other land uses, subject to any approved annual rate increases. It is noted that downtown mixed-use zoning typically allows residential uses such as apartments or condominiums but require a certain amount of commercial ground floor space and units which, in turn, are assessed on a pro-rated basis for parcel land area and street frontage (see below for mixed-use condominium assessment methodology).

2. Mixed-Use Condominiums
Ground floor commercial condominiums within the DCV CBD shall be assessed based on actual land area covered, condominium building area and direct street frontage for each unit. Because such uses are typically developed as part of a multi-floor mixed-use complex, special methodologies are needed to address the levy of assessments on such land uses as follows:

Multi-Floor Commercial Only Condominiums (Upper Floors)
Building area assessed at respective building area rate and pro-rated for land area and street frontage based on building area quantities of the whole complex

Multi-Floor Mixed-Use Condominiums

- Commercial condo (See above for ground floor and upper floor locations)
- Residential condo (See # 1 above)

3. <u>Single Family Dwellings (Non-Condominiums)</u>
There are a few remaining single family occupied dwelling units with the proposed DCV CBD. It is the opinion of this Assessment Engineer that these parcels will not specially benefit from the proposed activities and improvements to be funded by the DCV CBD and thus will not be assessed. In the future, should these uses change and/or new developments occur on them, they will then be assessed similar to other parcels and land uses within the DCV CBD.

Changes to Building and/or Parcel Size
Any changes in building or parcel size as a result of new construction, demolitions, land adjustments including but not limited to lot splits, consolidations, subdivisions, street dedications, right of way setbacks shall have their assessment adjusted upon final City approval of such building and/or parcel adjustments.

Other Future Development
Other than future maximum rates and the assessment methodology delineated in this Report, future assessments may increase for any given parcel if such an increase is attributable to events other than an increased rate or revised methodology, such as a change in the density, intensity, or nature of the use of land. Any change in assessment formula methodology or rates other than as stipulated in this Report would require a new Article XIIID ballot procedure in order to approve any such changes.

<u>Step 2.</u> Quantify Total Basic Benefit Units

Considering all identified specially benefiting parcels within the DCV CBD and their respective assessable benefit units, the cumulative quantities by factor and zone are shown in the following Table:

Year 1 – 2026 - Assessable Benefit Units

BLDG AREA (SF)	LAND AREA (SF)	STREET FRONTAGE (LF)	R-CONDO BLDG AREA (SF)	# OF ASSESSABLE PARCELS
2,089,465	3,450,661	31,296	0	253

Considering all identified specially benefiting parcels within the DCV CBD and their respective assessable benefit units, the cumulative assessment revenues by factor are shown in the following Table:

Year 1 - Assessment Revenue

BLDG ASSMT $	LAND ASSMT $	STREET FRONTAGE ASSMT REVENUE	R-CONDO BLDG ASSMT REVENUE	TOTAL ASSMT REVENUE
$292,525.10	$276,052.88	$125,184.00	$0.00	$693,761.98
42.1651%	39.7907%	18.0442%	0.0000%	100.00%

Step 3. Calculate Benefit Units for Each Property.

The number of Benefit Units for each identified benefiting parcel within the proposed DCV CBD was computed from data extracted from County Assessor records and maps. These data sources delineate current land uses, property areas and dimensions of record for each tax parcel. While it is understood that this data does not represent legal field survey measurements or detailed title search of recorded land subdivision maps or building records, it does provide an acceptable basis for the purpose of calculating property-based assessments. All respective property data being used for assessment computations will be provided to each property owner in the DCV CBD for their review. If a property owner believes there is an error on a parcel's assessed quantities, the DCV CBD may confirm the data with the San Diego County Assessor's office. If DCV CBD data matches Assessor's data, the property owner may opt to work with the Assessor's office to correct the data so that the DCV CBD assessment may be corrected.

Step 4. Determine Assessment Formula

In the opinion of this Assessment Engineer, the general assessment formula for the proposed DCV CBD as shown in the Year 1 Assessment Rate Table above is as follows:

Assessment = Building Area (Unit A) Sq Ft x Unit A Rate
Land Area (Unit B) Sq Ft x Unit B Rate, plus
Street Frontage (Unit C) Lin Ft x Unit C Rate
OR
Residential Condominium Building Area (Unit D) Sq Ft x Unit D Rate

Assessment Formula Unit Rates

Based on figures from the Assessable Benefit Units Table above, the assessment rates for each factor and zone are shown as calculated below:

Building Area Rate (Unit A)

($693,761.98 x 42.1651%) / 2,089,465 assessable building area units = $0.14/sq ft building area

Land Area Rate Rate B (Unit B)

($693,761.98 x 39.7907%) / 3,450,661 assessable land area units = $0.08/sq ft land area

Street Frontage Rate (Unit C)

($693,761.98 x 18.0442%) / 31,296 assessable street frontage units = $4.00/ LF street frontage

Condo Building Area Rate (Unit D)

Set at $0.14/sq ft of interior unit building area

YEAR 1 Assessment Rates

BLDG ASSMT RATE ($/SF)	LAND ASSMT RATE ($/SF)	STREET FRONTAGE ASSMT RATE ($/LF)	R-CONDO BLDG ASSMT RATE
$0.14	$0.08	$4.00	$0.14

The complete Year 1 assessment roll of all parcels to be assessed by the DCV CBD is included in this Report as Appendix I.

Step 5. Estimate Total DCV CBD Costs

The total projected 20-year DCV CBD special benefit costs are shown in the Table on page 16 of this Report assuming a maximum 7% increase per year.

Step 6. Separate General Benefits from Special Benefits and Related Costs (Article XIIID)

Total Year 1 special and districtwide general benefit related costs are estimated at $693,762. Districtwide general benefits are factored at 2.0% of the total benefit value (see Finding 2 of this Report) with special benefits set at 98.0%. Article XIIID limits the levy of property assessments to costs attributed to special benefits only. The 2.0% general benefit value is computed to be $14,158 with a resultant 98.0% special benefit limit computed at $693,762. *Based on current property data and land uses, this is the maximum amount of Year 1 revenue that can be derived from property assessments from the subject District.* All program costs associated with district-wide and site/activity specific general benefits will be derived from sources other than DCV CBD assessments.

Step 7. Calculate "Basic Unit Cost"

With a YR 1 assessment revenue portion of the budget set at $693,762 (special benefit only), the Unit Costs (rates) are shown earlier in Step 4. The DCV CBD is proposed for a 20-year term. An annual inflationary assessment rate increase of up to 7%, commensurate to special benefits received by each assessed parcel, may be imposed for future year assessments, on approval by the DCV CBD Property Owner's Association. The maximum assessment rates for years 1-20 are shown in the Table below. The assessment rates listed constitute the maximum assessment rates that may be imposed for each year of the 20-year DCV CBD term.

DCV CBD – Maximum Assessment Rates - Years 1-20
(Includes a 7%/Yr. Max Increase)

YEAR	BLDG ASSMT RATE ($/SF)	LAND ASSMT RATE ($/SF)	FRONTAGE ASSMT RATE ($/LF)	R-CONDO BLDG ASSMT RATE ($/SF)
1	$0.1400	$0.0800	$4.0000	$0.1400
2	$0.1498	$0.0856	$4.3480	$0.1522

3	$0.1603	$0.0916	$4.7263	$0.1654
4	$0.1715	$0.0980	$5.1375	$0.1798
5	$0.1835	$0.1049	$5.5845	$0.1954
6	$0.1963	$0.1122	$6.0704	$0.2124
7	$0.2100	$0.1201	$6.5985	$0.2309
8	$0.2247	$0.1285	$7.1726	$0.2510
9	$0.2404	$0.1375	$7.7966	$0.2728
10	$0.2572	$0.1471	$8.4749	$0.2965
11	$0.2752	$0.1574	$9.2122	$0.3223
12	$0.2945	$0.1684	$10.0137	$0.3503
13	$0.3151	$0.1802	$10.8849	$0.3808
14	$0.3372	$0.1928	$11.8319	$0.4139
15	$0.3608	$0.2063	$12.8613	$0.4499
16	$0.3861	$0.2207	$13.9802	$0.4890
17	$0.4131	$0.2361	$15.1965	$0.5315
18	$0.4420	$0.2526	$16.5186	$0.5777
19	$0.4729	$0.2703	$17.9557	$0.6280
20	$0.5060	$0.2892	$19.5178	$0.6826

Step 8. Spread the Assessments
The resultant assessment spread calculation results for each parcel within the DCV CBD are shown in the Plan and this Report and were determined by applying the DCV CBD assessment formula to each identified benefiting property.

Miscellaneous DCV CBD Provisions

Time and Manner of Collecting Assessments:
Assessments shall be collected at the same time and in the same manner as ad valorum taxes paid to San Diego County. The DCV CBD assessments shall appear as a separate line item on the property tax bills issued by San Diego County. The City of Chula Vista is authorized to collect any assessments not placed on the County tax rolls, or to place assessments, unpaid delinquent assessments, or penalties on the County tax rolls as appropriate to implement the Plan.

Bonds:
No bonds are to be issued in conjunction with the proposed DCV CBD.

Duration:
As allowed by the Ordinance, the DCV CBD will have a 20-year operation term, beginning January 1, 2027 and ending December 31, 2046. At that time, the DCV CBD may be renewed again in accordance with the Ordinance.

APPENDIX 1

DCV CBD
YR 1
ASSESSMENT ROLL

APN	Year 1 Assessment
566-232-10-00	$6,549.52
566-232-13-00	$3,300.16
566-232-17-00	$7,056.00
566-232-18-00	$400.00
566-240-11-00	$1,829.98
566-240-28-00	$1,742.00
566-240-29-00	$3,247.44
566-240-30-00	$7,847.84
568-043-14-00	$9,656.00
568-043-15-00	$827.12
568-043-16-00	$1,076.32
568-043-17-00	$881.72
568-043-18-00	$829.92
568-043-20-00	$916.16
568-043-21-00	$826.84
568-043-22-00	$2,591.60
568-044-01-00	$1,760.00
568-044-02-00	$700.00
568-044-03-00	$918.68
568-044-04-00	$871.36
568-044-05-00	$1,036.00
568-044-06-00	$993.86
568-044-07-00	$852.04
568-044-08-00	$1,196.16
568-044-09-00	$588.00
568-044-10-00	$1,400.00
568-044-11-00	$1,820.00
568-044-12-00	$1,775.60
568-044-13-00	$1,166.36
568-044-14-00	$1,281.60
568-044-15-00	$1,311.00
568-044-16-00	$1,079.16
568-044-17-00	$680.76
568-044-18-00	$1,816.60
568-044-19-00	$660.00
568-044-20-00	$1,092.60
568-044-21-00	$981.44
568-044-22-00	$1,304.00
568-044-23-00	$1,878.30
568-071-01-00	$1,786.48
568-071-02-00	$1,342.52
568-071-03-00	$930.08
568-071-04-00	$646.76
568-071-05-00	$2,840.76
568-071-06-00	$597.12
568-071-07-00	$594.00
568-071-08-00	$1,073.02
568-071-09-00	$663.52
568-071-12-00	$1,058.88
568-071-13-00	$1,045.62

568-071-14-00	$1,278.08
568-071-15-00	$1,298.18
568-071-16-00	$2,922.48
568-071-17-00	$1,868.06
568-071-18-00	$1,207.68
568-071-19-00	$876.48
568-071-20-00	$1,120.68
568-071-23-00	$987.40
568-071-24-00	$2,210.18
568-071-25-00	$5,466.02
568-072-03-00	$1,008.50
568-072-04-00	$1,634.44
568-072-05-00	$1,049.52
568-072-06-00	$813.36
568-072-08-00	$1,278.34
568-072-09-00	$1,346.10
568-072-10-00	$1,029.56
568-072-11-00	$1,223.32
568-072-22-00	$1,859.92
568-072-23-00	$1,837.06
568-072-26-00	$1,262.56
568-072-28-00	$506.88
568-151-01-01	$324.08
568-151-01-02	$356.28
568-151-01-03	$345.64
568-151-01-04	$351.52
568-151-01-05	$308.40
568-151-01-06	$349.84
568-151-01-07	$383.16
568-151-01-08	$365.94
568-151-01-09	$365.94
568-151-01-10	$414.52
568-151-01-11	$360.62
568-151-01-12	$429.64
568-151-01-13	$358.80
568-151-01-14	$374.48
568-151-01-15	$321.28
568-151-01-16	$364.68
568-151-01-17	$371.96
568-151-01-18	$383.16
568-151-01-19	$322.68
568-151-01-20	$388.90
568-151-01-21	$426.98
568-151-02-00	$729.12
568-151-03-00	$1,201.48
568-151-08-00	$896.28
568-151-10-00	$1,160.60
568-151-11-00	$1,321.68
568-151-22-00	$7,233.48
568-151-23-00	$3,034.98
568-152-02-00	$700.00

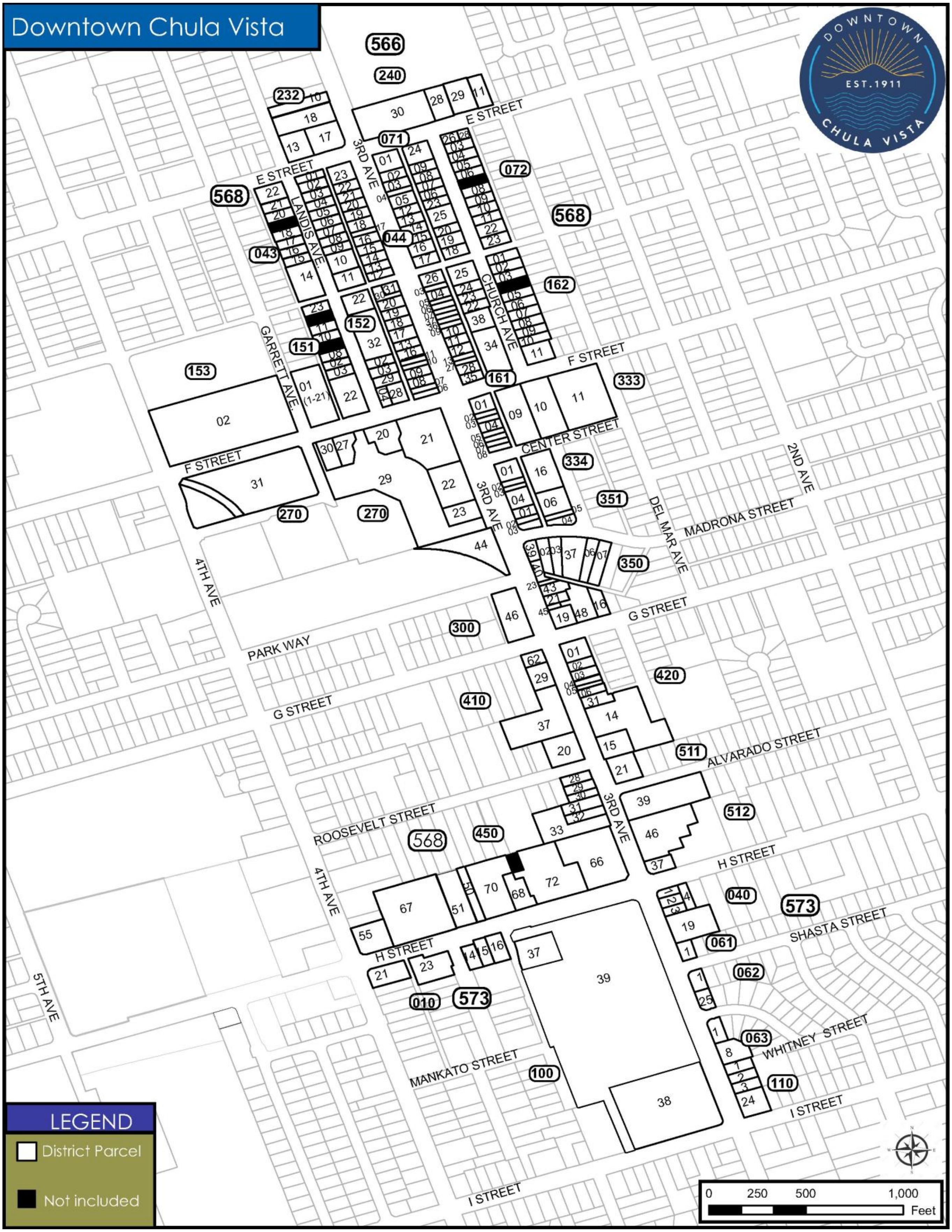
568-152-03-00	$700.00
568-152-04-00	$1,981.04
568-152-06-00	$1,319.00
568-152-07-00	$973.70
568-152-08-00	$1,428.00
568-152-09-00	$1,260.00
568-152-10-00	$787.50
568-152-11-00	$1,012.20
568-152-13-00	$1,203.02
568-152-16-00	$1,538.46
568-152-17-00	$1,629.70
568-152-18-00	$1,317.60
568-152-19-00	$1,300.00
568-152-20-00	$1,142.22
568-152-22-00	$3,480.70
568-152-28-00	$2,520.30
568-152-29-00	$700.00
568-152-30-00	$1,042.94
568-152-31-00	$1,280.70
568-152-32-00	$3,368.48
568-153-02-00	$24,957.10
568-161-03-00	$1,601.20
568-161-04-00	$2,101.20
568-161-05-00	$524.22
568-161-06-00	$714.72
568-161-07-00	$672.00
568-161-09-00	$648.00
568-161-10-00	$1,188.00
568-161-11-00	$1,328.00
568-161-12-00	$1,377.00
568-161-13-00	$688.50
568-161-22-00	$1,149.92
568-161-23-00	$990.04
568-161-24-00	$990.04
568-161-25-00	$8,815.20
568-161-26-00	$2,044.84
568-161-27-00	$664.00
568-161-28-00	$1,720.28
568-161-34-00	$4,936.74
568-161-35-00	$1,749.68
568-161-36-00	$666.80
568-161-37-00	$594.00
568-161-38-00	$3,125.94
568-162-01-00	$1,649.04
568-162-02-00	$914.02
568-162-03-00	$1,054.86
568-162-05-00	$1,370.00
568-162-06-00	$1,144.18
568-162-07-00	$1,072.22
568-162-08-00	$856.76
568-162-09-00	$785.28
568-162-10-00	$924.42
568-162-11-00	$2,206.32
568-270-20-00	$3,276.02
568-270-21-00	$14,993.62
568-270-22-00	$6,949.92
568-270-23-00	$2,709.44
568-270-27-00	$2,513.20
568-270-29-00	$35,839.76
568-270-30-00	$3,786.26
568-270-31-00	$31,023.48
568-300-44-00	$3,643.84
568-300-46-00	$7,167.44
568-333-01-00	$3,211.52
568-333-02-00	$657.00
568-333-03-00	$657.00
568-333-04-00	$1,282.20
568-333-05-00	$828.00
568-333-06-00	$572.92
568-333-07-00	$578.50
568-333-08-00	$1,169.40
568-333-09-00	$3,509.60
568-333-10-00	$3,892.32
568-333-11-00	$7,956.96
568-334-01-00	$3,116.10
568-334-02-00	$687.00
568-334-03-00	$660.50
568-334-04-00	$2,723.34
568-334-16-00	$7,412.64
568-350-02-00	$907.60
568-350-03-00	$940.00
568-350-06-00	$1,569.56
568-350-07-00	$1,910.04
568-350-16-00	$1,146.30
568-350-19-00	$2,051.36
568-350-21-00	$1,045.06
568-350-23-00	$408.64
568-350-37-00	$3,321.20
568-350-39-00	$1,660.40
568-350-40-00	$1,391.46
568-350-43-00	$2,047.90
568-350-45-00	$379.56
568-350-48-00	$3,564.00
568-351-01-00	$1,132.00

568-351-02-00	$1,142.58
568-351-03-00	$1,731.58
568-351-04-00	$1,214.40
568-351-05-00	$350.00
568-351-06-00	$1,750.00
568-410-20-00	$3,801.20
568-410-29-00	$2,571.36
568-410-37-00	$10,128.42
568-410-62-00	$2,725.66
568-420-01-00	$2,371.50
568-420-02-00	$907.52
568-420-03-00	$1,045.00
568-420-04-00	$517.74
568-420-05-00	$447.60
568-420-06-00	$931.20
568-420-14-00	$2,220.00
568-420-15-00	$2,328.40
568-420-31-00	$792.00
568-450-28-00	$1,433.08
568-450-29-00	$974.16
568-450-30-00	$977.24
568-450-31-00	$1,308.36
568-450-32-00	$1,066.20
568-450-33-00	$5,586.40
568-450-50-00	$1,267.12
568-450-51-00	$5,105.36
568-450-55-00	$3,983.10
568-450-66-00	$20,965.34
568-450-67-00	$25,275.36
568-450-68-00	$1,971.60
568-450-70-00	$4,224.16
568-450-72-00	$20,139.24
568-511-21-00	$2,706.98
568-512-37-00	$1,596.00
568-512-39-00	$2,000.00
568-512-46-00	$4,459.04
573-010-14-00	$1,550.94
573-010-15-00	$845.60
573-010-16-00	$2,803.60
573-010-21-00	$3,083.68
573-010-23-00	$4,354.34
573-040-01-00	$3,014.24
573-040-02-00	$600.00
573-040-03-00	$540.00
573-040-04-00	$624.00
573-040-19-00	$5,620.00
573-061-01-00	$1,291.90

573-062-01-00	$1,150.88
573-062-25-00	$1,194.08
573-063-01-00	$1,450.00
573-063-08-00	$2,219.84
573-100-37-00	$5,049.16
573-100-38-00	$17,423.10
573-100-39-00	$65,181.00
573-110-01-00	$1,197.98
573-110-02-00	$1,013.60
573-110-03-00	$938.28
573-110-24-00	$3,745.90

APPENDIX 2

DCV CBD BOUNDARY MAP


Downtown Chula Vista
DOWNTOWN
EST. 1911
CHULA VISTA
E STREET
F STREET
G STREET
H STREET
I STREET
CENTER STREET
MADRONA STREET
ALVARADO STREET
ROOSEVELT STREET
SHASTA STREET
WHITNEY STREET
MANKATO STREET
PARK WAY
3RD AVE
LANDIS AVE
GARRETT AVE
CHURCH AVE
DEL MAR AVE
2ND AVE
4TH AVE
5TH AVE
566
240
232
071
072
568
044
043
162
152
151
153
161
333
334
351
270
350
300
420
410
511
512
450
040
573
061
062
010
063
110
100
LEGEND
District Parcel
Not included
0
250
500
1,000
Feet