

# STAFF REPORT

## PLANNING COMMISSION MEETING

**MEETING DATE:** June 3, 2019  
**SUBJECT:** Hall Land Company, Inc. (Mission 24)  
**CASE NUMBER:** GPA 18-0003, R 18-0003, TSM 18-0002, MFSDP 18-0002, and V 18-0001  
**APN:** 226-071-07-00

### Recommendation

Recommend to the City Council the adoption of a Mitigated Negative Declaration (ND18-004), approval of a General Plan Amendment (GPA 18-0003), Rezone (R 18-0003), Tentative Subdivision Map (TSM 18-0002), Multifamily Site Development Plan (MFSDP 18-0002), and a Variance (V18-0001) to allow for the redevelopment of a neighborhood commercial property with twenty-four (24) new residential condominium units.

### Introduction

The project site is a 1.52 acre property located at 1210 E. Mission Road. The project site is currently developed with a 6,915 square foot vacant retail bank building, a parking lot, and ornamental landscaping that has largely perished, with the exception of twenty-two (22) mature trees. The existing site is accessed from two (2) driveways, with primary access provided on E. Mission Road and secondary access provided on Avenida Chapala (there is no access to the adjacent commercial center).

The proposed project would demolish the existing building and remove all other improvements (i.e., parking lot, landscaping, etc.) and redevelop the site with a twenty-four (24) unit residential condominium development consisting of four (4) 2-story buildings with each building comprised of 6-attached "townhome" units; fifty-six (56) onsite parking spaces; onsite recreational amenities that include a dog "park" area, playground "tot lot," and covered picnic area with barbeque grill; and a four (4) foot dedication of right-of-way on Avenida Chapala with street improvements to allow parking along the project frontage (currently there is no parking allowed on this side of the street). The condominium units will feature in unit 2-car garages and private recreational space (i.e., patios/front yards) that will vary in size from 260 square feet to 994 square feet in area.

### Discussion

The project applicant is requesting approval of a General Plan Amendment, Rezone, Tentative Subdivision Map, Multifamily Site Development Plan, and Variance to redevelop the project site. As previously stated,

the site is currently developed with a retail bank building that has not operated in approximately ten (10) years. A 1977 deed restriction on the property, held by the owner of the adjacent commercial property, limited the use of the project site to a “financial institution.” A November 2, 2017 amendment to the deed restriction adds “multifamily and condo uses” as allowed, in addition to financial institutions but does not make any allowance for other commercial or residential uses of the project site. With this amended deed restriction, the project could be developed if approved by the City Council.

### General Plan Amendment

The project site currently has a General Plan land use designation of Neighborhood Commercial (NC). To allow the development of the property as residential, the General Plan land use designation must be amended. In the vicinity of the project site, extending west along Mission Road to Mission Hills High School, is a multifamily residential district of Medium Density Residential 2 (MDR2). The MDR2 allows for multifamily development with a density range of 15.1 to 20.0 dwelling units per acre (du/ac). After the Avenida Chapala right-of-way dedication, the subject property will be 1.48 acres (net) and will have a density of 16.2 du/ac, in conformance with the MDR2 standards.

### Rezone

The project site currently has a zoning designation of Neighborhood Commercial (N-C). To implement the MDR2 General Plan land use designation, the zoning of the property would need to also be changed to Multifamily Residential 3 (R-3-10). The R-3-10 zone has a maximum density of 20 du/ac (16.2 du/ac proposed by project), a minimum lot size of 10,000 square feet (64,600 square feet proposed by project), and maximum building height of forty-five (45) feet or 3-stories (twenty-nine (29) feet/2-stories proposed by project). The project complies with these requirements.

### Tentative Subdivision Map

The project site currently consists of a 1.52-acre parcel which is proposed to be subdivided to allow for a common interest development consisting of twenty-four (24) residential condominium units. The Tentative Subdivision Map would also dedicate four (4) feet of right-of-way to Avenida Chapala, to allow street parking along the project frontage. In preliminary meetings with the neighborhood conducted by the developer, residents requested that the project include street parking on Avenida Chapala. The developer agreed and the Tentative Subdivision Map would allow the dedication and installation of street improvements to Avenida Chapala to implement the requested parking.

### Multi-Family Site Development Plan

Under the Multifamily Site Development Plan, the project design is reviewed for compliance with the development standards of the Zoning Ordinance (San Marcos Municipal Code (SMMC) Title 20) and other regulatory provisions. As shown in Attachment G, the project proposes four (4) 2-story buildings. The



proposed new buildings would be approximately twenty-nine (29) feet in height which is within the allowable forty-five (45) foot maximum height limit of the R-3-10 Zone. The buildings consist of a contemporary Spanish/Mission architectural style including pitched roofs with Spanish tiles, pop outs and wall projections, and enhanced features such as textured/colored walls, awnings, window trim, shutters, stone veneer, cornices and other enhancements. The units would have three (3) to four (4) bedrooms and range in size from 1,445 to 1,590 square feet.

Buildings one (1) and four (4) of the project will have front doors oriented to Avenida Chapala. Units in these buildings will also have front yards that are enclosed by a forty-two (42) inch high wood fence and grade separated from the street by a small (1 to 4 foot high) landscaped slope. These units will also have direct pedestrian access to the street/sidewalk, with vehicle access provided in the rear of the unit. Buildings two (2) and three (3) will have front doors facing easterly, with pedestrian access being provided through the common recreation area. These units will also have private front yards enclosed by a forty-two (42) inch high wood fence.

In addition to private open space ("patios/front yards"), the project includes three (3) common recreational amenities, in conformance with SMMC 20.215.060(B). These amenities include a dog park area, a playground/tot lot, and a covered picnic area with barbeque grill built into a counter. Landscaping throughout the project will consist of a mixture of trees, shrubs, and ground cover to enhance the proposed buildings and screen walls. Although twenty-two mature trees will be removed from the site, the project would install a minimum of sixty-five (65) new trees throughout the site and along both E. Mission Road and Avenida Chapala. All landscaping will be maintained privately and will be required to comply with the City's Landscape Water Efficiency Ordinance (SMMC Chapter 20.330).

A six (6) foot high block wall with pilasters and varying colors of block will border the south (E Mission Road) side of the perimeter of the project. This wall will provide privacy for the ground floor of the project and reduce offsite noise. The wall will also utilize climbing vines, shrubs, and trees on the outer perimeter to further enhance the public appearance and deter vandalism (the walls are also required to have an anti-graffiti coating). On the east (commercial center) side of the project, a similar block wall will be used to enclose the project. The wall will sit on top of a small retaining wall as high as three (3) feet, so the wall may have an outward height of between six (6) to nine (9) feet. A twenty (20) foot water/sewer District easement bisects the property from east to west, going under the common recreational amenities and out to Avenida Chapala. As a result, the east side perimeter wall will include an ornamental iron gate over the easement, to provide the required unrestricted access. Lastly, an internal retaining wall on the north side of the project will vary from two (2) to five (5) feet in height and will utilize natural colored split face cement block.

The Parking Ordinance (SMMC Ch. 20.340) requires off-street parking to be provided at a ratio of two (2) spaces per unit, plus one (1) space for every three (3) units for guest parking. Each unit will have an attached two (2) car garage and a total of eight (8) guest parking spaces will be provided. Consistent with the California Building Code, garages will be prewired for electric vehicle charging stations. Garages will also include a window to allow Homeowner Association (HOA) enforcement of garage parking requirements. A Parking Management Plan is also required to be approved by the City for the HOA's management and enforcement of both the private garage and the eight (8) onsite parking spaces.

Access to the project site will be limited to a driveway on Avenida Chapala. Sidewalks will continue to be provided on E. Mission Road and Avenida Chapala. The project design provides adequate circulation onsite for emergency vehicles and delivery trucks. The project also includes the installation of one (1) private fire hydrant at the southwest corner of the private driveways (near the dog park area).

#### Variance

Special setbacks exist for E. Mission Road that require buildings to be setback a minimum of eighty-six (86) feet from centerline of the street. As previously discussed, a dedication of four (4) feet of right-of-way to Avenida Chapala along the project frontage and the presence of a water and sewer easement that bisect the project site create a unique set of challenges for the site. These challenges are compounded by the larger footprints of the 2-story units proposed by the applicant to match the surrounding neighborhood scale. As a result, the applicant has requested a reduction of the building setback for E. Mission Road from eighty-six feet to seventy-(70) feet from centerline. The reduced setback would be consistent with other developments on E. Mission Road in the vicinity of the project. In addition, E. Mission Road is designated as a 4-lane arterial by the General Plan Circulation Element and has already been developed to the necessary width, with no need for the acquisition of additional right-of-way.

#### **Environmental Review**

In accordance with the California Environmental Quality Act (CEQA), a Mitigated Negative Declaration (Attachment D) was prepared for the proposed project and circulated for thirty (30) day public review from January 30 to March 1, 2019. One comment was received from the Federal Emergency Agency (FEMA) providing general provisions for development of the project if it is proposed in a floodplain or floodway; the project is located in neither.

#### Cultural Resources

In accordance with California Assembly Bill (AB) 52 and Senate Bill (SB) 18, local Native American tribes were notified of the project and tribal consultation did occur and has concluded. Although the site was previously disturbed for the development of the existing structures, there remains the potential that intact subsurface cultural deposits remain onsite and may be encountered during the development of the project. As a result,



mitigation measures and conditions of approval have been included in the project to require tribal monitoring of grading activity.

## Traffic

A Traffic Letter Report for the project was prepared by Linscott, Law, and Greenspan (LLG) and has been included in the MND provided as Attachment D. Based on the letter, the project will generate approximately 192 average daily trips (ADT) which does not trigger a CEQA level traffic study. In comparison, a financial institution use would generate 2,280 ADT. The report studied the Mission Road frontage segment and the Mission Road/Avenida Chapala intersection. Both the road segment and the intersection will continue to operate at an acceptable level of service once the project is occupied. The project will contribute toward City-wide traffic, resulting in potential cumulative impacts. In order to mitigate for potential cumulative impacts, the proposed project shall financially participate in the Congestion Management community facilities district (CFD 2011-01) which will assist in City-wide efforts to reduce traffic congestion and impacts to State Route 78.

## **Fiscal and Economic Impact**

Fiscal and Economic Impact Reports were prepared for the project and have been provided as Attachment E. As previously discussed, a deed restriction on the property limits its use to only a financial institution or a multifamily residential development. For the purposes of the Fiscal and Economic Impact Reports, the project (24 residential condominium units) was evaluated against a non-sales tax generating commercial use (i.e., bank). The Fiscal Impact Report determined that approving the project would result in a net fiscal impact of a \$2,298 surplus to the City's General Fund over the use of the site as commercial (\$1,191 surplus as commercial, vs. \$3,489 surplus as residential). Conversely, the Economic Impact Report determined that the economic output of the city would be impacted negatively by an estimated \$379,604 net loss annually, primarily the result of the lost employment caused by the redevelopment of the site as residential (\$891,863 economic output of the site as commercial, vs. \$512,259 economic output of the site as residential).

## **Public Comment**

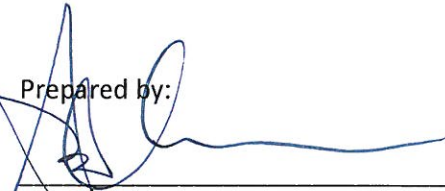
A public workshop was conducted by the City on February 21, 2019. Three (3) residents attended the workshop and received a presentation by the developer. During the workshop, residents asked questions about fire safety and access to the project. Residents also provided generally positive feedback about adding on-street parking to Avenida Chapala and replacing the vacant bank building with new development (in the approximately seven (7) year period between January 1, 2012 and May 8, 2019, approximately 134 calls for service at the subject property have been responded to by the San Diego Sheriff's Department or City Code Enforcement Officers). No written comments were received from the public.

**Attachment(s)**

Adopting Resolutions: PC 19-4782 (GPA 18-0003), PC 19-4786 (R 18-0003), PC19-4783 (TSM 18-0002), PC 19-4785 (MFSDP 18-0002), PC 19-4784 (V18-0001)

- A. Vicinity Map
- B. Requested Entitlements
- C. Site & Project Characteristics
- D. Mitigated Negative Declaration
- E. Fiscal and Economic Impact Reports
- F. Photo Simulation of Project
- G. Project Plans (site plan, elevations, grading, landscaping, etc.)

Prepared by:

  
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Sean del Solar, AICP, Associate Planner


Reviewed by:

  
\_\_\_\_\_  
Joseph Farace, Principal Planner

Reviewed by:

  
\_\_\_\_\_  
Peter Kuey, Principal Civil Engineer

Submitted/Approved by:

  
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Dahvia Lynch, Development Services Department Director



RESOLUTION PC 19-4782

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF SAN MARCOS RECOMMENDING TO THE CITY COUNCIL APPROVAL OF A GENERAL PLAN AMENDMENT FOR A LAND USE CHANGE OF 1.52 ACRES FROM NEIGHBORHOOD COMMERCIAL (NC) TO MEDIUM DENSITY RESIDENTIAL 2 (MDR2)

GPA18-0003  
Hall Land Company, Inc.

WHEREAS, Government Code sections 65350 et seq. require each planning agency and legislative body of each city to adopt a comprehensive, long-term general plan for the physical development of the city; and

WHEREAS, Section 65358 of the Government Code specifies the requirements for the amendment of all or part of a General Plan; and

WHEREAS, on May 22, 2018, the City received an application from Hall Land Company, Inc. requesting a General Plan Amendment for a change of land use designation from Neighborhood Commercial (NC) to Medium Density Residential 2 (MDR2) for 1.52 (1.48 net) acres located at 1210 E. Mission Road in the Richland Neighborhood, more particularly described as:

Brief Legal Description: Parcel A of Parcel Map No. 6024, filed in the Office of the County Recorder of San Diego County on June 8, 1977, being a division of a portion of lots 1, 2, and 4 in block 3 of Bennett Orchard Estates, Unit No. 1, in the City of San Marcos, in the County of San Diego, State of California, According to Map thereof No. 2065, filed in the Office of the County Recorder of San Diego County, on October 17, 1927.

Assessor's Parcel Number(s): 226-071-07-00; and

WHEREAS, the General Plan Amendment is requested in conjunction with a Rezone (R 18-0003) to change the zone from Neighborhood Commercial (N-C) to Multifamily Residential 3 (R-3-10); a Tentative Subdivision Map (TSM 18-0002) to dedicate right-of-way and create twenty-four (24) condominium units; and a Multifamily Site Development Plan (MFSDP 18-0002) which will guide the orderly development on the project site; and a Variance (V18-0001) to allow for the reduction of special setbacks on E Mission Road; and

WHEREAS, the Development Services Department did study said request, and recommends approval of said request; and

WHEREAS, on February 21, 2019, the City held a public workshop to provide an informational overview of the proposed project to the general public; and

WHEREAS, on June 3, 2019, the Planning Commission held a duly noticed public hearing in the manner prescribed by law to consider said request; and

WHEREAS, the Planning Commission did review and consider a Mitigated Negative Declaration (ND18-004 and SCH No. 2019011064) for said request pursuant to the California Environmental Quality Act (CEQA); and

NOW, THEREFORE, the Planning Commission does hereby resolve as follows:

- A. The foregoing recitals are true and correct and are hereby incorporated by reference into this Resolution.
- B. The Planning Commission hereby recommends to the City Council approval of this General Plan Amendment, as shown on the attached Exhibit A, incorporated by reference and made a part of this Resolution as though fully set forth herein.
- C. This General Plan Amendment is recommended to the City Council for approval in conjunction with the submitted Rezone (R 18-0003), Tentative Subdivision Map (TSM 18-0002), Multifamily Site Development Plan (MFSDP 18-0002), and Variance (V 18-0001) and all conditions of approval specified in Resolutions: PC 19-4786 (R 18-0003), PC19-4783 (TSM 18-0002), PC 19-4785 (MFSDP 18-0002), PC 19-4784 (V18-0001) respectively, which documents are incorporated herein by this reference; and the mitigation measures in Mitigated Negative Declaration (ND18-004 and SCH No. 2019011064) are hereby incorporated by reference and made a part of this Resolution with the same force and effect as though fully set forth herein.
- D. The Planning Commission's decision is based on the following findings and determinations:
  - 1. The proposed General Plan Amendment is consistent with the Goals and Objectives in the General Plan, in that the proposed project achieves a balanced distribution and compatible mix of land uses to meet the present and future needs of all residents and the business community (LU-1) and will designate land for a variety of residential densities sufficient to meet the housing needs for a variety of household sizes and income levels, with higher densities being focused in the vicinity of transit stops in proximity to significant concentrations of employment opportunities (HE-1.1). Additionally, the density of the proposed project (16.18 du/ac) conforms to the density of the Medium Density Residential 2 (MDR2) General Plan land use designation (15.1-20.0 du/ac).
  - 2. The proposed General Plan Amendment is deemed to be in the public interest, in that it will remove a blighted structure (i.e., bank building) that has been vacant for approximately ten (10) years and create twenty-four (24) residential town



home units in an area of the City with access to transit and within close proximity to a significant concentration of employment opportunities.

3. The proposed General Plan Amendment will not be detrimental to the public health, safety, and welfare, in that the zoning designation of the property is also being changed (R 18-0003) to Multifamily Residential 3 (R-3-10) to match the surrounding area. The R-3-10 zone will also establish development standards for the property and Multifamily Site Development Plan (MFSDP 18-0002) will ensure the orderly development of the site in conformance with the new General Plan and Zoning designations, and ensure adequate public facilities and infrastructure, including fire, police, water, sewer are available to the property for the project. The project will also be developed in accordance with the California Building Code and all landscaping will be installed in conformance with the City's Water Efficient Landscape Ordinance.
  4. All requirements of CEQA have been met, in that impacts to biological resources, cultural resources, hazards and hazardous materials, noise, public services, recreation, and tribal cultural resources have been sufficiently mitigated to a level of insignificance with mitigation measures identified in ND 18-0004.
- E. This General Plan Amendment is within the scope of the Mitigated Negative Declaration (ND 18-0004 SCH No. 2019011064) and the mitigation monitoring and reporting program, and both are hereby recommended to the City Council for certification pursuant to CEQA.
- F. The applicant/developer shall comply with all provisions and requirements set forth in the San Marcos Municipal Code, and all City ordinances, resolutions, policies and procedures, and with all applicable state and federal regulations, as may be amended from time to time, whether or not such provisions or requirements have been specifically set forth in these conditions, all of which are now incorporated by reference and made a part of this Resolution with the same force and effect as though fully set forth herein.
- G. To the extent feasible and as permitted by law, developers and contractors are requested to first consider the use of San Marcos businesses for any supplies, materials, services, equipment needed, and the hiring of local residents to stimulate the San Marcos economy to the greatest extent possible.
- H. To the extent permitted by law, the applicant/developer shall defend and hold the City of San Marcos, its agents and employees harmless from liability from: (i) any and all actions, claims, damages, injuries, challenges and/or costs of liabilities arising from the City's approval of any and all entitlements or permits arising from the project as defined in the conditions of approval, or issuance of grading or building permits; (ii) any damages, liability and/or claim of any kind for any injury to or death of any person, or damage or injury of any kind to property which may arise from or be related to the direct or indirect operations of the applicant/developer or its contractors, subcontractors, agents,

employees or other persons acting on applicant/developer's behalf which relate to the project; and (iii) any and all damages, liability and/or claims of any kind arising from operation of the project. The applicant/developer further agrees that such indemnification and hold harmless shall include all defense related fees and costs associated with the defense of City by counsel selected by the City. This indemnification shall not terminate upon expiration of the conditions of approval or completion of the project but shall survive in perpetuity.

PASSED, APPROVED, AND ADOPTED by the Planning Commission of the City of San Marcos, California, at a regular meeting thereof, held on this 3rd day of June, 2019, by the following roll call vote:

AYES: COMMISSIONERS:  
NOES: COMMISSIONERS:  
ABSENT: COMMISSIONERS:  
ABSTAIN: COMMISSIONERS:

APPROVED:

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Kevin Norris, Chairman

ATTEST:

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Gina Henderson, Senior Office Specialist

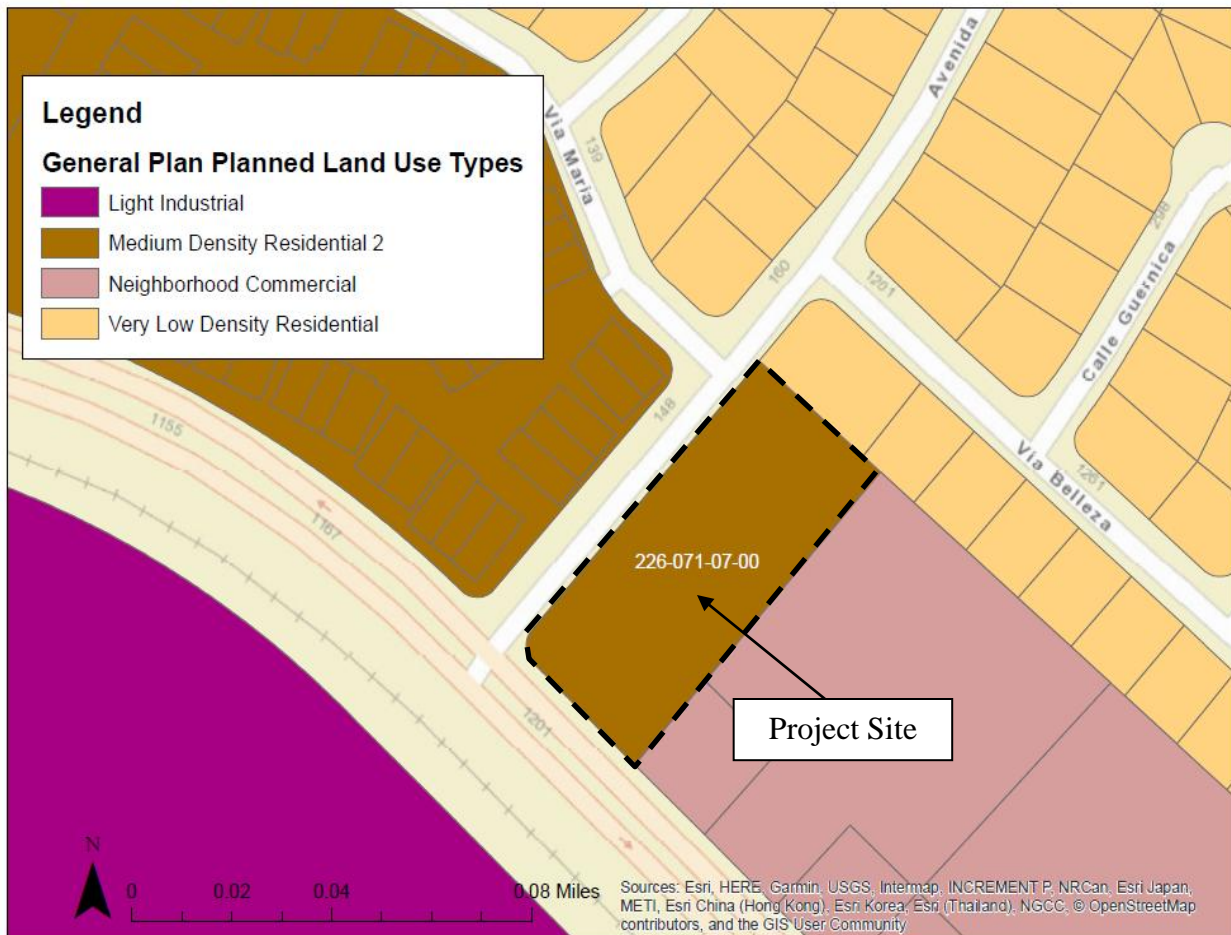
**Attachment(s):**

Exhibit A – Land Use Change Exhibit



## EXHIBIT A

### Land Use Change Exhibit



RESOLUTION PC 19-4786

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF SAN MARCOS RECOMMENDING TO THE CITY COUNCIL APPROVAL OF A REZONE OF 1.52 ACRES FROM NEIGHBORHOOD COMMERCIAL (N-C) TO MULTIFAMILY RESIDENTIAL 3 (R-3-10)

R 18-0003

Hall Land Company, Inc.

WHEREAS, on May 22, 2018, the City received an application from Hall Land Company, Inc. requesting a zone reclassification of 1.52 (1.48 net) acres from Neighborhood Commercial (N-C) to Residential 3 (R-3-10) located at 1210 E. Mission Road in the Richland Neighborhood more particularly described as:

Brief Legal Description: Parcel A of Parcel Map No. 6024, filed in the Office of the County Recorder of San Diego County on June 8, 1977, being a division of a portion of lots 1, 2, and 4 in block 3 of Bennett Orchard Estates, Unit No. 1, in the City of San Marcos, in the County of San Diego, State of California, According to Map thereof No. 2065, filed in the Office of the County Recorder of San Diego County, on October 17, 1927.

Assessor's Parcel Number(s): 226-071-07-00; and

WHEREAS, the Rezone is being requested in conjunction with a General Plan Amendment (GPA18-0003) to change the land use from "Neighborhood Commercial (NC)" to "Medium Density Residential 2 (MDR2)"; a Tentative Subdivision Map (TSM 18-0002) to dedicate right-of-way and create twenty-four (24) condominium units; and a Multifamily Site Development Plan (MFSDP 18-0002) which will guide the orderly development on the project site; and a Variance (V18-0001) to allow for the reduction of special setbacks on E Mission Road; and

WHEREAS, the Development Services Department did study said request, and recommends approval of said request; and

WHEREAS, on February 21, 2019, the City held a public workshop to provide an informational overview of the proposed project to the general public; and

WHEREAS, on June 3, 2019, the Planning Commission held a duly noticed public hearing in the manner prescribed by law to consider said request; and

WHEREAS, the Planning Commission did review and consider a Mitigated Negative Declaration (ND 18-004 and SCH No. 2019011064) for said request pursuant to the California Environmental Quality Act (CEQA); and

NOW, THEREFORE, the Planning Commission does hereby resolve as follows:

- A. The foregoing recitals are true and correct, and are hereby incorporated by reference into this Resolution.
- B. The Planning Commission hereby recommends to the City Council approval of this Rezone, as shown on the attached Exhibit A, incorporated by reference and made a part of this Resolution as though fully set forth herein.
- C. This Rezone is recommended to the City Council for approval in conjunction with the submitted General Plan Amendment (GPA 18-0003), Tentative Subdivision Map (TSM 18-0002) to create twenty-four (24) residential condominium units, Multifamily Site Development Plan (MFSDP 18-0002), and Variance (V 18-0001) and all conditions of approval specified in Resolutions: PC 19-4782 (GPA 18-0003), PC19-4783 (TSM 18-0002), PC 19-4785 (MFSDP 18-0002), PC 19-4784 (V18-0001), respectively, which documents are incorporated herein by this reference; and the mitigation measures in Mitigated Negative Declaration (ND 18-004 and SCH No. 2019011064) are hereby incorporated by reference and made a part of this Resolution with the same force and effect as though fully set forth herein.
- D. The Planning Commission's decision is based on the following findings and determinations:
  - 1. The proposed Rezone is consistent with the City's General Plan and the land uses authorized by the Rezone are compatible with the objectives, policies, general land uses, and programs specified in the General Plan, in that the proposed project achieves a balanced distribution and compatible mix of land uses to meet the present and future needs of all residents and the business community (LU-1) and will designate land for a variety of residential densities sufficient to meet the housing needs for a variety of household sizes and income levels, with higher densities being focused in the vicinity of transit stops in proximity to significant concentrations of employment opportunities (HE-1.1).
  - 2. The proposed Rezone complies with the objectives of the adopted City-wide Land Use Policy Plan, in that the project proposes twenty-four (24) residential units, at a density of 16.18 dwelling units per acre (du/ac), in conformance with the allowed density of the MDR2 land use designation (15.1 to 20.0 du/ac).
  - 3. The proposed Rezone implements the land use designations of the City's General Plan for the public health, safety, comfort, convenience, and general welfare of the San Marcos Community in that the redevelopment of the site will conform to the provisions of the R-3-10 zone, which is consistent with and implements the MDR2 General Plan land use designation. The rezone of the property to R-3-10



is an expansion of an adjacent R-3-10 zoning district to the west of the project site and is compatible with the neighborhood. Additionally, a Multifamily Site Development Plan (MFSDP 18-0002) will ensure the orderly development of the site in conformance with the new General Plan and Zoning designations, and ensure adequate public facilities and infrastructure, including fire, police, water, sewer are available to the property for the project. The project will also be developed in accordance with the California Building Code and all landscaping will be installed in conformance with the City's Water Efficient Landscape Ordinance.

4. The proposed Rezone enables flexibility in development type and scale by location to provide for emerging economic and social trends, in that the existing commercial facilities on the site (a bank building and parking lot) have been vacant for approximately ten (10) years with no economic activity; redevelopment of the site with the proposed residential project will remove blighted buildings from the community and improve the neighborhood with compatible residential development that has access to transit and within close proximity to a significant concentration of employment opportunities.
  5. All requirements of CEQA have been met, in that impacts to biological resources, cultural resources, hazards and hazardous materials, noise, public services, recreation, and tribal cultural resources have been sufficiently mitigated to a level of insignificance with mitigation measures identified in ND 18-004.
- E. This Rezone is within the scope of the Mitigated Negative Declaration (ND 18-004 SCH No. 2019011064) and the mitigation monitoring and reporting program, and both are hereby recommended to the City Council for adoption pursuant to CEQA.

PASSED, APPROVED AND ADOPTED by the Planning Commission of the City of San Marcos, California, at a regular meeting thereof, held on this 3rd day of June, 2019, by the following roll call vote:

AYES: COMMISSIONERS:  
NOES: COMMISSIONERS:  
ABSENT: COMMISSIONERS:  
ABSTAIN: COMMISSIONERS:

APPROVED:

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Kevin Norris, Chairman

ATTEST:

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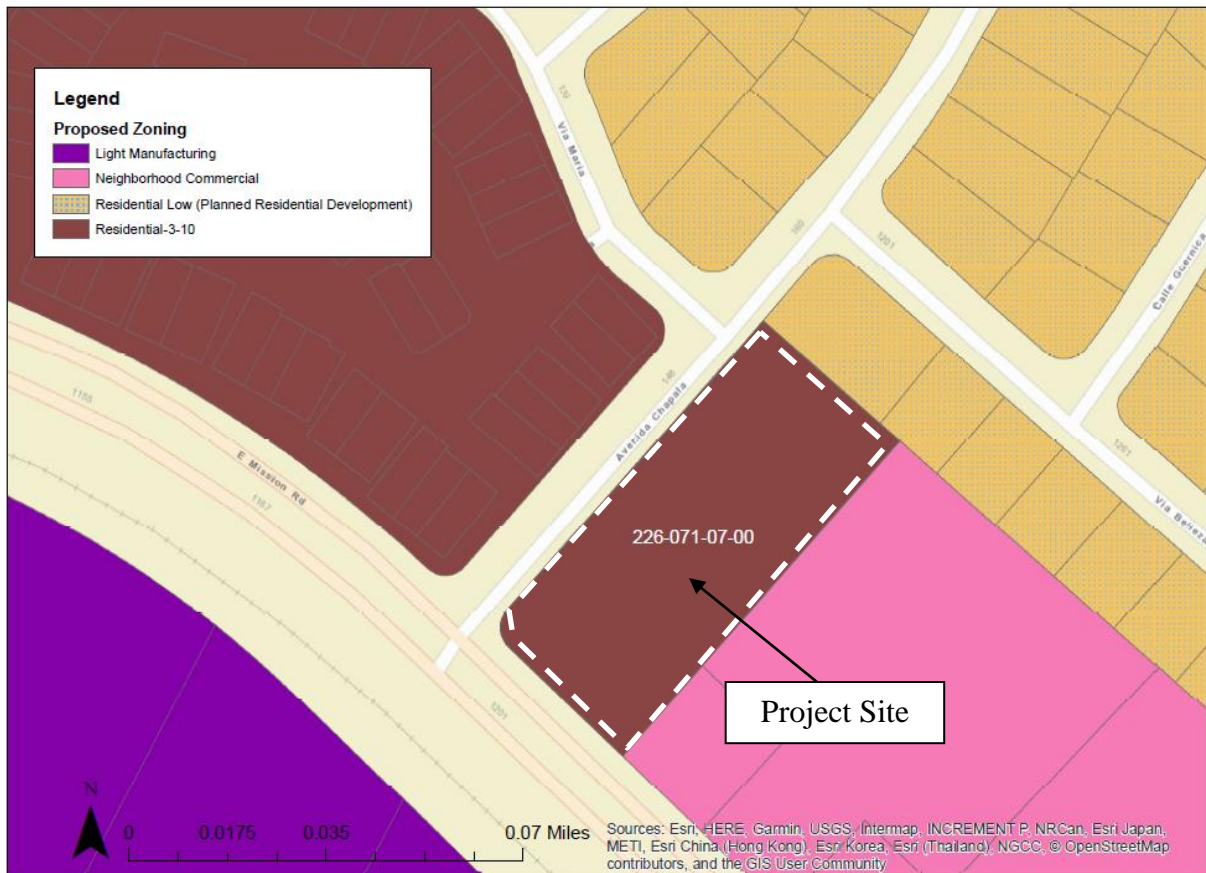
Gina Henderson, Senior Office Specialist

**Attachment(s):**

Exhibit A – Rezone Exhibit

## EXHIBIT A

### Rezone Exhibit





RESOLUTION PC 19-4783

A RESOLUTION OF THE PLANNING COMMISSION OF THE  
CITY OF SAN MARCOS RECOMMENDING TO THE CITY  
COUNCIL APPROVAL OF A TENTATIVE SUBDIVISION  
MAP FOR UP TO 24 CONDOMINIUM UNITS AND  
DEDICATION OF RIGHT-OF-WAY IN THE RESIDENTIAL 3  
(R-3-10) ZONE

TSM 18-0002  
Hall Land Company, Inc.

WHEREAS, on May 22, 2018, the City received an application from Hall Land Company, Inc. requesting a Tentative Subdivision Map for up to 24 condominium units on a 1.52-acre site located at 1210 E. Mission Road in the proposed Residential 3 (R-3-10) Zone in the Richland Neighborhood more particularly described as:

Brief Legal Description: Parcel A of Parcel Map No. 6024, filed in the Office of the County Recorder of San Diego County on June 8, 1977, being a division of a portion of lots 1, 2, and 4 in block 3 of Bennett Orchard Estates, Unit No. 1, in the City of San Marcos, in the County of San Diego, State of California, According to Map thereof No. 2065, filed in the Office of the County Recorder of San Diego County, on October 17, 1927.

Assessor's Parcel Number(s): 226-071-07-00; and

WHEREAS, the Tentative Subdivision Map is being requested in conjunction with a General Plan Amendment (GPA18-0003) to change the land use from "Neighborhood Commercial" to "Medium Density Residential 2"; a Rezone (R 18-0003) to change the zone from Neighborhood Commercial (N-C) to Residential 3 (R-3-10); a Multifamily Site Development Plan (MFSDP 18-0002) which will guide the orderly development on the project site; and a Variance (V18-0001) to allow for the reduction of special setbacks on E Mission Road; and

WHEREAS, the Development Services Department did study said request, and recommends approval of said request; and

WHEREAS, on February 21, 2019, the City held a public workshop to provide an informational overview of the proposed project to the general public; and

WHEREAS, on June 3, 2019, the Planning Commission held a duly noticed public hearing in the manner prescribed by law to consider said request; and

WHEREAS, the Planning Commission did review and consider a Mitigated Negative Declaration (ND18-004 and SCH No. 2019011064) for said request pursuant to the California Environmental Quality Act (CEQA); and

WHEREAS, the Planning Commission did consider said Tentative Subdivision Map and the recommendation by City staff, including but not limited to the City Engineer, the Director of Public Health, the Director of the Department of Sanitation and Flood Control, and the Chief of the San Marcos Fire Department and Fire Protection District with respect thereto; and

WHEREAS, the applicant/developer proposes to file a Final Map of said subdivision.

NOW, THEREFORE, the Planning Commission does hereby resolve as follows:

- A. The foregoing recitals are true and correct, and are hereby incorporated by reference into this Resolution.
- B. The Planning Commission hereby recommends to the City Council approval of this Tentative Subdivision Map pursuant to the City Subdivision Ordinance (SMMC Title 19), and no waiver of any requirement of said Ordinance is intended or implied except as specifically set forth in this resolution, and subject to compliance with the conditions of approval in Exhibit A attached hereto and incorporated by reference and made a part of this Resolution as though fully set forth herein.
- C. This Tentative Subdivision Map is recommended to the City Council for approval in conjunction with the submitted General Plan Amendment (GPA 18-0003), Rezone (R 18-0003), Multifamily Site Development Plan (MFSDP 18-0002), and Variance (V 18-0001) and all conditions of approval specified in PC 19-4782 (GPA 18-0003), PC 19-4786 (R 18-0003), PC19-4785 (MFSDP 18-0002), PC 19-4784 (V18-0001), respectively, which documents are incorporated herein by this reference; and the mitigation measures in Mitigated Negative Declaration (ND18-004 and SCH No. 2019011064) are hereby incorporated by reference and made a part of this Resolution with the same force and effect as though fully set forth herein.
- D. The Planning Commission's decision is based on the following findings and determinations:
  1. The conditions of approval in the attached Exhibit A, and the findings below are necessary to insure that the subdivision and the improvements thereof will conform with all ordinances, plans, rules, standards, and improvements and design requirements of the City.
  2. The Tentative Subdivision Map is consistent with the City's adopted General Plan, in that it creates twenty-four (24) condominium units to allow the development of residential townhomes in an area of the City designated for Medium Density Residential 2 (MDR2) (15.1-20.0 du/ac) with a density not to exceed 20.0 du/ac (the project is 16.18 du/ac), and is compatible with the objectives, policies, general land uses, and programs specified in the General

Plan, in that the project will achieve a balanced distribution and compatible mix of land uses to meet the present and future needs of all residents and the business community (LU-1) and will designate land for a variety of residential densities sufficient to meet the housing needs for a variety of household sizes and income levels, with higher densities being focused in the vicinity of transit stops in proximity to significant concentrations of employment opportunities (HE-1.1).

3. The design or improvement of the proposed subdivision is consistent with the City's adopted General Plan, in that it will create twenty-four (24) condominium units and dedicate right-of-way on Avenida Chapala to allow for the redevelopment of the site by removing an existing 6,915 square foot vacant bank building and constructing 24-residential townhomes with the land use designation of Medium Density Residential 2 (MDR2).
4. The site is physically suitable for this type of development, in that the site can accommodate the subdivision of the property into twenty-four (24) condominium units on one (1) parcel, in compliance with the minimum lot size standards of the Multi-Family Residential 3 (R-3-10) Zone.
5. The site is physically suitable for the proposed density of development, in that the proposed Tentative Subdivision Map provides adequate area and configuration for a multi-family development in compliance with building setbacks (with Variance from E. Mission Road special setbacks), open space, and parking requirements as established under the City Zoning Ordinance.
6. The design of this subdivision and improvements is not likely to cause substantial environmental damage or substantially and avoidably injure fish or wildlife or their habitat, in that no significant environmental issues or concerns were identified through the environmental assessment (Mitigated Negative Declaration (ND 18-004) prepared for the development.
7. The design of this subdivision and type of improvements is not likely to cause serious public health problems, in that safe water and sanitary sewer services are provided to the site.
8. The design of this subdivision or the type of improvements will not conflict with any easements, acquired by the public at large, for access through or use of, property within the proposed subdivision.
9. The Tentative Subdivision Map, as conditioned, will not be detrimental to the public health, morals, safety, and welfare in that adequate public facilities and infrastructure including fire, water, sewer, and drainage will be provided.
10. The property is not subject to a Williamson Act contract, an open space easement, a conservation easement, or an agricultural conservation easement.



11. The Planning Commission considered the effect of the development on the housing needs of the region and the balancing of those needs against the public service needs of residents and available fiscal and environmental resources.
  12. As a common interest development, prospective buyers will be provided the required notices and reports pursuant to applicable law.
- E. This Tentative Subdivision Map is within the scope of the Mitigated Negative Declaration (ND18-004 and SCH No. 2019011064) and the mitigation monitoring and reporting program, and both are hereby recommended to the City Council for adoption pursuant to CEQA.
- F. The Tentative Subdivision Map complies with the requirements of the City's Subdivision Ordinance and the State's Subdivision Map Act.
- G. The approval of this Tentative Subdivision Map shall expire within twenty-four (24) months from date of Planning Commission approval. The Final Map, conforming to this conditionally approved Tentative Subdivision Map, shall be filed with the City Council in time so that the Council may approve said map before its expiration, unless prior to that date, the Planning Commission or City Council subsequently grants a time extension for the filing of the Final Map, as provided for in the City's Subdivision Ordinance and the State's Subdivision Map Act. It is the applicant/developer's responsibility to track the expiration date. Failure to request an extension will result in a re-filing of the Tentative Subdivision Map and new processing of the map.
- H. Within thirty (30) days of the approval of the Tentative Subdivision Map the approved plans (i.e., tentative subdivision map, landscape plans, etc.) shall be submitted as a digital file on a CD including this Resolution as the title page. This title page shall include the statement "I (we), \_\_\_\_\_, the applicant/owner(s) or the applicant/owner's representative, have read, understand and agree to the conditions of Resolution No. TBD by City Council Resolution." Immediately following this statement shall appear a signature block for the owner or the owner's representative which shall be signed. Signature blocks for the Project Planner and the Project Civil Engineer shall also appear on this title page. The digital copy shall be approved by the City prior to any Final Map, grading plan, improvement plan, or building permit.
- I. The applicant/developer shall comply with all provisions and requirements set forth in the San Marcos Municipal Code, and all City ordinances, resolutions, policies and procedures, and with all applicable state and federal regulations, as may be amended from time to time, whether or not such provisions or requirements have been specifically set forth in these conditions, all of which are now incorporated by reference and made a part of this Resolution with the same force and effect as though fully set forth herein.

- J. The applicant/developer shall comply with all rules, regulations and design requirements of the respective sewer, water, utility, regional, federal or other approving agency regarding the installation, modification, development, improvement or protection of facilities within the boundaries. It shall be the applicant/developer's responsibility to determine all agencies with rights of approval for the proposed development.
- K. To the extent feasible and as permitted by law, developers and contractors are requested to first consider the use of San Marcos businesses for any supplies, materials, services, equipment needed, and the hiring of local residents to stimulate the San Marcos economy to the greatest extent possible.
- L. To the extent permitted by law, the applicant/developer shall defend and hold the City of San Marcos, its agents and employees harmless from liability from: (i) any and all actions, claims, damages, injuries, challenges and/or costs of liabilities arising from the City's approval of any and all entitlements or permits arising from the project as defined in the conditions of approval, or issuance of grading or building permits; (ii) any damages, liability and/or claim of any kind for any injury to or death of any person, or damage or injury of any kind to property which may arise from or be related to the direct or indirect operations of the applicant/developer or its contractors, subcontractors, agents, employees or other persons acting on applicant/developer's behalf which relate to the project; and (iii) any and all damages, liability and/or claims of any kind arising from operation of the project. The applicant/developer further agrees that such indemnification and hold harmless shall include all defense related fees and costs associated with the defense of City by counsel selected by the City. This indemnification shall not terminate upon expiration of the conditions of approval or completion of the project, but shall survive in perpetuity.

PASSED, APPROVED, AND ADOPTED by the Planning Commission of the City of San Marcos, California, at a regular meeting held on this 3rd day of June, 2019, by the following roll call vote:

AYES: COMMISSIONERS:  
NOES: COMMISSIONERS:  
ABSENT: COMMISSIONERS:  
ABSTAIN: COMMISSIONERS:

APPROVED:

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Kevin Norris, Chairman

ATTEST:

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Gina Henderson, Senior Office Specialist

**ATTACHMENT(S):**

EXHIBIT A – Conditions of Approval

EXHIBIT B – Tentative Subdivision Map



## **EXHIBIT A**

### **Conditions of Approval**

#### **A. General Provisions**

1. All of the terms, covenants and conditions contained herein shall run with the land and be binding on and inure to the benefit of the heirs, successors, assigns, and representatives of the applicant/developer as to any and all of the property.
2. If any of the terms, covenants or conditions contained herein shall fail to occur or if they are, by their terms, to be implemented and maintained over time, if any of such conditions fail to be so implemented and maintained according to their terms, the City of San Marcos (City) shall have the right to revoke or modify all approvals herein granted including issuance of building permits; deny or further condition the subsequent approvals that are derived from the approvals herein granted; institute and prosecute litigation to compel compliance with said conditions or see damages for their violation. The applicant/developer shall be notified ten (10) days in advance prior to any of the above actions being taken by the City and shall be given the opportunity to remedy any deficiencies identified by the City.
3. The applicant/developer shall be responsible for bearing the costs of all grading activities, on-site and off-site improvements, labor, design, mitigation, and other costs associated with, but not limited to, the project's planning, engineering, construction and/or architecture for the project.
4. The proposed new development may be subject to the payment of development fees and in-lieu fees as required by the City's Fee Ordinance at the time an application is submitted or prior to the issuance of permits as determined by the City.
5. The development must comply with the storm water regulations applicable at the time of approval of the corresponding grading permit application.
6. All design requirements and mitigation measures of Mitigated Negative Declaration (ND18-004 and SCH No. 2019011064) shall be implemented.
7. The development of the site shall be consistent with the approved Multifamily Site Development Plan (MFSDP).

- B. Prior to submittal of any Final Map, the applicant/developer shall comply with the following conditions:

Land Development Division

1. The Final Map shall show the gross and net acreage of all lots created and/or modified.
2. The Final Map shall use the California Coordinate System for its “Basis of Bearing” and express all measured and calculated bearing values in terms of said system. The angle of grid divergence from a true median (theta or mapping angle) and the north point of said map shall appear on each sheet thereof. Establishment of said Basis of Bearings may be by use of existing Horizontal Control stations or astronomic observations. “Basis of Bearings” means the source of uniform orientation of all measured bearings shown on the map. Unless otherwise approved, this source will be the California Coordinate System, Zone 6, North American Datum of 1983 (NAD 83).

Planning Division

3. The minimum lot size (net) for the residential lot(s) shall be 10,000 square feet and no more than twenty-four (24) condominium units may be created, per the provisions of the Multifamily Residential 3 (R-3-10) Zone.
  4. Side yards shall have a minimum of three (3) feet of level open space between the building footprint and any slope or retaining wall in conjunction with the required building setback of the applicable Zone.
- C. Prior to or concurrent with the recordation of a Final Map, the applicant/developer shall comply with the following conditions:

Land Development Division

1. The applicant/developer shall apply for a public improvement permit compliant with SMMC Chapter 14.16. All plans submitted for public improvements shall conform to applicable codes and engineering handouts, unless explicitly superseded by the conditions contained herein. All appropriate fees shall be paid for the processing of the permit.
2. The applicant/developer shall dedicate offer to dedicate to the City rights-of-way for all public streets, emergency access, and all other interests in real property required by these conditions and as shown on the tentative map. All property or

property interests shall be granted to the City free and clear of all liens and encumbrances and without cost to the City and free of environmental hazards, hazardous materials or hazardous wastes.

3. The applicant/developer shall provide a four foot street dedication on Avenida Chapala along the project frontage.
4. The applicant/developer shall grant an emergency access easement within Private Drives A and B.
5. Prior to the recordation of a Final Map, the applicant/developer shall not grant any easements over any property subject to a requirement of dedication or irrevocable offer to the City, unless such easements are expressly made subordinate to the easements to be offered for dedication to the City. Prior to granting any of said easements, the applicant/developer shall furnish a copy of the proposed easement to the Land Development Engineer for review and approval.
6. Where proposed off-site improvements, including but not limited to streets, slopes, public utility facilities and drainage facilities, are to be constructed, the applicant/developer shall obtain all necessary easements or other interests in real property and shall dedicate the same to the City as required by the City. The applicant/developer shall provide recorded documents satisfactory to the City that such easements or other interest in real property have been obtained prior to the approval of the Final Map.

If said dedication and easements are not acquired after negotiations between the private parties, the applicant/developer shall submit a written request and provide sufficient information not later than sixty (60) days prior to the filing of any Final Map for approval, in accordance with SMMC Section 19.16.110, in order for the City to initiate condemnation proceedings as necessary for offsite acquisition of property. In all cases, the applicant/developer shall be responsible for all costs incurred in acquiring offsite property.

7. Direct access rights to Mission Road and Avenida Chapala (except at the proposed driveway) shall be relinquished to the City on the Final Map.
8. The Final Map shall include a statement to indicate that all streets, drainage, street lights, street signage and striping improvements within the interior of this subdivision designated as private shall remain private and be maintained by a homeowners association (HOA).
9. The applicant/developer shall develop Covenants, Conditions and Restrictions (CC&Rs) for the proposed project to assure the continued maintenance and operation of all open space and common areas, recreational facilities, and private improvements.

- a. At a minimum, the CC&Rs shall describe the property manager and/or HOA maintenance responsibilities, parking restrictions, fuel modification maintenance, water quality Best Management Practices (BMPs), City reporting responsibilities, and any regulatory agency permit responsibilities. The CC&Rs shall include an exhibit and/or written description depicting the HOA maintenance responsibilities.
  - b. The applicant/developer shall submit a draft copy of the CC&Rs for review and comment by the City. Final form of the CC&Rs shall be to the satisfaction of the City Attorney. A fully executed copy of the CC&Rs shall be provided to the City for recordation with the Final Map.
  - c. The CC&Rs shall include the provision that garages shall be utilized for the parking of vehicles, to be enforced by the HOA.
  - d. Maintenance of private open space areas and slopes shall be the responsibility of the HOA. All remaining open space lots, improvements and slopes that the City agrees to maintain must comply with City's criteria for maintenance for the Community Facility District No. 98-02 (Lighting, Landscaping, Open Space and Preserve Maintenance).
10. If the project is to be phased, a phasing plan shall be submitted and approved by the City Engineer and Planning Division Manager prior to approval of the Final Map. The phasing plan may be subject to further conditions. Should the applicant/developer decide to develop phases out of numerical sequence with the approved phasing as shown on the plan, all conditions required of the proceeding phases shall be completed unless otherwise approved by the City Engineer and the Planning Division Manager. Other conditions may be imposed by the City Engineer and Planning Division Manager to allow out-of-phase construction.
11. Line of sight easements, if necessary, shall be dedicated on the Final Map and delineated on all improvement and grading plans as approved by the City Engineer. Adequate sight distance for all intersections, driveways and access points shall be provided per latest edition of the California Department of Transportation (Caltrans) Highway Design manual and the American Association of State Highways and Transportation Officials (AASHTO) Geometric Design of Highways and Streets.
12. The applicant/developer shall enter into a Subdivision Improvement Agreement with the City to complete all required public improvements prior to permit issuance. Securities and applicable fees for the construction of the public improvements shall be submitted to and approved by the City in accordance with SMMC Sections 19.16.070 and 19.16.080.

13. Centerline striping shall be designed on Avenida Chapala at its intersection with Mission Road. Said striping design shall be to the satisfaction of the City Engineer.
14. The applicant/developer shall submit plans and appropriate construction notes for improvement of all streets, right of way and drainage facilities to the City Engineer for approval. Plans shall include all off-site improvements as specified by the City Engineer. In addition, a signage and striping plan shall be included with the improvement plans utilizing Caltrans' standards and shall be acceptable to the City Engineer.
15. The design of all private streets and/or drainage systems for this project shall be approved by the City Engineer. The structural section of all private streets shall conform to City standards based on R-value tests. All private streets and/or drainage systems shall be inspected by the City, and the standard plan check fees and inspection fees shall be paid and appropriate bonds shall be posted with the City prior to approval of the Final Map for each Map Unit.
16. The exact depth of new street structural sections and subgrade requirements shall be determined based on subgrade "R" value tests and the appropriate Traffic Index for the type of street as described in the City's "Urban Street Design Criteria" and "Excavation Ordinance". All existing streets shall be "core tested" to determine the existing structural section and the extent of overlay or reconstruction necessary to achieve the required structural section described above. Tests shall be taken by a qualified engineer at locations approved by the Director of Public Works.
17. Improvement plans shall delineate street alignments and grades including the change of any existing or proposed street alignments and grades required by the City Engineer and the City's "Urban Street Design Criteria" in effect at the time of project approval.
18. A light emitting diode street lighting system shall be shown on the street improvement plans and shall be installed at locations specified by the City Engineer at no cost to the public. All installations shall be compliant with the City's Street Lighting Standards.
19. The applicant/developer shall pay all applicable fees and deposit with the City a sum of money sufficient to energize, operate and maintain the public street landscaping (medians and parkways) and lighting system for a period of eighteen (18) months.
20. All utilities fronting, abutting or within the project shall be undergrounded with the exception of sixty-nine (69) KVA or greater power lines. All utility undergrounding must be completed prior to the surfacing of the streets.

Undergrounding must accommodate all pad mounted and pedestal equipment consistent with General Plan Goal LU 17.3. Where the underground of such equipment is not possible due to safety or lack of standards for such undergrounding, the applicant/developer shall provide an underground vault, in-building vault room, architecturally integrated screen wall around equipment, or other option approved by the Planning Division Manager.

21. The applicant/developer shall be responsible for acquiring all associated easements required by the utility companies for such work. The permanent placement of large meter services, detector checks, fire hydrants, etc., along circulation element streets shall be placed outside of the ultimate right-of-way to avoid reconstruction or modification of same.
22. The applicant/developer shall comply with all rules, regulations and design requirements of the respective sewer, water, utility, regional, federal or other approving agency regarding the installation, modification, development, improvement or protection of facilities within the project boundaries. It shall be the applicant/developer's responsibility to determine all agencies with rights of approval for the proposed development.
23. The applicant/developer shall post securities to the City, in amounts approved by the City Attorney and the City Engineer or their designees, for the construction of all public and private improvements including but not limited to the following: street improvements, storm drain facilities and off-site street repair. Said security shall be in a form acceptable to the City and shall remain in force until completion of the project and final approval by the City. Said security shall insure the construction of the "approved" public improvements within a period to be specified in the Subdivision Improvement Agreement.

#### Planning Division

24. The Covenants, Conditions and Restrictions (CC&R's) for the proposed project shall assure the continued maintenance and operation of all open space and common areas, recreational facilities, and private improvements are maintained in perpetuity and in conformance with the approved plans and applicable provisions of the Multifamily Residential 3 (R-3-10) Zone.
- D. During the installation of street and/or public improvements, the applicant/developer shall comply with the following conditions:



#### Public Works Construction Inspection Division

1. Prior to any construction activities, a pre-construction meeting shall be held with the Public Works Construction Inspection Division. The applicant/developer shall provide the inspector with a detailed construction schedule which depicts when building occupancy or occupancies will occur and when key public and private infrastructure improvements will be completed. Schedule updates shall be provided to the Building and Public Works Inspectors at a minimum monthly basis throughout the life of the project.

#### Land Development Division

2. During construction activities, the applicant/developer shall maintain public and private driveway and/or road access to neighboring properties at all times unless previous arrangements have been made with the private parties affected. Copies of said agreements shall be provided to the City Engineer.
3. The applicant/developer shall submit a traffic control plan to the Public Works Inspector for all phases of construction for approval by the City Engineer. Said plan shall include all traffic control devices including traffic signals as required.
4. Construction haul routes must be designed to avoid noise sensitive uses (e.g., residences, convalescent homes, etc.), to the extent feasible.
5. At the discretion of the Public Works Inspector, the applicant/developer shall document the pre-construction condition of existing roads or offsite properties which may be impacted by construction activities. The applicant/developer shall be responsible in repairing any construction related damages prior to occupancy.
6. A Right-of-Way permit shall be required prior to commencement of any work within the City right-of-way.
7. The applicant/developer shall implement and maintain storm water pollution prevention measures as required on the approved plans. Violations of the City's Storm Water Management Ordinance (SMMC Chapter 14.15) will result in Stop Work Orders, Notices of Violations and/or citations with fines. Work on the project may be delayed until the City determines that compliance with storm water requirements has been achieved.

#### Planning Division

8. Landscaping of slopes, in accordance with the approved landscape plans, shall

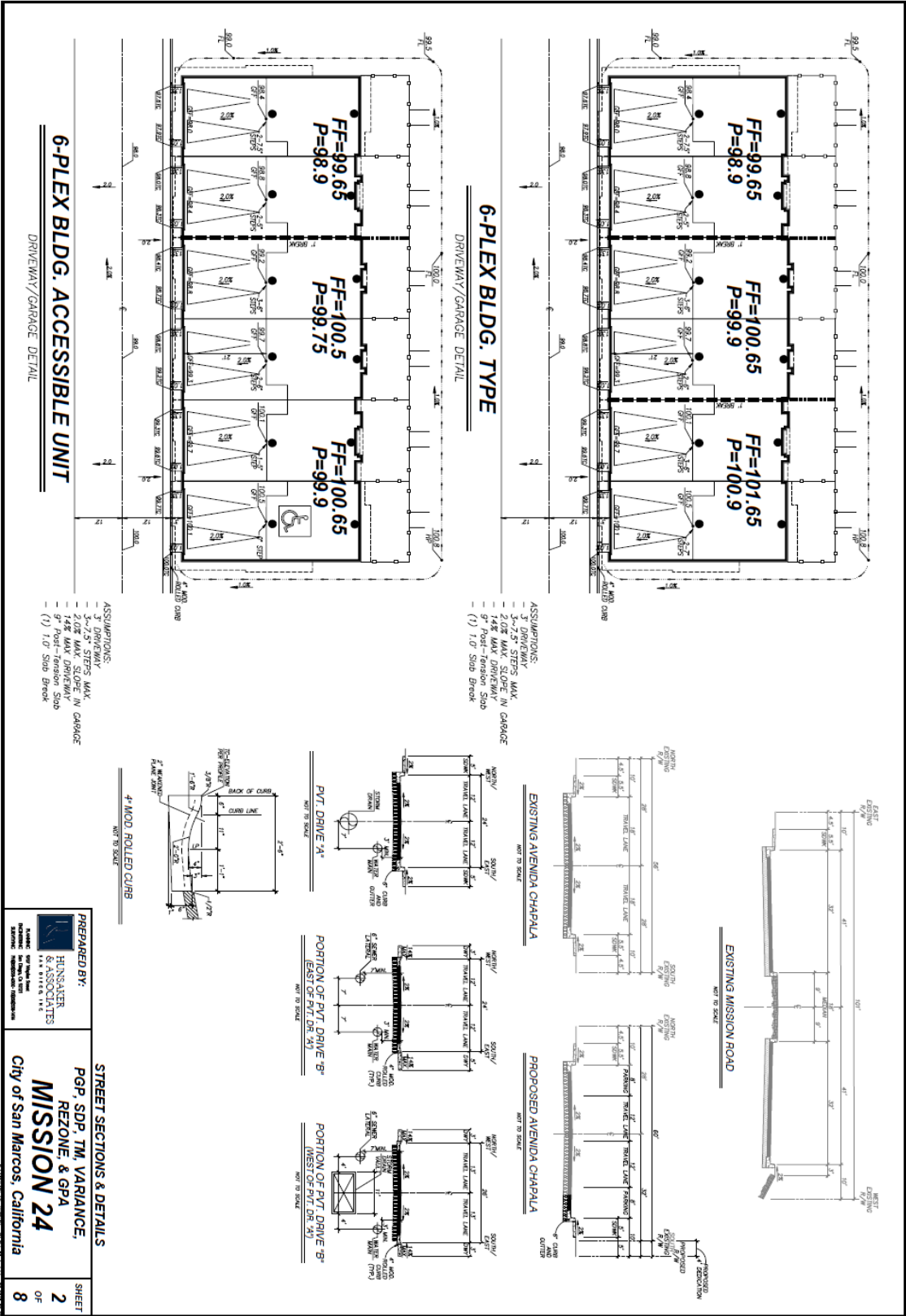
commence at time of completion of grading activities.

9. The project shall comply with Regional Air Quality Standards.
- E. Prior to the release of any securities, the applicant/developer shall comply with the following conditions:

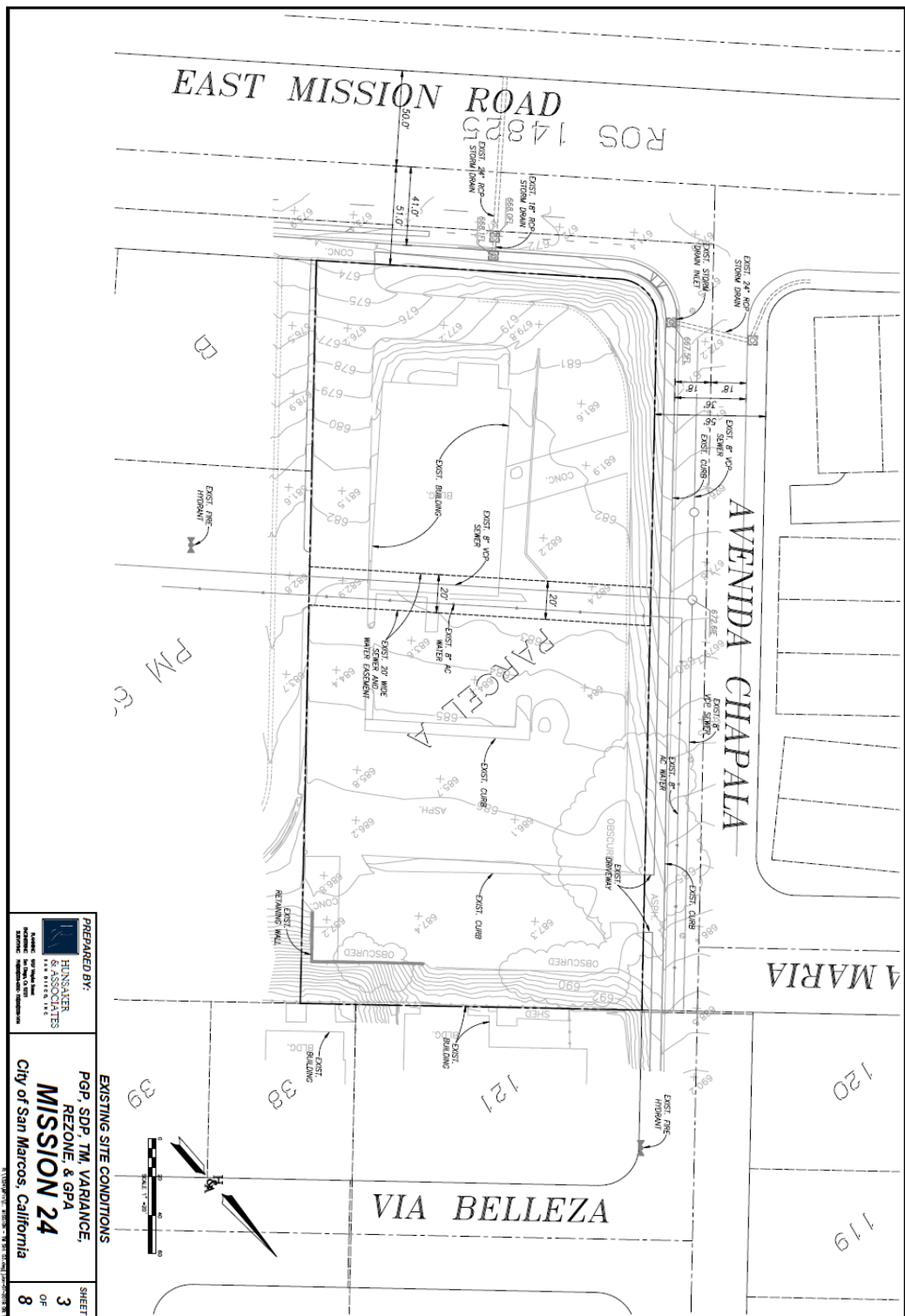
Land Development Division

1. As-Built drawings shall be submitted to the Engineering Division for review and approval. Record drawing mylar plans shall be submitted and approved prior to the release of any project securities.
2. Any existing broken pavement, concrete curb, gutter or sidewalk or any other facilities damaged during construction of the project, shall be repaired or replaced as directed by the Public Works Inspector.





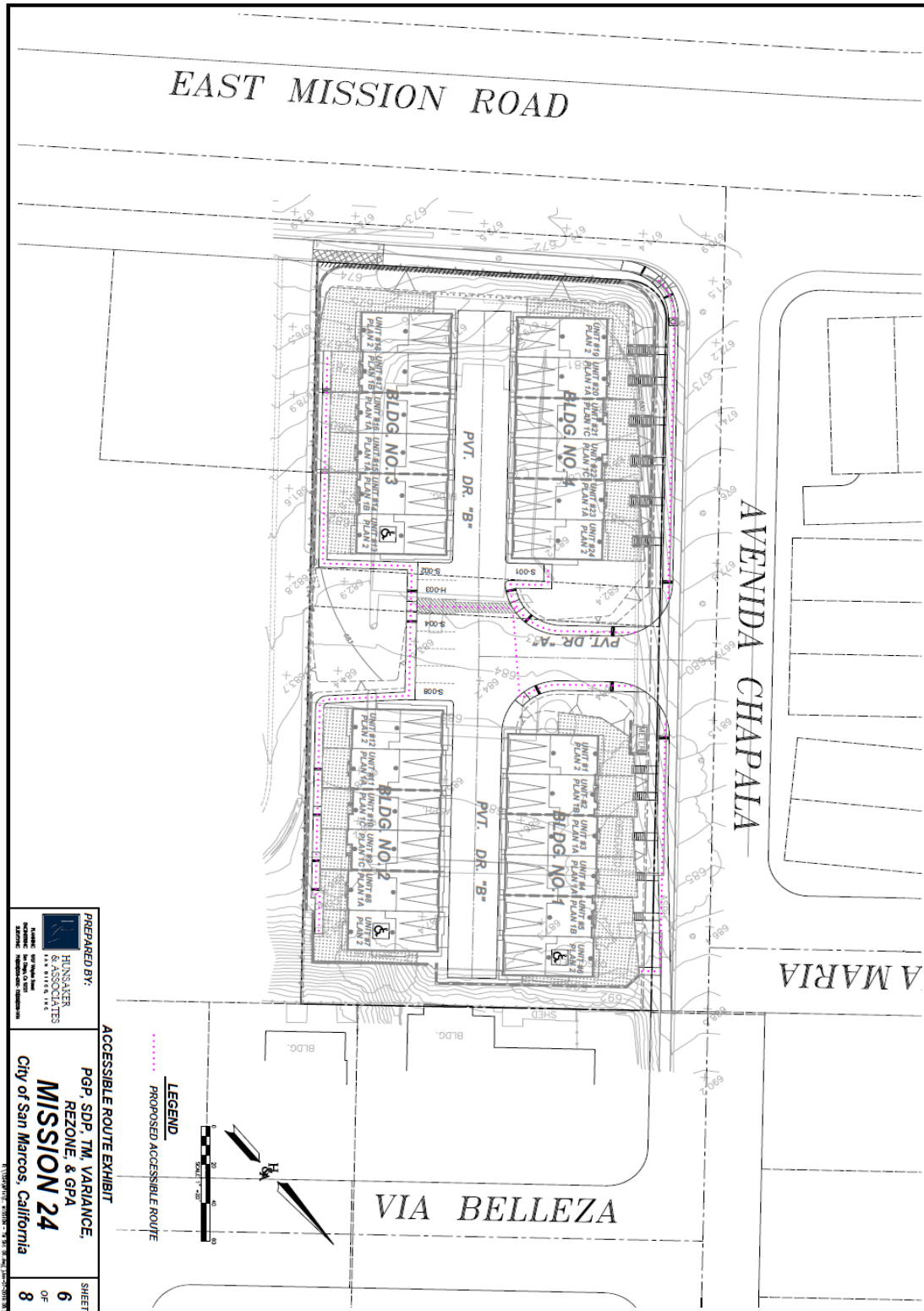
GPA18-0003, R18-0003, MFSDP 18-0002, TSM18-0002, V18-0001



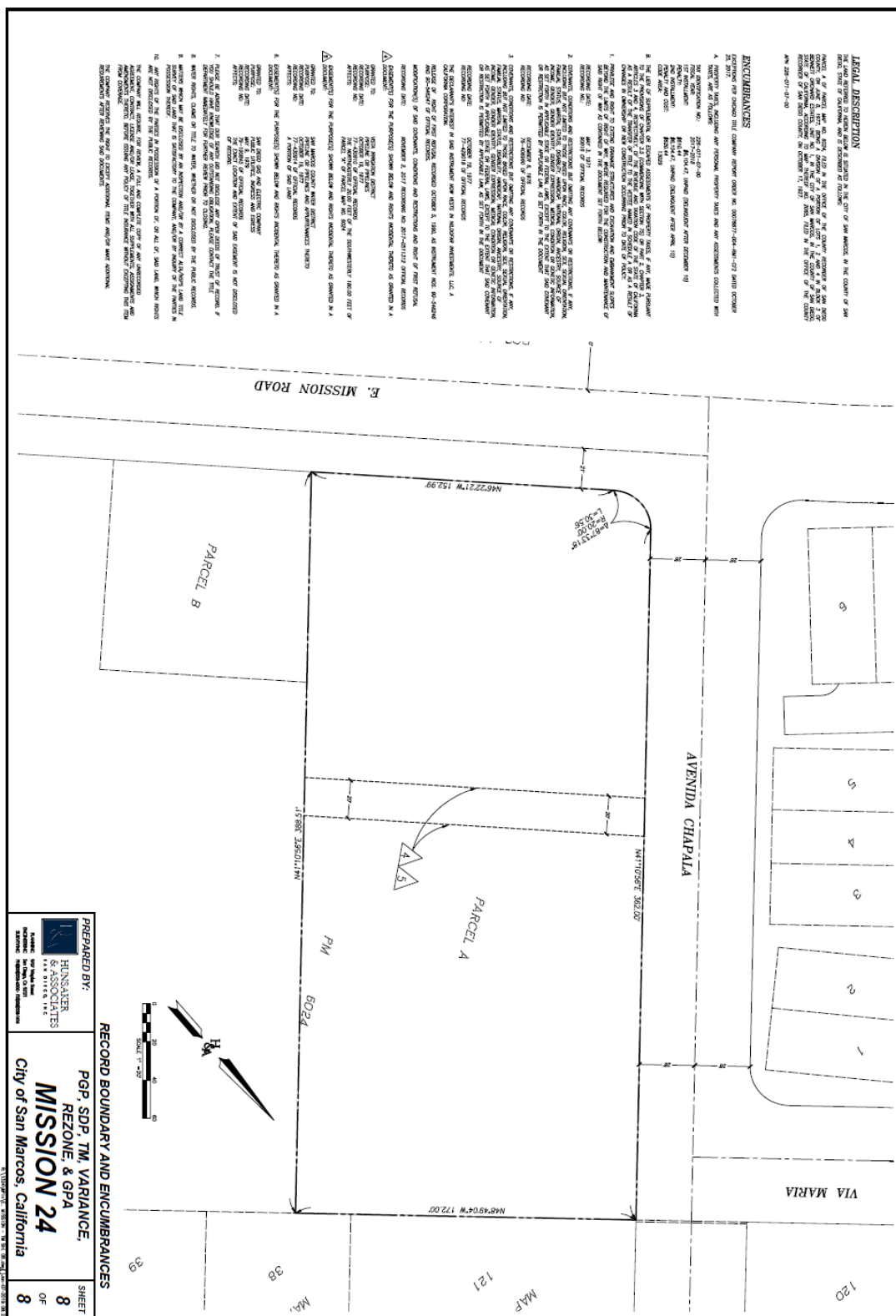












RESOLUTION PC 19-4785

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF SAN MARCOS RECOMMENDING TO THE CITY COUNCIL APPROVAL OF A MULTI-FAMILY SITE DEVELOPMENT PLAN FOR THE REDEVELOPMENT OF A 1.52 ACRE NEIGHBORHOOD COMMERCIAL SITE WITH TWENTY-FOUR (24) RESIDENTIAL TOWNHOME UNITS IN THE MULTIFAMILY RESIDENTIAL 3 (R-3-10) ZONE

MFSDP 18-0002  
Hall Land Company, Inc.

WHEREAS, on May 22, 2018, the City received an application from Hall Land Company, Inc. requesting a Multi-Family Site Development Plan to allow the demolition of an existing 6,915 square foot vacant bank building and construction of a twenty-four (24) two-story residential townhome condominium units on a 1.52 (1.48 net) acre site located at 1210 E. Mission Road in the proposed R-3-10 Zone in the Richland Neighborhood more particularly described as:

Brief Legal Description: Parcel A of Parcel Map No. 6024, filed in the Office of the County Recorder of San Diego County on June 8, 1977, being a division of a portion of lots 1, 2, and 4 in block 3 of Bennett Orchard Estates, Unit No. 1, in the City of San Marcos, in the County of San Diego, State of California, According to Map thereof No. 2065, filed in the Office of the County Recorder of San Diego County, on October 17, 1927.

Assessor's Parcel Number(s): 226-071-07-00; and

WHEREAS, the Multifamily Site Development Plan is being requested in conjunction with a General Plan Amendment (GPA18-0003) to change the land use from "Neighborhood Commercial (NC)" to "Medium Density Residential 2 (MDR2)"; a Rezone (R 18-0003) to change the zone from Neighborhood Commercial (N-C) to Residential 3 (R-3-10); a Tentative Subdivision Map (TSM 18-0002) to dedicate right-of-way and create twenty-four (24) condominium units; and a Variance (V18-0001) to allow for the reduction of special setbacks on E Mission Road; and

WHEREAS, the Development Services Department did study said request, and recommends approval of said request; and

WHEREAS, on February 21, 2019, the City held a public workshop to provide an informational overview of the proposed project to the general public; and

WHEREAS, on June 3, 2019, the Planning Commission held a duly noticed public hearing in the manner prescribed by law to consider said request; and

WHEREAS, the Planning Commission did review and consider a Mitigated Negative Declaration (ND18-004 and SCH No. 2019011064) for said request pursuant to the California Environmental Quality Act (CEQA); and

NOW, THEREFORE, the Planning Commission does hereby resolve as follows:

- A. The foregoing recitals are true and correct, and are hereby incorporated by reference into this Resolution.
- B. The Planning Commission hereby recommends to the City Council approval of this Multi-Family Site Development Plan per the submitted plans date stamped January 7, 2019 (twenty-four residential condominium units in four (4) two-story buildings on a 1.52 acre gross/1.48 acre net site) except as modified herein, and subject to compliance with the conditions of approval in Exhibit A attached hereto and incorporated by reference and made a part of this Resolution as though fully set forth herein.
- C. This Multi-Family Site Development Plan is recommended to the City Council for approval in conjunction with the submitted General Plan Amendment (GPA 18-0003), Rezone (R 18-0003), Tentative Subdivision Map (TSM 18-0002), and Variance (V 18-0001) and all conditions of approval specified in PC 19-4782 (GPA 18-0003), PC 19-4786 (R 18-0003), PC19-4783 (TSM 18-0002), PC 19-4784 (V18-0001), respectively, which documents are incorporated herein by this reference; and the mitigation measures in Mitigated Negative Declaration (ND18-004 and SCH No. 2019011064) are hereby incorporated by reference and made a part of this Resolution with the same force and effect as though fully set forth herein.
- D. The Planning Commission's decision is based on the following findings and determinations:
  - 1. The Multi-Family Site Development Plan conforms with the General Plan and all provisions of the San Marcos Municipal Code, in that the project achieves a balanced distribution and compatible mix of land uses to meet the present and future needs of all residents and the business community by removing blighted structures and redeveloping the site with residential units which are compatible with the existing neighborhood.
  - 2. The removal of twenty-two (22) existing mature trees onsite is necessary to conduct grading and reconfigure the site; the proposal to plant sixty-five (65) new trees will be a sufficient replacement of the trees that will be removed and is consistent with General Plan policies LU-2.7: promote the instillation of trees to reduce the urban heat-island effect and COS-2.6: Preserve healthy mature trees where feasible; where necessary, trees shall be replaced at a ratio of 1:1.
  - 3. The Multi-Family Site Development Plan will preserve natural landforms and ridgelines, does not include excessive or unsightly grading of hillsides, and



otherwise will not adversely affect the natural setting, in that all grading activities will conform to the Grading Ordinance and existing hillsides will be retained by the project.

4. The Multi-Family Site Development Plan provides adequate buffering between residential and non-residential uses, and otherwise is in the best interests of the public health, safety, and general welfare, in that an approximately twenty (20) foot setback from the project to the adjacent Neighborhood Commercial zoned property is proposed with a six (6) foot block wall and landscaping further enhancing the buffer between the two uses; the nearest commercial building to the proposed project building would be approximately fifty-six (56) feet east from the project.
5. The structure(s), Multi-Family Site Development Plan, and landscaping are in scale and harmonious with existing and future development and with the landforms and vegetation adjacent to and in the vicinity of the site, in that the proposed two-story townhomes (approx. 29 feet in height) are compatible with the surrounding residential and commercial building heights in the vicinity; the landscaping, including sixty-five (65) trees will also be compatible with the existing neighborhood.
6. The structure(s), Multi-Family Site Development Plan, and landscaping, as conditioned, will create an internal sense of order, provide a visually pleasing setting for occupants, visitors and the general community, are appropriate to the function of the site, and provide safe and convenient access to the property for pedestrians, cyclists, and vehicles.
7. The Multi-Family Site Development Plan provides all required on-site and off-site public improvements, in compliance with City adopted Design Manuals and guidelines, as deemed necessary by the review authority, in that the proposed dedication of four (4) feet of right-of-way on Avenida Chapala (to a 60 foot ultimate width) will allow open surface parking on the east side of the street, along the project frontage, and the design of the project driveway on Avenida Chapala meets all provisions of the City's street design manual.
8. The Multi-Family Site Development Plan provides open space, parking areas, and landscaping consistent with the Zoning Ordinance and in a manner that visually enhances the physical use of the property, in that three (3) onsite recreational amenities for residents of the development are being provided pursuant to San Marcos Municipal Code (SMMC) § 20.215.060(B) and landscaping will contain a mixture of trees, shrubs, plants, and groundcover that will further enhance the neighborhood.
9. All requirements of CEQA have been met, in that impacts to biological resources, cultural resources, hazards and hazardous materials, noise, public services,

recreation, and tribal cultural resources have been sufficiently mitigated to a level of insignificance with mitigation measures identified in ND18-004.

- E. This Multi-Family Site Development Plan is within the scope of the Mitigated Negative Declaration (ND18-004 SCH No. 2019011064) and the mitigation monitoring and reporting program, and both are hereby recommended to the City Council for adoption pursuant to CEQA.
- F. Within thirty (30) days of the approval of the Multi-Family Site Development Plan, the approved site plan, architectural elevations, floor plans, and conceptual landscape plan shall be submitted as a digital file on a CD including this Resolution number on the title page. The title page shall include the statement "I (we), \_\_\_\_\_, the applicant/owner(s) or the applicant/owner's representative, have read, understand and agree to the conditions of Resolution PC 19-4785." Immediately following this statement shall appear a signature block for the owner or the owner's representative which shall be signed. Signature blocks for the Project Planner and the Project Civil Engineer shall also appear on this title page. The digital copy shall be approved by the City prior to submittal of any grading plan, improvement plan, or building permit.
- G. This Multi-Family Site Development Plan approval shall lapse and be null and void upon the expiration of Tentative Subdivision Map (TSM 18-0002)..
- H. The applicant/developer shall comply with all provisions and requirements set forth in the San Marcos Municipal Code, and all City ordinances, resolutions, policies and procedures, and with all applicable state and federal regulations, as may be amended from time to time, whether or not such provisions or requirements have been specifically set forth in these conditions, all of which are now incorporated by reference and made a part of this Resolution with the same force and effect as though fully set forth herein.
- I. To the extent feasible and as permitted by law, developers and contractors are requested to first consider the use of San Marcos businesses for any supplies, materials, services, equipment needed, and the hiring of local residents to stimulate the San Marcos economy to the greatest extent possible.
- J. To the extent permitted by law, the applicant/developer shall defend and hold the City of San Marcos, its agents and employees harmless from liability from: (i) any and all actions, claims, damages, injuries, challenges and/or costs of liabilities arising from the City's approval of any and all entitlements or permits arising from the project as defined in the conditions of approval, or issuance of grading or building permits; (ii) any damages, liability and/or claim of any kind for any injury to or death of any person, or damage or injury of any kind to property which may arise from or be related to the direct or indirect operations of the applicant/developer or its contractors, subcontractors, agents, employees or other persons acting on applicant/developer's behalf which relate to the project; and (iii) any and all damages, liability and/or claims of any kind arising from operation of the project. The applicant/developer further agrees that such indemnification

and hold harmless shall include all defense related fees and costs associated with the defense of City by counsel selected by the City. This indemnification shall not terminate upon expiration of the conditions of approval or completion of the project, but shall survive in perpetuity.

PASSED, APPROVED AND ADOPTED by the Planning Commission of the City of San Marcos, California, at a regular meeting thereof, held on this 3rd day of June, 2019, by the following roll call vote:

AYES: COMMISSIONERS:  
NOES: COMMISSIONERS:  
ABSENT: COMMISSIONERS:  
ABSTAIN: COMMISSIONERS:

APPROVED:

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Kevin Norris, Chairman

ATTEST:

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Gina Henderson, Senior Office Specialist

**ATTACHMENT(S):**

EXHIBIT A – Conditions of Approval  
EXHIBIT B – Site Plan  
EXHIBIT C – Architectural Plans

## **EXHIBIT A**

### **Conditions of Approval**

#### **A. General Provisions**

1. All of the terms, covenants and conditions contained herein shall run with the land and be binding on and inure to the benefit of the heirs, successors, assigns, and representatives of the applicant/developer as to any and all of the property.
2. If any of the terms, covenants or conditions contained herein shall fail to occur or if they are, by their terms, to be implemented and maintained over time, if any of such conditions fail to be so implemented and maintained according to their terms, the City of San Marcos (City) shall have the right to revoke or modify all approvals herein granted including issuance of building permits, deny, or further condition the subsequent approvals that are derived from the approvals herein granted, institute and prosecute litigation to compel their compliance with said conditions or see damages for their violation. The applicant/developer shall be notified ten (10) days in advance prior to any of the above actions being taken by the City and shall be given the opportunity to remedy any deficiencies identified by the City.
3. The applicant/developer shall be responsible for bearing the costs of all grading activities, on-site and off-site improvements, labor, design, mitigation, and other costs associated with, but not limited to, the project's planning, engineering, construction and/or architecture for the project.
4. The proposed new development may be subject to the payment of development fees and in-lieu fees as required by the City's Fee Ordinance at the time an application is submitted or prior to the issuance of permits as determined by the City.
5. The development must comply with the storm water regulations applicable at the time of approval of the corresponding grading permit application.
6. All design requirements and mitigation measures of Mitigated Negative Declaration (ND18-0004 and SCH No. 2019011064) shall be implemented.
7. Future tenant improvements for each building shall require issuance of a building permit(s). Tenant improvement plans for each building shall include a parking calculation to substantiate that the subject parcel contains the required amount of parking spaces for the proposed use in accordance with the City's Off-Street Parking Ordinance (SMMC Ch. 20.340).

- B. The removal of the existing 6,915 square foot building onsite shall require a Building (“Demolition”) Permit and the applicant/developer shall comply with the following conditions.

Planning/Building Division

1. The applicant/developer shall use a licensed contractor registered with Cal/OSHA for all asbestos-related work. The contractor shall be responsible for informing the landfill of the contractor’s intent to dispose of asbestos waste and shall also be responsible for segregating and characterizing waste streams prior to disposal.
  2. During building demolition, the applicant/developer shall handle all lead-containing paint in accordance with Cal/OSHA lead standards. Compliance and training requirements for activities where workers may be exposed to lead are presented in Title 8, CCR, Section 1532.1(e)(1). Additionally, in accordance with Title 8, CCR, Section 15321(p), written notification to the nearest Cal/OSHA office is required at least 24 hours prior to certain lead-related work.
  3. The following protocol shall be implemented for handling universal waste during building demolition:
    - a. Fluorescent light tubes, fluorescent lights with internal ballasts, and HIG light bulbs should be removed from lighting fixtures and managed for recycling prior to demolition.
    - b. All light ballasts shall be inspected for PCB status (labeling) and removed prior to demolition. All light ballasts that are unlabeled or lack a “No PCBs” designation shall be treated as PCB-containing components and managed as hazardous waste.
    - c. Potential lead-acid, NiCad, or other rechargeable batteries used in emergency lighting and exit signs should be managed for recycling.
    - d. Refrigeration equipment (roof top HVAC units) shall be moved and managed for reuse or the CFC refrigerants in the equipment shall be reclaimed for recycling prior to disposing of the equipment.
    - e. Removal of universal waste or suspect hazardous building materials shall be conducted by contractors licensed to handle, transport and/or dispose of universal wastes and hazardous wastes.
- C. Prior to issuance of any grading permit, the applicant/developer shall comply with the

following conditions.

Land Development Division

1. The design of all private streets and/or drainage systems for this project shall be approved by the City Engineer. The structural section of all private streets shall conform to City standards based on R-value tests. All private streets and/or drainage systems shall be inspected by the City, and the standard plan check fees and inspection fees shall be paid and appropriate bonds shall be posted with the City prior to approval of the Final Map or Grading Permit issuance.
2. The exact depth of street structural section and subgrade requirement shall be determined based on subgrade "R" value tests and the appropriate Traffic Index for the type of street as described in the City's "Urban Street Design Criteria". Tests shall be taken by a qualified engineer at locations approved by the Director of Public Works.
3. All utilities fronting, abutting or within the project shall be undergrounded with the exception of sixty-nine (69) KVA or greater power lines. All utility undergrounding must be completed prior to the surfacing of the streets. Undergrounding must accommodate all pad mounted and pedestal equipment consistent with General Plan Goal LU 17.3. Where the underground of such equipment is not possible due to safety or lack of standards for such undergrounding, the applicant/developer shall provide an underground vault, in-building vault room, architecturally integrated screen wall around equipment, or other option approved by the Planning Division Manager.
4. The applicant/developer shall comply with all rules, regulations and design requirements of the respective sewer, water, utility, regional, federal or other approving agency regarding the installation, modification, development, improvement or protection of facilities within the project boundaries. It shall be the applicant/developer's responsibility to determine all agencies with rights of approval for the proposed development.
5. The applicant/developer shall mitigate for impacts on City services related to emergency response, traffic congestion, landscaping, and infrastructure maintenance. The mitigation shall be met through the execution of applications to annex the real property of the project into the following Community facilities Districts (CFD):

CFD 98-01: Improvement Area No. 1 (Police Only).

CFD 98-02: Lighting, Landscaping, Open Space and Preserve Maintenance.



CFD 2001-01: Fire and Paramedic.  
CFD 2011-01: Congestion Management.

Additionally, if the City determines it to be necessary, a Special Improvement Area shall be formed with respect to CFD 98-02 for the ongoing maintenance services provided by the City for improvements being installed above and beyond the City standards, installed by the applicant/developer as depicted on a Special Improvement Area exhibit, to be submitted by the applicant/developer after project approval. Such improvements include, but are not limited to, storm water treatment devices and enhanced landscaping features. No building permit will be issued without receipt of a petition for annexation and consent and waiver executed by the property owners for each of the above-referenced CFDs for the establishment of the special taxes. In lieu of annexation, the applicant/developer may pay a fee for each CFD consentient with the pre-payment option laid out in each CFD's formation documents. The applicant/developer shall be responsible for compliance with all rules, regulations, policies and practices established by State Law and/or the City with respect to the CFD including, without limitation, requirements for notice and disclosure to future owners and/or residents.

6. The applicant/developer shall post securities to the City, in amounts approved by the City Attorney and the City Engineer or their designees, for the construction of all public and private improvements including but not limited to the following: grading and erosion control, driveway improvements, storm drain facilities, water quality BMP's, and landscaping. Said security shall be in a form acceptable to the City and shall remain in force until completion of the project and final approval by the City. For grading securities, the City may require 10% of said securities to be in the form of cash.
7. The applicant/developer shall submit an application for a grading permit in accordance with SMMC Chapter 17.32 and all related Engineering Division handouts. All applicable fees and securities shall be paid prior to grading permit issuance.
8. Grading plans and activities shall be based on a comprehensive investigation of surface and subsurface conditions. Results of this investigation and recommendations arising therefrom shall be submitted in the form of a report written by a registered geotechnical engineer or registered engineering geologist.

9. Erosion control and/or sediment control details shall be submitted with/on the grading plans to the Land Development Division for review and approval. The details shall conform to City standards, codes and ordinances, and San Diego Regional Water Quality Control Board (SDRWQCB) Municipal Storm Water Permit requirements. The details shall include landscaping and temporary irrigation systems on exposed slopes to be approved by the City Engineer and Planning Manager.
10. A hydrology and hydraulic report, including calculations, shall be prepared for the project to determine the existing and post-development runoff for the 100-year storm conditions. Storm drains and drainage structures shall be sized for build-out according to the approved hydrology report. All surface runoff originating within the project and all surface waters that may flow onto the project from adjacent properties shall be accommodated by the drainage system. The report shall also determine the build-out runoff into existing off-site natural drainage swales and storm drain systems, and shall address any need for off-site improvements, including upsizing of existing facilities. Blocking, concentrating, lowering or diverting of natural drainage from or onto adjacent property shall not be allowed without written approval of the affected property owner(s).
11. The applicant/developer shall be responsible for mitigating impacts created by changes in drainage runoff course, concentration, or quantity to the satisfaction of the City Engineer for both on-site and off-site drainage. This may require the applicant/developer to provide all necessary easements and improvements to accommodate drainage and flood control structures extending beyond the boundaries of the project.
12. The applicant/developer shall execute a “Hold Harmless” Agreement with the City regarding drainage across the adjacent property.
13. A Storm Water Quality Management Plan (SWQMP) shall be submitted in accordance with the most current version of the City adopted BMP design manual and meet the most current requirements of SDRWQCB.
14. The applicant/developer shall enter into a Storm Water Management and Discharge Control Maintenance Agreement and Easement for the maintenance of all structural post-construction storm water management improvements. The agreement and easement shall be in a form acceptable to the City Attorney.

15. Proof of coverage under the State of California's General Construction Permit shall be provided to the Engineering Division. A copy of the Storm Water Pollution Prevention Plan (SWPPP) submitted with the State's permit shall be submitted.
16. All construction and grading related Best Management Plans (BMPs) shall be shown in detail on the construction plans submitted to the City for review and approval.
17. The applicant/developer shall be responsible for acquiring all associated easements required by the utility companies for such work. The permanent placement of large meter services, detector checks, fire hydrants, etc., along circulation element streets shall be placed outside of the ultimate right-of-way and if applicable, trail easement, to avoid reconstruction or modification of same.
18. The applicant/developer shall submit "will-serve" letters from all affected public service and utilities agencies prior to issuance of grading permit.

#### Planning Division

19. Under separate permit application, the applicant/developer shall submit construction landscape plans to the Planning Division for review and approval per the following requirements:
  - a. Final landscape and irrigation plans shall be prepared by a licensed landscape architect.
  - b. Separate landscape plans shall be submitted for the onsite (private) landscape areas and the offsite (CFD) landscape areas. CFD landscape plans shall be submitted to the Land Development Division as part of the street improvement plan set. Private landscape plans shall be submitted separately to the Planning Division.
  - c. This project is subject to the payment of a landscape permit and inspection fee. The landscape permit and inspection fee shall be four and one-half percent (4.5%) of the landscape architect's estimate for the completion of all landscaping shown on approved mylars. All submitted estimates shall be stamped and signed by the landscape architect, and estimate the cost of plant and irrigation materials only.
  - d. Landscape plans shall contain a mixture of trees, shrubs, and ground cover, and be provided with an irrigation system. The irrigation system

shall include an automatic rain sensor switch, master valve, stainless steel enclosure for the backflow device, and stainless steel controller cabinet if in public view. The irrigation system shall be designed to prevent water run-off onto the sidewalk or street. The landscape plan shall list the quantities of each plant type, including a legend indicating what each symbol represents; height and spread of trees (in accordance with City Minimum Tree Standards handout, City Council Resolution 2001-5747); and method of installation and irrigation.

- e. Landscape plans shall include any above ground utility facilities (i.e., backflow preventers, telecom boxes, electrical transformers, etc.) and propose adequate landscape screening to conceal the facilities from public view.
- f. The landscape plans, including plant material and irrigation design, shall comply with the City's landscape water efficiency ordinance, SMMC Chapter 20.330, in addition to State of California water efficiency requirements.
- g. All permanent Best Management Practices (BMPs) per the approved grading plan shall be shown on the landscape plans. Landscape plans shall be reviewed and signed by the engineer-of-work that the proposed landscape design complies with the requirements of the Storm Water Quality Management Plans (SWQMP).
- h. The applicant/developer shall submit a fencing plan, in conjunction with the landscape plan, which proposes a consistent type and style of fences and/or walls. The fencing plan shall include decorative fencing with a detail of each proposed fence/wall type, and shall not include chain link fencing. The perimeter block wall shall include a minimum of seven (7) pilasters, equally spaced along E. Mission Road, and a minimum of seven (7) pilasters on the east side of the property, adjacent to the commercial center. All perimeter block walls shall be constructed of multicolored block (i.e., Orco Wheat, Tan, and Nufad) and shall contain a graffiti resistant coating. The E. Mission Road block wall shall integrate landscaping (i.e., climbing vines, shrubs, etc.) on the exterior side of the wall.
- i. The "dog area" identified as a recreational amenity shall include a pet waste disposal station that at a minimum contains: (1) a sign requiring pets to remain "on leash" and owners to remove pet waste, (2) a pet waste collection bag dispenser, and (3) a waste receptacle.
- j. Landscaping for the proposed project shall avoid the use of invasive plant

species. Invasive plants shall be those identified on Lists A and B of the California Exotic Plant Council's List of Exotic Plants of Greatest Ecological Concern in California, as of October 1999, and updated if applicable.

- k. The landscape permit shall require that prior to installation, the proposed plants shall be inspected and approved by the Planning Division for plant quality and compliance with minimum size requirements. The placement of plants shall be installed in accordance with the approved landscape plans. Upon completion of installation, all landscaping/irrigation shall be inspected and approved by the Planning Division. The applicant/developer shall be responsible to contact the Planning Division for landscaping inspections.
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- 20. All exposed retaining walls shall be constructed of earth tone colored keystone, split-face, or similar textured block. The applicant/developer shall submit a material sample to the Planning Division for review and approval prior to issuance of grading permit.
  - 21. The use of a rock crusher(s) on site shall require approval of a Conditional Use Permit (CUP) prior to issuance of grading permit.
  - 22. The applicant/developer shall comply with the following conditions regarding cultural resources:
    - a. Prior to the issuance of a Grading Permit, or ground disturbing activities, the applicant/developer shall enter into a Tribal Cultural Resource Treatment and Monitoring Agreement (also known as a pre-excavation agreement) with the San Luis Rey Band of Mission Indians, and/or another Traditionally and Culturally Affiliated Native American Tribe ("TCA Tribe"). The purpose of this agreement shall be to formalize protocols and procedures between the applicant/developer and the TCA Tribe for the protection and treatment of Native American human remains, funerary objects, cultural and/or religious landscapes, ceremonial items, traditional gathering areas and other tribal cultural resources, located within and/or discovered during ground disturbing and/or construction activities for the proposed project, including any additional archaeological surveys and/or studies, excavations, geotechnical investigations, grading, preparation for wet and dry infrastructure, and all other ground disturbing activities.
    - b. The landowner shall relinquish ownership of all non-burial related tribal cultural resources collected during the grading monitoring program and

from any previous archaeological studies or excavations on the project site to the TCA Tribe for proper treatment and disposition per the Cultural Resources Treatment and Monitoring Agreement. Any burial related tribal cultural resources (as determined by the Most Likely Descendant) shall be repatriated to the Most Likely Descendant as determined by the Native American Heritage Commission pursuant to California Public Resources Code Section 5097.98. If none of the TCA Tribes accept the return of the cultural resources, then the cultural resources will be subject to the curation requirements contained herein. Additionally, in the event that curation of tribal cultural resources is required by a superseding regulatory agency, curation shall be conducted by an approved facility and the curation shall be guided by California State Historic Resource Commissions Guidelines for the Curation of Archaeological Collections. The City of San Marcos shall provide the developer final curation language and guidance on the project grading plans prior to issuance of the grading permit, if applicable, during project construction. The applicant shall provide to the City written documentation from the TCA Tribe, the Most Likely Descendant, and/or the curation facility, whichever is most applicable, that the repatriation and/or curation have been completed.

- c. Prior to the issuance of a Grading Permit or ground-disturbing activities, the applicant/developer or Grading Contractor shall provide a written and signed letter to the Development Services Department stating that a Qualified Archaeologist and TCA Native American monitor have been retained at the applicant/developer or Grading Contractor's expense to implement the monitoring program, as described in the Tribal Cultural Resource Treatment and Monitoring Agreement.
- d. Prior to submittal of grading and/or improvement as-built plans, or prior to the issuance of any project Certificate of Occupancy, a monitoring report, which describes the results, analysis and conclusions of the archaeological monitoring program shall be submitted by the Qualified Archaeologist, along with the TCA Native American monitor's notes and comments, to the Planning Division Manager for approval. A copy of any submitted monitoring report shall be provided to the San Luis Rey Band of Mission Indians and any other TCA Tribe that requests the report.
- e. The Qualified Archaeologist shall maintain ongoing collaborative consultation with the TCA Native American monitor during all ground disturbing activities. The requirement for the monitoring program shall be noted on all applicable construction documents, including demolition plans, grading plans, etc. The Applicant/Owner or Grading Contractor shall notify the Planning Division, preferably through e-mail, of the start and end of all ground disturbing activities.

- f. The Qualified Archaeologist and TCA Native American Monitor shall attend all applicable pre-construction meetings with the General Contractor and/or associated Subcontractors to present the archaeological monitoring program. The Qualified Archaeologist and TCA Native American monitor shall be present on-site full-time during grubbing, grading and/or other ground disturbing activities, including the placement of imported fill materials or fill used from other areas of the project site, to identify any evidence of potential archaeological or cultural resources. All fill materials shall be absent of any and all cultural resources. The applicant/developer or Grading Contractor may submit written documentation to the City to substantiate if any fill material is absent of cultural resources. Should the City concur that the fill material is absent of cultural resources, in consultation with a Qualified Archaeologist and/or the TCA Native American monitor, then no monitoring of that fill material is required.
  
- g. The Qualified Archaeologist or the TCA Native American monitor may halt ground disturbing activities if unknown archaeological artifact deposits or cultural features are discovered. Ground disturbing activities shall be directed away from these deposits to allow a determination of potential importance. Isolates and clearly non-significant deposits (as determined by the Qualified Archaeologist, in consultation with the TCA Native American monitor) will be minimally documented in the field, collected and be given to the TCA Tribe so that they may be reburied at the site on a later date. If a determination is made that the unearthed artifact deposits or tribal cultural resources are considered potentially significant, the San Luis Rey Band of Mission Indians and/or the TCA Tribe referenced in CR-1 shall be notified and consulted with in regards to the respectful and dignified treatment of those resources. All sacred sites, significant tribal cultural resources and/or unique archaeological resources encountered within the project area shall be avoided and preserved as the preferred mitigation, if feasible. If however, a data recovery plan is authorized by the City as the Lead Agency under CEQA, the contracted San Luis Rey Band of Mission Indians and/or the TCA Tribe referenced in CR-1 shall be notified and consulted regarding the drafting and finalization of any such recovery plan. For significant artifact deposits, tribal cultural resources or cultural features that are part of a data recovery plan, an adequate artifact sample to address research avenues previously identified for sites in the area will be collected using professional archaeological collection methods. If the Qualified Archaeologist collects such resources, the TCA Native American monitor must be present during any testing or cataloging of those resources. Moreover, if the Qualified Archaeologist does not collect the cultural resources that are unearthed during the ground disturbing activities, the TCA Native American monitor, may at their discretion, collect said resources and provide them to



the contracted TCA Tribe referenced in CR-1 for respectful and dignified treatment in accordance with the Tribe's cultural and spiritual traditions. If the Developer, the Qualified Archaeologist and the TCA Tribe cannot agree on the significance or mitigation for such resources, these issues will be presented to the Planning Division Manager for decision. The Planning Division Manager shall make a determination based upon the provisions of the California Environmental Quality Act and California Public Resources Code Section 21083.2(b) with respect to archaeological resources, tribal cultural resources and shall take into account the religious beliefs, cultural beliefs, customs and practices of the TCA Tribe. Notwithstanding any other rights available under law, the decision of the Planning Division Manager shall be appealable to the Planning Commission and/or City Council.

- h. As specified by California Health and Safety Code Section 7050.5, if human remains are found on the project site during construction or during archaeological work, the person responsible for the excavation, or his or her authorized representative, shall immediately notify the San Diego County Medical Examiner's Office. No further excavation or disturbance of the site or any nearby area reasonably suspected to overlie adjacent remains shall occur until the Medical Examiner has made the necessary findings as to origin and disposition pursuant to Public Resources Code 5097.98. If such a discovery occurs, a temporary construction exclusion zone shall be established surrounding the area of the discovery so that the area would be protected, and consultation and treatment could occur as prescribed by law. By law, the Medical Examiner will determine within two working days of being notified if the remains are subject to his or her authority. If the Medical Examiner recognizes the remains to be Native American, he or she shall contact the Native American Heritage Commission (NAHC), by telephone, within 24 hours. The NAHC will make a determination as to the Most Likely Descendent. If suspected Native American remains are discovered, the remains shall be kept in-situ, or in a secure location in close proximity to where they were found, and the examination of the remains shall only occur on-site in the presence of a TCA Native American monitor.
- 23. Prior to grading the site or causing any impact to the site, grading and/or construction activities on site must be avoided during the nesting season which extends from February 15th to August 31st to prevent potential impacts to nesting of any migratory, songbirds, or raptors. In order to begin grading or construction activities within the nesting season, a nesting survey from a qualified biologist or other expert in the field must be submitted to the Planning Division to verify there are no active nests on the subject site. This survey must be submitted prior to any disturbance or impact of the site. If any active nests are detected, the area shall be

flagged and mapped on the construction plans along with a buffer of an appropriate size as determined by a qualified biologist based on site conditions and type of work to be conducted. The nest and surrounding buffer area shall be avoided until the nesting cycle is complete.

24. The applicant/developer shall pay an affordable housing in-lieu fee or enter into a regulatory agreement and Owner Participation Agreement (OPA), approved by the City Manager, for the affordable housing units. The agreement shall include, but is not limited to, term of restriction, monitoring requirements, occupancy and income restrictions, management control, and Conditions, Covenants, and Restrictions considered by the City to ensure compliance with the City's Housing Element of the General Plan.

#### Building Division

25. If the project is to be phased, the applicant/developer shall submit a phasing plan to the Building Division for review and approval. Said phasing plan shall graphically depict the order in which the buildings (including models) will be occupied and depict which public and private infrastructure and amenities will be completed prior to each building occupancy. Once approved, any deviations from the phasing plan must be reviewed and approved by the Building Division, Planning Division, Land Development Division, Fire Department and the Public Works Construction Inspection Division.
26. The project is subject to the approval of the applicable water/sewer district(s) for water and sewer services and all applicable fees and charges shall be paid to the satisfaction of the water/sewer district(s) prior to issuance of grading or building permit.
27. The applicant/developer shall obtain a demolition permit from the Building Division prior to demolition of the existing structures on site.

#### Fire Department

28. The installation of one (1) bronze industrial fire hydrant on Driveway A, or in an alternative location and/or quantity as determined necessary by the Fire Marshal, shall be required. The minimum fire flow shall be 1,500 gallons per minute (GPM) measured at twenty (20) pounds per square inch (PSI) residual pressure. Industrial fire hydrants shall have two 4-inch ports and One 2.5-inch port. Installation of the hydrant shall be consistent with local Water District specifications. Hydrant type shall be Jones or Clow. All hydrants shall be color coded per National Fire Protection Associate (NFPA) 291. Maximum spacing from one hydrant to another cannot exceed 300 feet from another.
29. Fire apparatus access roads shall have an unobstructed improved width of not less

than twenty-four (24) feet (curb line to curb line), and an unobstructed vertical clearance of not less than 13 feet 6 inches. Access roads shall be all weather surface and designed to support imposed loads of not less than 75,000 pounds in accordance with California Fire Code (CFC) Section 503.2.1, SMMC Section 17.64.120. For single-family residential driveways serving no more than one single-family dwelling, access roads shall have minimum width of 16 feet (curb line to curb line).

30. The gradient for a fire apparatus roadway shall not exceed 20 percent. Grades exceeding 12 percent (incline or decline) shall not be permitted without mitigation: Minimal surface of Portland cement concrete (PCC) with a deep broom finish perpendicular to the entire direction/length of travel and grade. The angle of departure and approach of fire access roads shall not exceed 7 degrees (12 percent) as required by CFC Section 503.2.7, as amended.
  31. All roads in the project shall have adequate turn radius to accommodate all Fire Department apparatus including frontline and reserve fire engines and frontline and reserve trucks (engine and tiller ladder trucks). The required inside turn radius shall be 28 feet for engine and tiller ladder truck. No curb deflection or other features shall interfere with fire apparatus ability to navigate any street. The Land Development Division shall maintain the proper templates for turn radius of all Fire Department apparatus.
  32. All dead end fire apparatus access roadways in excess of 150 feet in length shall be provided with an approved area for turning around of all San Marcos Fire apparatus. A hammerhead turn-around or cul-de-sac will be required by the Fire Department.
- D. Prior to issuance of any building permit, the applicant/developer shall comply with the following conditions:

Land Development Division

1. The Final Map shall be recorded prior to building permit issuance.
2. Prior to submittal of any building plans, the grading and public improvement plan sets shall be submitted for the second plan check and deemed substantially complete by the Land Development Engineer. Prior to issuance of any building permits, the public improvement plans shall be approved by the City Engineer and appropriate securities accepted.
3. All public improvements are required at the time of subdivision and/or development and shall be under construction to the satisfaction of the City Engineer prior to the issuance of the first production building permit, excluding

retaining wall permits and model units.

4. The Land Development Division approved precise grading plans shall be attached to the building plans.
5. All grading shall be supervised by a licensed geotechnical engineer, who shall prepare a written report to the satisfaction of the City Engineer certifying that the work has been performed in compliance with the recommendations contained within the geotechnical report and on the approved project plans. If not so done, the report shall describe the actual work performed and any deficiencies observed. The final report shall specifically detail conditions and remedial work performed that was not specifically identified in the initial report of subsurface conditions.
6. A certificate of line and grade, signed and stamped by the engineer of work, shall be provided to the Public Works Inspector. The certificate shall be in a form acceptable to the City Engineer.
7. The base lift of asphalt on all roads serving the area under construction shall be completed. All proposed fire hydrants shall be operational prior to the delivery of combustible materials to the project site.

#### Planning Division

8. The project elevations, as identified on the architectural plans (Exhibit C), are generally acceptable; however as part of the Building Permit review, the Planning Division will provide final architectural review and approval. Typical features associated with the architectural style shall be represented on all sides of the building. In addition, each architectural style shall have additional enhancements on the front building elevation. The proposed residential buildings shall be architectural compatible with each other and the surrounding neighborhood. The submittal shall include color/material swatches/samples for the proposed residential buildings.
9. All exterior lighting shall comply with City standards for high energy-efficient fixtures, except for low-wattage architectural lighting. All exterior fixtures shall be approved by the City.
10. All exterior lighting shall use cut-off fixtures and shielded in order to direct the illumination downward and reduce the visibility of any glare.
11. Architectural lighting plan shall be included with the building plans that show the type, style, and location of all exterior building and parking lot lights. Plans shall

include photo of fixture and manufacturer specifications indicating dimensions, materials, colors, bulb type, etc.

12. Residential structures shall comply with the California Building Code regarding interior noise levels for residential dwelling units. A final noise assessment is required for the interior of the residential units since noise levels at the building facades are above 60 dBA CNEL. This final report shall identify the interior noise requirements based upon architectural and building plans to meet the City's established interior noise limit of 45 dBA CNEL. Interior noise levels of 45 dBA CNEL can easily be obtained with conventional building construction methods and providing a closed window condition requiring a means of mechanical ventilation (e.g. air conditioning) for each building and upgraded windows for all sensitive rooms (e.g. bedrooms and living spaces). The noise assessment shall be submitted to the Planning Division Manager.
13. All tot lot recreational amenities and playground equipment shall comply with all C.P.S.C. and A.D.A. accessibility standards. Plans shall include a detail of each of the play areas with the proposed play equipment and specifications of said equipment. Final design shall be approved by the Parks and Recreation Director and Planning Division Manager.
14. All rooftop mechanical units, vents, ducts, etc. (not including solar systems) shall be screened by parapet walls or other architectural features from street grade view and adjacent properties as approved by the Planning Division Manager. A roof plan and cross sections showing lines of sight shall be submitted with construction drawings illustrating that roof equipment will be screened. Screening plan shall be approved by the Planning Division prior to issuance of a building permit.
15. Rain gutter downspouts shall be required and internal or architecturally screened from view where feasible as determined by the Planning Division.
16. Garage doors shall include at least one (1) pane of glass that is transparent (i.e., not opaque) in a height conducive to allow a property manager to conduct a visual inspection of the interior of the garage from outside the unit.
17. Garages shall have a minimum interior dimension of twenty (20) by twenty (20) for vehicle parking ("vehicle parking area"). Interior vehicle parking areas shall be clear of any overhead obstructions and shall not be utilized for storage space, including but not limited to, trash receptacles.
18. Gas meters shall be architecturally screened from view by low screening walls. Wall materials shall be architecturally compatible with the building(s). Screening plan shall be approved by the Planning Division prior to issuance of building permit.

19. The project proposes the use of individual trash containers for each unit. Should a trash enclosure be proposed instead, it shall have minimum dimensions of fourteen (14) feet wide by ten (10) feet deep by six (6) feet high for trash and recycling containers shall be constructed to match the main buildings in color and texture. In addition, the enclosure shall have solid view-obscuring, double swinging gates; must have a flat impervious, concrete slab designed not to allow run-on from adjoining areas; contain attached lids on all trash and recycling containers; and a roof to minimize direct precipitation. Trash enclosures shall be architecturally compatible with the proposed buildings.
20. The applicant/developer shall submit a parking management plan to the Planning Division for review and approval.
21. The applicant/developer shall submit an outdoor furniture manual with photographs and specifications of benches, picnic tables, barbeques, trash receptacles, etc. Manual shall include a site plan showing locations of the outdoor furniture. The applicant/developer shall be responsible for the installation of outdoor furniture.

#### Building Division

22. New buildings and remodeled structures shall be designed to conform to the latest design standards adopted by the State of California in the California Building Code (CBC), Part 2, Title 24, California Code of Regulations.
23. Building plans and instruments of service submitted with a building permit application shall be signed and sealed by a California licensed design professional as required by the State Business and Professions Code.
24. The City is located in Seismic Design Category "D". Buildings and structures shall be designed to adequately transmit the dynamic lateral forces in accordance with the requirements of the latest adopted California Building Code.
25. The proposed development shall comply with the latest adopted California Green Building Code Standards. The City has adopted the mandatory standards and does not enforce the voluntary standards.
26. Residential structures shall be designed to comply with the crime prevention measures approved by the City, including such items as: reinforced door jambs; one-piece door stops; 16-gauge strike plate for deadbolts; locking hardware for garage doors; two locking devices for wide garage doors; 1-3/4 inch solid exterior doors; laminated safety glass; wide angle peep hole for exterior doors; no

louvered windows; and address numbers easily visible from the street.

27. The handling, storage, use and disposal of hazardous, toxic or flammable materials shall be clearly indicated on all floor plans submitted for a building permit and shall be in compliance with any and all Federal, State, County and City rules, regulations, and requirements for hazardous waste control, including but not limited to the Hazardous Waste Control Act of 1973 (HWCA) (Health & S C §25100 *et seq.*), as may be amended from time to time, whether or not such provisions or requirements have been specifically set forth in these conditions, all of which are now incorporated by reference and made a part hereof with the same force and effect as though fully set forth herein.
28. The project shall comply with the latest Federal Law, Americans with Disabilities Act, and State Law, California Code of Regulations, Title 24, for accessibility standards.
29. Health and Safety Code Section 17959.6 requires developers of new residential housing developments to provide buyers with a list of specified universal accessibility features that would make specific areas of the home accessible to persons with disabilities. The applicant/developer shall indicate which features are standard, limited, optional, or not available, and the point of construction by which they must be requested.
30. The applicant/developer shall comply with the City's Inclusionary Housing Ordinance that is in effect at the time of building permit issuance.
31. The applicant/developer shall pay Public Facilities Fees as established by the latest adopted Public Facilities Fee, based on the proposed land use, and shall be paid prior to the issuance of the first permit for the development.
32. The project is subject to the payment of school fees as required by law. The applicant/developer shall submit a Certificate of Compliance from the school district prior to the issuance of the first building permit from the City.
33. Roof drain systems shall be designed for 3-inches of rainwater per hour. Rain gutters, down drains and other devices shall be installed to prevent erosion at the point of discharge and shall discharge to landscaped areas when feasible. Interceptor drains, yard drains and drainage devices shall be installed to mitigate erosion and create positive drainage away from foundations. Roof drainage shall comply with the City's storm water management measures.
34. The applicant/developer shall contact the Delivery Retail Analyst for the branch of the U.S. Postal Service to determine the type and location of centralized delivery equipment required.



35. A phasing plan shall be submitted to Development Services Department for review and approval prior to the issuance of any building permits for projects with phased construction. The phasing plan shall identify the extent of on-site and off-site improvements and the location of all buildings in each phase. Occupancies shall not be approved until the City and other agencies have accepted the improvements in compliance with these conditions of approval.
36. Sewer and water utilities shall be located wholly on the lot that serves the building in accordance with the latest adopted edition of the California Plumbing Code.
37. The outer boundary of schools (grades K through 12) as listed in the current California Private School Directory shall comply with Education Code Section 33190 relating to the location of a school facility within 1,000 feet of businesses that are regulated for the storage, use and handling of hazardous materials as defined by the California Health and Safety Code.

#### Fire Department

38. Any new development, which necessitates updating of emergency response maps by virtue of new structures, hydrants, roadways or similar features, shall be required to provide map updates. The applicant/developer shall provide a copy of building plans in Geo-Referenced format to be used by the Fire Department for pre-fire planning purposes.
39. The project shall include an automatic fire extinguishing system in accordance with the latest adopted California Building Code, California Residential Code and/or San Marcos Fire Code Ordinance. Fire suppression systems shall conform to the standards adopted by the National Fire Protection Association and the San Marcos Fire Marshal.
40. The applicant/developer shall provide a Construction Staging/Site Phasing Plan for approval prior to permit issuance.
41. Access roads shall extend to within 150 feet of all portions of the facility and all portions of the exterior walls of the first story of the building.
42. A lighted directory map, meeting current Fire Department standards, shall be installed at each driveway entrance to new multiple unit residential projects.
43. Gate(s) on the east (commercial center) side of property shall be equipped with an appropriate Knox entry system (i.e., box, padlock, key switch, etc.) to allow emergency access, to the satisfaction of the Fire Marshal.

- E. During the grading and construction phase, the applicant/developer shall comply with the following conditions:

Public Works Construction Inspection Division

1. Prior to any construction activities, a pre-construction meeting shall be held with the Public Works Construction Inspection Division. The applicant/developer shall provide the inspector with a detailed construction schedule which depicts when building occupancy or occupancies will occur and when key public and private infrastructure improvements will be completed. Schedule updates shall be provided to the Building and Public Works Inspectors at a minimum monthly basis throughout the life of the project.

Land Development Division

2. Grading, excavation or other related earth moving operations, including warm-up and maintenance activities, shall be limited to the hours of 7:00 a.m. to 4:30 p.m., Monday through Friday. No work shall be allowed on Saturdays, Sundays and holidays.
3. During construction activities, the applicant/developer shall maintain public and private driveway and/or road access to neighboring properties at all times unless previous arrangements have been made with the private parties affected. Copies of said agreements shall be provided to the City Engineer.
4. The applicant/developer shall submit a traffic control plan to the Public Works Inspector for all phases of construction for approval by the City Engineer. Said plan shall include all traffic control devices including traffic signals as required.
5. Construction haul routes must be designed to avoid noise sensitive uses (e.g., residences, convalescent homes, etc.), to the extent feasible.
6. At the discretion of the Public Works Inspector, the applicant/developer shall document the pre-construction condition of existing roads or offsite properties which may be impacted by construction activities. The applicant/developer shall be responsible in repairing any construction related damages prior to occupancy.
7. A Right-of-Way permit shall be required prior to commencement of any work within the City right-of-way.
8. The applicant/developer shall implement and maintain storm water pollution prevention measures as required on the approved plans. Violations of the City's Storm Water Management Ordinance (Ch. 14.15 S.M.M.C.) will result in Stop

Work Orders, Notices of Violations and/or citations with fines. Work on the project may be delayed until the City determines that compliance with storm water requirements has been achieved.

#### Planning Division

9. At least one copy of the approved plans, approval letters and conditions of approval shall be available for review at the job site at all times.
10. Landscaping of slopes, in accordance with the approved landscape plans, shall commence at time of completion of grading activities.
11. The project shall comply with Regional Air Quality Standards.
12. A test sample of the proposed exterior colors shall be applied to a mock-up with an area large enough (i.e., 4 feet by 4 feet) to be representative of the finished color scheme and exposed to direct sunlight. This sample shall be inspected and approved by the Planning Division prior to painting of the buildings. If determined necessary upon inspection, the color scheme may be required to be modified at the discretion of the Planning Division Manager. The applicant/developer shall be responsible to contact the Planning Division for inspection.

#### Building Division

13. The applicant/developer shall obtain the required OSHA permits for blasting, construction, demolition, excavation, grading operations, rock drilling and the construction of buildings over 3 stories in height in accordance with the California Code of Regulations, Title 8, Section 1503.
14. Water wells shall be reconstructed or abated in strict compliance with SMMC Sections 8.44.130 through 8.44.170 and the latest adopted State Water Code and Health and Safety Code Section 24400. Water well permits are issued by County of San Diego Environment Health Department.
15. Dust and dust producing materials shall be controlled within the maximum acceptable concentrations for silica and silicates in accordance with the California Code of Regulations, Title 8, Section 5155. Water and dust palliative shall be used to prevent excessive dust during blasting, construction and grading operations. Projects are required to comply with the Air Pollution Control District's standards for mitigating fugitive dust during all phases of construction.
16. The demolition of buildings shall not commence until the proper testing of asbestos, lead paint and hazardous materials has been performed and the

abatement of the hazardous materials has been completed. The recycling of materials shall comply with state law and all utilities shall be disconnected and safely abandoned.

17. All construction operations authorized by building permits, including the delivery, setup and use of equipment must be conducted on premises during the hours of 7:00 AM and 6:00 PM on Monday through Friday, and on Saturday between 8:00 AM and 5:00 PM. No work shall be conducted on Sundays or Holidays observed by the City. Failure to comply will result in the issuance of STOP WORK NOTICES, REVOCATION OF PERMITS and the issuance of citations and fines as appropriate. Citation for hours of work violations requires a mandatory court appearance in North County Superior Court.
18. During construction the applicant/developer shall implement and maintain the storm water pollution prevention measures as required on the approved plans. Violations of the City's Storm Water Management Ordinance will result in Stop Work Orders, Notices of Violation and citations with fines. Work on the project may be delayed until the City determines that the project is in compliance with the storm water requirements.

#### Fire Department

19. Prior to the delivery of combustible building construction materials to the project site, the following conditions shall be completed to satisfaction of the Fire Department: 1) fire hydrants(s) shall be installed, approved, and usable, and 2) fire lane or access roads shall be in place and provide a permanent all weather surface for emergency vehicles that support weight of fire apparatus (75,000 lbs.).
- F. Prior to the occupancy of any structure, the applicant/developer shall comply with the following conditions:

#### Land Development Division

1. All improvements including underground conversion of overhead utilities shall be completed in accordance with the approved project plans prior to issuance of the first market rate Certificate of Occupancy.
2. All applicable easements and agreements shall be recorded prior to occupancy.
3. An encroachment permit to the satisfaction of the City Engineer shall be recorded for any private improvements with the street right of way.
4. Prior to the issuance of any certificates of use and occupancy, the applicant/developer shall provide evidence to the Building Official, that the

Department of Real Estate has been notified that the project area is within the boundaries of a Community Facilities District (CFD), and will be subject to special taxes for public facilities and/or services.

5. As-Built drawings shall be submitted to the Engineering Division for review and approval. All improvements identified on the plans and all undergrounding of utilities shall be completed in accordance with the project plans and these conditions of approval. Record drawing mylar plans shall be submitted and approved prior to the release of any project securities.
6. Any existing broken pavement, concrete curb, gutter or sidewalk or any other facilities damaged during construction of the project, shall be repaired or replaced as directed by the Public Works Inspector.
7. Water and sewer improvements in accordance with the project water/sewer study shall be constructed for the project as determined necessary by the applicable water/sewer district(s).
8. Prior to the issuance of any certificates of use and occupancy, the applicant/developer shall not grant any easements over any property subject to a requirement of dedication or irrevocable offer to the City, unless such easements are expressly made subordinate to the easements to be offered for dedication to the City. Prior to granting any of said easements, the applicant/developer shall furnish a copy of the proposed easement to the Land Development Engineer for review and approval. Further, a copy of the approved easement shall be furnished to the Land Development Engineer prior to issuance of any certificate of use and occupancy.

#### Planning Division

9. All rooftop mechanical units, vents, ducts, etc. shall be screened from view from street grade & adjacent properties. Said screening mechanism shall be inspected by the Planning Division, and if determined necessary, additional screening may be required, as determined acceptable by the Planning Division Manager.
10. All landscaping shall be installed, inspected, and approved by the Planning Division. Landscaping shall be established and flourishing in a healthy manner.
11. Common landscape areas shall not be transferred over to the responsibility of the HOA until inspected and approved by the City.
12. The applicant/developer shall submit a Certificate of Completion by the landscape architect and engineer-of-work to the Planning Division certifying that the plant materials and irrigation system have been installed in accordance with the

approved landscape plans and the Water Quality Technical Report, respectively.

13. The applicant/developer shall have completed the installation of the playground equipment and outdoor furniture in accordance with the manufacturer's standards. The applicant/developer shall submit for each phase a letter by the installation contractor indicating that the playground equipment has been installed per the manufacturer's specifications.
14. The applicant/developer shall disclose to future owners/tenants of the project that the property is located within the Airport Influence Area of McClellan-Palomar Airport, and may be subject to some of the annoyances or inconveniences, if any, associated with proximity to airport operations (i.e.: noise, vibration, or odors). Disclosure shall be recorded with the County Recorder's Office prior to building occupancy.

#### Building Division

15. The applicant/developer shall obtain approval from all City departments and other agencies before requesting a Certificate of Occupancy from the Building Official. For phased developments, the conditions of approval shall be satisfied prior to requesting the first occupancy in the phase.

#### Fire Department

16. Building addresses shall be clearly labeled for day and night-time emergency responses. In addition, adequate lighting shall be provided to deter potential criminal activities (i.e., vehicle burglaries, prowlers, loitering, etc).
17. The applicant/developer shall comply with the Fire Department for hydrants and on-site access for emergency vehicles.
18. The project shall include "NO PARKING FIRE LANE" signs. The number of, placement and wording for all fire lane signs and/or red curbs shall be as required by California Vehicle Code, Sections 22500.1 and 22658(a) and San Marcos Fire Department Standards.

#### G. Ongoing Advisory Conditions

1. Use of the site must be conducted so as not to become obnoxious by reason of noise, odor, refuse, parking impacts, or maintenance of grounds and in such a manner as will not detrimentally affect adjoining properties and uses.
2. All trees and landscaping shall be maintained in a healthy, thriving manner. If

any trees/landscaping shall die or become diseased, the trees/landscaping shall be replaced in numbers and quantity to provide the same landscaping and screening value.

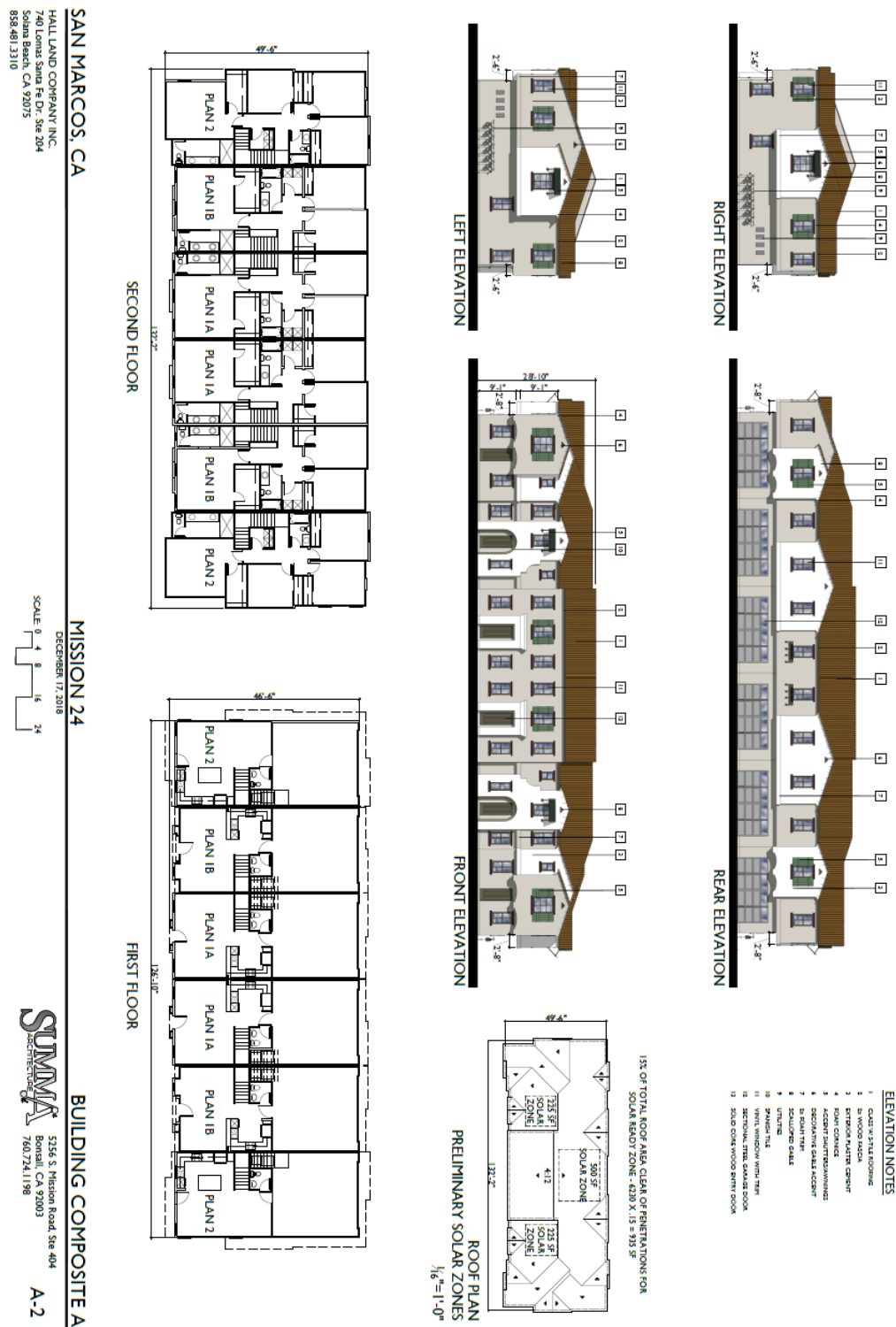
3. All perimeter block walls shall be maintained in a state of “good repair” and free of any graffiti. Any changes to wall perimeter walls and/or perimeter wall landscaping shall require approval of the City’s Planning Division Manager.
4. Metal swing gate on east side of the property, over the water/sewer easement, shall be kept closed, secured, and well maintained at all times.
5. Approved Parking Management Plan (PMP) shall be implemented and enforced by the Homeowner’s Association (HOA) at all times. Any changes to the PMP shall require approval of the City’s Planning Division Manager.





EXHIBIT C

Architectural Plans



SAN MARCOS, CA  
HALL LAND COMPANY INC.  
740 Lomas Santa Fe Dr., Ste. 204  
Solana Beach, CA 92075  
858.481.3310

MISSION 24  
DECEMBER 17, 2018

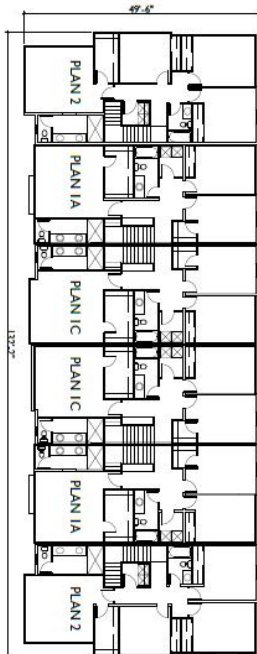


SUMMA  
ARCHITECTS  
5256 S. Mission Road, Ste. 404  
Bonita, CA 92003  
760.724.1198

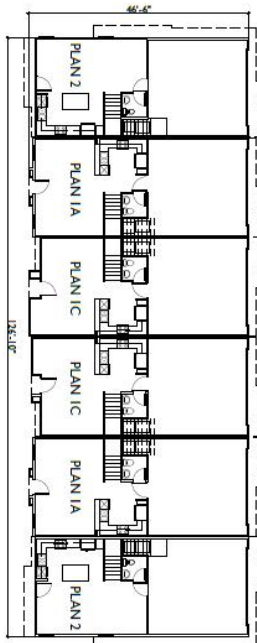
A-3

BUILDING COMPOSITE B

SECOND FLOOR



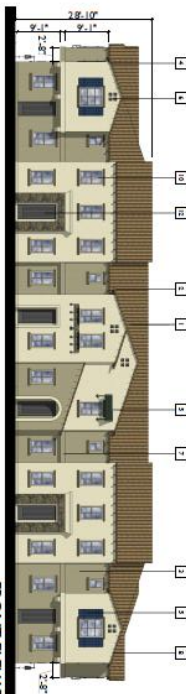
FIRST FLOOR



LEFT ELEVATION



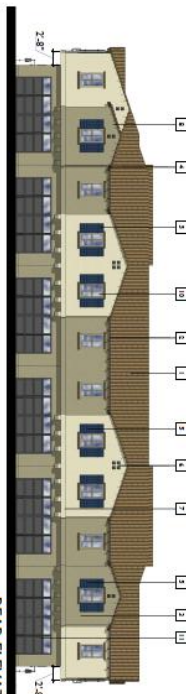
FRONT ELEVATION



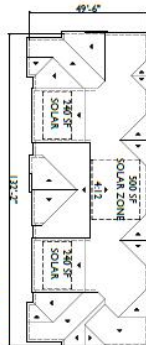
RIGHT ELEVATION



REAR ELEVATION



ROOF PLAN



15% OF TOTAL ROOF AREA CLEAR OF PENETRATIONS FOR  
SOLAR READY ZONE - 4200 X 1.5 = 993 SF

- ELEVATION NOTES
1. GLASS W/ STYL KNOCKING
  2. WOOD PANEL
  3. EXTENSION PLASTER GEMENT
  4. ADHESIVE PLASTER GEMENT
  5. ADHESIVE PLASTER GEMENT
  6. DISCREETIVE GLASS ACCENT
  7. SOLAR TINT
  8. SOLIDIFIED GLASS
  9. GLASS W/ STYL KNOCKING
  10. SOLID WOOD ENTRY DOOR
  11. SOLID WOOD ENTRY DOOR
  12. SOLID WOOD ENTRY DOOR

RESOLUTION PC 19-4784

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF SAN MARCOS RECOMMENDING TO THE CITY COUNCIL APPROVAL OF A VARIANCE TO ALLOW A REDUCTION OF SPECIAL SETBACKS FOR GENERAL PLAN ROUTES FOR A TWENTY-FOUR (24) RESIDENTIAL CONDOMINIUM TOWNHOME DEVELOPMENT IN THE MULTIFAMILY RESIDENTIAL 3 (R-3-10) ZONE

V 18-0001

Hall Land Company, Inc.

WHEREAS, on May 22, 2018, the City received an application from Hall Land Company, Inc. requesting a Variance to allow a reduction of the special setbacks for General Plan routes for a twenty-four (24) residential condominium townhome development on a 1.52 (1.48 net) acre site located at 1210 E. Mission Road in the Multifamily Residential 3 (R-3-10) Zone in the Richland Neighborhood more particularly described as:

Brief Legal Description: Parcel A of Parcel Map No. 6024, filed in the Office of the County Recorder of San Diego County on June 8, 1977, being a division of a portion of lots 1, 2, and 4 in block 3 of Bennett Orchard Estates, Unit No. 1, in the City of San Marcos, in the County of San Diego, State of California, According to Map thereof No. 2065, filed in the Office of the County Recorder of San Diego County, on October 17, 1927.

Assessor's Parcel Number(s): 226-071-07-00; and

WHEREAS, the Variance is being requested to reduce the building setback along E. Mission Road from eighty-six (86) feet from centerline to seventy (70) feet from centerline of the street; and

WHEREAS, the Variance is being requested in conjunction with a General Plan Amendment (GPA18-0003) to change the land use from "Neighborhood Commercial (NC)" to "Medium Density Residential 2 (MDR2)"; a Rezone (R 18-0003) to change the zone from Neighborhood Commercial (N-C) to Multifamily Residential 3 (R-3-10); a Tentative Subdivision Map (TSM 18-0002) to dedicate right-of-way and create twenty-four (24) condominium units; and a Multifamily Site Development Plan (MFSDP 18-0002) which will guide the orderly development on the project site; and

WHEREAS, the Development Services Department did study said request, and recommends approval of said request; and

WHEREAS, on February 21, 2019, the City held a public workshop to provide an informational overview of the proposed project to the general public; and

WHEREAS, on June 3, 2019, the Planning Commission held a duly noticed public hearing in the manner prescribed by law to consider said request; and

WHEREAS, the Planning Commission did review and consider a Mitigated Negative Declaration (ND18-004 and SCH No. 2019011064) for said request pursuant to the California Environmental Quality Act (CEQA); and

NOW, THEREFORE, the Planning Commission does hereby resolve as follows:

- A. The foregoing recitals are true and correct, and are hereby incorporated by reference into this Resolution.
- B. The Planning Commission hereby recommends to the City Council approval of this Variance, as shown on Exhibit A attached hereto and incorporated by reference and made a part of this Resolution as though fully set forth herein.
- C. This Variance is recommended to the City Council for approval in conjunction with the submitted General Plan Amendment (GPA 18-0003), Rezone (R 18-0003), Tentative Subdivision Map (TSM 18-0002), and Multifamily Site Development Plan (MFS 18-0002) and all conditions of approval specified in PC 19-4782 (GPA 18-0003), PC 19-4786 (R 18-0003), PC 19-4783 (TSM 18-0002), and PC19-4785 (MFSDP 18-0002), respectively, which documents are incorporated herein by this reference; and the mitigation measures in Mitigated Negative Declaration (ND18-004 and SCH No. 2019011064) are hereby incorporated by reference and made a part of this Resolution with the same force and effect as though fully set forth herein.
- D. The Planning Commission's decision is based on the following findings and determinations:
  - 1. There are exceptional and extraordinary circumstances or conditions applicable to the property or the intended use of the property that do not apply generally to the property or class of use in the same vicinity and Zone, in that a dedication of four (4) feet of right-of-way to Avenida Chapala along the project frontage and the presence of a water and sewer easement that bisect the project site create a unique set of challenges for the site. These challenges are compounded by the larger footprints of the 2-story units proposed by the applicant to match the surrounding neighborhood scale. As a result, the applicant has requested a reduction of the building setback for E. Mission Road from eighty-six (86) feet to seventy (70) feet from centerline. The reduced setback would be consistent with other developments on E. Mission Road in the vicinity of the project. In addition, E. Mission Road is designated as a 4-lane arterial by the General Plan Circulation Element and has already been developed to the necessary width, with no need for the acquisition of additional right-of-way.
  - 2. The granting of the Variance is necessary for the preservation and enjoyment of a substantial property right possessed by other property in the same vicinity and

Zone, and denied to the property for which the Variance is sought, in that the commercial shopping center and former use of the site as commercial allowed parking areas to cover the easement which did not result in the loss of use of the area encumbered by the easement. Additionally, development in the vicinity of the project has been granted a variance to special setbacks requirements and approval of this variance would allow the project to be developed consistent with other development in the vicinity of the project, on E. Mission Road.

3. The granting of the Variance will not be materially detrimental to the public health, safety, or welfare, or injurious to the property or improvements in such vicinity and Zone in which the property is located, in that the project will be consistent with other setbacks of other multifamily developments in the vicinity and the project will meet all California Building Code requirements for interior residential noise standards.
  4. The granting of the Variance will not adversely affect the implementation of the General Plan for the Richland Neighborhood in that the Circulation Element of the General Plan has identified this segment of E. Mission Road between Woodland Parkway and the City of Escondido as a four (4) lane arterial with enhanced bicycle lanes, which is existing and no further acquisition of right-of-way is necessary.
  5. Compliance with the conditions of approval specified in PC19-4785 (MFS DP 18-0002) and PC 19-4783 (TSM 18-0002), assures that the granting of the Variance does not constitute a grant of special privileges inconsistent with the limitations upon other properties in the vicinity and Zone in which the property is located.
  6. All requirements of CEQA have been met, in that a noise study was conducted and impacts were evaluated in the Mitigated Negative Declaration (ND18-004) and the project will include a six (6) foot block wall along E. Mission Road to reduce noise and include building features, such as dual pane windows, to reduce noise impacts.
- E. This Variance is within the scope of the Mitigated Negative Declaration (ND18-004 and SCH No. 2019011064) and the mitigation monitoring and reporting program, and both are hereby recommended to the City Council for adoption pursuant to CEQA.
- F. The applicant/developer shall comply with all provisions and requirements set forth in the San Marcos Municipal Code, and all City ordinances, resolutions, policies and procedures, and with all applicable state and federal regulations, as may be amended from time to time, whether or not such provisions or requirements have been specifically set forth in these conditions, all of which are now incorporated by reference and made a part of this Resolution with the same force and effect as though fully set forth herein.
- G. To the extent feasible and as permitted by law, developers and contractors are requested to first consider the use of San Marcos businesses for any supplies, materials, services,

equipment needed, and the hiring of local residents to stimulate the San Marcos economy to the greatest extent possible.

- H. To the extent permitted by law, the applicant/developer shall defend and hold the City of San Marcos, its agents and employees harmless from liability from: (i) any and all actions, claims, damages, injuries, challenges and/or costs of liabilities arising from the City's approval of any and all entitlements or permits arising from the project as defined in the conditions of approval, or issuance of grading or building permits; (ii) any damages, liability and/or claim of any kind for any injury to or death of any person, or damage or injury of any kind to property which may arise from or be related to the direct or indirect operations of the applicant/developer or its contractors, subcontractors, agents, employees or other persons acting on applicant/developer's behalf which relate to the project; and (iii) any and all damages, liability and/or claims of any kind arising from operation of the project. The applicant/developer further agrees that such indemnification and hold harmless shall include all defense related fees and costs associated with the defense of City by counsel selected by the City. This indemnification shall not terminate upon expiration of the conditions of approval or completion of the project, but shall survive in perpetuity.

PASSED, APPROVED, AND ADOPTED by the Planning Commission of the City of San Marcos, California, at a regular meeting thereof, held on this 3rd day of June, 2019, by the following roll call vote:

AYES: COMMISSIONERS:  
NOES: COMMISSIONERS:  
ABSENT: COMMISSIONERS:  
ABSTAIN: COMMISSIONERS:

APPROVED:

---

Kevin Norris, Chairman

ATTEST:

---

Gina Henderson, Senior Office Specialist

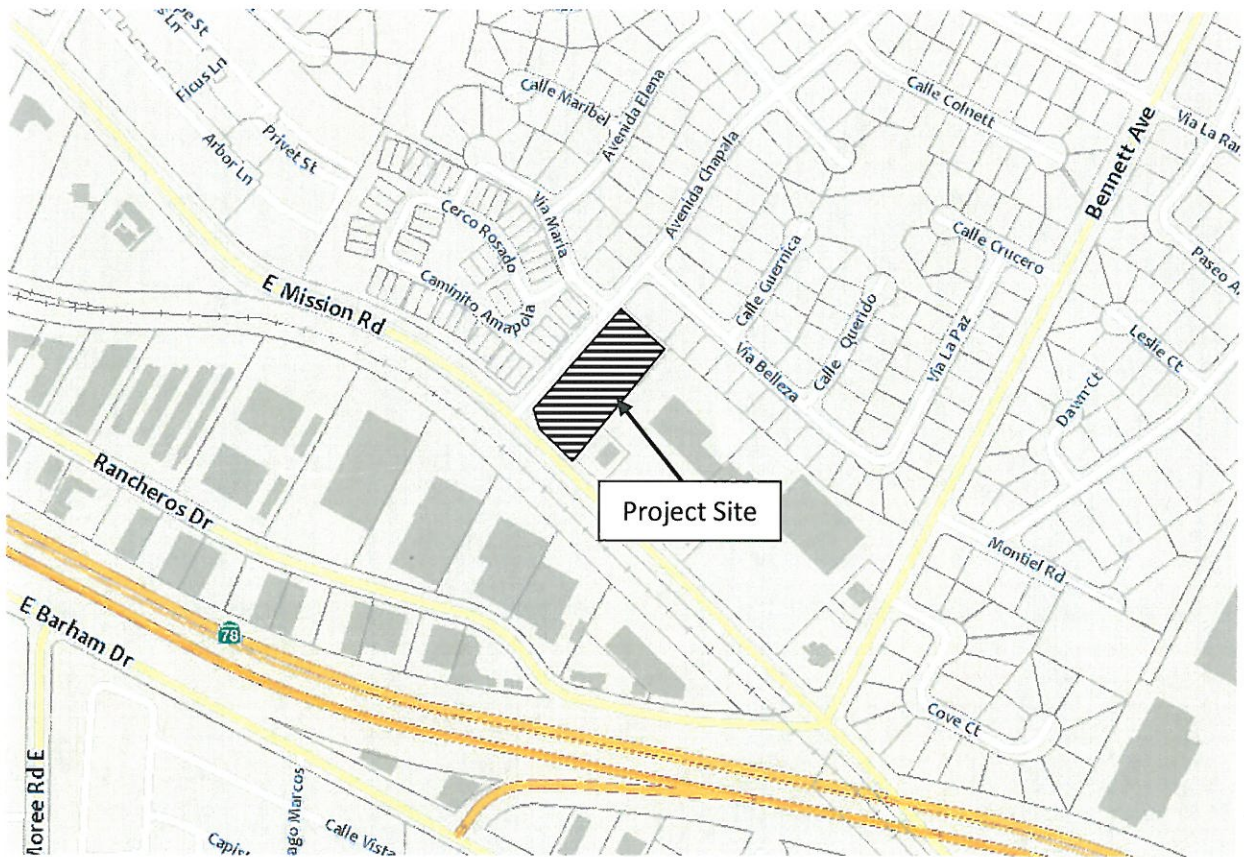
**Attachment(s):**

Exhibit A – Variance Exhibit





## ATTACHMENT A Vicinity Map



**Project No.:** GPA 18-0003, R18-0003, TSM 18-0002, MFSDP 18-0002, and V 18-0001

**Location:** 1210 E. Mission Road

**APN:** 226-071-07-00

**ATTACHMENT B**  
Requested Entitlements

- Adoption of Mitigated Negative Declaration (ND 18-004); and
- A General Plan Amendment (GPA18-0003) to change the land use designation of the project site from Neighborhood Commercial (NC) to Medium Density Residential 2 (MDR2); and
- A Rezone (R 18-0003) to change the zone from Neighborhood Commercial (N-C) to Multifamily Residential 3 (R-3-10); and
- A Tentative Subdivision Map (TSM 18-0002) to create a common interest development consisting of twenty-four (24) condominium units and dedicate four (4) feet of right-of-way to Avenida Chapala; and
- A Multi-Family Site Development Plan (MFSDP 18-0002) which will guide the orderly development of the twenty-four (24) units and site improvements consistent with the R-3-10 zoning designation; and
- A Variance (V 18-0001) to reduce the E. Mission Road building setback from eighty-six (86) feet from centerline to seventy (70) feet from centerline.



## ATTACHMENT C

### Site & Project Characteristics

<u>Property</u>	<u>Existing</u> <u>Land use</u>	<u>Zoning</u>	<u>General Plan</u> <u>Designation</u>
Subject	Retail bank	N-C / R-3-10*	Neighborhood Commercial / Medium Density Residential 2* (15.1-20.0 du/ac)
North	Single-Family Residential	R-1-10 (PRD)	Very Low Density Residential (2.1-4.0 du/ac)
South**	Light Industrial	L-I	Light Industrial
East	Restaurant / Retail	N-C	Neighborhood Commercial
West	Multi-Family Residential	R-3-10	Medium Density Residential 2 (15.1-20.0 du/ac)

Flood Hazard Zone      ☐ yes ☒ no  
 Sewers                      ☒ yes ☐ no  
 Septic                       ☐ yes ☒ no  
 Water                       ☒ yes ☐ no  
 Gen. Plan Conformance\*   ☒ yes ☐ no  
 Land Use Compatibility\*   ☒ yes ☐ no

\* With approval of General Plan Amendment and Rezone

\*\* Across the E. Mission Road and Railroad right-of-way

ATTACHMENT D  
Mitigated Negative Declaration  
ND 18-004

**ATTACHMENT E**  
**Fiscal and Economic Impact Reports**



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## FISCAL IMPACT REPORT

CITY OF SAN MARCOS

1210 EAST MISSION ROAD

SAN MARCOS, CALIFORNIA

APRIL 12, 2019

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## **FISCAL IMPACT REPORT**

### **1210 EAST MISSION ROAD**

**Prepared for:**

**City of San Marcos**

1 Civic Center Drive, San Marcos CA

Attention: Sean del Solar, Associate Planner



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## APPENDIX A FISCAL IMPACT REPORT

## **I EXECUTIVE SUMMARY**

### **A Purpose of the Report**

The objective of this Fiscal Impact Study (the "Study") is to analyze the fiscal impacts to the City of San Marcos (the "City") of the proposed zoning and land use changes to the 1210 East Mission Road project (the "Project").

The Project site is located at 1210 East Mission Road, on a 1.52 acre-site that is zoned for Neighborhood Commercial and currently includes a bank building that has been vacant for approximately 10 years. Based on the absorption study prepared by Meyer's Research (the "Meyers Analysis"), the Study assumes that, under the existing zoning, the Project site would likely be occupied by non-sales tax generating commercial uses (the "Approved Plan"). The City of San Marcos is processing a General Amendment and Zone Change that would allow the Applicant to redevelop the site into a 24-unit residential condominium development (the "Proposed Plan").

Consequently, the Study estimates the fiscal impacts of the Approved Plan and Proposed Plan (collectively, the "Scenarios") and provides a side-by-side comparison of both Scenarios.

### **B Types of Fiscal Impacts Evaluated in this Study**

The fiscal impacts identified in this Study include recurring municipal revenues and costs to the City General Fund that result from the Project. The recurring revenues to the City identified in this Study are generated from a variety of sources, including property taxes, sales taxes, licenses and permits, franchise fees, fines, and other revenues. Although these revenues vary from year to year, they occur on a regular basis and are part of the City's budgeting plans on a yearly basis. The recurring General Fund expenditures for the City are equally important in this analysis. These recurring costs are associated with a variety of other services including public safety, public works maintenance, and general government administrative services. Like the General Fund revenues, these are costs that the City must anticipate and plan for on a yearly basis.

Revenues that are considered non-recurring to the City, such as various permitting fees are excluded from this Study. The reason for excluding them is because new development is generally required to pay specific fees such as grading and building prior to the construction of a project. As these are considered one-time revenues, there is no expectation that new development will need to pay these fees a second time. In addition, expenditures resulting from the Project that are considered to be non-recurring are also excluded from the Study.

### **C Fiscal Impact on City General Fund (Approved Plan vs. Proposed Plan)**

The following table displays the net fiscal impact to the City under the Approved Plan and the Proposed Plan.

**Table ES-1: Net Fiscal Impact (City General Fund)**

Fiscal Impact	Approved Plan	Proposed Plan
Total Recurring General Fund Revenues	\$2,829	\$44,668
Total Recurring General Fund Expenditures	(\$1,638)	(\$41,179)
<b>Net Fiscal Impact</b>	<b>\$1,191</b>	<b>\$3,489</b>
Revenue to Expense Ratio	1.73	1.08

As indicated in Table ES-1, under the Approved Plan the overall fiscal impact to the City General Fund, resulting from revenues generated by development and the recurring costs associated with the Project, is a recurring fiscal surplus of \$1,191. This total is based on \$2,829 in recurring annual revenue and \$1,638 in recurring annual costs. In this analysis, the total annual revenues generated are projected to equal 1.73 times the associated City General Fund costs.

Under the Proposed Plan, the overall fiscal impact to the City General Fund, resulting from revenues generated by the Project and the recurring costs associated with this area is a recurring fiscal surplus of \$3,489. This amount is based on \$44,668 in recurring annual revenues and \$41,179 in remaining current annual costs (expenditures). In this analysis, the total annual revenues generated are projected to equal 1.08 times the associated City General Funds Costs.

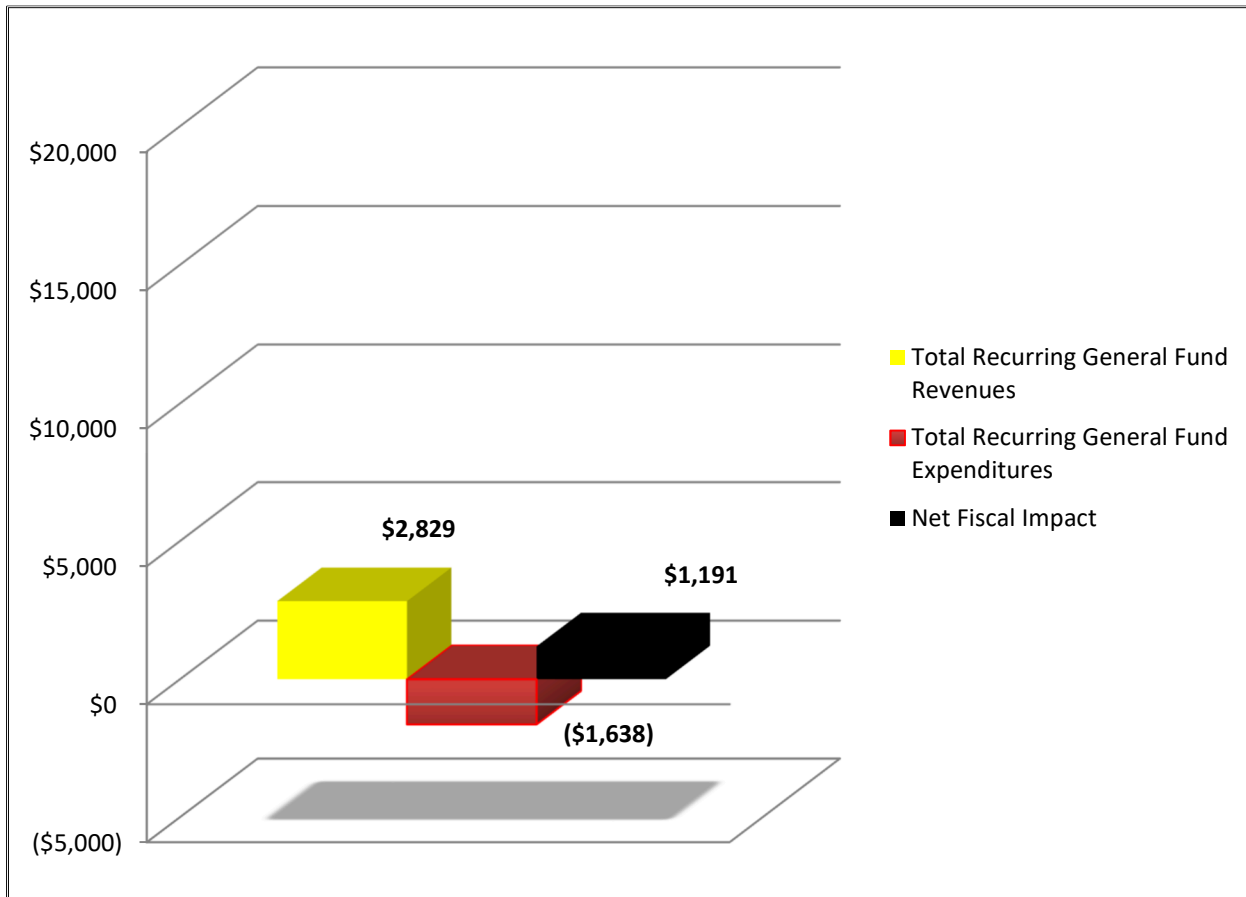
#### **D Fiscal Impact Conclusions**

Notably, the net fiscal impact for the Proposed Plan is significantly more positive, from a dollar perspective, than that for the Approved Plan, primarily due to higher property tax and CFD revenues generated by the proposed residential development.

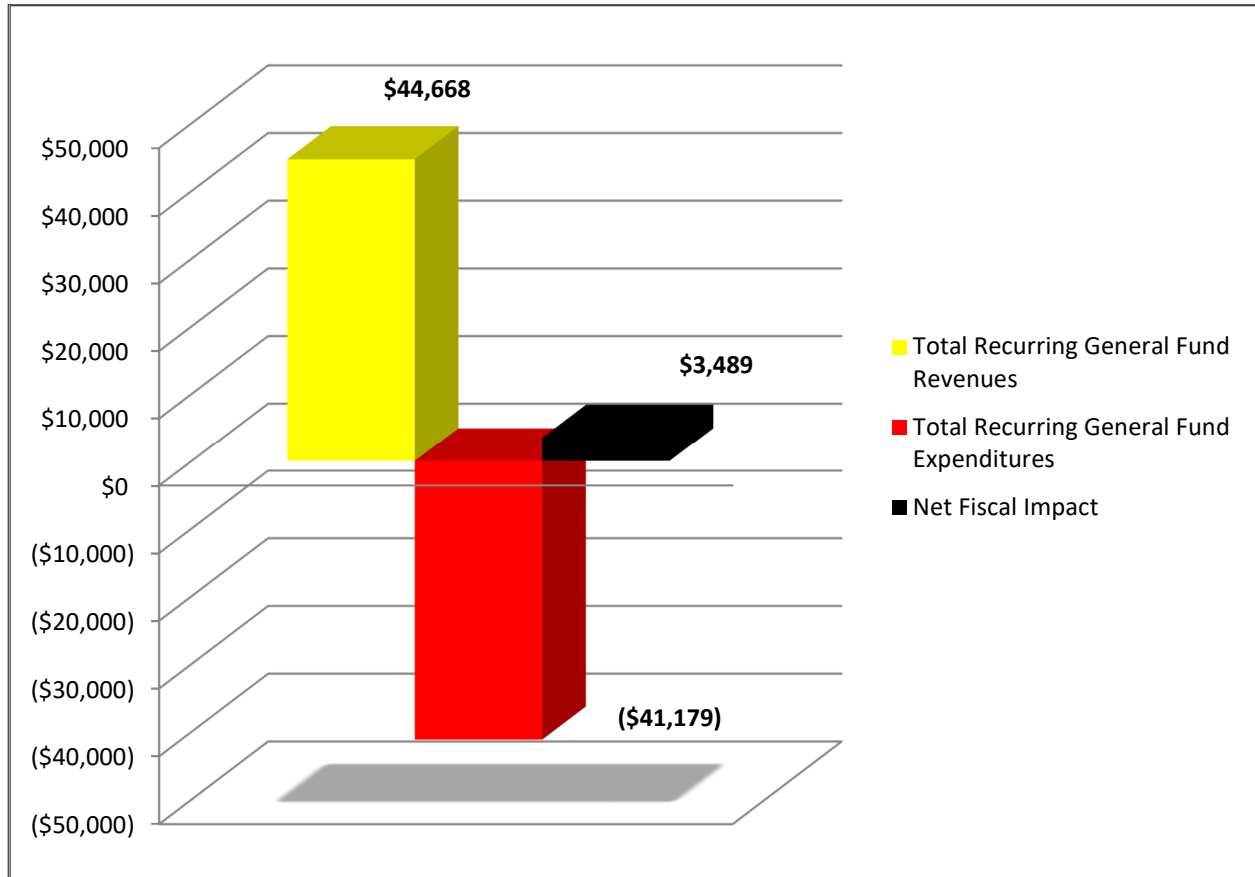
#### **E Market Considerations**

The results summarized in this section assume buildout and full occupancy for each Scenario. Prior to buildout and full occupancy, only a portion of the projected fiscal benefits would likely be realized. Notably, according to the Meyers Analysis, although there are several traditional and non-traditional Commercial uses that are appropriate for the existing site under the Approved Plan, such as retail, church /religious facilities, and storage facilities, feedback from Real Estate professionals specializing in retail leases and investment argue that the existing site has run through its economic life cycle and is no longer able to attract quality tenants.

**Figure 1: Net Fiscal Impact (City General Fund) – Approved Plan**



**Figure 2: Net Fiscal Impact (City General Fund) – Proposed Plan**



## **II INTRODUCTION**

The objective of this Fiscal Impact Study (the “Study”) is to analyze the fiscal impacts to the City of San Marcos (the “City”) of the proposed zoning and land use changes to the 1210 East Mission Road project (the “Project”).

The Project site is located at 1210 East Mission Road, on a 1.52 acre-site that is zoned to Neighborhood Commercial and currently includes a bank building that has been vacant for approximately 10 years. Based on the market study prepared by Meyer’s Research (“Meyers Analysis”), the Study assumes that, under the existing zoning, the Project site would likely be occupied by non-sales tax generating commercial uses (the “Approved Plan”). Moreover, the City of San Marcos is processing a General Amendment and Zone Change that would allow the Applicant to redevelop the site into a 24-unit residential condominium development (the “Proposed Plan”).

Consequently, the Study estimates the Fiscal impacts of the Approved Plan and Proposed Plan (collectively, the “Scenarios”) and provides a side-by-side comparison of both Scenarios.

### **A Scope and Methodology – Recurring Fiscal Impacts**

Fiscal impacts arising from a land development plan can be broadly categorized as one of two types: one-time impacts or recurring impacts. Each of these types may, in turn, be divided into a revenue component and a cost component. In this Study, it is assumed that one-time revenues would directly offset one-time costs; thus, the fiscal impacts considered focus on ongoing, or recurring, fiscal impacts of the Project on the City General Fund. Revenues that are generated outside of the City’s General Fund (e.g., special district revenues) or costs are incurred by the City outside of the General Fund (e.g., costs financed through a special district) are not included in the fiscal impact analysis.

The fiscal impact analysis presented in this Study utilizes two specific methods of analysis: The Multiplier approach (consisting of three separate methodologies, specifically “Per Capita”, “Per Employee”, and “Per Capita/Employee”) and the Case Study approach. Notably, the primary Multiplier approach used in this Study is the Per Capita/Employee methodology, which recognizes the fact that the exact relationship of service demands and revenue generating potential between residents and employees is difficult to quantify. In order to address this challenge, several assumptions are employed.

DTA has determined that utilizing a Per Capita/Employee, or Persons Served population, comprised of all residents and 50% of employees is common fiscal practice in quantifying the impact of a new development in a given service area. This number suggests that a resident generally has twice the fiscal impact of an employee. This methodology involves calculating the average City-wide revenues/costs per Persons Served, utilizing the City’s

Operating Budget for fiscal year ("FY") 2018-2019 (the "City Budget"), and applying these revenue/cost actors to the specific number of Persons Served projected for the Project.

If necessary, DTA will also use the Per Employee methodology to project recurring fiscal factors based on employment only, in areas such as business license revenues. Similarly, DTA will use the Per Capita methodology where appropriate to project recurring fiscal factors based on population only. Again, the Per Employee methodology or Per Capita methodology, involve calculating the average City-wide revenues/costs per employee or per capita, utilizing the City Budget, and applying these factors to the specific number of residents or employees, respectively, projected under each Scenario.

While most recurring revenues analyzed in this Study are projected using the Multiplier methodology, some major revenue sources, including Property Taxes and Sales Taxes, were calculated using a Case Study methodology that involves calculating marginal revenues to be specifically generated by a particular land use, instead of applying an average City-wide revenue factor. For purposes of this Study, all recurring revenues and costs are stated in current (un-inflated) 2019 dollars, based on the assumption that the relative impacts of inflation in future years will be the same for both of these fiscal impact categories.

Finally, certain revenues and expenditures for which the Multiplier methodology was utilized, were not expected to increase one-to-one with new development. Therefore, in order to accurately account for this, DTA applied a series of discount rates to specific revenues/costs. Generally, if needed, a discount rate would be applied to revenues or expenditures to exclude an administrative/overhead component of the revenue or expenditure that would likely not increase one-to-one with population or employment growth.

## **B Limitations – Accuracy of Information**

The fiscal models in this Study contain an analysis of revenues, service costs (expenditures), and impacts to the City resulting from the Project. These models are based on both (i) information provided to DTA by City staff, and (ii) certain DTA assumptions compiled by DTA from various sources including previous fiscal impact studies prepared by the firm. The sources of information and basis of the estimates calculated in the Study are stated herein. While DTA is confident that the sources of information are reliable, DTA does not express an opinion or any other form of assurance on the accuracy of such information.

Furthermore, the analysis of fiscal impacts contained in this Study is not considered to be a "financial forecast" or a "financial projection;" as technically defined by the American Institute of Certified Public Accountants. The word "projection" used within this Study relates to broad expectations of future events and/or market conditions. Since the analysis contained herein is based on estimates and assumptions that are inherently subject to uncertainty and variation depending on evolving events, DTA cannot represent

that such estimates will definitely be achieved. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur. Therefore, the actual results achieved may vary over time from the projections stated throughout this Study.



### III DESCRIPTION OF RECURRING FISCAL REVENUES/COSTS

This section presents recurring revenue and service cost (expenditure) impacts to the City General Fund for both the Approved Plan and the Proposed Plan, along with the methodology and assumptions utilized to project these impacts. Detailed numerical analyses of anticipated revenue and service cost (expenditure) impacts are contained in **Appendix A**.

#### A Analysis of Recurring Revenues - Case Study Method

##### A.1 *Property Taxes – Secured and Unsecured*

Secured property tax revenues are projected based on the City's estimated share of the general one percent (1%) property tax levy. Total projected secured property tax revenues to the City from the Project are estimated at 13.178% of the basic 1% property tax levy, for Tax Rate Area ("TRA") 13029. Please refer to the following **Table** and to **Exhibit 5 of Appendix A** for details regarding the secured and unsecured property tax assumptions utilized in the fiscal impact analysis.

Unsecured property taxes collected in the City are levied on tangible personal property that is not secured by real estate. Examples of unsecured property include trade fixtures (e.g., manufacturing equipment and computers), as well as airplanes, boats, and mobile homes on leased land. In generating the fiscal impact models for this Study, DTA has assumed that unsecured property values average 2.75% of the secured value for residential land uses and 10.00% of the secured value for non-residential land uses. Unsecured property tax revenue generated for both the Approved Plan and Proposed Plan are presented in **Exhibit 5 of Appendix A**.

##### A.2 *Property Transfer Tax*

Per California Revenue & Taxation Code §11901 et seq. and the San Marcos Municipal Code §3.12.030, sales of real property are taxed by the County of San Diego (the "County") at a rate of \$1.10 per \$1,000 of property value. For property located in the City, the property transfer tax is divided equally between the City and the County, with the City receiving \$0.55 per \$1,000 of transferred property sale or resale value, excluding assumed liens or encumbrances. Per typical baseline assumptions, DTA assumes that residential development changes ownership at an average rate of 10% per year. DTA also assumes that non-residential development changes ownership at an average rate of 5% per year, and that continuing liens and encumbrances are insignificant.

##### A.3 *Property Taxes in-Lieu of Vehicle License Fees (VLF)*

The passage of Proposition 1A in California in 2004 enacted a constitutional amendment that introduced a new methodology to calculate property taxes in-lieu of VLF. Per California Revenue and Taxation Code §97.70, the property tax in-lieu of VLF amount now grows in proportion to the growth rate of gross assessed valuation

in a city or county. Property taxes in-lieu of VLF revenues are projected to grow with the change in the City-wide gross assessed valuation of taxable property from the prior fiscal year.

Property tax in-lieu of VLF revenues constitute an addition to other property tax apportionments and were calculated for purposes of this Study at \$0.67 per \$1,000 increase in assessed valuation on a City-wide basis. **Table 1** presents details regarding the property tax assumptions utilized in the fiscal impact analysis.

**Table 1: Property Tax Assumptions**

Property Tax Assumptions	Approved Plan	Proposed Plan
<b>Assessed Valuation</b>		
Residential	\$0	\$12,320,800
Non-residential	\$1,280,243	\$0
<b>Secured Property Tax Allocation</b> <i>(As a Portion of the 1% General Property Tax Levy)</i>		
City of San Marcos	6.988%	6.988%
Fire District	6.189%	6.189%
<b>Unsecured Property Tax</b>		
Residential	2.75%	2.75%
Non-residential	10.0%	10.0%
<b>Property Transfer Tax</b>		
Residential Property Turnover Rate	10.0%	10.0%
Non-residential Property Turnover Rate	5.0%	5.0%
Transfer Tax as a % of Assessed Value	0.11%	0.11%
Property Transfer Tax Passed through to the City	50.0%	50.0%
<b>Property Tax in-Lieu of Vehicle License Fee (VLF)</b>		
Total San Marcos Gross Assessed Value (VLF Base year)	\$7,756,621,947	\$7,756,621,947
Total City Property Tax In-Lieu of VLF Revenues	\$5,191,930	\$5,191,930
Property Tax In-Lieu of VLF Increase per \$1,000 of AV	\$0.67	\$0.67

#### **A.4 Sales Taxes**

Direct sales tax revenues are generated by retail sales from businesses within City limits, with 1.00% of taxable sales receipts passed through to the City. **Exhibit 6 of Appendix A** reflects estimated taxable sales per square foot for each on-site, non-residential land use type, based on data from the Urban Land Institute's Dollars & Cents of Shopping Projects (2008) publication and total estimated taxable sales for the Project, based on development assumptions provided by the City and the Meyers

Analysis.

Indirect sales tax revenues, as also summarized in **Exhibit 6** of **Appendix A**, are projected based on estimated purchases made by residents and employees of the Project within the City. Based on information outlined in the International Council of Shopping Centers' Office-Worker Retail Spending in a Digital Age (2012), DTA assumed that each on-site employee spends approximately \$5,652 annually within the City under each Scenario. Sales tax assumptions are summarized in **Table 2** below.

**Table 2: Sales Tax Assumptions**

<b>Sales Tax Assumptions</b>	<b>All Scenarios</b>
Percentage of Sales Tax Passed through City of San Marcos	1.00%
Local Employee Spending	\$5,652
Capture Rate of Retail Spending (within the City)	50%
Displacement Rate (existing taxable sales within the City)	20%

**A.5 Community Facilities District ("CFD") Special Tax Revenue**

The Project is currently located in five (5) separate Community Facilities Districts (collectively, the "CFDs") and will be subject to the applicable special tax for each CFD based on the land uses anticipated under each Scenario. Notably, revenues generated from CFD No. 98-02 and CFD No. 2011-01 will not be deposited in the City's General Fund and have therefore been excluded from this analysis. **Table 3** below and **Exhibit 7** of **Appendix A** summarize the CFD assumptions utilized for the Approved Plan and the Proposed Plan.

**Table 3: CFD Assumptions**

Community Facilities District	Approved Plan	Proposed Plan	Fund Designation
<b>CFD 98-01</b> <i>Retail/Office (Per Acre)</i> <i>Residential (Per Unit)</i>	\$2,377.83	\$339.69	<b>General Fund</b>
<b>CFD 2001-01</b> <i>Retail/Office (Per Acre)</i> <i>Residential (Per Unit)</i>	\$1,142.19	\$163.17	<b>General Fund</b>
<b>CFD 98-02 (ZONES A - E)</b> <i>Retail/Office (Per Acre)</i> <i>Residential (Per Unit)</i>	\$1,061.79	\$247.60	Non-General Fund
<b>CFD 98-02 (ZONE F)</b> <i>Retail (Per Acre)</i> <i>Residential (Per Unit)</i>	NA	NA	Non-General Fund
<b>CFD 2011-01</b> <i>Retail/Office (Per Sq. Ft.)</i> <i>Residential (Per Unit)</i>	\$0.357	\$340.16	Non-General Fund

## **B Analysis of Recurring Revenues – Multiplier Method**

Utilizing the Multiplier methodology discussed in Section II (A) of this Study, the multipliers presented in this section and illustrated in **Table 4** below quantify the marginal increase in revenue for each specific revenue category as a result of the proposed development Scenario(s). Additional details on each revenue category are also provided below.

**Table 4: General Fund Revenues (Multiplier Method)**

Revenue Category	Amount	Methodology	Discount
Franchise Fees	\$35.48	Persons Served	0%
Licenses and Permits	\$13.73	Persons Served	0%
Fines and Forfeitures	\$4.57	Persons Served	0%

### **B.1 Franchise Fees**

The City receives franchise fee revenue from a variety of sources including utility companies (e.g. electricity, water, trash, etc.), pipelines that run under the City's streets, cable TV, taxi, and from companies that operate in the City's right-of-way to provide services for residents (e.g. tow trucks and solid waste haulers). Some franchise taxes (fees) are set dollar amounts that increase each year according to changes in some index, such as the Consumer Price Index. Other franchise fees are based on a percentage of utility revenues.

Using the *Per Capita/Employee Multiplier* approach, DTA has projected Franchise

fees at \$35.48 per persons served. This represents the marginal increase in revenue per additional persons served in this category.

#### **B.2 Licenses and Permits**

Licenses and Permits made up 7% of the City's revenue in FY 2018-2019 and is considered an important source of income to the City's General Fund. In addition to business licenses, the city imposes fees on a variety of permits including building, electrical, plumbing, grading, construction and many other areas.

DTA projects Licenses and Permits at \$13.73 per persons served using the *Per Capita/Employee Multiplier* approach.

#### **B.3 Fines and Forfeitures**

To ensure the payment of various licenses and fees, the City's Municipal Code empowers the City to impose penalties and to collect fines in several areas. Among the significant categories in this section are parking fines, traffic fines, and forfeitures/ penalties for business licenses and franchises. After a careful review of this revenue source, Fines and Forfeiture have also been projected using the *Per Capita/Employee Multiplier* approach, at \$4.57 per persons served.

### **C Analysis of Recurring Costs – Case Study Method**

#### **C.1 General Government**

According to the City Budget, the percentage of recurring General Government overhead (percentage of total recurring General Fund expenditures) to the City General Fund non-government expenditures, is 20.1%. This is based on total general government expenditures of \$11,061.897 and non-general government expenditure of \$66,188,429. General Government costs are generated from several areas including City Council, Administration, Economic Development, City Attorney, City Clerk, Human Resources/Risk Management, Finance/Information Systems, and Real Property Services. Non-general government costs include Public Works, Development Services, Public Safety, Culture and Recreation, and other Financing Sources.

### **D Analysis of Recurring Costs – Multiplier Method**

**Table 5** below quantifies the marginal increase in expenditures for specific expenditure category as a result of the proposed development Scenario(s). A detailed description of each category is also provided below.

**Table 5: General Fund Costs (Multiplier Method)**

<b>Expenditure Category</b>	<b>Amount</b>	<b>Methodology</b>	<b>Discount</b>
Public Works	\$106.81	Persons Served	0%
Development Services	\$40.47	Persons Served	0%
Public Safety	\$289.82	Persons Served	0%
Culture and Recreation	\$15.49	Persons Served	0%
Other Financing Sources	\$2.52	Persons Served	90%

#### **D.1 Public Works**

The Public Works Department is responsible for the design, construction, maintenance and management of the City's vital municipal infrastructure system. It is composed of two divisions, Operations and Engineering. The Operations divisions includes administration, right-of-way maintenance, facilities maintenance, fleet maintenance, and parks and landscape maintenance, and is responsible for the maintenance and repair of City streets, buildings, flood control, storm drains, street lights, traffic signals, public places, parks, special districts, vehicles and equipment. The Engineering division administers and coordinates the capital improvement program, traffic engineering, stormwater maintenance, and construction inspection and management.

The Department also oversees the drafting and execution of related contracts and agreements; coordination with outside agencies; preparation and administration of capital grant funding; management of City-owned asset data; and provides inspection and acceptance services for development and public infrastructure improvements in the City.

DTA projects the combined Public Works Department multiplier at \$106.81 per persons served using the *Per-Capita/Employee Multiplier* approach. Again, this represents the marginal increase in expenditures per additional persons served in this category.

#### **D.2 Development Services**

The duties of the Development Services Department range from project entitlement approvals to approvals of construction permits and City ordinances related to land use and development. The department is made up of four divisions: (1) the Building Division that enforces laws, codes and ordinances for all building and parking activities in the City; (2) the Planning Division that administers the City's General Plan and various zoning and environmental regulation by analyzing and recommending measures to protect existing resources; (3) the Land Development Engineering Division that ensures compliance with City codes and ordinances, as well as the Subdivision Map Act, National Pollutant Discharge Elimination System ("NPES") permit, and Federal Emergency Management System ("FEMA") floodplain

requirements; and (4) the Housing Division that provides programs that include the development of new affordable housing units, the Down Payment Assistance Program and the Homeowner Rehabilitation Program.

Notably, DTA projects the combined Development Services multiplier at \$40.47 per persons served using the *Per-Capita/Employee Multiplier* approach.

#### **D.3 Public Safety**

The Public Safety division discussed in this section is made up of both Law Enforcement and Fire services. According to the City Budget, this division accounts for the City's largest General Fund expenditure (over 50.0% of the City's annual General Fund expenditure). The City currently has a contract for police services with the San Diego County Sheriff's Department. The City contract for law enforcement services includes patrol, traffic, community-oriented policing, gang and narcotics details, detectives, and clerical and supervisory personnel. In contrast, the City operates its own Fire Department, which provides services to over 100,000 residents in the 33 square mile San Marcos Fire Protection District ("SMFPD"). The City itself, comprises 24 square miles of the SMFPD.

Based on the City Budget, DTA projects the combined Public Safety multiplier at \$289.82 per persons served using the *Per Capita/Employee Multiplier* approach.

#### **D.4 Culture and Recreation**

The Culture and Recreation department is responsible for providing programs and services at the City's parks and recreation facilities. Among the specific elements of the department's work, are pre-school and youth programming, holiday celebrations, special events, cultural and performing arts activities, parks and trails planning, as well as aquatics and other programs. Additionally, the department oversees 17 neighborhood/community parks, 12 mini parks, and more than 60 miles of trails.

Based on the City Budget, DTA projects the Culture and Recreation multiplier at \$15.49 per persons served using the *Per Capita/Employee Multiplier* approach.

#### **D.5 Other Financing Services**

The Other Financial Services category is comprised of Transfers Out, Annual Replacement, and Rehab Transfers, and is projected to have a combined multiplier of \$2.52 per persons served using the *Per Capita/Employee Multiplier* approach. However, as explained in the earlier Scope and Methodology section, a discount rate of 90% was applied to this expenditure to exclude an administrative/overhead component of the expenditure that would not increase one-to-one with population or employment growth.



## IV FISCAL IMPACTS TO THE CITY'S GENERAL FUND

### A Total Recurring Revenues

Under the Approved Plan, the total annual incremental recurring revenues are projected to be \$2,829. Notably, Secured Property Tax makes up the largest percentage total (59.6%). As shown in the table below, CFD Revenue (19.8%) and Unsecured Property Taxes (6.0%), also make up significant portions of the revenue to the City.

Under the Proposed Plan, annual incremental recurring revenues total \$44,668. As illustrated below in **Table 6**, the largest percentage of revenue generated under the Proposed Plan is also attributed to Secured Property Tax (36.3%). Other revenues making up a significant portion of the revenue to the City include CFD Revenue (27.0%) from CFD 98-01 (Police and Fire) and CFD 2001-01 (Fire), and Property Tax in-lieu of VLF (17.1%). **Exhibits 1 and 11**, in **Appendix A** provide additional details regarding all recurring revenues and the assumptions used in their derivation.

Table 6: Recurring Fiscal Revenues (City General Fund)

Revenue Category	Approved Plan		Proposed Plan	
	Amount	Percent	Amount	Percent
Secured Property Tax	\$1,687	59.6%	\$16,236	36.3%
Unsecured Property Tax	\$169	6.0%	\$446	1.0%
Property Transfer Tax	\$35	1.2%	\$686	1.5%
Property In-Lieu of Vehicle License Fee	\$133	4.7%	\$7,624	17.1%
Direct and Indirect Sales tax	\$85	3.0%	\$3,554	8.0%
Franchise Fees	\$106	3.7%	\$2,674	6.0%
Licenses and Permits	\$41	1.4%	\$1,035	2.3%
Fines and Forfeitures	\$14	0.5%	\$344	0.8%
CFD Revenue	\$559	19.8%	\$12,069	27.0%
<b>Total Revenues</b>	<b>\$2,829</b>	<b>100.0%</b>	<b>\$44,668</b>	<b>100.0%</b>

### B Total Recurring Costs

As illustrated in **Table 7** below, under the Proposed Plan, the total annual incremental recurring costs are projected to be \$41,179 per year. In contrast, under the Approved Plan, total annual costs are expected to total \$1,638 per year. In both cases, Public Safety (approximately 53.0%) makes up the largest cost percentage, followed by Public Works (19.5%), and General Government (16.7%). **Exhibits 1 and 12**, in **Appendix A** provide additional details about all recurring costs and the assumptions used in their derivation.



**Table 7: Recurring Fiscal Costs (City General Fund)**

Expenditure Category	Approved Plan		Proposed Plan	
	Amount	Percent	Amount	Percent
Public Works	\$320	19.5%	\$8,049	19.5%
Development Services	\$121	7.4%	\$3,050	7.4%
Public Safety	\$869	53.1%	\$21,841	53.0%
Culture and Recreation	\$46	2.8%	\$1,167	2.8%
Other Financing Sources	\$8	0.5%	\$190	0.5%
General Government	\$274	16.7%	\$6,882	16.7%
<b>Total Revenues</b>	<b>\$1,638</b>	<b>100.0%</b>	<b>\$41,179</b>	<b>100.0%</b>

### C Overall Net Fiscal Impact

**Table 8** presented below, shows the overall incremental fiscal impact to the City under both proposed development Scenarios. Under the Approved Plan, the overall fiscal impact to the City General Fund resulting from revenues generated by development and the recurring costs associated with the Project, is a recurring fiscal surplus of \$1,191. This total is based on \$2,829 in recurring annual revenue and \$1,638 in recurring annual costs. In this analysis, the total annual revenues generated are projected to equal 1.73 times the associated City General Funds Costs.

Under the Proposed Plan, the overall fiscal impact to the City General Fund, resulting from revenues generated by the Project and the recurring costs associated with the Project, is a recurring fiscal surplus of \$3,489. This amount is based on \$44,668 in recurring annual revenues and \$41,179 in remaining current annual costs (expenditures). In this analysis, the total annual revenues generated are projected to equal 1.08 times the associated City General Funds Costs.

**Table 8: Net Fiscal Impact (City General Fund)**

Fiscal Impact	Approved Plan	Proposed Plan
Total Recurring General Fund Revenues	\$2,829	\$44,668
Total Recurring General Fund Expenditures	(\$1,638)	(\$41,179)
<b>Net Fiscal Impact</b>	<b>\$1,191</b>	<b>\$3,489</b>
Revenue to Expense Ratio	1.73	1.08

Notably, the fiscal impact for the Proposed Plan is significantly more positive (from a dollar perspective) than that for the Approved Plan primarily due to higher property tax and CFD revenues from the proposed residential development.

## **D Market Considerations**

The results summarized in this section assume buildout and full occupancy for each Scenario. Prior to buildout and full occupancy, only a portion of the projected fiscal benefits would likely be realized. Notably, according to the Meyers Analysis, although there are several traditional and non-traditional Commercial uses that are appropriate for the existing site under the Approved Plan, such as retail, church /religious facilities and storage facilities, feedback from Real Estate professionals specializing in retail leases and investment argue that the existing site has run through its economic life cycle and is no longer able to attract quality tenants.

# **APPENDIX A**

City of San Marcos  
1210 East Mission Road  
Fiscal Impact Report



## **FISCAL IMPACT REPORT**

**CITY OF SAN MARCOS  
1210 EAST MISSION ROAD  
FISCAL IMPACT ANALYSIS**

**FISCAL IMPACT SUMMARY**

**PROJECT SUMMARY**

**DEMOGRAPHICS**

**CASE STUDY REVENUES**

**CASE STUDY EXPENDITURES**

**MULTIPLIER REVENUES**

**MULTIPLIER EXPENDITURES**

**CITY BUDGET SUMMARY**

**EXHIBIT 1**

**CITY OF SAN MARCOS  
1210 EAST MISSION ROAD  
FISCAL IMPACT SUMMARY**

RECURRING GENERAL FUND REVENUES <sup>1</sup>	APPROVED PLAN		PROPOSED PLAN	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
SECURED PROPERTY TAX	\$1,687	59.6%	\$16,236	36.3%
UNSECURED PROPERTY TAX	\$169	6.0%	\$446	1.0%
PROPERTY TRANSFER TAX	\$35	1.2%	\$686	1.5%
PROPERTY TAX IN-LIEU OF VEHICLE LICENSE FEE	\$133	4.7%	\$7,624	17.1%
DIRECT AND INDIRECT SALES TAX	\$85	3.0%	\$3,554	8.0%
FRANCHISE FEES	\$106	3.7%	\$2,674	6.0%
LICENSES AND PERMITS	\$41	1.4%	\$1,035	2.3%
FINES AND FORFEITURES	\$14	0.5%	\$344	0.8%
CFD REVENUE	\$559	19.8%	\$12,069	27.0%
<b>TOTAL RECURRING GENERAL FUND REVENUES</b>	<b>\$2,829</b>	<b>100.0%</b>	<b>\$44,668</b>	<b>100.0%</b>

RECURRING GENERAL FUND EXPENDITURES <sup>2</sup>	APPROVED PLAN		PROPOSED PLAN	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
PUBLIC WORKS	\$320	19.5%	\$8,049	19.5%
DEVELOPMENT SERVICES	\$121	7.4%	\$3,050	7.4%
PUBLIC SAFETY	\$869	53.1%	\$21,841	53.0%
CULTURE AND RECREATION	\$46	2.8%	\$1,167	2.8%
OTHER FINANCING USES	\$8	0.5%	\$190	0.5%
GENERAL GOVERNMENT	\$274	16.7%	\$6,882	16.7%
<b>TOTAL RECURRING GENERAL FUND EXPENDITURES</b>	<b>\$1,638</b>	<b>100.0%</b>	<b>\$41,179</b>	<b>100.0%</b>

NET FISCAL IMPACT	APPROVED PLAN	PROPOSED PLAN
TOTAL ANNUAL RECURRING GENERAL FUND SURPLUS/(DEFICIT)	\$1,191	\$3,489
TOTAL ANNUAL REVENUE/EXPENDITURE RATIO	1.73	1.08

**NOTES:**

<sup>1</sup> Please see Exhibits 5-7 and 9 for the derivation of these calculations.

<sup>2</sup> Please see Exhibits 8 and 10 for the derivation of these calculations.

*\*All figures subject to rounding*

## EXHIBIT 2

CITY OF SAN MARCOS  
1210 EAST MISSION ROAD  
PROJECT SUMMARY

LAND USE TYPE	TOTAL GROSS ACRES	APPROVED PLAN				PROPOSED PLAN					
		BUILDING SPACE ACRES <sup>1</sup>	BUILDING SPACE SF <sup>1</sup>	ESTIMATED VALUE/BSF <sup>2</sup>	TOTAL ESTIMATED VALUE <sup>2</sup>	BUILDING SPACE ACRES <sup>1</sup>	BUILDING SPACE SF <sup>1</sup>	UNITS <sup>1</sup>	ESTIMATED VALUE/BSF	ESTIMATED AVERAGE SALE PRICE <sup>2,3</sup>	TOTAL ESTIMATED VALUE <sup>2</sup>
GRAND TOTAL	1.52	0.16	6,915	\$185	\$1,280,243	0.84	36,400	24	\$343	\$506,667	\$12,472,000
NON-RESIDENTIAL RETAIL (STORAGE)		0.16	6,915	\$185	\$1,280,243						
NON-RESIDENTIAL SUBTOTAL		0.16	6,915		\$1,280,243						
RESIDENTIAL CONDOMINIUM						0.84	36,400	24		\$506,667	\$12,472,000
RESIDENTIAL SUBTOTAL						0.84	36,400	24			\$12,472,000

## NOTES

<sup>1</sup> Source: City of San Marcos.<sup>2</sup> Source: Meyers Research, "Pricing and Absorption Study: 1210 E. Mission Rd, San Marcos, CA.<sup>3</sup> "Estimated average sale price" refers to the weighted average of the base price, as calculated using Meyers Research assumptions.**\*All figures subject to rounding**

**EXHIBIT 3**

**CITY OF SAN MARCOS  
1210 EAST MISSION ROAD  
CITY DEMOGRAPHICS**

**POPULATION, HOUSEHOLDS, AND EMPLOYMENT (2018)**

POPULATION <sup>1</sup>	95,768
EMPLOYMENT <sup>2</sup>	39,200
TOTAL PERSONS SERVED <sup>3</sup>	115,368
HOUSEHOLDS	29,941
AVERAGE HOUSEHOLD SIZE <sup>1</sup>	3.14

**NOTES**

<sup>1</sup> California Department of Finance, Housing and Population Information, January 1, 2018.

<sup>2</sup> Source: State of California Employment Development Department (EDD) (December 2018).

<sup>3</sup> Assumes City population plus 50% of employees.

**EXHIBIT 4**  
**1210 EAST MISSION ROAD**  
**CITY OF SAN MARCOS**  
**1210 EAST MISSION ROAD**  
**PROJECT DEMOGRAPHICS**

APPROVED PLAN					PROPOSED PLAN						
LAND USE TYPE	BSF	SF PER EMPLOYEE <sup>2</sup>	DIRECT EMPLOYEES	PERSONS SERVED	BSF	UNITS	SF PER EMPLOYEE	PERSONS PER HOUSEHOLD <sup>1</sup>	RESIDENTS	DIRECT EMPLOYEES	PERSONS SERVED
<b>GRAND TOTAL</b>	<b>6,915</b>		<b>6</b>	<b>3</b>	<b>36,400</b>	<b>24</b>	<b>0</b>	<b>3.14</b>	<b>75</b>	<b>0</b>	<b>75</b>
<b>NON-RESIDENTIAL</b>											
RETAIL (STORAGE)	6,915	1,232	6	3							
<b>NON-RESIDENTIAL SUBTOTAL</b>	<b>6,915</b>		<b>6</b>	<b>3</b>					<b>0</b>	<b>0</b>	<b>0</b>
<b>RESIDENTIAL</b>											
CONDOMINIUM					36,400	24	NA	3.14	75	NA	75
<b>RESIDENTIAL SUBTOTAL</b>			<b>0</b>	<b>0</b>	<b>36,400</b>	<b>24</b>			<b>75</b>		<b>75</b>

**NOTES**

<sup>1</sup> California Department of Finance, Housing and Population Information, January 1, 2018.

<sup>2</sup> Source: Commercial Buildings Energy Consumption Survey (CBECS), 2012.

*\*All figures subject to rounding*



EXHIBIT 5

CITY OF SAN MARCOS  
1210 EAST MISSION ROAD  
ESTIMATED PROPERTY TAX REVENUES (CASE STUDY)

PROPERTY TAX SUMMARY		
LAND USE TYPE	APPROVED PLAN	PROPOSED PLAN
<b>ALL PROPERTY TAXES</b>		
SECURED PROPERTY TAXES	\$1,687	\$16,236
UNSECURED PROPERTY TAXES	\$169	\$446
PROPERTY TRANSFER TAXES	\$35	\$686
PROPERTY TAX IN-LIEU OF VLF	\$133	\$7,624
<b>GRAND TOTAL ALL PROPERTY TAXES</b>	<b>\$2,024</b>	<b>\$24,992</b>
<b>RESIDENTIAL PROPERTY TAXES</b>		
SECURED PROPERTY TAXES		\$16,236
UNSECURED PROPERTY TAXES		\$446
PROPERTY TRANSFER TAXES		\$686
PROPERTY TAX IN-LIEU OF VLF		\$7,624
<b>TOTAL RESIDENTIAL PROPERTY TAXES</b>		<b>\$24,992</b>
<b>NON-RESIDENTIAL PROPERTY TAXES</b>		
SECURED PROPERTY TAXES	\$1,687	\$0
UNSECURED PROPERTY TAXES	\$169	\$0
PROPERTY TRANSFER TAXES	\$35	\$0
PROPERTY TAX IN-LIEU OF VLF	\$133	\$0
<b>TOTAL NON-RESIDENTIAL PROPERTY TAXES</b>	<b>\$2,024</b>	<b>\$0</b>

**EXHIBIT 5**

**CITY OF SAN MARCOS  
1210 EAST MISSION ROAD  
ESTIMATED PROPERTY TAX REVENUES (CASE STUDY)**

SECURED PROPERTY TAX CALCULATION		
LAND USE TYPE	APPROVED PLAN	PROPOSED PLAN

**GRAND TOTAL**

ESTIMATED BUILDOUT VALUE	\$1,280,243	\$12,472,000
ESTIMATED EXEMPTIONS	\$0	(\$151,200)
ESTIMATED ASSESSED VALUE	\$1,280,243	\$12,320,800
ESTIMATED SECURED PROPERTY TAXES	\$1,687	\$16,236

**RESIDENTIAL**

ESTIMATED BUILDOUT VALUE	\$0	\$12,472,000
ESTIMATED EXEMPTIONS	\$0	(\$151,200)
HOMEOWNER'S EXEMPTION (ANNUALLY)	\$7,000	
PERCENT OF SALE UNITS TAKING HOMEOWNER'S EXEMPTION <sup>1</sup>	90%	
ESTIMATED ASSESSED VALUE	\$0	\$12,320,800
ESTIMATED SECURED PROPERTY TAXES	\$0	\$16,236

**NON-RESIDENTIAL**

ESTIMATED BUILDOUT VALUE	\$1,280,243	\$0
ESTIMATED EXEMPTIONS	\$0	\$0
ESTIMATED ASSESSED VALUE	\$1,280,243	\$0
ESTIMATED SECURED PROPERTY TAXES	\$1,687	\$0

UNSECURED PROPERTY TAX CALCULATION		
LAND USE TYPE	APPROVED PLAN	PROPOSED PLAN

<b>GRAND TOTAL</b>	\$169	\$446
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**RESIDENTIAL**

ESTIMATED UNSECURED PROPERTY TAXES	\$0	\$446
UNSECURED TAXES AS A % OF SECURED <sup>2</sup>	2.75%	

**NON-RESIDENTIAL**

ESTIMATED UNSECURED PROPERTY TAXES	\$169	\$0
UNSECURED TAXES AS A % OF SECURED <sup>2</sup>	10.00%	

**EXHIBIT 5 - CONTINUED**

**CITY OF SAN MARCOS  
1210 EAST MISSION ROAD  
ESTIMATED PROPERTY TAX REVENUES (CASE STUDY)**

**PROPERTY TRANSFER TAX CALCULATION**

LAND USE TYPE	APPROVED PLAN	PROPOSED PLAN
<b>GRAND TOTAL</b>	\$35	\$686
<b>RESIDENTIAL</b>		
ESTIMATED PROPERTY TRANSFER TAXES	\$0	\$686
ESTIMATED BUILDOUT VALUE	\$0	\$12,472,000
TRANSFER TAX AS A % OF ASSESSED VALUE	0.11%	
PROPERTY TRANSFER TAX PASSED THROUGH TO CITY OF SAN MARCOS	50.00%	
RESIDENTIAL PROPERTY TURNOVER RATE	10.00%	
<b>NON-RESIDENTIAL</b>		
ESTIMATED PROPERTY TRANSFER TAXES	\$35	\$0
ESTIMATED BUILDOUT VALUE	\$1,280,243	\$0
TRANSFER TAX AS A % OF ASSESSED VALUE	0.11%	
PROPERTY TRANSFER TAX PASSED THROUGH TO CITY OF SAN MARCOS	50.00%	
NON-RESIDENTIAL PROPERTY TURNOVER RATE	5.00%	

**PROPERTY TAX IN-LIEU OF VEHICLE LICENSE FEE CALCULATION**

LAND USE TYPE	APPROVED PLAN	PROPOSED PLAN
<b>GRAND TOTAL</b>	\$133	\$7,624
<b>RESIDENTIAL</b>		
ESTIMATED PROPERTY TAX IN-LIEU OF VLF	\$0	\$7,624
ESTIMATED BUILDOUT VALUE	\$0	\$12,472,000
ESTIMATED EXISTING ASSESSED VALUE	\$0	\$1,082,258
PROPERTY TAX IN-LIEU OF VLF INCREASE PER \$1,000 OF AV	\$0.67	
<b>NON-RESIDENTIAL</b>		
ESTIMATED PROPERTY TAX IN-LIEU OF VLF	\$133	\$0
ESTIMATED BUILDOUT VALUE	\$1,280,243	\$0
ESTIMATED EXISTING ASSESSED VALUE	\$1,082,258	\$0
PROPERTY TAX IN-LIEU OF VLF INCREASE PER \$1,000 OF AV	\$0.67	

**EXHIBIT 5 - CONTINUED**

**CITY OF SAN MARCOS  
1210 EAST MISSION ROAD  
ESTIMATED PROPERTY TAX REVENUES (CASE STUDY)**

**PROPERTY TAX AND PROPERTY TRANSFER TAX RATES AND ASSUMPTIONS**

**PROPERTY TAX ALLOCATION (AS A PORTION OF THE 1% GENERAL PROPERTY TAX LEVY)**

CITY OF SAN MARCOS <sup>3,4</sup>	6.988%
FIRE DISTRICT <sup>3,4</sup>	6.189%

<b>TOTAL</b>	<b>13.178%</b>
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**PROPERTY TRANSFER TAX RATE AND ALLOCATION<sup>5</sup>**

TRANSFER TAX AS A % OF ASSESSED VALUE	0.11%
PROPERTY TRANSFER TAX PASSED THROUGH TO CITY OF SAN MARCOS	50.00%

**PROPERTY TAX IN-LIEU OF VLF ASSUMPTIONS**

TOTAL CITY OF SAN MARCOS GROSS ASSESSED VALUE <sup>6</sup>	\$7,756,621,947
TOTAL CITY PROPERTY TAX IN-LIEU VLF REVENUES <sup>6</sup>	\$5,191,930
PROPERTY TAX IN-LIEU OF VLF INCREASE PER \$1,000 OF AV	\$0.67

**NOTES**

<sup>1</sup> Estimate, subject to change.

<sup>2</sup> Based on typical DTA baseline assumptions.

<sup>3</sup> Based on "General Fund" levy for Tax Rate Area (TRA) 013029. Data provided by the County of San Diego Auditor-Controller's Office.

<sup>4</sup> Based on the average of the rates for TRA 013029.

<sup>5</sup> Source: California Revenue & Taxation Code §11901, et seq.; San Marcos Municipal Code §3.12.020.

<sup>6</sup> Source: State Controller's Office Division of Accounting and Reporting, Revenue and Taxation Code Section 97.70 (c)(1)(B)(i) - Vehicle License Fee Adjustment Amounts.

***\*All figures subject to rounding***

**EXHIBIT 6****CITY OF SAN MARCOS  
1210 EAST MISSION ROAD  
ESTIMATED SALES TAX REVENUES (CASE STUDY)**

SALES TAX SUMMARY		
LAND USE TYPE	APPROVED PLAN	PROPOSED PLAN
<b>GRAND TOTAL</b>	<b>\$85</b>	<b>\$3,554</b>
<b>RESIDENTIAL SALES TAXES</b>		
DIRECT SALES TAX		NA
INDIRECT SALES TAX - TAXABLE RESIDENT PURCHASES		
CONDOMINIUMS		\$3,554
<b>TOTAL RESIDENTIAL SALES TAXES</b>		<b>\$3,554</b>
<b>NON-RESIDENTIAL SALES TAXES</b>		
DIRECT SALES TAX <sup>1</sup>		
NON-RETAIL	\$0	\$0
INDIRECT SALES TAX - TAXABLE EMPLOYEE PURCHASES	\$85	\$0
<b>TOTAL NON-RESIDENTIAL SALES TAXES</b>	<b>\$85</b>	<b>\$0</b>
DIRECT SALES TAX ASSUMPTIONS		
<b>TAXABLE SALES PER SF<sup>1</sup></b>		
NON-RETAIL		\$0
<b>DISPLACED TAXABLE SALES<sup>2</sup></b>		20%

**EXHIBIT 6 - CONTINUED**

**CITY OF SAN MARCOS  
1210 EAST MISSION ROAD**

**RESIDENTIAL INDIRECT SALES TAX ASSUMPTIONS**

**DISPOSABLE INCOME PER HOUSEHOLD**

ESTIMATED AVERAGE HOUSEHOLD INCOME (ASSUMES 3:1 INCOME TO HOUSEHOLD PAYMENT RATIO) <sup>3</sup>

CONDOMINIUMS	\$105,506
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**MORTGAGE ASSUMPTIONS**

CONDOMINIUMS

AVERAGE PROJECTED SALES PRICE PER UNIT	\$506,667
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AVERAGE MORTGAGE (20% DOWN PAYMENT) <sup>3</sup>	\$405,333
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ANNUAL MORTGAGE PAYMENT (4.5% FOR 30 YEARS) <sup>4</sup>	\$24,645
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ADDITIONAL ANNUAL PROPERTY TAXES & HOA <sup>5</sup>	\$10,524
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**RETAIL TAXABLE EXPENDITURES (AS A % OF DISPOSABLE INCOME) <sup>6</sup>**

CONDOMINIUMS	28.07%
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**NON-RESIDENTIAL INDIRECT SALES TAX ASSUMPTIONS**

EMPLOYEES (ANNUAL SPENDING PER EMPLOYEE) <sup>7</sup>	\$5,652
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EXHIBIT 6 - CONTINUED

CITY OF SAN MARCOS  
1210 EAST MISSION ROAD  
ESTIMATED SALES TAX REVENUES (CASE STUDY)

CITY INDIRECT SALES TAX ASSUMPTIONS

SALES TAX % TO CITY <sup>8</sup>	1.00%
CITY RETAIL TAXABLE PURCHASE CAPTURE RATE <sup>2</sup>	50%

SAMPLE PROPERTY TAX BILL

FY 2018-19 AD VALOREM PROPERTY TAX RATE (13029)	1.11185%
CITY CFD SPECIAL TAXES	\$1,090.62
OTHER DIRECT ASSESSMENTS	
VECTOR CONTROL	\$7.92
CWA WATER AVAILABILITY	\$10.00
MOSQUITO SURVEILLANCE	\$2.28
MWD WATER STANDBY CHARGE	\$11.50
SEWER SERVICE CHARGE	\$467.88
TOTAL ETR	1.425705%

NOTES

<sup>1</sup> Estimate, subject to change.

<sup>2</sup> Estimate, subject to change.

<sup>3</sup> DTA estimates. Subject to change.

<sup>4</sup> DTA estimate. Annual payment includes principal, interest, property taxes, and homeowner's insurance.

<sup>5</sup> Assumption of \$275 monthly HOA. Source: Meyers Research, "Pricing and Absorption Study: 1210 E. Mission Rd, San Marcos, CA.

<sup>6</sup> Source: Bureau of Labor Statistics (BLS) *Consumer Expenditure Survey (2015)*.

<sup>7</sup> Source: "Office-Worker Retail Spending in a Digital Age," ICSC (2012). Adjusted for inflation using the change in CPI for San Diego.

<sup>8</sup> Source: San Marcos Municipal Code §3.20.090.

**\* All figures subject to rounding**

## EXHIBIT 7

CITY OF SAN MARCOS  
1210 EAST MISSION ROAD  
ESTIMATED CFD SPECIAL TAX REVENUES (CASE STUDY)

## CFD SPECIAL TAX SUMMARY - GENERAL FUND IMPACTS

LAND USE TYPE	ACRES	SF	UNITS	APPROVED	PROPOSED
				PLAN	PLAN
<b>TOTAL CFD SPECIAL TAXES</b>				<b>\$559</b>	<b>\$12,069</b>
<b>RESIDENTIAL CFD SPECIAL TAXES<sup>1</sup></b>					
CFD 98-01 (POLICE & FIRE)			24		\$8,153
CFD 2001-01 (FIRE)			24		\$3,916
<b>TOTAL RESIDENTIAL CFD SPECIAL TAXES</b>					<b>\$12,069</b>
<b>NON-RESIDENTIAL CFD SPECIAL TAXES<sup>1</sup></b>					
CFD 98-01 (POLICE & FIRE)	0.16			\$377	
CFD 2001-01 (FIRE)	0.16			\$181	
<b>TOTAL NON-RESIDENTIAL CFD SPECIAL TAXES</b>				<b>\$559</b>	

## CFD SPECIAL TAX SUMMARY - NON-GENERAL FUND IMPACTS (EXCLUDED FROM ANALYSIS)

LAND USE TYPE	ACRES	SF	UNITS	APPROVED	PROPOSED
				PLAN	PLAN
<b>TOTAL CFD SPECIAL TAXES</b>				<b>\$2,637</b>	<b>\$14,106</b>
<b>RESIDENTIAL CFD SPECIAL TAXES<sup>1</sup></b>					
CFD 98-02 (ZONES A - E) <sup>2</sup>			24		\$5,942
CFD 98-02 (ZONE F) <sup>2,3</sup>			24		NA
CFD 2011-01 <sup>2,4</sup>			24		\$8,164
<b>TOTAL RESIDENTIAL CFD SPECIAL TAXES</b>					<b>\$14,106</b>
<b>NON-RESIDENTIAL CFD SPECIAL TAXES<sup>1</sup></b>					
CFD 98-02 (ZONES A - E) <sup>2</sup>	0.16			\$169	
CFD 98-02 (ZONE F) <sup>2,3</sup>	0.16			NA	
CFD 2011-01 <sup>2,5</sup>		6,915		\$2,469	
<b>TOTAL NON-RESIDENTIAL CFD SPECIAL TAXES</b>				<b>\$2,637</b>	

## CFD SPECIAL TAX RATE ASSUMPTIONS

LAND USE	FY 2018-19 SPECIAL TAX RATE		
	PER ACRE	PER SF	PER UNIT
<b>RESIDENTIAL<sup>1</sup></b>			
CFD 98-01 (POLICE & FIRE)			\$339.69
CFD 2001-01 (FIRE)			\$163.17
CFD 98-02 (ZONES A - E) <sup>2</sup>			\$247.60
CFD 98-02 (ZONE F) <sup>2,3</sup>			NA
CFD 2011-01 <sup>2,4</sup>			\$340.16
<b>NON-RESIDENTIAL<sup>1</sup></b>			
CFD 98-01 (POLICE & FIRE)	\$2,377.83		
CFD 2001-01 (FIRE)	\$1,142.19		
CFD 98-02 (ZONES A - E) <sup>2</sup>	\$1,061.79		
CFD 98-02 (ZONE F) <sup>2,3</sup>	NA		
CFD 2011-01 <sup>2,5</sup>		\$0.3570	

## NOTES

<sup>1</sup> Source: City of San Marcos.<sup>2</sup> Special assessments collected from the CFD are deposited into Special Funds, not the General Fund. Therefore, these CFD revenues are excluded from this analysis.<sup>3</sup> No special tax rate for Zone F has been established for the project.<sup>4</sup> "Condominium" Rate, per dwelling unit<sup>5</sup> "Retail" Rate, per building square foot**\*All figures subject to rounding**



EXHIBIT 8

CITY OF SAN MARCOS  
1210 EAST MISSION ROAD  
ESTIMATED GENERAL GOVERNMENT EXPENDITURES (CASE STUDY)

GENERAL GOVERNMENT EXPENDITURES CALCULATION

	APPROVED PLAN	PROPOSED PLAN
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ESTIMATED RECURRING GENERAL GOVERNMENT OVERHEAD EXPENDITURES <sup>1</sup>	\$274	\$6,882
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GENERAL GOVERNMENT ASSUMPTIONS

TOTAL RECURRING CITY GENERAL FUND EXPENDITURES (EXCLUDING GENERAL GOVERNMENT OVERHEAD) <sup>2</sup>	\$55,126,532
TOTAL RECURRING CITY GENERAL GOVERNMENT OVERHEAD <sup>3</sup>	\$11,061,897
TOTAL RECURRING GENERAL FUND EXPENDITURES	\$66,188,429
RECURRING CITY GENERAL GOVERNMENT OVERHEAD (% OF TOTAL RECURRING GENERAL FUND EXPENDITURES) <sup>3</sup>	20.1%
MARGINAL INCREASE IN GENERAL GOVERNMENT COSTS	100%

NOTES

<sup>1</sup> Based on total recurring project general fund expenditures (excluding general government overhead) from Exhibit 12.

<sup>2</sup> Based on City of San Marcos Operating Budget, Fiscal Year 2018-19.

<sup>3</sup> General Government Overhead Expenditures defined as costs for City Council, Administration, Housing and Neighborhood Services, City Attorney, City Clerk, Human Resources/Risk Management, Finance/Information Systems, and Real Property Services.

*\*All figures subject to rounding*

**EXHIBIT 9**

**CITY OF SAN MARCOS  
1210 EAST MISSION ROAD  
ESTIMATED MULTIPLIER BASED GENERAL FUND REVENUES**

**MULTIPLIER BASED GENERAL FUND REVENUE SUMMARY**

<b>REVENUE CATEGORY</b>	<b>APPROVED PLAN</b>	<b>PROPOSED PLAN</b>
FRANCHISE FEES	\$106	\$2,674
LICENSES AND PERMITS	\$41	\$1,035
FINES AND FORFEITURES	\$14	\$344
<b>TOTAL ESTIMATED MULTIPLIER REVENUES</b>	<b>\$161</b>	<b>\$4,053</b>

**MULTIPLIER BASED REVENUE ASSUMPTIONS**

<b>REVENUE CATEGORY</b>	<b>MULTIPLIER<sup>1</sup></b>	<b>BASIS</b>
SALES TAX	NA	CASE STUDY
PROPERTY TAX	NA	CASE STUDY
FRANCHISE FEES	\$35.48	PERSONS SERVED
LICENSES AND PERMITS	\$13.73	PERSONS SERVED
FINES AND FORFEITURES	\$4.57	PERSONS SERVED

**NOTES**

<sup>1</sup> Based on City of San Marcos Operating Budget, Fiscal Year 2018-19.

*\*All figures subject to rounding*

**EXHIBIT 10**

**CITY OF SAN MARCOS  
1210 EAST MISSION ROAD  
ESTIMATED MULTIPLIER BASED GENERAL FUND EXPENDITURES**

**MULTIPLIER BASED GENERAL FUND EXPENDITURE SUMMARY**

<b>EXPENDITURE CATEGORY</b>	<b>APPROVED PLAN</b>	<b>PROPOSED PLAN</b>
PUBLIC WORKS	\$320	\$8,049
DEVELOPMENT SERVICES	\$121	\$3,050
PUBLIC SAFETY	\$869	\$21,841
CULTURE AND RECREATION	\$46	\$1,167
OTHER FINANCING USES	\$8	\$190
<b>TOTAL MULTIPLIER EXPENDITURES</b>	<b>\$1,364</b>	<b>\$34,297</b>

**MULTIPLIER BASED EXPENDITURE ASSUMPTIONS**

<b>EXPENDITURE CATEGORY</b>	<b>MULTIPLIER<sup>1</sup></b>	<b>BASIS</b>
PUBLIC WORKS	\$106.81	PERSONS SERVED
DEVELOPMENT SERVICES	\$40.47	PERSONS SERVED
PUBLIC SAFETY	\$289.82	PERSONS SERVED
CULTURE AND RECREATION	\$15.49	PERSONS SERVED
OTHER FINANCING USES	\$2.52	PERSONS SERVED

**NOTES**

<sup>1</sup> Based on City of San Marcos Operating Budget, Fiscal Year 2018-19.

***\*All figures subject to rounding***

**EXHIBIT 11**  
**1210 EAST MISSION ROAD**  
**CITY OF SAN MARCOS**  
**FY 2018-19 GENERAL FUND REVENUE SUMMARY**

REVENUE CATEGORY	TOTAL REVENUES	REVENUE TYPE	PROJECTION METHOD	DISCOUNT <sup>1</sup>	MULTIPLIER
<b>REVENUES INCLUDED IN FISCAL IMPACT ANALYSIS</b>					
SALES TAX	\$17,663,248	RECURRING	CASE STUDY	NA	NA
PROPERTY TAX	\$23,247,977	RECURRING	CASE STUDY	NA	NA
SPECIAL TAXES/ASSESSMENTS	\$6,093,313	RECURRING	CASE STUDY	NA	NA
TRANSIENT OCCUPANCY TAX	\$1,319,500	RECURRING	CASE STUDY	0%	NA
FRANCHISE FEES	\$4,092,841	RECURRING	PERSONS SERVED	0%	\$35.48
LICENSES AND PERMITS	\$1,584,547	RECURRING	PERSONS SERVED	0%	\$13.73
FINES AND FORFEITURES	\$527,500	RECURRING	PERSONS SERVED	0%	\$4.57
<b>TOTAL INCLUDED GENERAL FUND REVENUES</b>	<b>\$54,528,926</b>				<b>\$53.78</b>
<b>CHARGES FOR SERVICES<sup>3</sup></b>					
DEDUCTED FROM GENERAL GOV'T CHARGES	\$1,290,559	NA	NA	NA	NA
DEDUCTED FROM PUBLIC WORKS	\$921,590	NA	NA	NA	NA
DEDUCTED FROM DEVELOPMENT SERVICES	\$622,270	NA	NA	NA	NA
DEDUCTED FROM PUBLIC SAFETY: BUILDING REGULATION CHARGES	\$4,760,033	NA	NA	NA	NA
DEDUCTED FROM CULTURE AND RECREATION	\$2,203,250	NA	NA	NA	NA
<b>TOTAL CHARGES FOR SERVICES</b>	<b>\$9,797,702</b>				
<b>REVENUES EXCLUDED FROM FISCAL IMPACT ANALYSIS</b>					
USE OF MONEY AND PROPERTY <sup>4</sup>	\$6,137,949	NA	NA	NA	NA
MISCELLANEOUS REVENUES	\$236,770	NA	NA	NA	NA
OTHER FINANCING SOURCES	\$5,393,500	NA	NA	NA	NA
INTERGOVERNMENTAL REVENUES	\$904,780	NA	NA	NA	NA
DEVELOPER FEES	\$15,500	NA	NA	NA	NA
<b>TOTAL EXCLUDED GENERAL FUND REVENUES</b>	<b>\$12,688,499</b>				
<b>TOTAL GENERAL FUND REVENUES + CHARGES FOR SERVICES</b>	<b>\$77,015,127</b>				
<b>TOTAL RECURRING GENERAL FUND REVENUES</b>	<b>\$54,528,926</b>				

**NOTES**

<sup>1</sup> Certain revenues may not be expected to increase one-to-one with the new development.

<sup>2</sup> Source: FY 2018-19 Budget.

<sup>3</sup> All Charges for Services are deducted from expenditures on Exhibit 13.

<sup>4</sup> Interest income excluded from analysis.

**\*All figures subject to rounding**

**EXHIBIT 12**  
**1210 EAST MISSION ROAD**  
**CITY OF SAN MARCOS**  
**FY 2018-19 GENERAL FUND EXPENDITURE SUMMARY**

EXPENDITURE CATEGORY	TOTAL EXPENDITURES	CHARGES FOR SERVICES ADJUSTMENT	EXPENDITURE TYPE	PROJECTION METHOD <sup>1</sup>	DISCOUNT <sup>2</sup>	MULTIPLIER
<b>EXPENDITURES INCLUDED IN FISCAL IMPACT ANALYSIS</b>						
GENERAL GOVERNMENT EXPENDITURES						
CITY COUNCIL	\$299,672		RECURRING	CASE STUDY	NA	NA
ADMINISTRATION	\$1,772,797		RECURRING	CASE STUDY	NA	NA
ECONOMIC DEVELOPMENT	\$270,123		RECURRING	CASE STUDY	NA	NA
CITY ATTORNEY	\$833,000		RECURRING	CASE STUDY	NA	NA
CITY CLERK	\$674,437		RECURRING	CASE STUDY	NA	NA
HUMAN RESOURCES/ RISK MANAGEMENT	\$3,602,854		RECURRING	CASE STUDY	NA	NA
FINANCE/ INFORMATION SYSTEMS	\$3,810,697		RECURRING	CASE STUDY	NA	NA
REAL PROPERTY SERVICES	\$1,088,876		RECURRING	CASE STUDY	NA	NA
TOTAL GENERAL GOVERNMENT EXPENDITURES	<b>\$12,352,456</b>	<b>(\$1,290,559)</b>				
		<b>\$11,061,897</b>				<b>\$0.00</b>
PUBLIC WORKS						
OPERATIONS	\$11,100,893	(\$772,469)	RECURRING	PERSONS SERVED	0%	\$89.53
ENGINEERING	\$2,142,974	(\$149,121)	RECURRING	PERSONS SERVED	0%	\$17.28
TOTAL PUBLIC WORKS	<b>\$13,243,867</b>	<b>(\$921,590)</b>				
		<b>\$12,322,277</b>		<b>PERSONS SERVED</b>	<b>0%</b>	<b>\$106.81</b>
DEVELOPMENT SERVICES						
ADMINISTRATION	\$668,903	(\$78,667)	RECURRING	PERSONS SERVED	0%	\$5.12
PLANNING	\$1,352,161	(\$159,023)	RECURRING	PERSONS SERVED	0%	\$10.34
BUILDING	\$1,571,822	(\$184,857)	RECURRING	PERSONS SERVED	0%	\$12.02
ENGINEERING	\$852,381	(\$100,246)	RECURRING	PERSONS SERVED	0%	\$6.52
STORMWATER PROGRAM MANAGEMENT	\$845,849	(\$99,477)	RECURRING	PERSONS SERVED	0%	\$6.47
TOTAL DEVELOPMENT SERVICES	<b>\$5,291,116</b>	<b>(\$622,270)</b>				
		<b>\$4,668,846</b>		<b>PERSONS SERVED</b>	<b>0%</b>	<b>\$40.47</b>
PUBLIC SAFETY						
FIRE DEPARTMENT	\$18,615,070	(\$2,319,845)	RECURRING	PERSONS SERVED	0%	\$141.25
LAW ENFORCEMENT	\$19,580,742	(\$2,440,188)	RECURRING	PERSONS SERVED	0%	\$148.57
TOTAL PUBLIC SAFETY	<b>\$38,195,812</b>	<b>(\$4,760,033)</b>				
		<b>\$33,435,779</b>		<b>PERSONS SERVED</b>	<b>0%</b>	<b>\$289.82</b>
CULTURE AND RECREATION						
COMMUNITY SERVICES	\$3,990,275	(\$2,203,250)	RECURRING	PERSONS SERVED	0%	\$15.49
TOTAL CULTURE AND RECREATION	<b>\$3,990,275</b>	<b>(\$2,203,250)</b>				
		<b>\$1,787,025</b>		<b>PERSONS SERVED</b>	<b>0%</b>	<b>\$15.49</b>
OTHER FINANCING USES						
ANNUAL REPLACEMENT/REHAB TRANSFERS	\$2,912,605		RECURRING	PERSONS SERVED	90%	\$2.52
TOTAL OTHER FINANCING SOURCES	<b>\$2,912,605</b>	<b>\$0</b>				
		<b>\$2,912,605</b>		<b>PERSONS SERVED</b>	<b>90%</b>	<b>\$2.52</b>
<b>TOTAL INCLUDED EXPENDITURES</b>	<b>\$75,986,131</b>	<b>\$66,188,429</b>				
<b>EXPENDITURES EXCLUDED FROM FISCAL IMPACT ANALYSIS</b>						
TRANSFERS OUT	\$995,000		NA	NA	NA	NA
<b>TOTAL EXCLUDED GENERAL FUND EXPENDITURES</b>	<b>\$995,000</b>					
<b>TOTAL GENERAL FUND EXPENDITURES</b>	<b>\$76,981,131</b>	<b>\$66,188,429</b>				

**NOTES**

<sup>1</sup> Persons Served method assumes City population plus 50% of employees.

<sup>2</sup> Certain expenditures may not be expected to increase one-to-one with the new development.

*\*All figures subject to rounding*



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## ECONOMIC IMPACT STUDY

CITY OF SAN MARCOS

1210 EAST MISSION ROAD

SAN MARCOS, CALIFORNIA

April 12, 2019

Public Finance  
Public-Private Partnerships  
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## **ECONOMIC IMPACT STUDY 1210 EAST MISSION ROAD**

**Prepared for:**

**City of San Marcos**

1 Civic Center Drive

San Marcos, CA 92069

Attention: Sean del Solar, Associate Planner



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## APPENDICES

APPENDIX A	ECONOMIC IMPACT MODEL, APPROVED PLAN
APPENDIX B	ECONOMIC IMPACT MODEL, PROPOSED PLAN

## **I EXECUTIVE SUMMARY**

### **A Purpose of the Study**

The objective of this Economic Impact Study (the "Study") is to analyze the economic impacts to the City of San Marcos (the "City") of the proposed zoning and land use changes to the 1210 East Mission Road project (the "Project").

The Project site is located at 1210 East Mission Road, on a 1.52 acre-site that is zoned for Neighborhood Commercial and currently includes a bank building that has been vacant for approximately 10 years. Based on the absorption study prepared by Meyer's Research (the "Meyers Analysis"), the Study assumes that, under the existing zoning, the Project site would likely be occupied by non-sales tax generating commercial uses (the "Approved Plan"). The City of San Marcos is processing a General Amendment and Zone Change that would allow the Applicant to redevelop the site into a 24-unit residential condominium development (the "Proposed Plan").

Consequently, the Study estimates the economic impacts of the Approved Plan and Proposed Plan (collectively, the "Scenarios") and provides a side-by-side comparison of both Scenarios.

### **B Types of Economic Impacts Evaluated in the Study**

The Study identifies the general economic impacts that would occur due to the Project and quantifies these impacts wherever possible. General economic impacts include additions to employment (number of average annual full- and part-time jobs) and economic output (e.g., gross receipts) in the City.

The Study also distinguishes between one-time impacts and permanent impacts. One-time impacts include benefits that occur on a non-recurring basis as a result of construction activity, while permanent impacts refer to benefits that occur on a continuing basis, year after year. Generally, first, there is a one-time impact from the construction of a facility. Then, after the construction phases are complete, firms have a recurring impact on the economy through their ongoing operations.

Economic impact studies also operate under the basic assumption that any increase in spending has three effects: direct, indirect, and induced. First, there is a direct effect caused by the additional output of goods or services. Second, there is a ripple of indirect effects on all of the industries whose outputs are used by various industries and by a firm's supply chain. Third, there are induced effects that arise when employment increases in the region and stimulates greater household spending.

### **C Economic Impact Conclusions**

The economic impact of the Approved Plan and the Proposed Plan are analyzed separately within the Study. In order to quantify the findings, the Study has evaluated the following elements as the major indicators of the economic impact: (i) Permanent Employment –

direct-on-site and indirect/induced (which supplies or supports direct employment), (ii) Permanent Output (Gross Receipts) – total direct output plus output produced by suppliers and employee spending, and (iii) One-Time Construction Impacts.

### ***C.1 Recurring Impacts***

As illustrated in **Tables ES-1** and **ES-2** below, the Permanent Employees and Permanent Gross Receipts, are all higher under the Approved Plan as compared to the Proposed Plan.

**Table ES-1: Permanent (Recurring) Employment and Overall Economic Output  
Approved Plan**

Recurring Impacts	Direct	Indirect / Induced	Total
<b>Employees</b>			
City of San Marcos	6	2	8
<b>Overall Output</b>			
City of San Marcos	\$598,910	\$292,953	\$891,863

**Table ES-2: Permanent (Recurring) Employment and Overall Economic Output  
Proposed Plan**

Recurring Impacts	Direct	Indirect / Induced	Total
<b>Employees</b>			
City of San Marcos	0	0	0
<b>Employees</b>			
City of San Marcos	\$355,422	\$156,837	\$512,259

### ***C.2 One-Time Impacts***

On the other hand, as shown in **Tables ES-3** and **ES-4** below, One-Time Construction Employees and Gross Receipts are both higher under the Proposed Plan. Although the Proposed Plan does not add any additional permanent full-time jobs, it significantly increases both One-time employment and One-Time Construction Overall Output. The tables presented in this section summarize the major conclusions related to the One-Time economic impacts of both the Approved Plan and the Proposed Plan.

**Table ES-3: Construction (One-Time) Employment and Overall Economic Output  
Approved Plan**

One-Time Impact	Direct	Indirect / Induced	Total
<b>Employees</b>			
City of San Marcos	7	3	10
<b>Overall Output</b>			
City of San Marcos	\$1,088,207	\$442,854	\$1,531,060

**Table ES-4: Construction (One-Time) Employment and Overall Economic Output  
Proposed Plan**

One-Time Impact	Direct	Indirect/Induced	Total
<b>Employees</b>			
City of San Marcos	28	14	42
<b>Overall Output</b>			
City of San Marcos	\$4,800,000	\$1,976,662	\$6,776,662

## D Market Considerations

Importantly, the results summarized in this section assume buildout and full occupancy for each Scenario. Prior to buildout and full occupancy, only a portion of the projected economic benefits would likely be realized. Notably, according to the Meyers Analysis, although there are several traditional and non-traditional Commercial uses that are appropriate for the existing site under the Approved Plan, such as retail, church /religious facilities, and storage facilities, feedback from Real Estate professionals specializing in retail leases and investment argue that the existing site has run through its economic life cycle and is no longer able to attract quality tenants.

## **II INTRODUCTION**

The objective of this Economic Impact Study (the "Study") is to analyze the economic impacts to the City of San Marcos (the "City") of the proposed zoning and land use changes to the 1210 East Mission Road project (the "Project").

The Project site is located at 1210 East Mission Road, on a 1.52 acre-site that is zoned for Neighborhood Commercial and currently includes a bank building that has been vacant for approximately 10 years. Based on the absorption study prepared by Meyer's Research (the "Meyers Analysis"), the Study assumes that, under the existing zoning, the Project site would likely be occupied by non-sales tax generating commercial uses (the "Approved Plan"). The City of San Marcos is processing a General Amendment and Zone Change that would allow the Applicant to redevelop the site into a 24-unit residential condominium development (the "Proposed Plan").

Consequently, the Study estimates the economic impacts of the Approved Plan and Proposed Plan (collectively, the "Scenarios") and provides a side-by-side comparison of both Scenarios.

### **A Scope and Methodology**

#### **A.1 Approach**

The Study identifies the general economic impacts that would occur with the development of the Approved Plan and the Proposed Plan individually and quantifies these impacts wherever possible. General economic impacts include additions to employment (number of average annual full- and part-time jobs), and economic output (e.g., gross receipts). The Study also distinguishes between one-time economic impacts and permanent economic impacts. One-time impacts include benefits to the community that occur on a non-recurring basis as a result of construction and development activity, while permanent, recurring impacts refer to benefits that occur on a continuing basis, year after year. Additionally, for purposes of the Study, all economic impacts are stated in constant (un-inflated) 2019 dollars, based on the assumption that the relative impacts of inflation in future years may be difficult to gauge.

Furthermore, in evaluating economic impacts, the Study quantifies both direct and indirect/induced economic impacts on the City. Direct economic impacts reflect the initial or first-round increases in jobs and output, all of which occur directly on-site. Indirect/induced economic impacts are the secondary and other additional rounds of economic activity that occur as a consequence of the direct impacts and can occur elsewhere within the City. The indirect impacts represent the economic activity – buying and selling of goods and services – of suppliers to the land use types analyzed. In this Study, suppliers to the Proposed Plan would likely include maintenance and repair professionals, utilities' providers, wholesale trade companies, and business support services; while suppliers to the Approved

Plan may include real estate firms, computer and other technology firms, accounting and bookkeeping professionals, and utilities' providers. Additionally, the suppliers representing the indirect one-time impacts would likely include heavy industrial and construction suppliers for the actual development of buildings and facilities. Finally, the induced impacts represent the economic activity that results from household spending by employees of all companies directly and indirectly affected by the construction and operation of the land uses analyzed in the Study.

### ***A.2 North American Industry Classification***

Indirect and induced impacts can occur throughout all industries of the economy and have been categorized using the North American Industry Classification System ("NAICS"). Adopted by the Office of Management and Budget ("OMB") in 1997 to replace the Standard Industrial Classification System ("SIC"), NAICS is a widely-used system to classify business establishments for the collection, analysis, and publication of statistical data in Canada, Mexico, and the United States. NAICS industries are identified using a 6-digit coding system to classify all economic activity into twenty broad sectors, five of which are mainly goods-producing sectors and fifteen of which are services-providing sectors. This 6-digit hierarchical structure allows for the identification of nearly 1,170 industries. The broad NAICS sectors include the Retail/Commercial, Business Park, Industrial/Warehousing, and Construction, which are the focal NAICS categories analyzed within this Study to determine the indirect and induced economic impacts generated under both Scenarios.

### ***A.3 IMPLAN Multiplier Method***

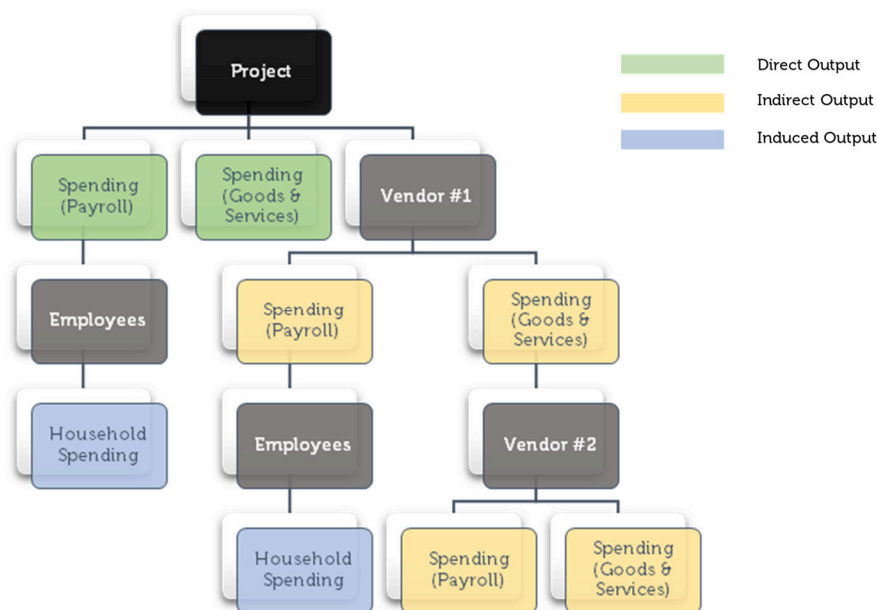
Although there is a consensus among economists that indirect and induced, or "multiplier" effects exist, most economists also agree that such effects are difficult to measure. Patterns on spending and employment among suppliers and employee households often vary over time and from one region to another. Nevertheless, there are certain input-output models that can be used to estimate indirect and induced effects.

In quantifying the indirect and induced economic impacts for the Study, DTA utilized the Impact Analysis for Planning ("IMPLAN") Input/output Modeling System, a type of quantitative economic model that provides an approximate measure of the "multiplier effect" of a firm's spending on payroll and the purchasing of goods and services. In this study, DTA used Version 3 of the IMPLAN economic modeling system.

Like similar econometric models, IMPLAN helps to calculate the flow of payments for goods and services across different industry sectors, and between households and industries. The IMPLAN model can be envisioned simply as a large spreadsheet with hundreds of industries (plus the household sector) arrayed

across the top as producers, and the same industries and households listed down the side as consumers. Each million dollars (output) in spending by any one consumer (i.e., within the Approved Plan or the Proposed Plan) is allocated across the producing industries from which that consumer buys goods and services. These producing industries, in turn, spend money buying goods and services from their own distinct sets of suppliers. Thus, the IMPLAN multiplier model allows one to gauge the effect on each dollar an industry spends as it diffuses through a regional economy. Furthermore, it allows one to translate the overall regional impact of spending into jobs and employee compensation. Please refer to the example presented in **Figure 1** for a graphical representation of the multiplier effect in development.

**Figure 1: Example of the Multiplier Effect (Direct, Indirect and Induced Output)**



Source: DTA, 2019

## **B Limitations – Accuracy of Information**

The economic models presented in this Study contain analysis of revenues and impacts resulting from the Approved Plan and the Proposed Plan. These models are based on both (i) information provided to DTA by the City and its consultants, Applicant of the Proposed Plan, and (ii) certain DTA assumptions taken from DTA's proprietary databases, as compiled by DTA from previous studies prepared by the firm. The sources of information and basis of the estimates calculated in the Study are stated herein. While DTA is confident that the sources of information are reliable, DTA does not express an opinion or any other form of assurance on the accuracy of such information. The analysis of economic impacts contained in the Study is not considered to be a "financial

forecast” or a “financial projection” as technically defined by the American Institute of Certified Public Accountants. The word “projection” used within the Study relates to broad expectations of future events or market conditions. Since the analyses contained herein are based on estimates and assumptions that are inherently subject to uncertainty and variation depending on evolving events, DTA cannot represent that such estimates will definitely be achieved. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur. Therefore, the actual results achieved may vary from these projections stated throughout the Study.



### III ECONOMIC IMPACTS

The Study identifies the general economic impacts that would occur under the Approved Plan and compares them to the impacts under the Proposed Plan, quantifying the impacts of each Scenario wherever possible. General economic impacts include additions to employment (number of average annual full- and part-time jobs) and economic output (e.g., gross receipts). The Study also distinguishes between one-time economic impacts and permanent economic impacts. One-time impacts include benefits to the community that occur on a non-recurring time basis as a result of construction and development activity, while permanent, recurring impacts refer to benefits that occur on a continuing basis, year after year.

#### A Recurring Economic Impacts

##### A.1 Assumptions

Information provided to DTA by the City indicates that the Approved Plan use is expected to include approximately 6,915 square feet of Commercial land use. The 1.52 acre-site is zoned to Commercial and currently includes a bank building that has been vacant for approximately 10 years. The Study also assumes that, under the Approved Plan, the Project site would likely be occupied by non-sales tax generating commercial uses. In contrast, the Proposed Plan would involve a zoning change that would facilitate the development of 24-unit residential condominium units on the Project site. Please see **Table 1** below for a summary of the built-out projection on the Approved Plan and the Proposed Plan, respectively.

**Table 1: Assumptions – Approved Plan vs. Proposed Plan**

Assumptions	Approved Plan	Proposed Plan
<b>Residential Land Uses</b>	<b>Units</b>	<b>Units</b>
Condominium	0	24
<b>Non-Residential Land Uses</b>	<b>Sq. Ft.</b>	<b>Sq. Ft.</b>
Commercial	6,915	0
<b>Permanent On-Site Jobs</b>	<b>Employees</b>	<b>Employees</b>
Condominium	0	0
Commercial	6	0

##### A.2 Job Creation

As indicated in the tables below, development of the Approved Plan is expected to result in under eight (8) new jobs in the City. This total includes combined direct and indirect/induced employment. Moreover, due to the residential land use of the

Proposed Plan, development of the Proposed Plan is projected to generate no new jobs in the City.

Although the specific location of the additional indirect jobs created cannot be identified in this Study, most of these jobs will likely be support service jobs in Retail, Transportation, and similar areas. **Tables 2 and 3**, as well as **Exhibit 1 of Appendices A and B**, summarize the direct and indirect/induced employment impacts of the Approved Plan and the Proposed Plan.

**Table 2: Approved Plan – Recurring Employment**

Recurring Impacts	Direct	Indirect / Induced	Total
<b>Employees</b>			
City of San Marcos	6	2	8

**Table 3: Proposed Plan – Recurring Employment**

Recurring Impacts	Direct	Indirect / Induced	Total
<b>Employees</b>			
City of San Marcos	0	0	0

Since the analyses contained herein are based on estimates and assumptions that are inherently subject to uncertainty and variation depending on evolving events, DTA cannot represent that such estimates will definitely be achieved. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur. Therefore, the actual results achieved may vary from these projections stated throughout the Study.

### **A.3 Overall Economic Output**

In contrast to the employment projections presented in the previous section, Total Output (i.e., total expenditures including sales or gross receipts, or other operating income) within the City will increase under both development Scenarios. **Tables 4 and 5**, summarize the Total Output projections under the Approved Plan and Proposed Plan.

**Table 4: Approved Plan – Recurring Total Output**

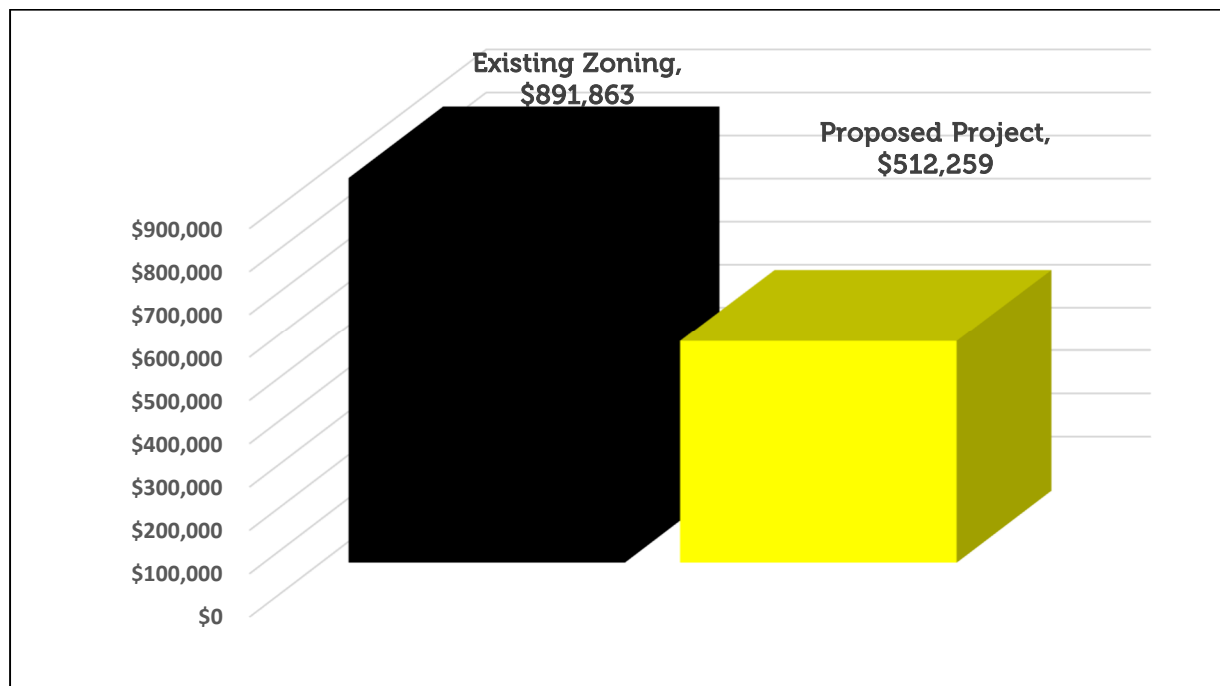
Recurring Impacts	Direct	Indirect / Induced	Total
<b>Employees</b>			
City of San Marcos	\$598,910	\$292,953	\$891,863

**Table 5: Proposed Plan – Recurring Total Output**

Recurring Impacts	Direct	Indirect / Induced	Total
<b>Employees</b>			
City of San Marcos	\$355,422	\$156,837	\$512,259

As shown in the tables above, DTA estimate that the direct and indirect/induced effects on the City would total \$891,863 for the Approved Plan and approximately \$512,259 for the Proposed Plan. The side-by-side comparison of Total Output can be seen in the graphical representation presented in **Figure 2** below.

**Figure 2: Approved Plan vs. Proposed Plan – Recurring Total Output**



## B One-Time Employment and Output Impacts (Construction)

Under the Approved Plan, the area is projected to create approximately ten (10) one-time construction jobs in the City. For the Proposed Plan, forty-two (42) one-time construction jobs are expected to be created. **Tables 6 and 7** below summarize the projected increases in employment resulting from construction activities, under each Scenario.

**Table 6: Approved Plan – One-Time Employment**

One-Time Impacts	Direct	Indirect / Induced	Total
<b>Employees</b>			
City of San Marcos	7	3	10

**Table 7: Proposed Plan – One-Time Employment**

One-Time Impacts	Direct	Indirect / Induced	Total
<b>Employees</b>			
City of San Marcos	28	14	42

Notably, projected one-time Total Output is expected to increase with the development of the Proposed Plan, as illustrated in the following tables. DTA estimates that the direct and indirect/induced effects on the City total approximately \$1.53 million in One-Time Total Output for the Approved Plan and approximately \$6.78 million for the Proposed Plan. A side-by-side comparison of both Scenarios can be seen graphically in **Figure C** below.

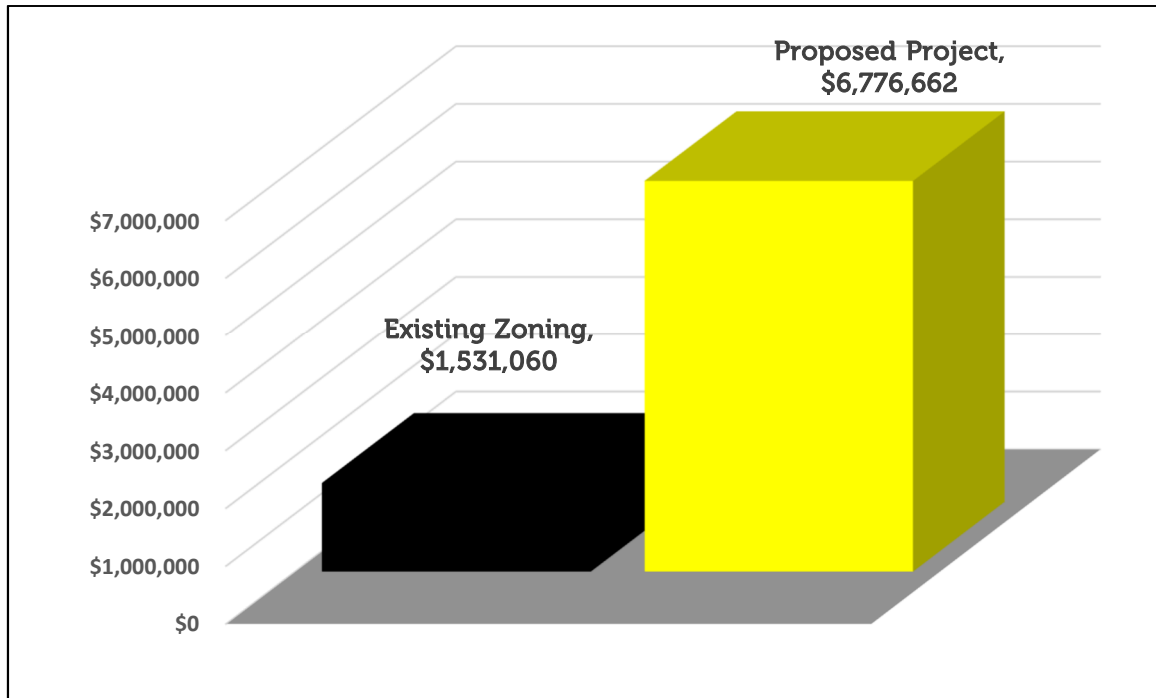
**Table 8: Approved Plan – One-time Total Output**

One-Time Impacts	Direct	Indirect / Induced	Total
<b>Employees</b>			
City of San Marcos	\$1,088,207	\$442,854	\$1,531,060

**Table 9: Proposed Plan – One-time Total Output**

One-Time Impacts	Direct	Indirect / Induced	Total
<b>Employees</b>			
City of San Marcos	\$4,800,000	\$1,976,662	\$6,776,662

**Figure 3: Approved Plan vs. Proposed Plan – One-Time Total Output**



### **C Market Considerations**

Importantly, the results summarized in this section assume buildout and full occupancy for each Scenario. Prior to buildout and full occupancy, only a portion of the projected economic benefits would likely be realized. Notably, according to the Meyers Analysis, although there are several traditional and non-traditional Commercial uses that are appropriate for the existing site under the Approved Plan, such as retail, church /religious facilities, and storage facilities, feedback from Real Estate professionals specializing in retail leases and investment argue that the existing site has run through its economic life cycle and is no longer able to attract quality tenants.

# **APPENDIX A**

City of San Marcos  
1210 East Mission Road  
Economic Impact Study



## **ECONOMIC IMPACT MODEL, APPROVED PLAN**

**CITY OF SAN MARCOS  
1210 EAST MISSION ROAD  
ECONOMIC IMPACT ANALYSIS - DRAFT (APPROVED PLAN)**

**RECURRING JOBS**

**RECURRING IMPACTS**

**ONE-TIME JOBS**

**ONE TIME IMPACTS**

**JOB HOUSING BALANCE**

**SUMMARY**

**EXHIBIT 1**  
**CITY OF SAN MARCOS - 1210 EAST MISSION ROAD**  
**RECURRING EMPLOYMENT - APPROVED PLAN**

**ASSUMPTIONS**

**I. RESIDENTIAL LAND USE ASSUMPTIONS**

**LAND USE CATEGORY**

NA

**UNITS**

NA

**II. NON-RESIDENTIAL LAND USE ASSUMPTIONS**

**LAND USE CATEGORY<sup>1</sup>**

RETAIL (STORAGE)

**EMPLOYEES/1,000 SQ. FT.<sup>2</sup>**

0.81

**SQ. FT.<sup>1</sup>**

6,915

**RECURRING EMPLOYMENT**

**III. CITY**

	<b><u>DIRECT EMPLOYEES<sup>3</sup></u></b>	<b><u>INDIRECT EMPLOYEES<sup>4</sup></u></b>	<b><u>INDUCED EMPLOYEES<sup>4</sup></u></b>	<b><u>TOTAL EMPLOYEES</u></b>
RETAIL (STORAGE)	6	1	1	8
<b>TOTAL RECURRING EMPLOYMENT</b>	<b>6</b>	<b>1</b>	<b>1</b>	<b>8</b>

**NOTES:**

<sup>1</sup> Source: City of San Marcos.

<sup>2</sup> Commercial Buildings Energy Consumption Survey (CBECS), 2012.

<sup>3</sup> Based on multiplying Category SF by Employees/1,000 SF metric.

<sup>4</sup> Source: San Marcos City IMPLAN multipliers.

\* ***All figures subject to rounding***



EXHIBIT 2  
CITY OF SAN MARCOS - 1210 EAST MISSION ROAD  
RECURRING ECONOMIC IMPACTS - APPROVED PLAN

ASSUMPTIONS

	<u>HOUSEHOLD INCOME</u>	<u>% INCOME SPENT IN CITY</u>	<u>TOTAL RESIDENT SPENDING / YR.</u>
I. <u>RESIDENTIAL SPENDING ASSUMPTIONS</u>			
NA	NA	NA	NA
II. <u>NON-RESIDENTIAL OUTPUT ASSUMPTIONS</u>	<u>AVERAGE OUTPUT / EMPLOYEE<sup>1</sup></u>		<u>OUTPUT / YR.<sup>1</sup></u>
RETAIL (STORAGE)		\$99,818	\$598,910

RECURRING OUTPUT

III. <u>CITY</u>	<u>DIRECT OUTPUT</u>	<u>INDIRECT OUTPUT<sup>1</sup></u>	<u>INDUCED OUTPUT<sup>1</sup></u>	<u>TOTAL OUTPUT</u>
RETAIL (STORAGE)	\$598,910	\$142,971	\$149,982	\$891,863
TOTAL RECURRING OUTPUT	\$598,910	\$142,971	\$149,982	\$891,863

NOTES:

<sup>1</sup> Source: San Marcos City IMPLAN multipliers.

\* All figures subject to rounding

EXHIBIT 3  
 CITY OF SAN MARCOS - 1210 EAST MISSION ROAD  
 ONE-TIME EMPLOYMENT - APPROVED PLAN

ASSUMPTIONS

I. <u>RESIDENTIAL LAND ASSUMPTIONS</u>	<u>UNITS</u>
NA	NA
II. <u>NON-RESIDENTIAL LAND USE ASSUMPTIONS</u>	<u>SQ. FT.</u>
RETAIL (STORAGE)	6,915
III. <u>PUBLIC FACILITIES</u>	<u>TOTAL COST</u>
PROJECT INFRASTRUCTURE	NA

ONE-TIME EMPLOYMENT

IV. <u>CITY</u>	<u>DIRECT EMPLOYEES</u> <sup>1</sup>	<u>INDIRECT EMPLOYEES</u> <sup>1</sup>	<u>INDUCED EMPLOYEES</u> <sup>1</sup>	<u>TOTAL EMPLOYEES</u>
RETAIL (STORAGE)	7	1	2	10
TOTAL ONE-TIME EMPLOYEES	7	1	2	10

NOTES:  
<sup>1</sup>Source: San Marcos City IMPLAN multipliers (IMPLAN Sector 58: Construction of new non-residential structures).  
 \* All figures subject to rounding

**EXHIBIT 4**  
**CITY OF SAN MARCOS - 1210 EAST MISSION ROAD**  
**ONE-TIME IMPACTS - APPROVED PLAN**

**ASSUMPTIONS**

I. <u>RESIDENTIAL CONSTRUCTION COST ASSUMPTIONS</u>	UNITS	ESTIMATED	
		SQ. FT. PER DWELLING UNIT	COST PER UNIT
NA	NA	NA	NA
II. <u>NON-RESIDENTIAL CONSTRUCTION COST ASSUMPTIONS</u>		<u>SQ. FT.</u>	<u>CONSTRUCTION COST PER SQ. FT.</u>
RETAIL (STORAGE)		6,915	\$157
III. <u>PUBLIC FACILITIES</u>			<u>TOTAL COST</u>
PROJECT INFRASTRUCTURE			NA

**ONE-TIME OUTPUT**

IV. <u>CITY</u>	<u>DIRECT OUTPUT</u>	<u>INDIRECT OUTPUT</u> <sup>2</sup>	<u>INDUCED OUTPUT</u> <sup>2</sup>	<u>TOTAL OUTPUT</u>
RETAIL (STORAGE)	\$1,088,206.64	\$204,077	\$238,776	\$1,531,060
<b>TOTAL ONE-TIME OUTPUT</b>	<b>\$1,088,207</b>	<b>\$204,077</b>	<b>\$238,776</b>	<b>\$1,531,060</b>

**NOTES:**

<sup>1</sup> Assumes that land value is approximately 85% of total valuation.

<sup>2</sup> Source: San Marcos City IMPLAN multipliers (IMPLAN Sector 58: Construction of new non-residential structures).

\* All figures subject to rounding

**EXHIBIT 5**  
**CITY OF SAN MARCOS - 1210 EAST MISSION ROAD**  
**JOBS-HOUSING BALANCE - APPROVED PLAN**

**ASSUMPTIONS**

**I. EXISTING DEMOGRAPHICS**

<b>CITY OF SAN MARCOS</b>	
HOUSING UNITS <sup>1</sup>	31,366
EMPLOYEES <sup>2</sup>	38,249

**II. JOB IMPACTS <sup>3</sup>**

<b>CITY OF SAN MARCOS</b>	
DIRECT IMPACT	6
ADDITIONAL INDIRECT	1
ADDITIONAL INDUCED	1
<b>TOTAL</b>	<b>8</b>

**III. CUMULATIVE PROJECT DEMOGRAPHICS**

<b>EXISTING HOUSING UNITS PLUS PROJECT - CITY OF SAN MARCOS</b>	<b>31,366</b>
PERCENTAGE INCREASE	0.00%
<b>EXISTING EMPLOYEES PLUS PROJECT - CITY OF SAN MARCOS</b>	<b>38,257</b>
PERCENTAGE INCREASE	0.02%

**JOBS-HOUSING BALANCE**

**IV. JOBS-HOUSING BALANCE**

<b>CITY OF SAN MARCOS</b>	
EXISTING	1.22
EXISTING WITH PROJECT	1.22
PERCENTAGE INCREASE	0.02%

**NOTES:**

<sup>1</sup> Source: State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties, and the State (2018).

<sup>2</sup> Source: California Employment Development Department ("EDD") - Labor Market Information Division.

<sup>3</sup> Please see Exhibit B-1: Recurring Jobs.

\* ***All figures subject to rounding***

**EXHIBIT 6**  
**CITY OF SAN MARCOS - 1210 EAST MISSION ROAD**  
**SUMMARY - APPROVED PLAN**

**ASSUMPTIONS**

<b>I. <u>RESIDENTIAL LAND USE ASSUMPTIONS</u></b>		<b><u>UNITS</u></b>
NA		NA
<b>II. <u>NON-RESIDENTIAL LAND USE ASSUMPTIONS</u></b>	<b><u>EMPLOYEES/1,000 SQ. FT.</u></b>	<b><u>SQ. FT.</u></b>
RETAIL (STORAGE)	0.81	6,915

**ECONOMIC IMPACTS CONCLUSIONS**

**RECURRING IMPACTS**

<b>III. <u>JOB CREATION</u></b>	<b>DIRECT</b>	<b>INDIRECT/INDUCED</b>	<b>TOTAL</b>
CITYWIDE	6	2	8
<b>IV. <u>TOTAL OUTPUT</u></b>	<b>DIRECT</b>	<b>INDIRECT/INDUCED</b>	<b>TOTAL</b>
CITYWIDE	\$598,910	\$292,953	\$891,863

**ONE-TIME IMPACTS**

<b>V. <u>CONSTRUCTION JOBS</u></b>	<b>DIRECT</b>	<b>INDIRECT/INDUCED</b>	<b>TOTAL</b>
CITYWIDE	7	3	10
<b>VI. <u>CONSTRUCTION OUTPUT</u></b>	<b>DIRECT</b>	<b>INDIRECT/INDUCED</b>	<b>TOTAL</b>
CITYWIDE	\$1,088,207	\$442,854	\$1,531,060

**OTHER IMPACTS**

<b>VII. <u>JOBS-HOUSING BALANCE</u></b>	<b>BALANCE EXISTING</b>	<b>BALANCE WITH PROJECT</b>	<b>% INCREASE/ (DECREASE)</b>
CITYWIDE	1.22	1.22	0.02%

## **APPENDIX B**

City of San Marcos  
1210 East Mission Road  
Economic Impact Study



## **ECONOMIC IMPACT MODEL, PROPOSED PLAN**

**CITY OF SAN MARCOS  
1210 EAST MISSION ROAD  
ECONOMIC IMPACT ANALYSIS - DRAFT (PROPOSED PLAN)**

**RECURRING JOBS**

**RECURRING IMPACTS**

**ONE-TIME JOBS**

**ONE TIME IMPACTS**

**JOB HOUSING BALANCE**

**SUMMARY**

## EXHIBIT 1

### CITY OF SAN MARCOS - 1210 EAST MISSION ROAD RECURRING EMPLOYMENT - PROPOSED PLAN

#### ASSUMPTIONS

##### I. RESIDENTIAL LAND USE ASSUMPTIONS<sup>1</sup>

PRODUCT	LAND USE CATEGORY	UNITS
RESIDENTIAL	CONDOMINIUM	24

##### II. NON-RESIDENTIAL LAND USE ASSUMPTIONS

LAND USE CATEGORY	<u>EMPLOYEES/1,000 SQ. FT.</u>	<u>SQ. FT.</u>
NA	NA	NA

#### RECURRING EMPLOYMENT

##### III. CITY

	<u>DIRECT EMPLOYEES</u> <sup>2</sup>	<u>INDIRECT EMPLOYEES</u>	<u>INDUCED EMPLOYEES</u>	<u>TOTAL EMPLOYEES</u>
RESIDENTIAL	0	0	0	0
TOTAL RECURRING EMPLOYMENT	0	0	0	0

#### NOTES:

<sup>1</sup> Source: Project Site Plan.

<sup>2</sup> Assume no permanent jobs are created on-site, given that the land use type is single family residential.

\* *All figures subject to rounding*



**EXHIBIT 2**  
**CITY OF SAN MARCOS - 1210 EAST MISSION ROAD**  
**RECURRING ECONOMIC IMPACTS - PROPOSED PLAN**

**ASSUMPTIONS**

<b>I. <u>RESIDENTIAL SPENDING ASSUMPTIONS</u></b>	<b><u>HOUSEHOLD INCOME</u><sup>1</sup></b>	<b><u>% INCOME SPENT IN CITY</u><sup>2</sup></b>	<b><u>TOTAL RESIDENT SPENDING / YR.</u></b>
RESIDENTIAL	\$105,506	28%	\$355,422

<b>II. <u>NON-RESIDENTIAL OUTPUT ASSUMPTIONS</u></b>	<b><u>AVERAGE OUTPUT / EMPLOYEE</u></b>	<b><u>OUTPUT / YR.</u></b>
NA	NA	NA

**RECURRING OUTPUT**

<b>III. <u>CITY</u></b>	<b><u>DIRECT OUTPUT</u></b>	<b><u>INDIRECT OUTPUT</u><sup>3</sup></b>	<b><u>INDUCED OUTPUT</u><sup>3</sup></b>	<b><u>TOTAL OUTPUT</u></b>
RESIDENTIAL	\$355,422	\$62,672	\$94,165	\$512,259
<b>TOTAL RECURRING OUTPUT</b>	<b>\$355,422</b>	<b>\$62,672</b>	<b>\$94,165</b>	<b>\$512,259</b>

**NOTES:**

<sup>1</sup> Refer to fiscal impact analysis.

<sup>2</sup> Sources: Bureau of Labor Statistics (BLS) 2015 Consumer Expenditure Survey.

<sup>3</sup> Source: San Marcos City IMPLAN multipliers (IMPLAN Retail Sectors 396-406).

\* *All figures subject to rounding*

**EXHIBIT 3**  
**CITY OF SAN MARCOS - 1210 EAST MISSION ROAD**  
**ONE-TIME EMPLOYMENT - PROPOSED PLAN**

**ASSUMPTIONS**

<b>I. <u>RESIDENTIAL LAND ASSUMPTIONS</u></b>		<b><u>UNITS</u></b>
RESIDENTIAL		24
<b>II. <u>NON-RESIDENTIAL LAND USE ASSUMPTIONS</u></b>		<b><u>SQ. FT.</u></b>
NA		NA
<b>III. <u>PUBLIC FACILITIES</u></b>		<b><u>TOTAL COST</u></b>
PROJECT INFRASTRUCTURE		NA

**ONE-TIME EMPLOYMENT**

<b>IV. <u>CITY</u></b>	<b><u>DIRECT EMPLOYEES</u> <sup>1</sup></b>	<b><u>INDIRECT EMPLOYEES</u> <sup>1</sup></b>	<b><u>INDUCED EMPLOYEES</u> <sup>1</sup></b>	<b><u>TOTAL EMPLOYEES</u></b>
RESIDENTIAL	28	7	7	42
<b>TOTAL ONE-TIME EMPLOYEES</b>	<b>28</b>	<b>7</b>	<b>7</b>	<b>42</b>

**NOTES:**

<sup>1</sup> Source: San Marcos City IMPLAN multipliers (IMPLAN Sector 59: Construction of new single-family residential structures).

\* *All figures subject to rounding*

**EXHIBIT 4**  
**CITY OF SAN MARCOS - 1210 EAST MISSION ROAD**  
**ONE-TIME IMPACTS - PROPOSED PLAN**

**ASSUMPTIONS**

		ESTIMATED	
I. <u>RESIDENTIAL CONSTRUCTION COST ASSUMPTIONS</u>	<u>UNITS</u>	<u>SQ. FT. PER DWELLING UNIT</u>	<u>COST PER UNIT</u> <sup>1</sup>
RESIDENTIAL	24	1,517	\$200,000
II. <u>NON-RESIDENTIAL CONSTRUCTION COST ASSUMPTIONS</u>		<u>SQ. FT.</u>	<u>COST PER SQ. FT.</u> <sup>1</sup>
NA		NA	NA
III. <u>PUBLIC FACILITIES</u>			<u>TOTAL COST</u>
PROJECT INFRASTRUCTURE			NA

**ONE-TIME OUTPUT**

IV. <u>CITY</u>	<u>DIRECT OUTPUT</u>	<u>INDIRECT OUTPUT</u> <sup>2</sup>	<u>INDUCED OUTPUT</u> <sup>2</sup>	<u>TOTAL OUTPUT</u>
RESIDENTIAL	\$4,800,000	\$1,021,758	\$954,904	\$6,776,662
TOTAL ONE-TIME OUTPUT	\$4,800,000	\$1,021,758	\$954,904	\$6,776,662

**NOTES:**

<sup>1</sup>Source: Reed Construction Data Inc. Assume "Medium Density" (Avg. Sq. Ft. ~ 1,500).

<sup>2</sup>Source: San Marcos City IMPLAN multipliers (IMPLAN Sector 59: Construction of new single-family residential structures).

\* All figures subject to rounding

**EXHIBIT 5**  
**CITY OF SAN MARCOS - 1210 EAST MISSION ROAD**  
**JOBS-HOUSING BALANCE - PROPOSED PLAN**

**ASSUMPTIONS**

**I. EXISTING DEMOGRAPHICS**

<b>CITY OF SAN MARCOS</b>	
HOUSING UNITS <sup>1</sup>	31,366
EMPLOYEES <sup>2</sup>	38,249

**II. JOB IMPACTS <sup>3</sup>**

<b>CITY OF SAN MARCOS</b>	
DIRECT IMPACT	0
ADDITIONAL INDIRECT	0
ADDITIONAL INDUCED	0
<b>TOTAL</b>	<b>0</b>

**III. CUMULATIVE PROJECT DEMOGRAPHICS**

<b>EXISTING HOUSING UNITS PLUS PROJECT - CITY OF SAN MARCOS</b>	<b>31,390</b>
PERCENTAGE INCREASE	0.08%
<b>EXISTING EMPLOYEES PLUS PROJECT - CITY OF SAN MARCOS</b>	<b>38,249</b>
PERCENTAGE INCREASE	0.00%

**JOBS-HOUSING BALANCE**

**IV. JOBS-HOUSING BALANCE**

<b>CITY OF SAN MARCOS</b>	
EXISTING	1.22
EXISTING WITH PROJECT	1.22
PERCENTAGE INCREASE	-0.08%

**NOTES:**

<sup>1</sup> Source: State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties, and the State (2018).

<sup>2</sup> Source: California Employment Development Department ("EDD") - Labor Market Information Division.

<sup>3</sup> Please see Exhibit B-1: Recurring Jobs.

\* ***All figures subject to rounding***

**EXHIBIT 6**  
**CITY OF SAN MARCOS - 1210 EAST MISSION ROAD**  
**SUMMARY - PROPOSED PLAN**

**ASSUMPTIONS**

<b>I. <u>RESIDENTIAL LAND USE ASSUMPTIONS</u></b>		<b><u>UNITS</u></b>
RESIDENTIAL		24
<b>II. <u>NON-RESIDENTIAL LAND USE ASSUMPTIONS</u></b>	<b><u>EMPLOYEES/1,000 SQ. FT.</u></b>	<b><u>SQ. FT.</u></b>
NA	NA	NA

**ECONOMIC IMPACTS CONCLUSIONS**

**RECURRING IMPACTS**

<b>III. <u>JOB CREATION</u></b>	<b>DIRECT</b>	<b>INDIRECT/INDUCED</b>	<b>TOTAL</b>
CITYWIDE	0	0	0
<b>IV. <u>TOTAL OUTPUT</u></b>	<b>DIRECT</b>	<b>INDIRECT/INDUCED</b>	<b>TOTAL</b>
CITYWIDE	\$355,422	\$156,837	\$512,259

**ONE-TIME IMPACTS**

<b>V. <u>CONSTRUCTION JOBS</u></b>	<b>DIRECT</b>	<b>INDIRECT/INDUCED</b>	<b>TOTAL</b>
CITYWIDE	28	14	42
<b>VI. <u>CONSTRUCTION OUTPUT</u></b>	<b>DIRECT</b>	<b>INDIRECT/INDUCED</b>	<b>TOTAL</b>
CITYWIDE	\$4,800,000	\$1,976,662	\$6,776,662

**OTHER IMPACTS**

<b>VII. <u>JOBS-HOUSING BALANCE</u></b>	<b>BALANCE EXISTING</b>	<b>BALANCE WITH PROJECT</b>	<b>% INCREASE/ (DECREASE)</b>
CITYWIDE	1.22	1.22	-0.08%



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## 1210 E. Mission Road

Pricing and Absorption  
David Taussig & Associates  
San Marcos, California  
January 2019

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# Objective & Key Findings

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1210 E. Mission Road, San Marcos, California

## Contact Information

This market analysis was prepared by Meyers Research, a market research and consulting firm specializing in the real estate industry. It has been commissioned by David Taussig & Associates.

Alexis Wilmot served as Project Director and oversaw all aspects of this assignment. Tim Sullivan, Managing Principal, reviewed all recommendations and conclusions. Follow-up questions should be directed to Tim Sullivan at (858) 381- 4381 or [tsullivan@meyersllc.com](mailto:tsullivan@meyersllc.com).

## Objective

The objective of this analysis is to provide an independent analysis of the residential and retail market in the San Diego County and the San Marcos area to determine relevant market trends and to provide conclusions relevant to the future site use and the absorption potential for the planned residential units. The City of San Marcos is processing a General Amendment and Zone Change of a 1.52 acre Neighborhood Commercial site currently developed with a bank building that has been vacant for approximately 10 years. The proposed project would redevelop the site with a 24 unit residential condominium development (attached).

## Limiting Conditions

David Taussig & Associates, is responsible for representations about its development plans, marketing expectations and for disclosure of any significant information that might affect the ultimate realization of the projected results.

There will usually be differences between projected and actual results because events and circumstances frequently do not occur as expected, and the differences may be material.

We have no responsibility to update our report for events and circumstances occurring after the date of our report.

Payment of any and all of our fees and expenses is not in any way contingent upon any factor other than our providing services related to this report.

**Meyers surveyed roughly 1,350 units across the attached market in the CMA, and approximately 600 detached condominiums and small lot homes to ascertain the current state of the market, and made several observations:**

- The sales traffic at all communities dropped off significantly in October and November, but we have seen a resurgence in buyer activity since December 2018.
- We have based our pricing on an average unit size of 1,517 square feet, a monthly HOA fee of \$275 per unit, and a total tax rate of 1.34%.
- The average recommended base price is \$506,667 (\$334 per square foot) assumes a sales pace of 3.0 units per month (based on current market activity).
- Average recommended total price is just under \$520,000 (\$343 per square foot) and is in line with comparables including:
  - The three-story Verano at Skyline by D.R. Horton, which is selling at 4.0 units per month, at an average price of \$531,500, for slightly larger units
  - In line with Mission 316 (Mission Villas and Mission Terraces), also in the 92069 ZIP code just 1.75 miles from the Subject

**As part of our due diligence for 1210 E. Mission Road, we researched the commercial market trends, sales comparables, and commercial buildings for lease, and spoke to local San Marcos commercial space broker representatives. Further, we analyzed the development activity and related values of other CA-78 corridor retail spaces in San Marcos and in Escondido, where the retail space provide some benchmarks of possible land values and lease rates at the project.**

- Feedback from brokers who represented the site for 4 years spoke with confidence that the site has run through it's economic life cycle and can no longer attract quality tenants to the site. Ultimately, the consensus is that the site is best served rezoned to allow the townhome development.
- Our research suggests that a Dry Cleaning or Laundry facility and a storage facility are the most appropriate uses for the existing building if it were to remain in it's current condition.
- Using the net operating income/cap rate appraisal method, the Subject property with a Dry Cleaning or Laundry facility at 1210 E. Mission Road could be valued today at approximately \$872,396 (\$126.16 per square foot); and storage space would value the property at roughly \$550,987 (\$79.68 per square foot).
  - Based on recent sales comparables, our recommended sale price for 1210 E. Mission Road is \$160 per square foot.
- Vacancy rates in the North County Submarket are at a four-year low, roughly 4.6%. However, the submarket represents 54% (270,910 square feet) of the under construction retail in the San Diego MSA and it is likely that as the new retail space is delivered to market the lease rates will decrease as vacancy trends upward.
- The San Marcos retail Submarket has the lowest lease rates in San Diego County, at \$0.95 per square foot versus \$1.42 per square foot for the MSA overall. Additionally, the San Marcos retail submarket has the second highest vacancy rate of any submarket in San Diego, at 10.5% vacancy versus 3.7% vacancy for the MSA overall.

# Site Plan & Floor Plan Analysis

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1210 E. Mission Road, San Marcos, California

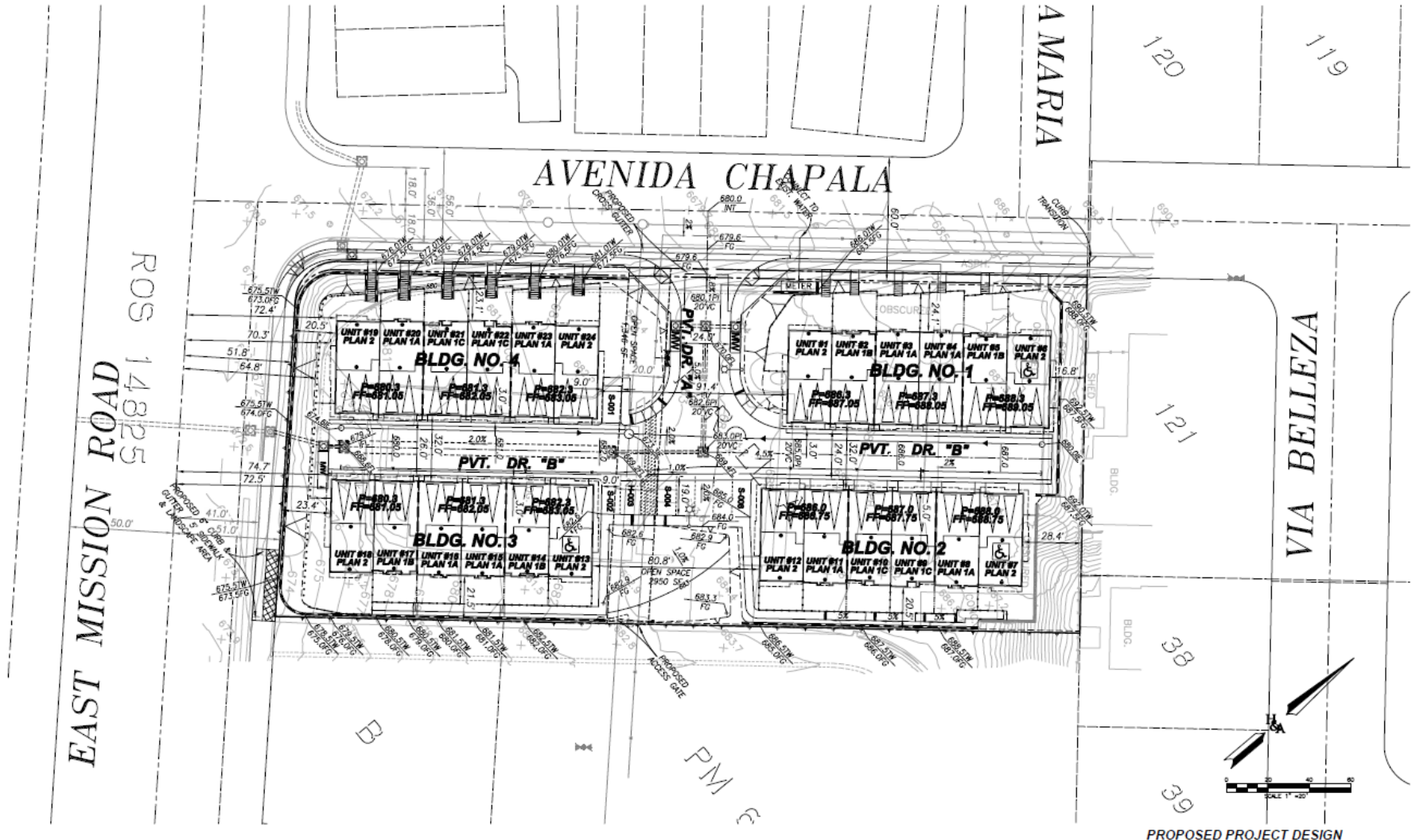
# SITE PLAN

Site Plan & Floor Plan Analysis

PC AGENDA ITEM #4

**Meyers**  
RESEARCH  
a Kennedy Wilson Company

A preliminary plotting analysis on the site yields a total of 24 alley load townhome units, plotted in rows of six. Assuming a site size of roughly 1.52 acres, this translates to a density of approximately 15.75 units per acre.





The Subject is located along the CA-78 corridor, with excellent access to a employment nodes, local retail and services.



# Product, Pricing and Absorption

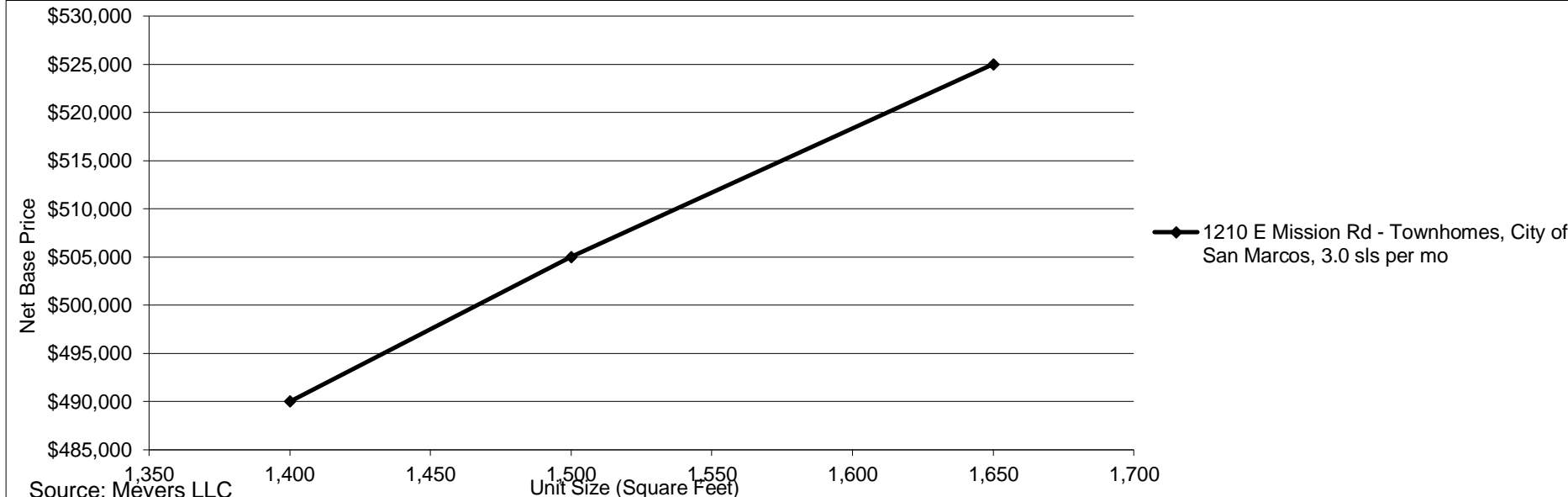
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1210 E. Mission Road, San Marcos, California

**The recommended base pricing for the townhomes at 1210 E. Mission Road ranges from \$490,000 up to \$525,000, with an average total price of \$519,667 or \$343 per square foot.** Meyers' recommendations assume:

- A monthly HOA fee of \$275 and a property base tax rate of 1.17461% plus a CFD of \$861.33 per month (these recommended benchmarks are in line with other townhomes communities in the CMA)
- All units will have a 2-car side by side garage
- Estimated options/upgrades spending at 3% of base price (+/- \$15,000 per door on average)
- Premiums are estimated at \$3,000 per unit to account for specific locations within the site
- An incentive towards closing costs of \$5,000, not to be taken as a credit to the purchase price, but rather as a discount to preferred lender closing costs.

COMMUNITY SPECIFICS				FLOORPLANS					RECOMMENDATIONS																
Subject Property Name					Size SF    Bed Bath Level Pkg				Mo Sales Pace	Base Price	Base Price/ SF	Incentives		Net Base Price (\$ Impacting)	Net Base Price/ SF	Assumptions		Total Price/ SF	Payment Assumptions			90.0%			
Location												Options / Upgrades	Price Reduction			Options / Estimated Upgrades Premiums	Total Price		Monthly HOA	Base Tax Rate	Addl Tax Assess.		4.5% Mo. Pmt.		
Product Details		Sales Summary		Mix	SF	Bed	Bath	Level	Pkg	Sales Pace	Base Price	Price/ SF	Options / Upgrades	Price Reduction	Price (\$ Impacting)	Price/ SF	Options / Estimated Upgrades Premiums	Total Price	Price/ SF	Monthly HOA	Base Tax Rate	Addl Tax Assess.	4.5% Mo. Pmt.		
<div>1210 E Mission Rd San Marcos</div> <div>Product:      Townhomes      Total Units:      24</div> <div>Configuration:      3-story      Units Sold:      0</div> <div>Lot Dimensions:      ATT      3 Months Sold:      0</div> <div>Units Remaining:      24</div> <div>% Remaining:      100%</div>				8	1,400	3	2.5	1	2	3.0	\$490,000	\$350	(\$5,000)	\$0	\$490,000	\$350	\$15,000	\$3,000	\$503,000	\$359	\$275	1.17%	0.17%	\$3,320	
				8	1,500	3	2.5	1	2		\$505,000	\$337	(\$5,000)	\$0	\$505,000	\$337	\$15,000	\$3,000	\$518,000	\$345	\$275	1.17%	0.17%	\$3,411	
				8	1,650	3+D	2.5	1	2		\$525,000	\$318	(\$5,000)	\$0	\$525,000	\$318	\$15,000	\$3,000	\$538,000	\$326	\$275	1.17%	0.17%	\$3,532	
Summary Statistics:				1,517				3.0	\$506,667	\$334	(\$5,000)	\$0	\$506,667	\$334	\$15,000	\$3,000	\$519,667	\$343	\$275	1.17%	0.17%	\$3,421			





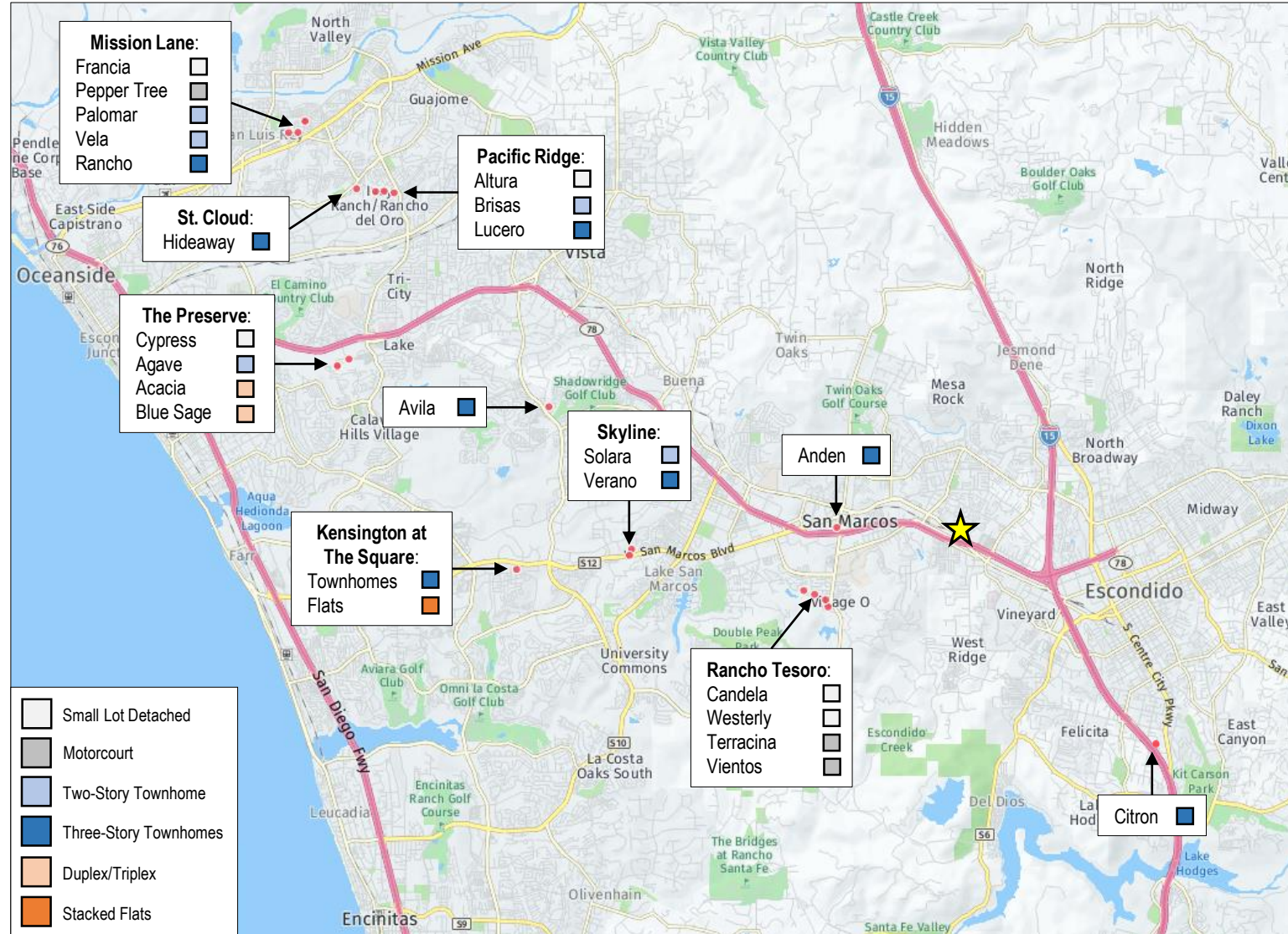
# LOCATION MAP OF ACTIVELY SELLING COMPETITORS

Product, Pricing and Absorption

PC AGENDA ITEM #4

**Meyers focused on actively selling attached and small lot detached communities in and around San Marcos, in the Inland North County CMA as defined by the following ZIP codes:**

Carlsbad (92009/10)  
Escondido (98025)  
Oceanside (98056/7)  
San Marcos (98069/78)  
Vista (92081/4)



# COMPETITIVE NEW HOME MARKET SUMMARY – ATTACHED

Product, Pricing and Absorption

PC AGENDA ITEM #4

Below is a summary of the actively selling new townhome and stacked flat developments in the North County Inland CMA defined on the previous page, where attached prices range from \$462,990 (Citron) to \$723,500 (Kensington Square at Bressi Ranch). It should be noted that almost all communities which have been selling for 6 months or more have standing inventory with between \$15,000 and \$25,000 already included in the published 'base' prices. Buyers are spending an average of 4% of the base price (\$12,000 to \$27,000) on options/upgrades, while unit premiums average \$5,500.

COMMUNITY	BUILDER / DEVELOPER	CITY	LOT SIZE	UNIT COUNT SUMMARY					SALES PACE		AVERAGE			MONTHLY		
				TOTAL	RLSD	SOLD	AVAIL.	REMAIN	ALL	3 MO.	SF	NET PRICE	\$/SF	HOA	TAX	PAYMENT
1210 E Mission Rd	City of San Marcos	San Marcos	3-story	24		0		24	3.0	--	1,517	\$519,667	\$343	\$250	1.34%	\$3,396
Kensington at the Square 3-St TH	Shea	Carlsbad	ATT	103	0	15	N/Av	88	5.0	5.0	1,906	\$723,500	\$380	\$370	1.30%	\$4,726
Lucero Pacific Ridge 3-St TH	Cornerstone Communities	Oceanside	ATT	125	0	30	N/Av	95	1.4	1.3	1,652	\$538,990	\$326	\$365	1.11%	\$3,534
Verano at Skyline 3-St TH	D.R. Horton	Vista	ATT	120	0	9	N/Av	111	3.6	3.6	1,570	\$531,490	\$339	\$335	1.28%	\$3,527
Avila 3-St TH	Lennar	Vista	ATT	47	0	12	N/Av	35	3.2	1.7	1,840	\$566,983	\$308	\$342	1.08%	\$3,662
Hideaway at St. Cloud 3-St TH	William Lyon Homes	Oceanside	ATT	122	0	17	N/Av	105	2.7	1.3	1,708	\$558,740	\$327	\$295	1.30%	\$3,659
Rancho at Mission Lane 3-St TH	Beazer Homes	Oceanside	ATT	50	0	49	N/Av	1	3.8	1.3	1,333	\$466,323	\$350	\$380	1.10%	\$3,118
Citron 3-St TH	William Lyon Homes	Escondido	ATT	63	0	36	N/Av	27	5.5	1.3	1,314	\$462,990	\$352	\$260	1.14%	\$2,992
Brisas Pacific Ridge 2-St TH	Cornerstone Communities	Oceanside	ATT	117	0	40	N/Av	77	1.7	0.7	1,635	\$583,323	\$357	\$349	1.11%	\$3,778
Agave The Preserve 2-St TH	Cornerstone Communities	Carlsbad	ATT	88	0	63	N/Av	25	2.4	0.0	1,518	\$597,657	\$394	\$363	1.30%	\$3,962
Solara at Skyline 2-St TH	D.R. Horton	Vista	ATT	79	0	1	N/Av	78	0.6	0.6	1,513	\$581,990	\$385	\$335	1.29%	\$3,834
Palomar 2-St TH	Beazer	Oceanside	ATT	86	0	5	N/Av	81	1.6	1.0	1,444	\$500,323	\$346	\$294	1.10%	\$3,231
Sierra	KB Home	Vista	ATT	60	0	0	N/Av	60	NEW	NEW	1,823	\$483,657	\$265	\$250	1.10%	\$3,090
Vela at Mission Lane Duplex	Beazer Homes	Oceanside	ATT	64	0	5	N/Av	59	1.5	1.3	1,671	\$535,323	\$320	\$292	1.10%	\$3,435
Blue Sage The Preserve Triplex	Cornerstone Communities	Carlsbad	ATT	102	0	16	N/Av	86	1.4	2.7	1,662	\$654,990	\$394	\$413	1.30%	\$4,357
NEW HOME AVERAGE:									2.6	1.7	1,614	\$556,163	\$346	\$332	1.19%	\$3,636
NEW HOME MEDIAN:									2.4	1.3	1,644	\$548,865	\$348	\$339	1.13%	\$3,596

# COMPETITIVE NEW HOME MARKET SUMMARY – DETACHED

Product, Pricing and Absorption

PC AGENDA ITEM #4

**Meyers also tracked the sales trends for motor-court and small lot detached product actively selling in the CMA, with average total prices ranging from \$625,000 (Peppertree at Mission Lane) to \$931,000 (Candela).** The sales traffic at all communities dropped off significantly in October through December, and has picked up again at some communities. Sales prices at Brookfield's attached product in Rancho Tesoro have been adjusted recently and the sales agent believes they have successfully found the market. Buyers are spending an average of 5% of the base price (\$12,500 to \$70,000) on options/upgrades, while unit premiums average \$12,500.

COMMUNITY	BUILDER / DEVELOPER	CITY	LOT SIZE	UNIT COUNT SUMMARY					SALES PACE		AVERAGE			MONTHLY		
				TOTAL	RLSD	SOLD	AVAIL.	REMAIN	ALL	3 MO.	SF	NET PRICE	\$/SF	HOA	TAX	PAYMENT
1210 E Mission Rd	City of San Marcos	San Marcos	3-story	24		0		24	3.0	—	1,517	\$519,667	\$343	\$250	1.34%	\$3,396
Terracina MC	Brookfield Residential	San Marcos	1,900	117	0	65	N/Av	52	3.3	2.7	2,384	\$721,167	\$302	\$210	1.60%	\$4,715
Vientos MC	Brookfield Residential	San Marcos	2,100	102	0	50	N/Av	52	2.5	0.3	2,704	\$788,000	\$291	\$205	1.60%	\$5,127
Pepper Tree at Mission Lane	Beazer Homes	Oceanside	2,400	83	0	46	N/Av	37	2.6	1.0	1,970	\$624,657	\$317	\$177	1.30%	\$3,938
Candela	Brookfield Residential	San Marcos	3,300	56	0	46	N/Av	10	2.3	2.0	3,200	\$931,333	\$291	\$190	1.55%	\$5,972
Westerly	California West Communities	San Marcos	3,915	71	0	64	N/Av	7	3.3	1.0	3,083	\$839,150	\$272	\$164	1.55%	\$5,374
Altura Pacific Ridge	Cornerstone Communities	Oceanside	4,000	72	0	9	N/Av	63	0.9	1.3	1,885	\$694,157	\$368	\$136	1.11%	\$4,217
Francia at Mission Lane	Beazer Homes	Oceanside	4,900	59	0	42	N/Av	17	2.4	1.7	2,469	\$694,490	\$281	\$375	1.11%	\$4,458
NEW HOME AVERAGE:									2.5	1.4	2,528	\$756,136	\$303	\$208	1.40%	\$4,829
NEW HOME MEDIAN:									2.5	1.3	2,469	\$721,167	\$291	\$190	1.55%	\$4,715

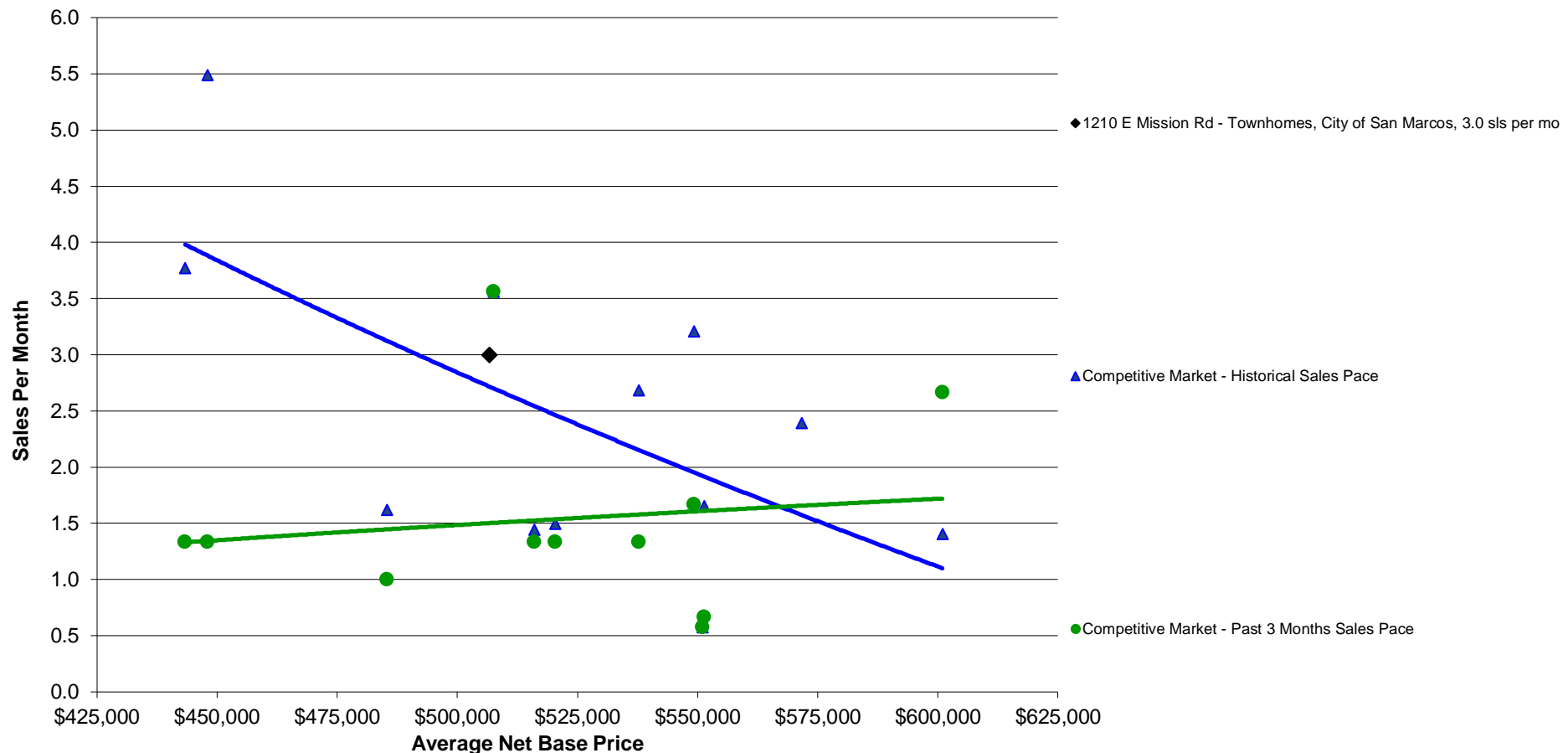
Recommended sales pace is based on recent market activity at Verano at Skyline in South Vista which is currently selling at 3.6 homes per month with comparable unit sizes and pricing. Comparable townhome communities actively selling in the CMA (shown on pages 12-13), average roughly 2.5 homes per month on a historical basis and 1.7 home per month over the past 3 months. Sales rates have slowed over the last three months across the County but local sales agents are reporting increased traffic again as of late-January. At a recommended sales pace of 3.0 homes per month, 1210 E. Mission Road could sell through its entire inventory in a little less than three market quarters, assuming a full-scale marketing and sales program, and regular operating hours.

HYPOTHETICAL COMMUNITY SELL OUT								
Project/Subdivision	Type	Configuration	# of Units	Avg Yr/Qtr	Q1	Q2	Q3	Q4
1210 E Mission Rd	Townhomes	3-story	24	8	9	9	6	

**Note:** The current market activity in conjunction with slowing sales pace across the board does not support price appreciation at this time.

**The recommended sales pace of 3.0 homes per month at the Subject is above the historical sales rate for townhomes in the CMA at this price point (currently at roughly 2.7 units per month).**

- The recommended absorption is slightly lower than the sales pace currently being achieved at Verano at Skyline in South Vista, which is achievable given the comparable unit sizes and home prices offset by a slightly inferior location at the Subject with better schools.
- Across the market sales pace has slowed by roughly 1 home per month by community. Kensington Square in Bressi Ranch is still selling very well and the motor court product at Terracina in Rancho Tesoro is selling at 2.7 homes per month. Additionally, resale volume in South San Marcos (92078) is high with nearly 9.75 homes sold per month.



Source: Meyers Research; Individual Community Sales Offices

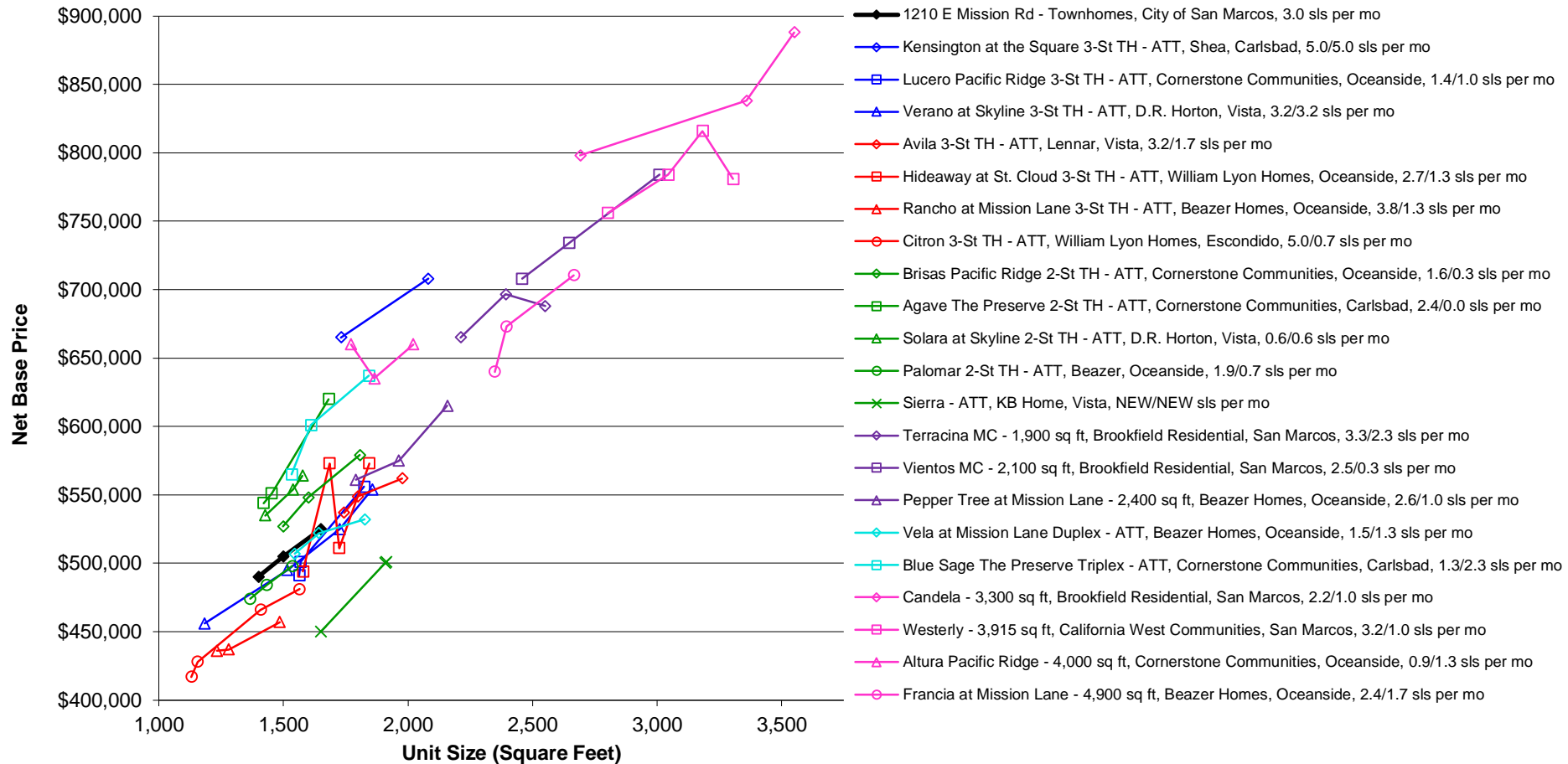
# SUBJECT POSITIONING VS NEW HOME MARKET: BASE PRICE (OVERALL)

Product, Pricing and Absorption

PC AGENDA ITEM #4

The base prices at the Subject are positioned as follows:

- In line with the two smallest duplex plans at Vela at Mission Lane
- Slightly above the two-story townhomes at Palomar at Mission Lane, as well as Verano at Skyline which has been selling well at 3.2 sales per month despite having some of the lowest schools scores in the CMA
- Slightly below Brisas at Pacific Ridge located in Oceanside which has slightly better school scores and a more coastal proximate living experience



Source: Meyers Research; Individual Community Sales Offices

Absorption = Historical/3 Month

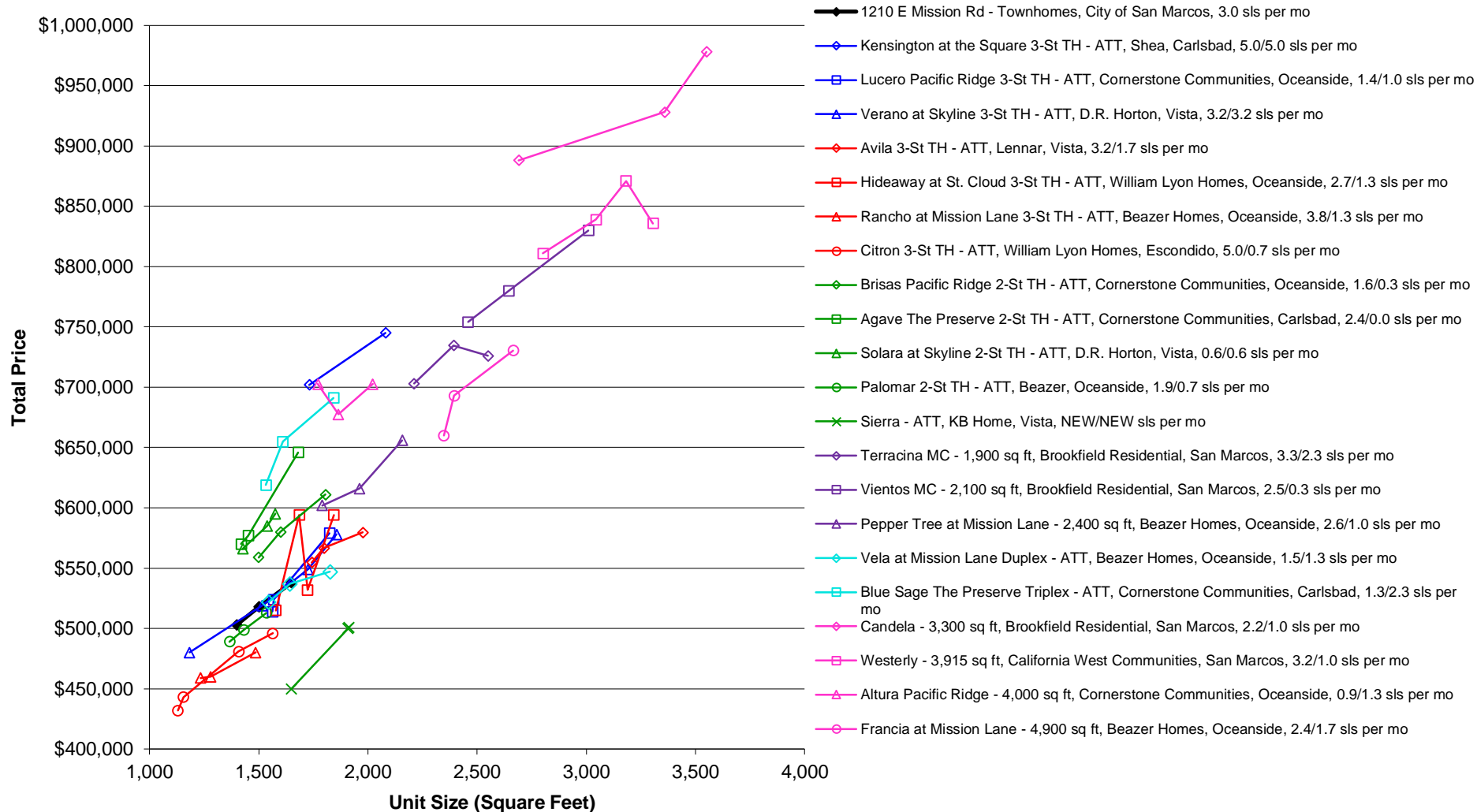


# SUBJECT POSITIONING VS NEW HOME MARKET: TOTAL PRICE (OVERALL)

Product, Pricing and Absorption

PC AGENDA ITEM #4

The recommended total pricing (base price + average options/upgrades estimates + average lot premium) remains in a similar position relative to total average sales prices for the attached competitive projects, and falls below the detached products which have a greater increase owing to higher spending on options and upgrades, and better premium opportunities.



Source: Meyers Research; Individual Community Sales Offices

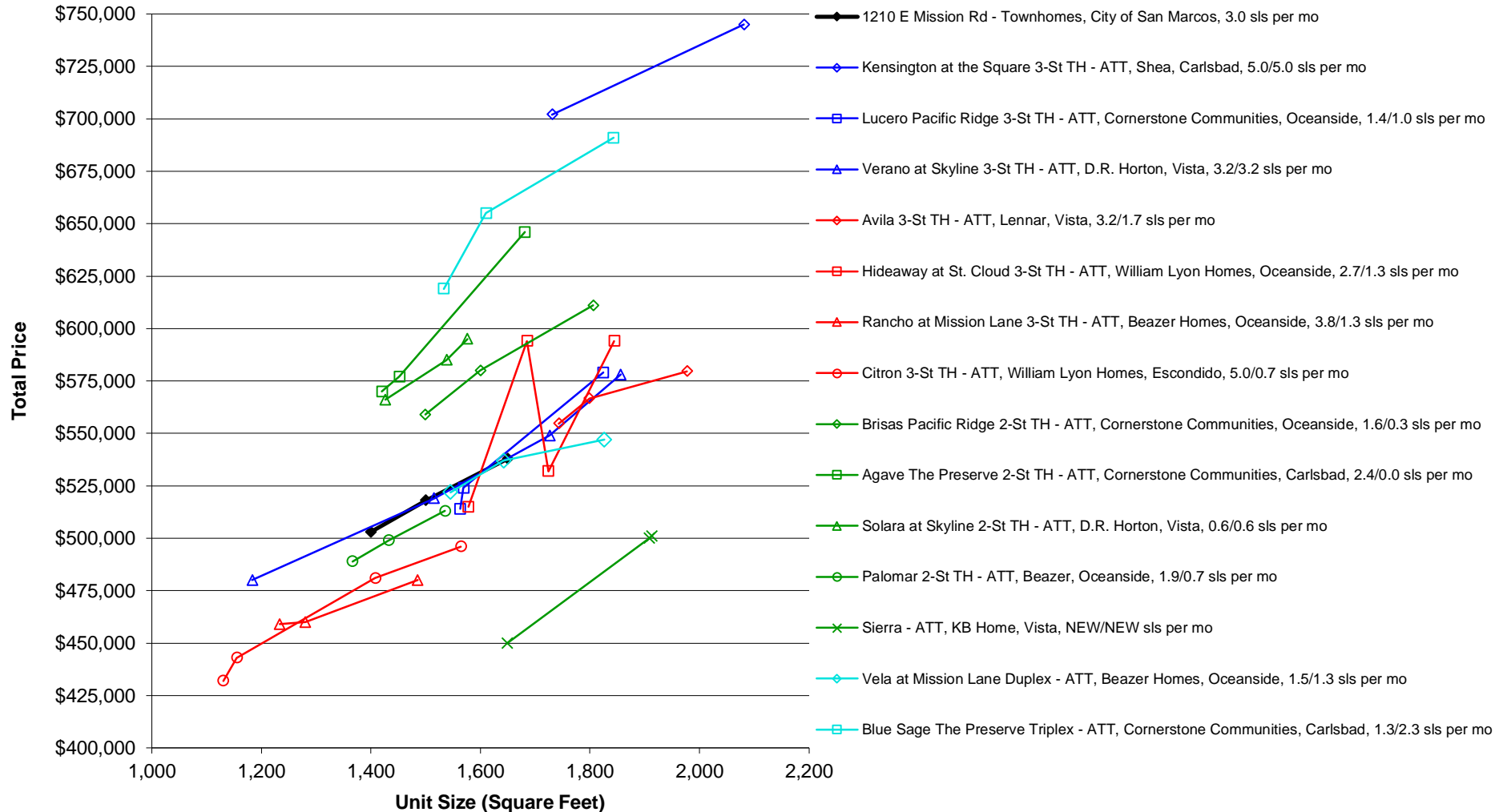
Absorption = Historical/3 Month

# SUBJECT POSITIONING VS NEW HOME MARKET: TOTAL PRICE (ATTACHED)

Product, Pricing and Absorption

PC AGENDA ITEM #4

The recommended total pricing for the Subject is in line with the three-story townhomes at Verano at Skyline and the largest unit offered at the Subject is priced in line with the duplex product at Vela at Mission lane. Both of these communities offer a more coastal proximate living experience however the schools are not as highly ranked and they are located further from main transportation corridors.



Source: Meyers Research; Individual Community Sales Offices

Absorption = Historical/3 Month

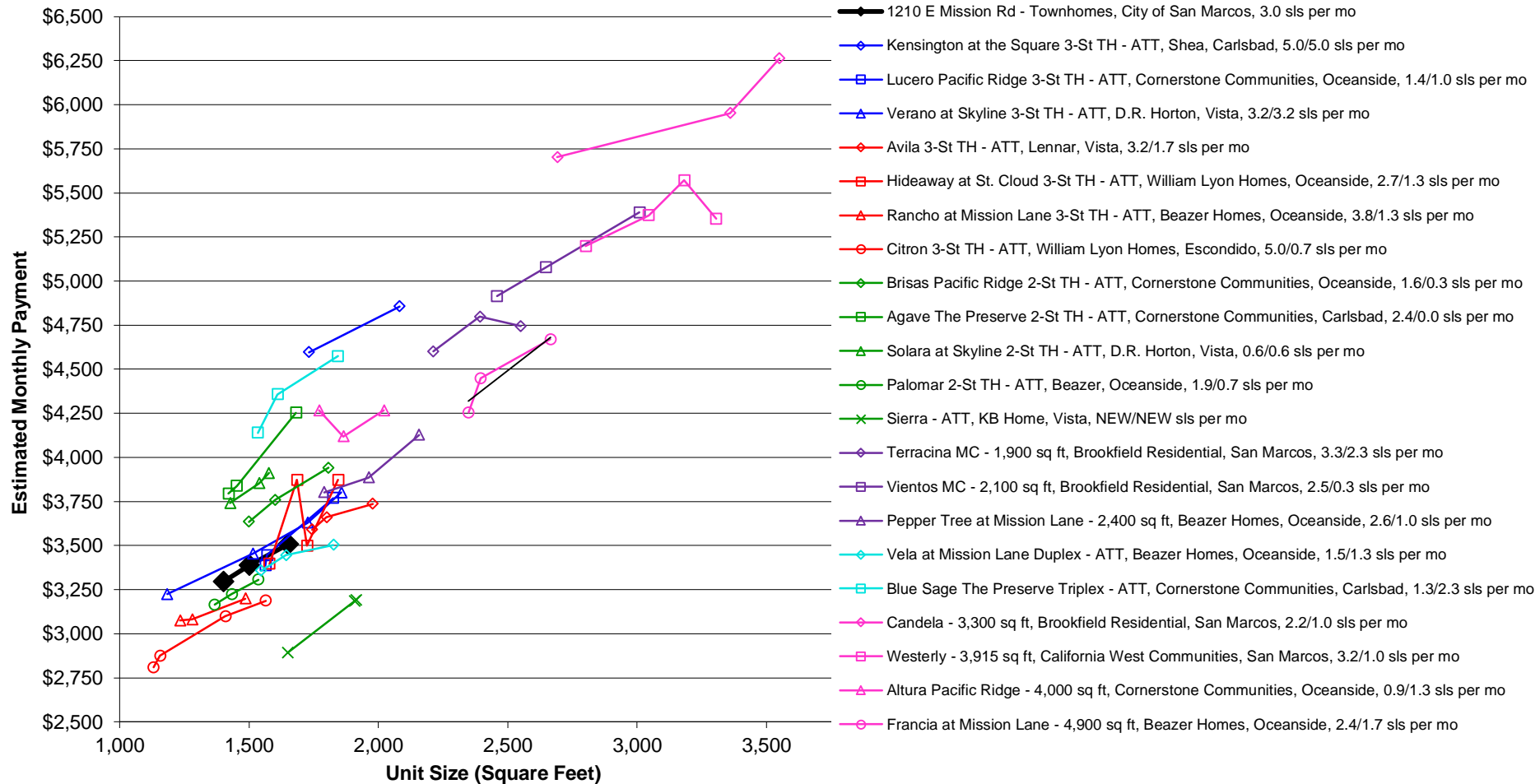


# MONTHLY PAYMENT POSITIONING VS NEW HOME MARKET (OVERALL)

Product, Pricing and Absorption

PC AGENDA ITEM #4

The monthly payments at the Subject assume a conventional 30-year loan with a mortgage interest rate of 4.5%, a monthly HOA fee of \$275 per unit, and a total tax rate of 1.34%. The three-story Verano at Skyline product is has a total tax rate of roughly 1.18%, and is positioned between \$50 and \$100 above the expected payments at the Subject. A comparison of product at Verano versus the Subject reflects a trade off between denser product at the Subject and a more desirable location in the 92069 North San Marcos ZIP code with better schools and amenities close by. The Subject is additionally positioned at a significant value to the Kensington Square townhomes in Carlsbad, and just above the three-story townhomes at Lucero at Pacific Ridge in North Oceanside.



Source: Meyers Research; Individual Community Sales Offices

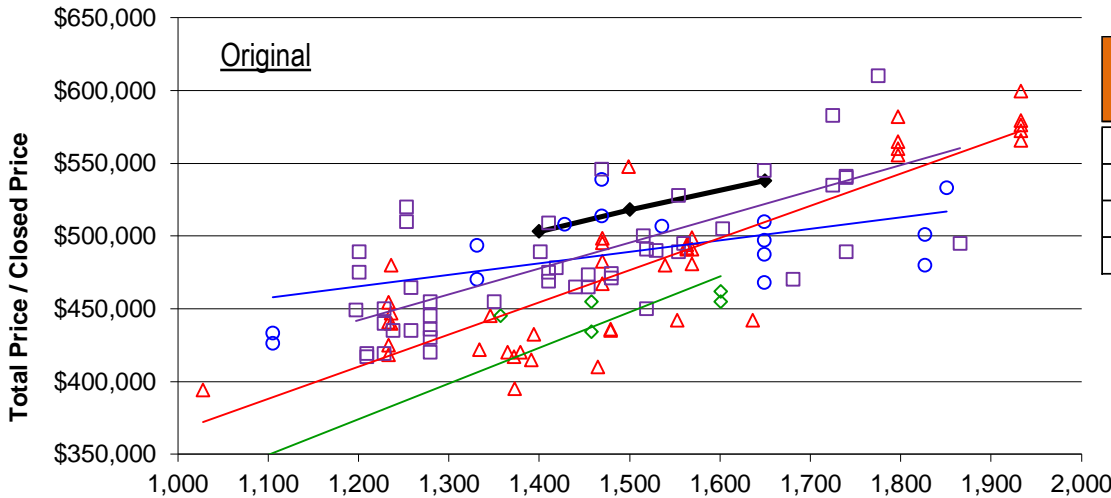
Absorption = Historical/3 Month

# SUBJECT COMPARISON TO AGE ADJUSTED ATTACHED RESALES IN CMA

Product, Pricing and Absorption

PC AGENDA ITEM #4

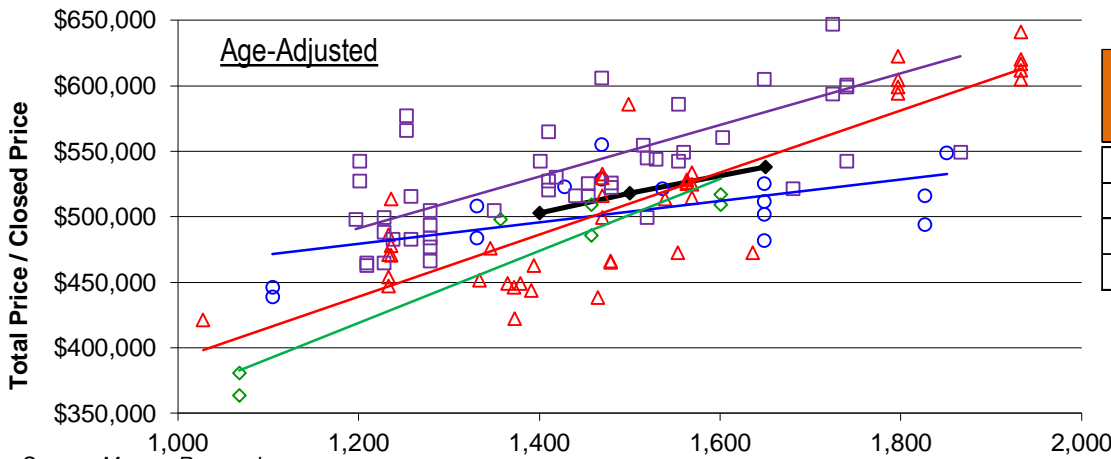
After applying an age adjustment factor to the resales in the area's found in the tables below, the Subject is appropriately positioned below the South San Marcos trendline, an in line with North Oceanside and North Vista to account for better schools offset against a less coastal proximate location. Attached resales in the 92069 ZIP code (which represents north San Marcos, the Subject ZIP code) is much lower priced than the South San Marcos (92078).



REFERENCE AREA	YEAR BUILT	AVERAGE		
		SF	NET PRICE	\$/SF
92069 North San Marcos Built 2010+, Sold 2018	2015	1,525	\$491,118	\$322
North Oceanside Built 1995+, Sold L3M	2010	1,510	\$478,673	\$317
North Vista Built 2000+, Sold L3M	2005	1,373	\$416,571	\$303
92078 South San Marcos Sold L3M	2006	1,441	\$485,187	\$337
AVERAGE:		1,462	\$467,888	\$320
MEDIAN:		1,475	\$481,930	\$320

—◆— 1210 E Mission Rd - Townhomes, City of San Marcos, 3.0 sls per mo  
 ◆ North Vista Built 2000+, Sold L3M  
 ○ 92069 North San Marcos Built 2010+, Sold 2018  
 □ 92078 South San Marcos Sold L3M

△ North Oceanside Built 1995+, Sold L3M

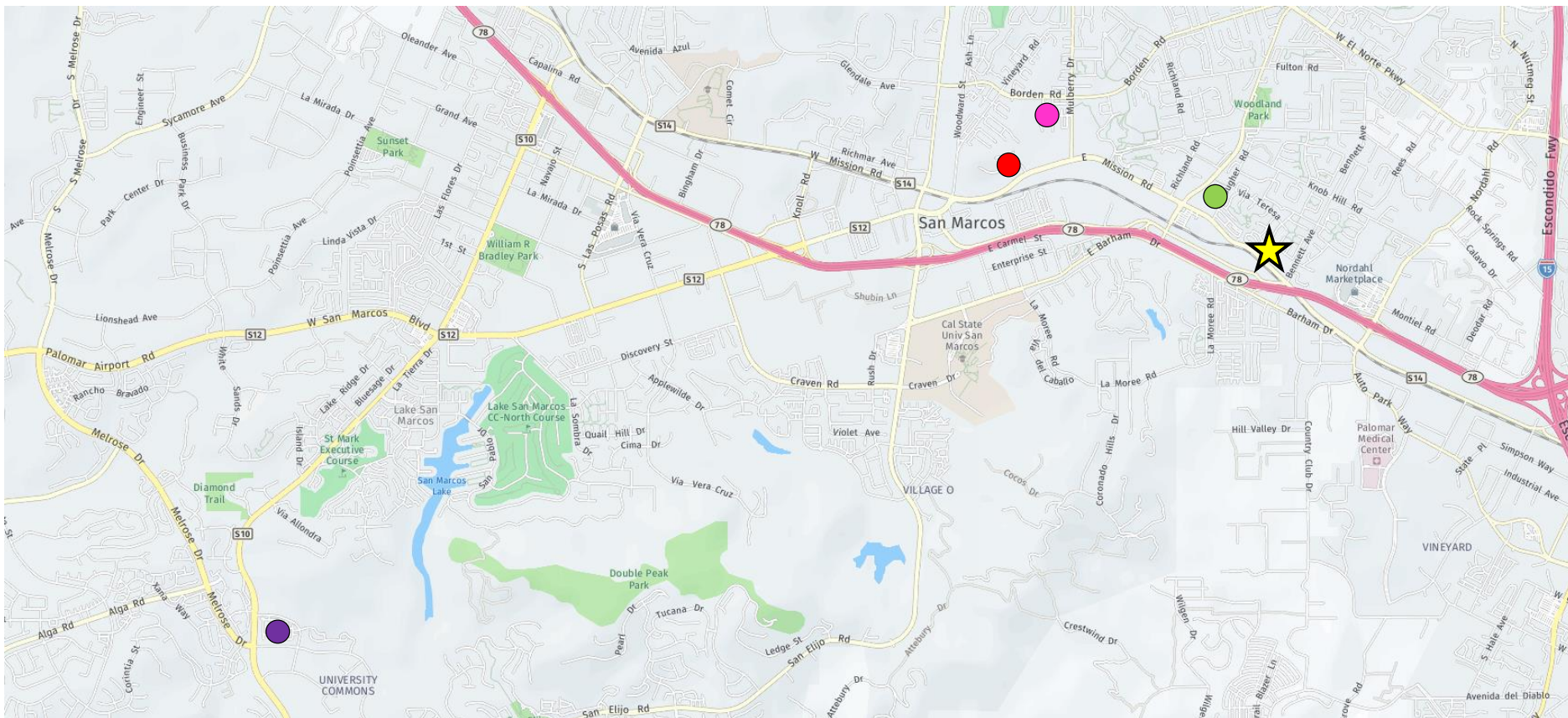


REFERENCE AREA	YEAR BUILT	AVERAGE		
		SF	NET PRICE	\$/SF
92069 North San Marcos Built 2010+, Sold 2018	2015	1,525	\$505,852	\$332
North Oceanside Built 1995+, Sold L3M	2010	1,510	\$512,180	\$339
North Vista Built 2000+, Sold L3M	2005	1,373	\$466,560	\$340
92078 South San Marcos Sold L3M	2006	1,441	\$538,558	\$374
AVERAGE:		1,462	\$505,788	\$346
MEDIAN:		1,475	\$509,016	\$340

Source: Meyers Research

## Product, Pricing and Absorption

**PC AGENDA ITEM #4**



REFERENCE AREA	DATE RANGE	YEAR BUILT	LOT SIZE	SALES	SALES PACE		AVERAGE		
					ALL	3 MO.	SF	NET PRICE	\$/SF
Laurel and Magnolia at Old Creek Ranch, Built 2014	Oct. '18 to Jan. '19	2014	-	5	2.7	1.0	1,479	\$516,020	\$349
Caprice and Setina, Built 2017	Apr. '18 to Jan. '19	2015	-	9	0.9	0.7	2,125	\$529,867	\$249
Mission 316, Built 2018	Jan. '18 to Jan. '19	2017	-	8	0.9	0.0	1,347	\$486,285	\$361
Candera, Built 2013	Jan. '18 to Jan. '19	2013	-	6	0.7	0.0	1,708	\$490,583	\$287

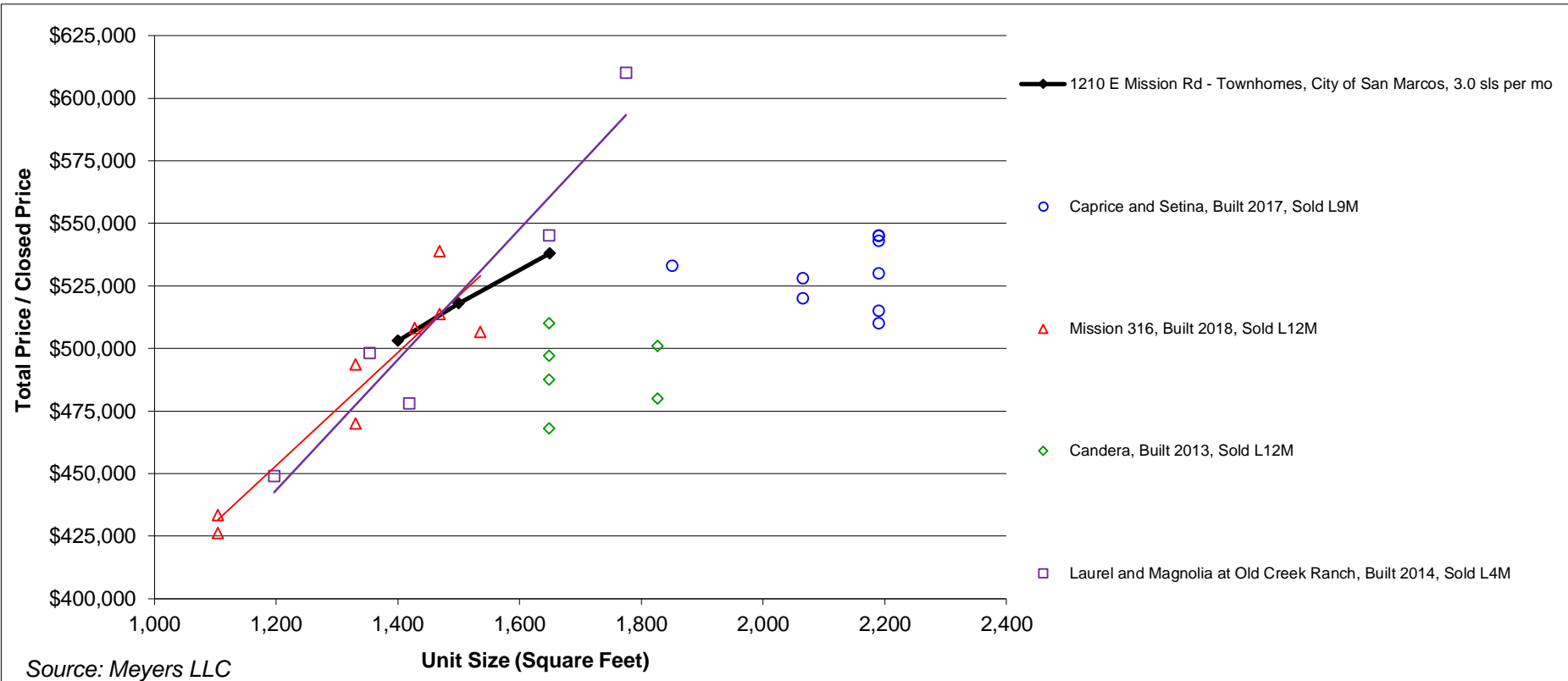
SELECT MARKET AVERAGE:	7	1.3	0.4	1,665	\$505,689	\$312
SELECT MARKET MEDIAN:	7	0.9	0.3	1,594	\$503,302	\$318

# SUBJECT COMPARISON TO SELECT RECENTLY BUILT RECENT ATTACHED RESALES IN CMA

Product, Pricing and Absorption

PC AGENDA ITEM #4

**The Mission 316 and Old Creek Ranch resales are the closest competition in terms of existing newer inventory in North San Marcos, and the Subject is positioned toward the top of the resale market for select two and three-story attached product in the CMA.** Mission 316 is located just 0.75 miles west of the Subject in a better location (newer construction in the surrounding area) but is further from the CA-78 corridor and the neighborhood retail in the area cannot beat what the Subject has to offer. This trade off justifies the slight discount the Subject is priced at in comparison to the resales at the newly constructed Mission 316.



REFERENCE AREA	DATE RANGE	YEAR BUILT	LOT SIZE	SALES	SALES PACE		AVERAGE		
					ALL	3 MO.	SF	NET PRICE	\$/SF
Laurel and Magnolia at Old Creek Ranch, Built 2014	Oct. '18 to Jan. '19	2014	-	5	2.7	1.0	1,479	\$516,020	\$349
Caprice and Setina, Built 2017	Apr. '18 to Jan. '19	2015	-	9	0.9	0.7	2,125	\$529,867	\$249
Mission 316, Built 2018	Jan. '18 to Jan. '19	2017	-	8	0.9	0.0	1,347	\$486,285	\$361
Candra, Built 2013	Jan. '18 to Jan. '19	2013	-	6	0.7	0.0	1,708	\$490,583	\$287

# Location Analysis

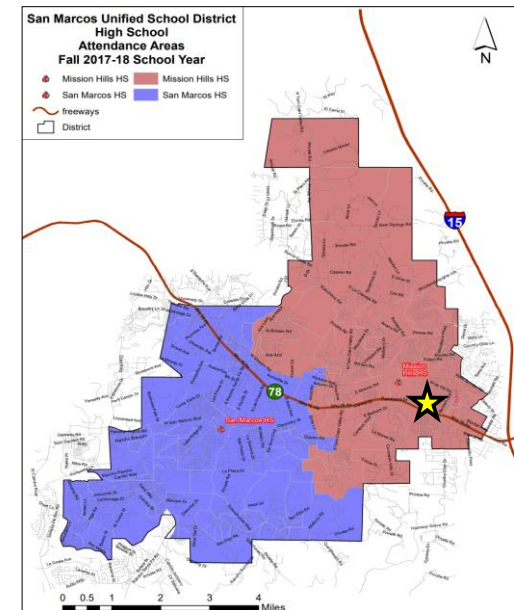
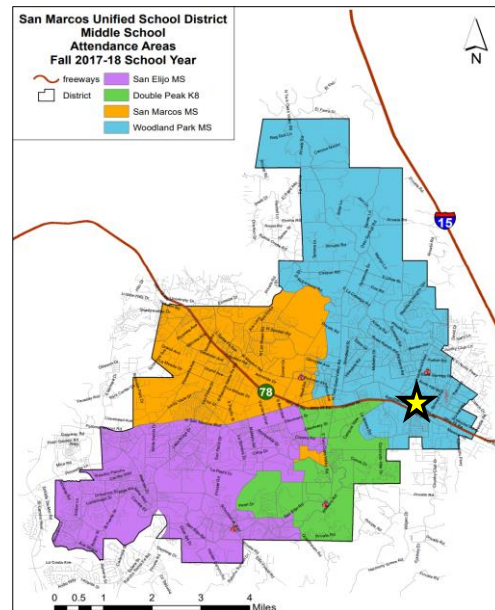
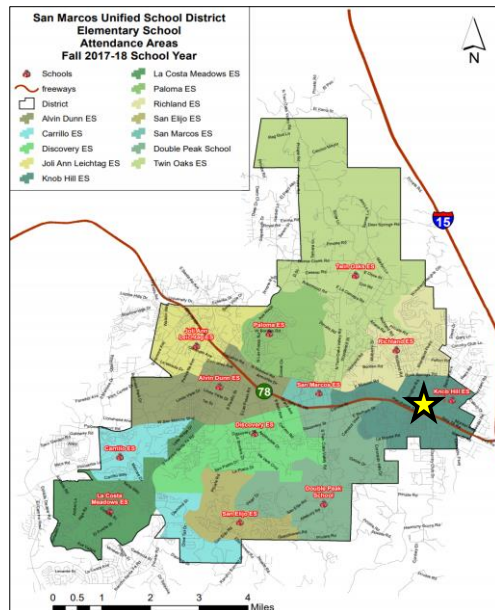
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1210 E. Mission Road, San Marcos, California



The following table shows the assigned public schools for the Subject, ranked using the GreatSchools scoring system, with future 1210 E. Mission Road residents assigned to Knob Hill Elementary, Woodland Park Middle and Mission Hills High School. In comparison to actively selling communities, the schools assigned of the Subject rank in the middle of the competitive set. The new Kensington at The Square townhomes in Bressi Ranch have the highest ranked school scores in a highly amenitized community/area, and as such they are priced at a premium to other communities offering like product in the CMA.

Community	City/Area	District	Elementary	Great Schools	Middle	Great Schools	High	Great Schools	Average Great Schools
Kensington at The Square	Carlsbad	Carlsbad Unified School District	Poinsettia Elementary	7	Aviara Oaks Middle	9	Carlsbad High	9	8.3
Rancho Tesoro Masterplan	San Marcos	San Marcos Unified	Discovery Elementary	8	San Elijo Middle	8	Mission Hills High	8	8.0
The Preserve Masterplan	Carlsbad	Carlsbad Unified School District	Hope Elementary	8	Calavera Hills Middle	7	Carlsbad High	9	8.0
Pacific Ridge Masterplan	Oceanside	Oceanside Unified School District	Ivey Ranch Elementary	8	Martin Luther King Jr. Middle	6	El Camino High	8	7.3
1210 E. Mission Road	San Marcos	San Marcos Unified	Knob Hill Elementary	7	Woodland Park Middle	6	Mission Hills High	8	7.0
Hideaway at St. Cloud	Oceanside	Oceanside Unified School District	Ivey Ranch Elementary	8	Martin Luther King Jr. Middle	6	El Camino High	7	7.0
Avila	Vista	Vista Unified School District	Breeze Hill Elementary	7	Madison Middle School	5	Rancho Buena Vista High	8	6.7
Citron	Escondido	Escondido Union Elementary / High	L.R. Green Elementary	7	Bear Valley Middle	4	San Pasqual High	7	6.0
Skyline Masterplan	Vista	San Marcos Unified	Alvin M. Dunn Elementary	4	San Marcos Middle	5	San Marcos High	9	6.0
Mission Lane Masterplan	Oceanside	Oceanside Unified School District	Nichols Elementary	4	Cesar Chavez Middle	5	El Camino High	7	5.3
Sierra	Vista	Vista Unified School District	Hannalei Elementary	4	Rancho Minerva Middle	2	Rancho Buena Vista High	8	4.7



# REGIONAL LOCATION & PROXIMITY TO EMPLOYMENT

## Location Analysis

PC AGENDA ITEM #4

**The site is located off of E. Mission Road, just north of the Hwy 78 and west of Nordahl Road.** The CA-78 freeway is located 1.0 miles from the site and is a major thoroughfare for commuters to employment hubs shown along the CA-78 corridor on the following page.

### San Diego County Top Employers

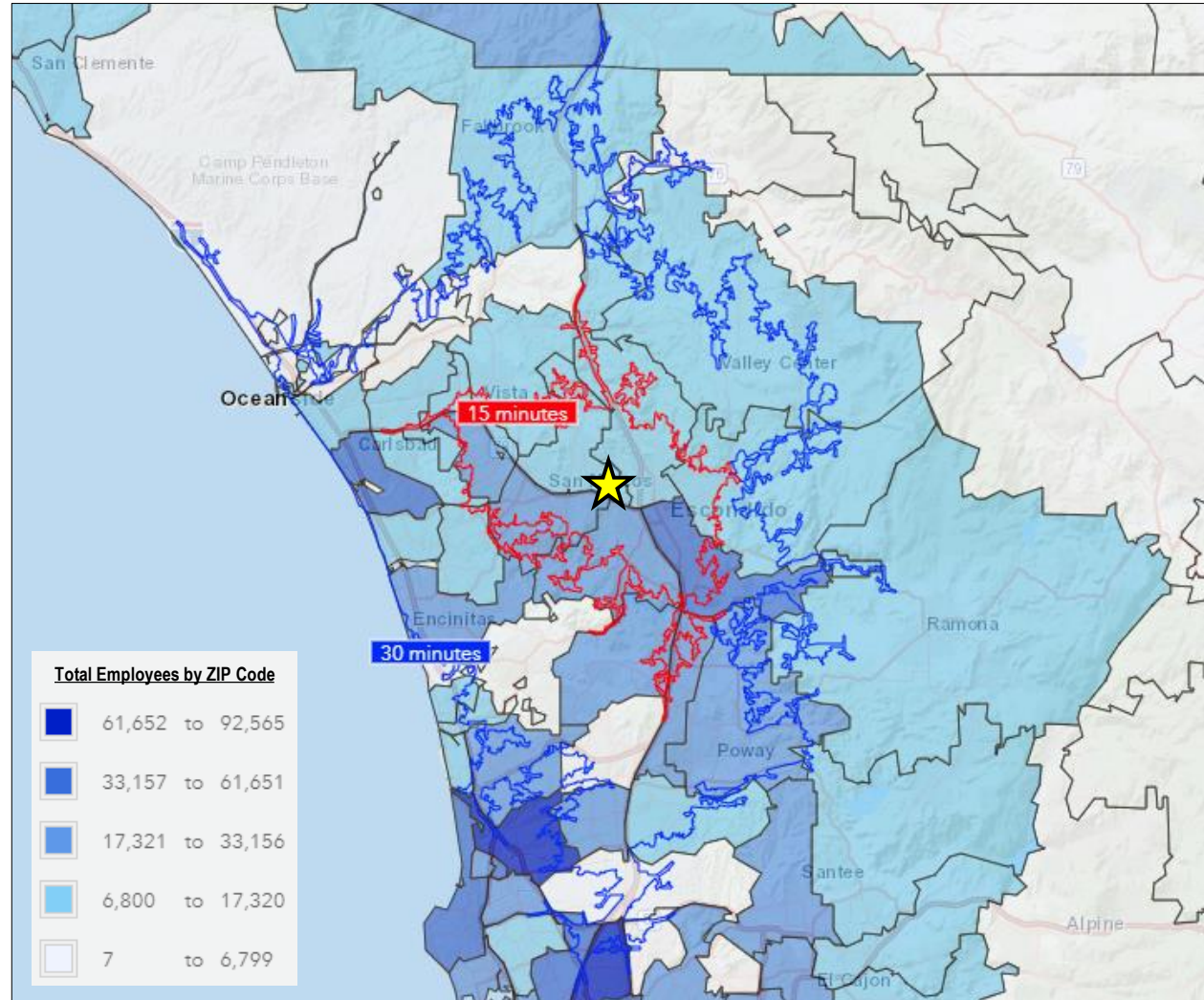
University of California, San Diego  
County of San Diego  
United States Navy, San Diego  
City of San Diego  
San Diego Unified School District  
Sharp Health Care  
Scripps Health  
Qualcomm Inc.  
Kaiser Foundation Hospital  
San Diego State University  
Sony Electronics Inc  
Seaworld San Diego

### City of San Marcos Top Employers

Hunter Industries  
United Parcel Service  
So. CA Permanente Med Group  
Wal-Mart  
Costco Wholesale  
24 Hour Fitness  
Lusardi Construction Co.  
RB III Associates Inc.  
Fluid Components International  
University Aux. & Research Services

### City of Carlsbad Top Employers

ViaSat, Inc.  
Thermo Fisher Scientific  
LEGOLAND California  
Carlsbad Unified School District  
Omni La Costa Resort & Spa  
TaylorMade-Adidas  
SGN Nutrition  
Gemological Institute of America  
City of Carlsbad  
OptumRx



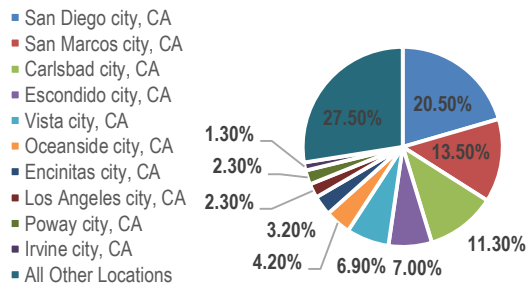


# REGIONAL LOCATION & PROXIMITY TO EMPLOYMENT

## Location Analysis

PC AGENDA ITEM #4

The color-concentrated areas indicate the highest proportion of commuter destinations from the Subject ZIP code 92069. Roughly 14% of local residents live and work in the City of San Marcos, while 33% of residents commute 10 miles or less to employment clusters primarily along the CA-78 in Carlsbad, Escondido, Vista, and Encinitas along the I-5. A further 25% commute between 10 and 24 miles to employment in Oceanside, Poway, and further south along the coast.

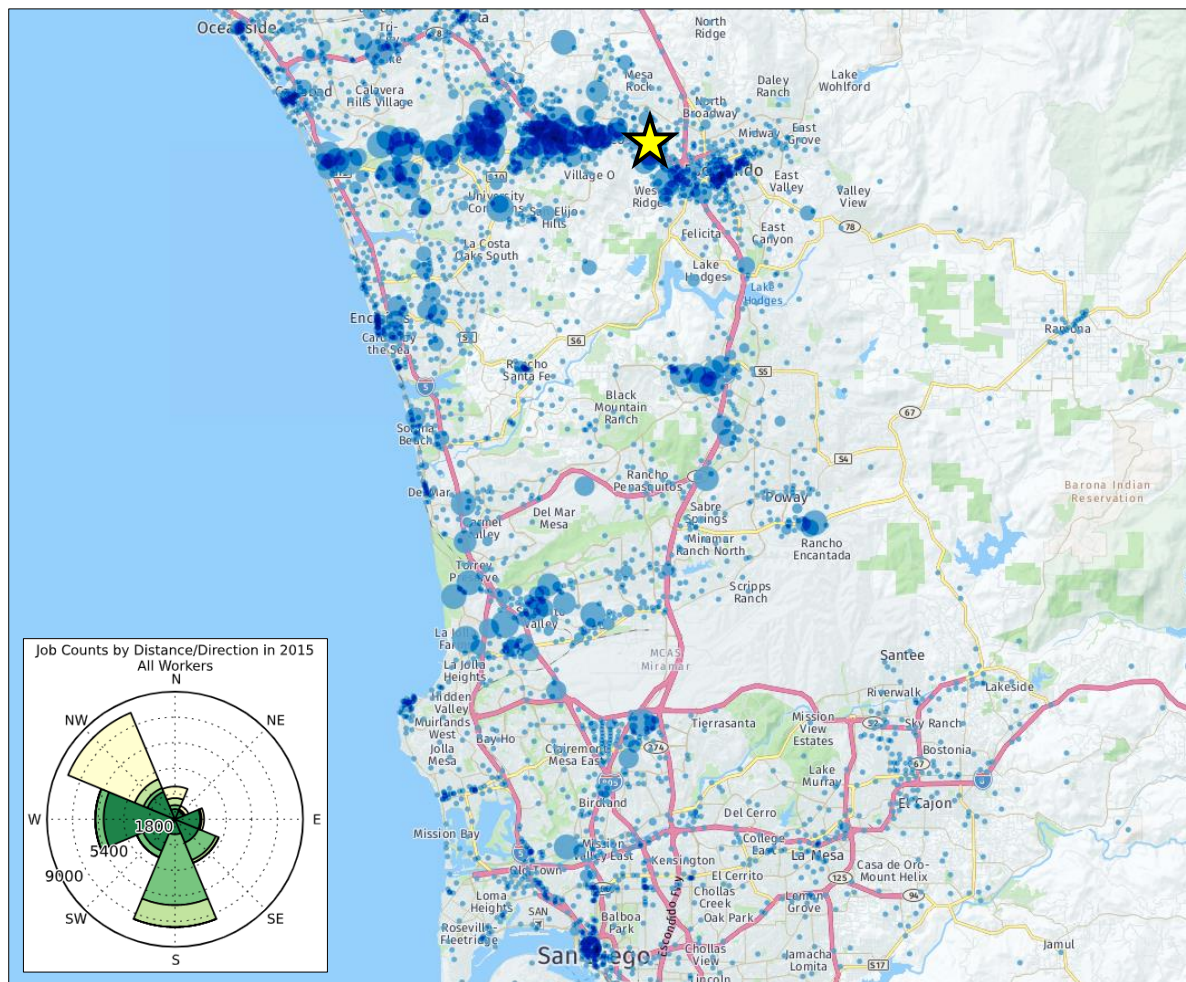


### Jobs Counts by Places - Primary Jobs (2015)

County Subdivision	Count	Share
San Diego city, CA	6,764	20.50%
San Marcos city, CA	4,448	13.50%
Carlsbad city, CA	3,723	11.30%
Escondido city, CA	2,295	7.00%
Vista city, CA	2,289	6.90%
Oceanside city, CA	1,369	4.20%
Encinitas city, CA	1,048	3.20%
Los Angeles city, CA	771	2.30%
Poway city, CA	751	2.30%
Irvine city, CA	416	1.30%
All Other Locations	9,078	27.50%

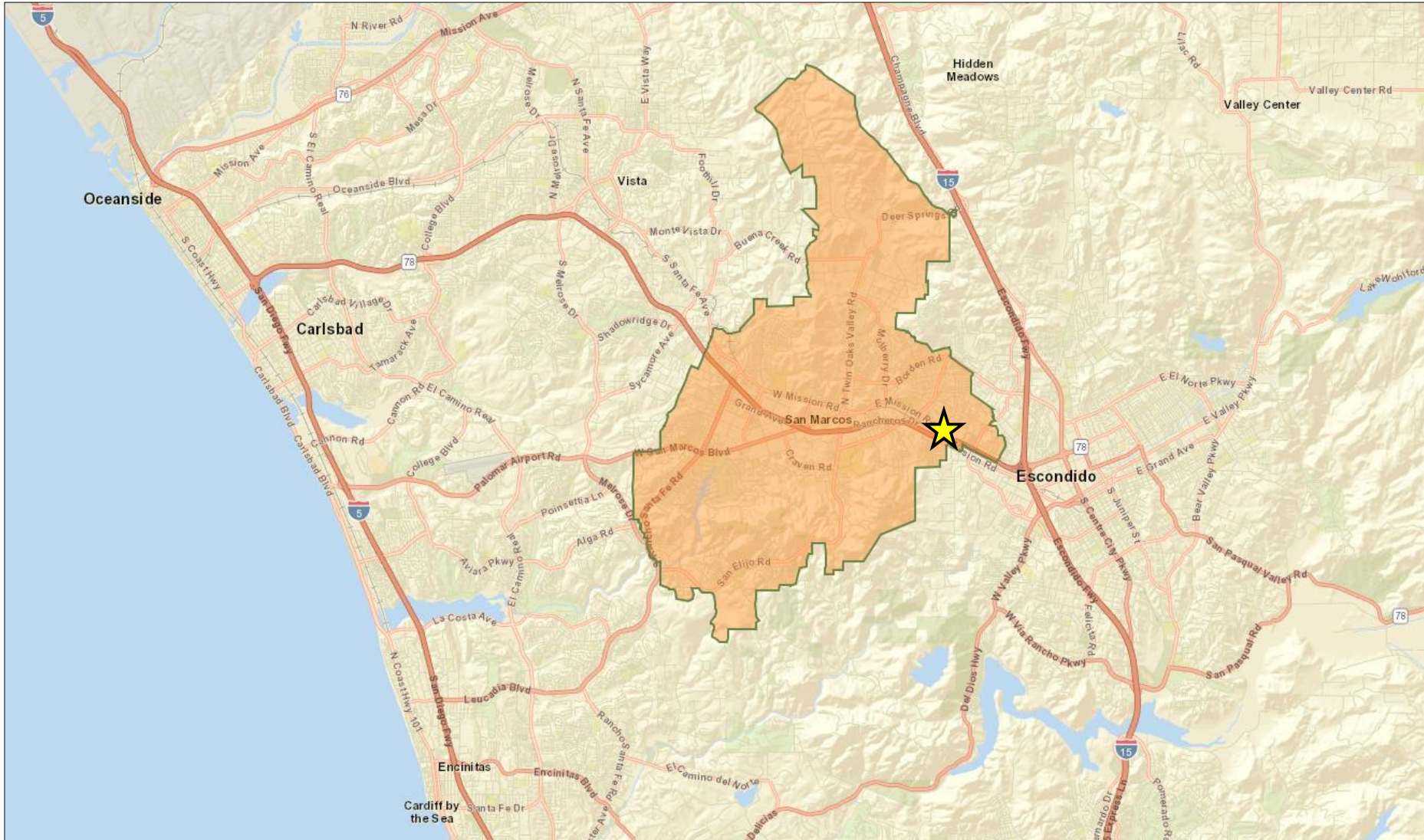
### Jobs by Distance - Home Census Block to Work Census Block

	Count	Share
<b>Total Primary Jobs</b>	<b>32,952</b>	<b>100.0%</b>
<b>Less than 10 miles</b>	<b>15,518</b>	<b>47.1%</b>
<b>10 to 24 miles</b>	<b>8,137</b>	<b>24.7%</b>
<b>25 to 50 miles</b>	<b>2,962</b>	<b>9.0%</b>
<b>Greater than 50 miles</b>	<b>6,335</b>	<b>19.2%</b>





Meyers analyzed days on market time for attached home resales of all ages in the City of San Marcos over the past 12 months. The area used for the analysis on the following two pages is shown below.



# Economic Overview

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1210 E. Mission Road, San Marcos, California

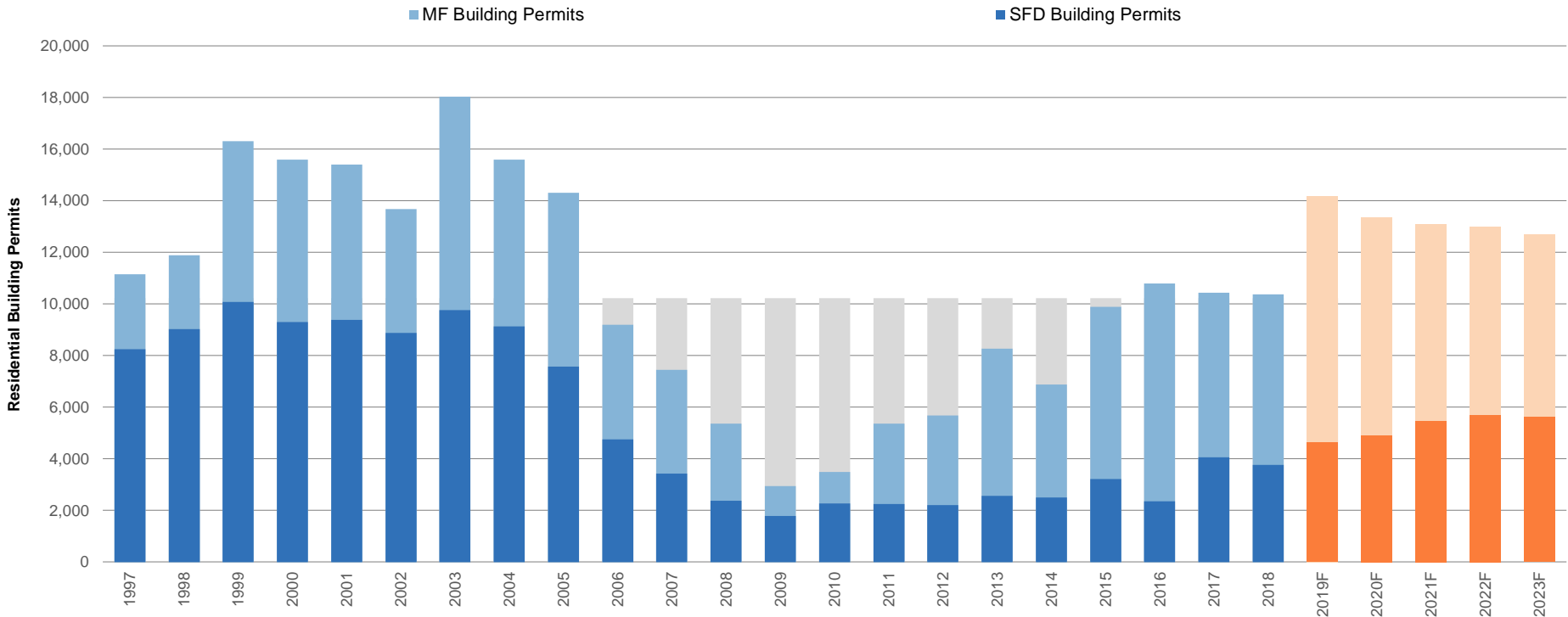
# RESIDENTIAL BUILDING PERMITS — SAN DIEGO-CARLSBAD MSA

Economic Overview

PC AGENDA ITEM #4

Since 2011 multi-family building permits have constituted roughly 66% of the total building permits in the San Diego MSA, and Economy.com forecasts that total permit issuance will spike 36.5% in 2019 and moderate thereafter to an average of 12,900 total permits per year for the next five years. Total building permits issued reached a 10-year high in 2016 at 10,791 permits and since that time total permit issuance has dropped roughly 3.8%. The forecast suggests strong growth in multi-family permit issuance in 2019/2020.

Residential Building Permit History & Forecasts	San Diego-Carlsbad, CA Metropolitan Statistical Area - Ten Year History										Economy.com Five-Year Forecast				
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019F	2020F	2021F	2022F	2023F
Total Building Permits	2,946	3,494	5,370	5,666	8,264	6,875	9,883	10,791	10,441	10,379	14,174	13,327	13,083	12,974	12,690
Annual %Change	-45.0%	18.6%	53.7%	5.5%	45.9%	-16.8%	43.8%	9.2%	-3.2%	-0.6%	36.6%	-6.0%	-1.8%	-0.8%	-2.2%
SFD Building Permits	1,778	2,270	2,245	2,197	2,565	2,487	3,222	2,351	4,056	3,751	4,622	4,901	5,455	5,704	5,610
Annual %Change	-24.7%	27.7%	-1.1%	-2.1%	16.8%	-3.0%	29.6%	-27.0%	72.5%	-7.5%	23.2%	6.1%	11.3%	4.6%	-1.6%
MF Building Permits	1,168	1,224	3,125	3,469	5,699	4,388	6,661	8,440	6,385	6,628	9,552	8,426	7,628	7,270	7,080
Annual %Change	-61.0%	4.8%	155.3%	11.0%	64.3%	-23.0%	51.8%	26.7%	-24.3%	3.8%	44.1%	-11.8%	-9.5%	-4.7%	-2.6%



Source: Economy.com

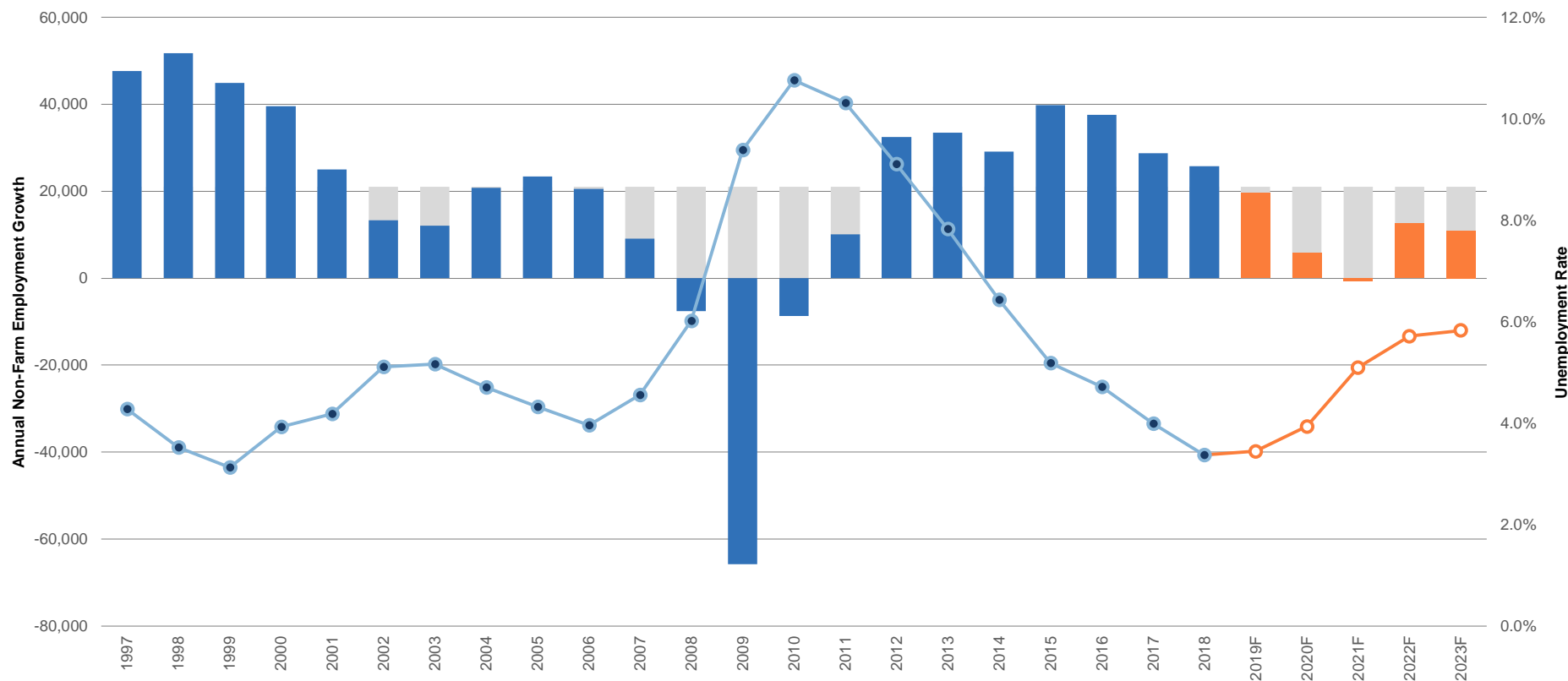
# EMPLOYMENT GROWTH — SAN DIEGO-CARLSBAD MSA

Economic Overview

PC AGENDA ITEM #4

The San Diego MSA non-farm employment has grown 2.4% per year over the past four years, with job growth moderating 31.5% over the past two years, at an unemployment rate of 3.4% (the second lowest rate recorded since 1999). Economy.com forecasts job growth slowing through 2020 and minor job losses in 2021.

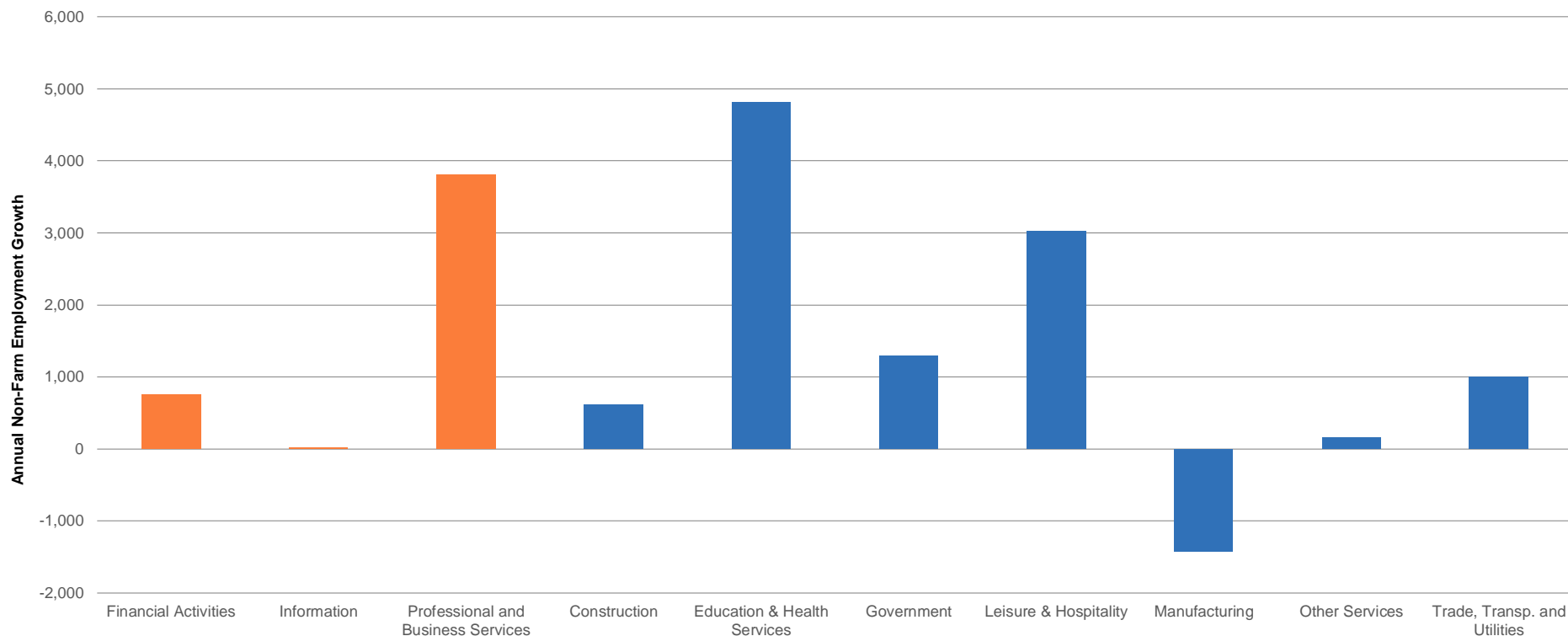
Employment History & Forecasts	San Diego-Carlsbad, CA Metropolitan Statistical Area - Ten Year History										Five-Year Forecast*				
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019F	2020F	2021F	2022F	2023F
Non-Farm Employment	1,250,525	1,241,883	1,251,925	1,284,425	1,317,892	1,346,975	1,386,842	1,424,492	1,453,283	1,479,062	1,498,580	1,504,348	1,503,632	1,516,163	1,527,134
Prior Year Change	(65,858)	(8,642)	10,042	32,500	33,467	29,083	39,867	37,650	28,792	25,779	19,518	5,768	(716)	12,531	10,971
Annual %Change	-5.0%	-0.7%	0.8%	2.6%	2.6%	2.2%	3.0%	2.7%	2.0%	1.8%	1.3%	0.4%	0.0%	0.8%	0.7%
Unemployment Rate	9.4%	10.8%	10.3%	9.1%	7.8%	6.4%	5.2%	4.7%	4.0%	3.4%	3.4%	3.9%	5.1%	5.7%	5.8%



Source: Economy.com

**Employment gains in recent years have been largely driven by expanding employment in Education & Health Services, Professional and Business Services, followed by Leisure & Hospitality.** Manufacturing is the only sector that has experienced job losses over the past year largely owed to local businesses outsourcing manufacturing in China.

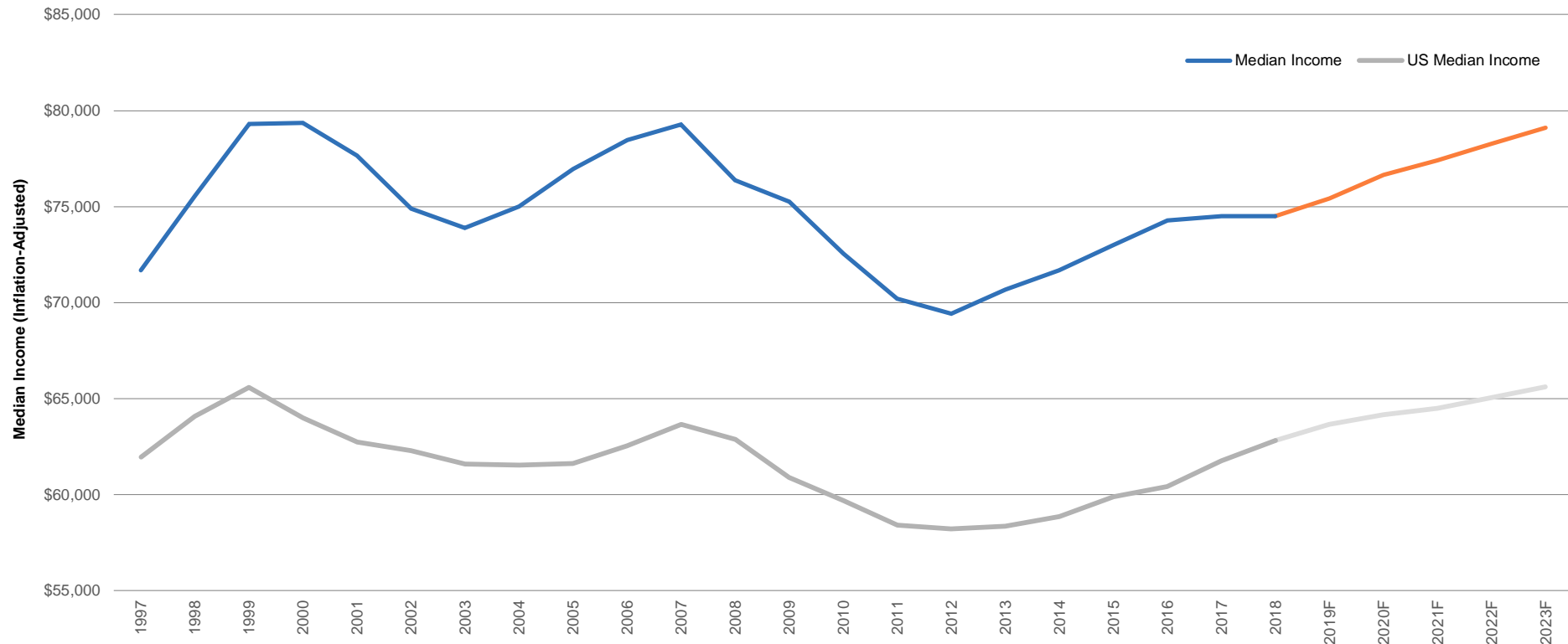
Employment by Sector	High Income Sectors			Other Sectors						
	Financial Activities	Information	Professional and Business Services	Construction	Education & Health Services	Government	Leisure & Hospitality	Manufacturing	Other Services	Trade, Transp. and Utilities
Current Month	74,571	24,473	254,169	83,483	217,161	253,051	196,431	112,477	57,874	229,704
Same Month Previous Year	73,822	24,452	250,361	82,869	212,345	251,751	193,406	113,902	57,720	228,704
12-Month Growth	749	21	3,808	614	4,816	1,300	3,025	-1,425	154	1,000



Source: Economy.com, Los Angeles Times

**Median income levels in San Diego County are roughly \$12,000 higher than the national level however, median income growth in San Diego County remained unchanged while the national median income level increased 1.7% over the past year.** Economy.com forecasts that median income levels in San Diego County will appreciate between 1% to 1.6% over the next five years.

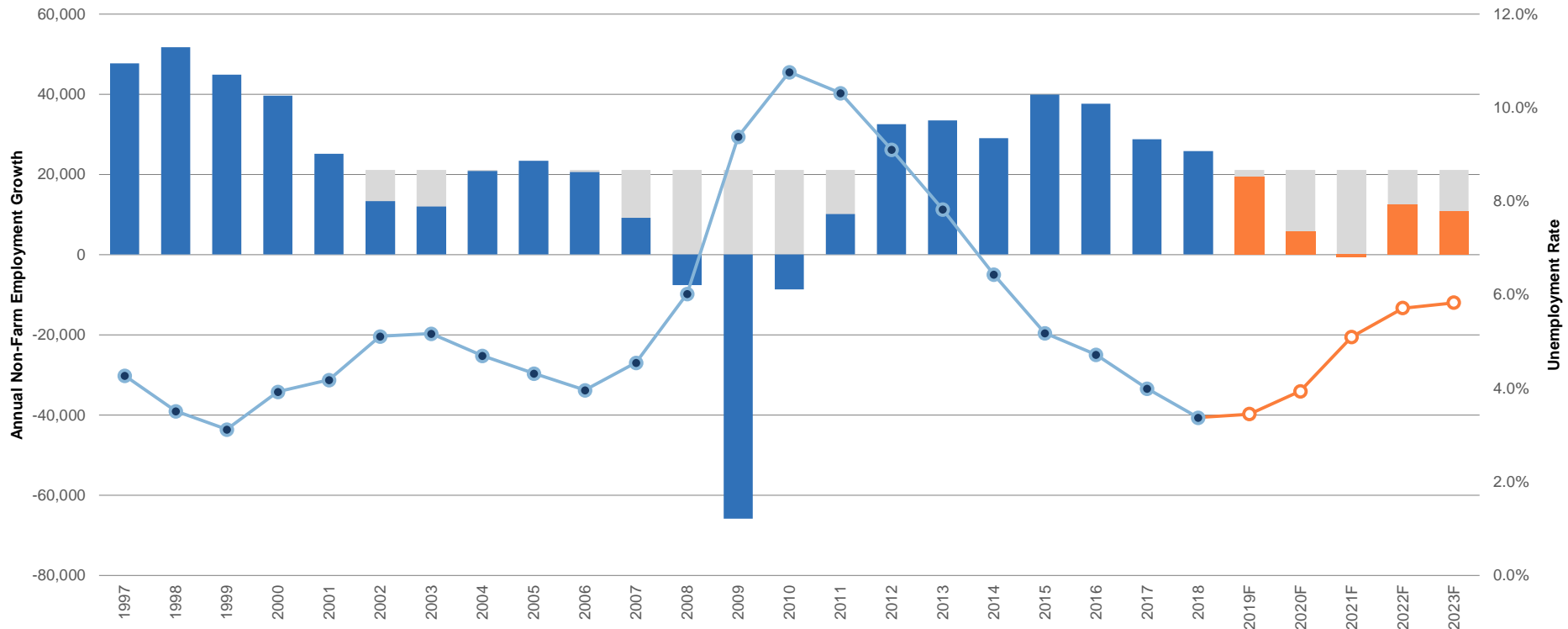
Median Income & Forecasts	San Diego-Carlsbad, CA Metropolitan Statistical Area - Ten Year History										Economy.com Five-Year Forecast				
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019F	2020F	2021F	2022F	2023F
Median Income	\$75,261	\$72,557	\$70,191	\$69,423	\$70,676	\$71,667	\$72,992	\$74,270	\$74,509	\$74,497	\$75,414	\$76,649	\$77,404	\$78,259	\$79,105
Annual %Change	-1.4%	-3.6%	-3.3%	-1.1%	1.8%	1.4%	1.8%	1.8%	0.3%	0.0%	1.2%	1.6%	1.0%	1.1%	1.1%
Median Income - United States	\$60,885	\$59,694	\$58,404	\$58,200	\$58,333	\$58,853	\$59,896	\$60,420	\$61,746	\$62,815	\$63,644	\$64,143	\$64,480	\$65,059	\$65,597
Annual %Change	-3.2%	-2.0%	-2.2%	-0.3%	0.2%	0.9%	1.8%	0.9%	2.2%	1.7%	1.3%	0.8%	0.5%	0.9%	0.8%



Source: Economy.com

**The E/P ratio has maintained levels above 2.0 from 2012 through 2018 indicating that for every 1.0 housing permit filed, an average of 2+ jobs were added in the San Diego MSA.** Moody's forecasts that the E/P ratio will begin to decline as housing starts rise against moderating employment gains. The E/P Ratio is based on employment growth versus building permits. An E/P Ratio over 1.0 means more jobs are being added than homes are being built. Ratios above 1.0 - 1.5 indicate an opportunity to introduce new homes to a market.

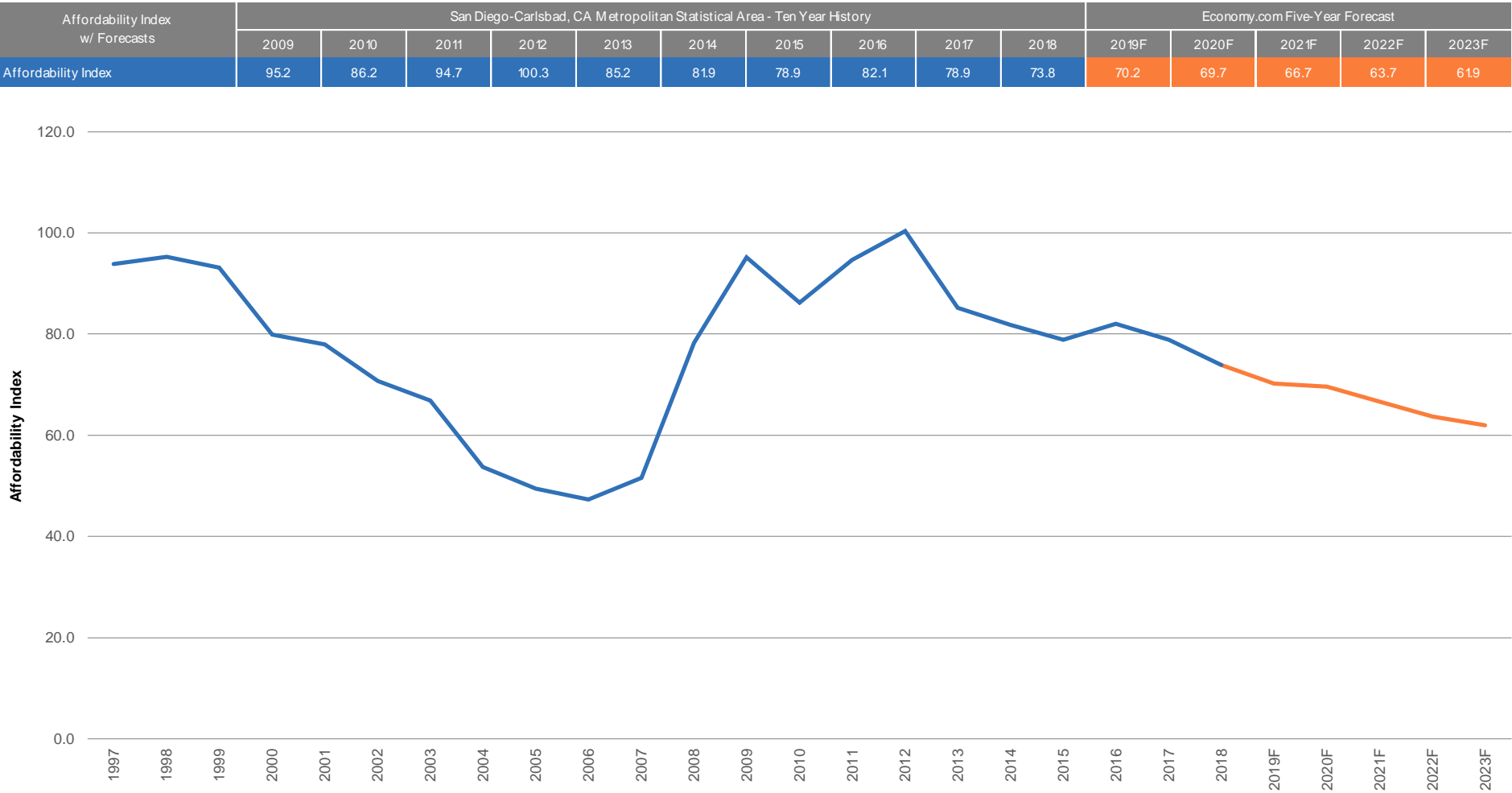
Employment/Housing History & Forecasts	San Diego-Carlsbad, CA Metropolitan Statistical Area - Ten Year History										Economy.com Five-Year Forecast				
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019F	2020F	2021F	2022F	2023F
Non-Farm Employment	1,250,525	1,241,883	1,251,925	1,284,425	1,317,892	1,346,975	1,386,842	1,424,492	1,453,283	1,479,062	1,498,580	1,504,348	1,503,632	1,516,163	1,527,134
Prior Year Change	(65,858)	(8,642)	10,042	32,500	33,467	29,083	39,867	37,650	28,792	25,779	19,518	5,768	(716)	12,531	10,971
Building Permits	2,946	3,494	5,370	5,666	8,264	6,875	9,883	10,791	10,441	10,379	14,174	13,327	13,083	12,974	12,690
Employment/Housing	-22.36	-2.47	1.87	5.74	4.05	4.23	4.03	3.49	2.76	2.48	1.38	0.43	-0.05	0.97	0.86



Source: Economy.com



In recent years affordability peaked at 82.1 in 2016 due to a combination of price softening in the area and low interest rates. The index declined from 78.9 to 73.8 in 2018 and is forecast to decline over the next five years to levels into the 60's. The affordability index measures the ability of a family earning the median income amount to purchase a median-priced home. An index above 100 implies that the median income earning family has more than enough income to purchase a median-priced home.



Source: Economy.com



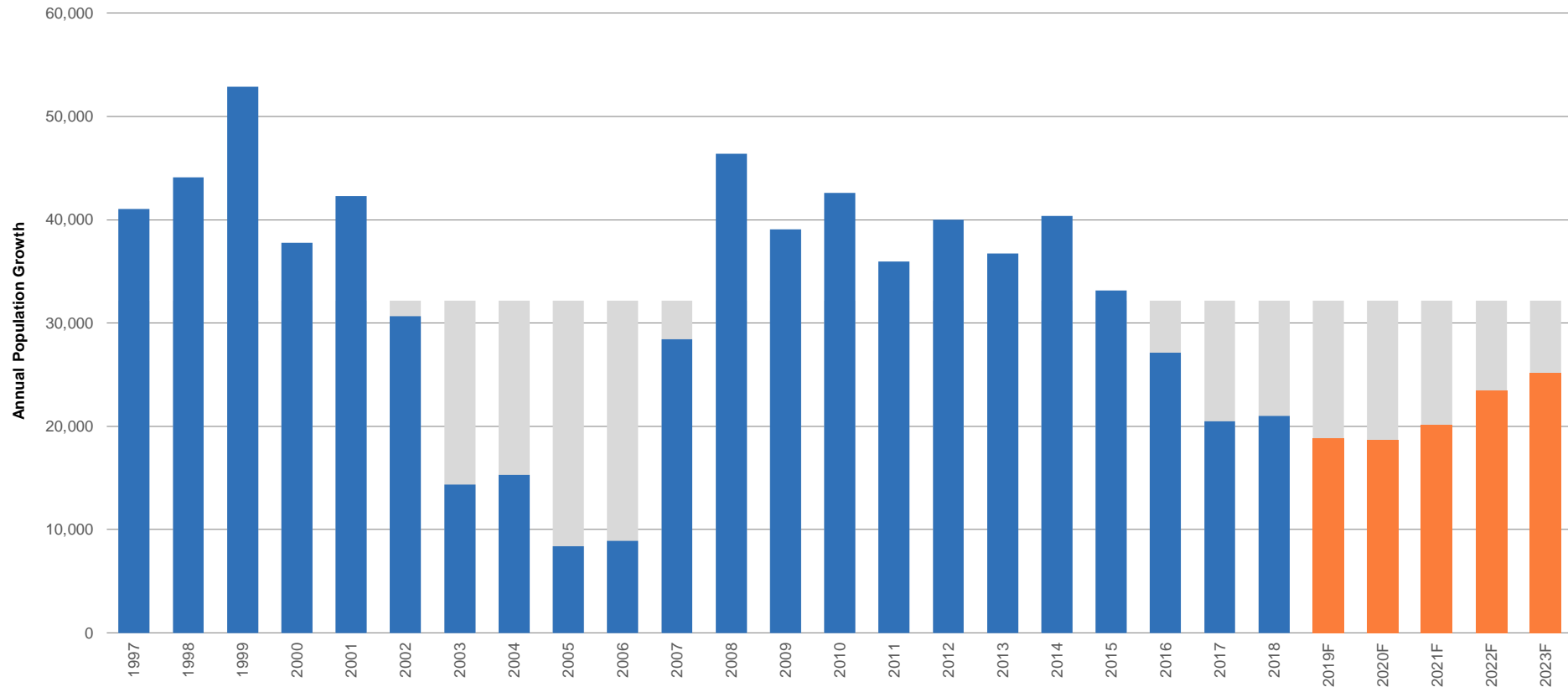
# Demographic Overview

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1210 E. Mission Road, San Marcos, California

**Population growth in San Diego County slowed in 2015 from a historical trend of 1.3% average annual growth to 1%. That down trend has continued through 2018 to 0.6% growth per year.** Economy.com forecasts that population growth will continue at this rate through 2021 before jumping up slightly to 0.7% in 2022.

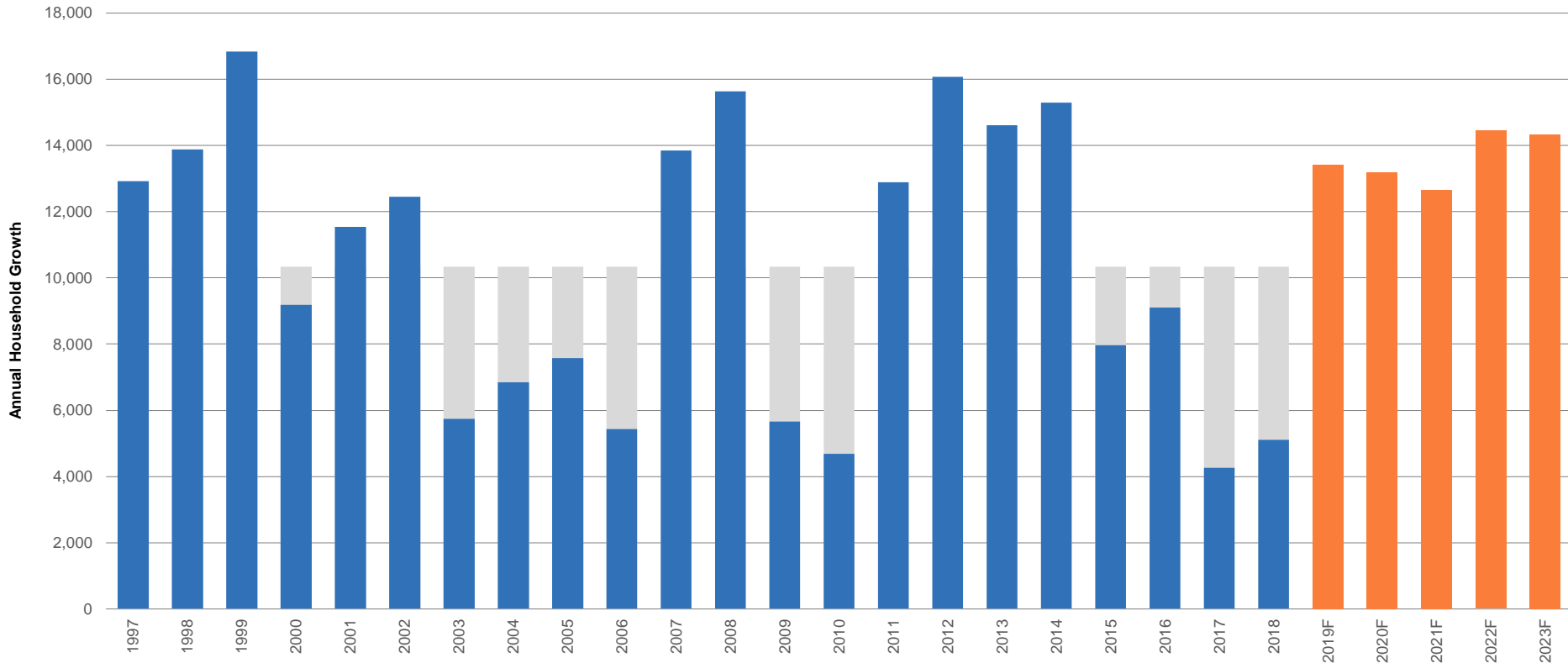
Population History & Forecasts	San Diego-Carlsbad, CA Metropolitan Statistical Area - Ten Year History										Economy.com Five-Year Forecast				
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019F	2020F	2021F	2022F	2023F
Total Population	3,061,203	3,103,793	3,139,767	3,179,798	3,216,522	3,256,875	3,290,044	3,317,200	3,337,685	3,358,685	3,377,538	3,396,196	3,416,395	3,439,897	3,465,051
Prior Year Change	39,087	42,590	35,974	40,031	36,724	40,353	33,169	27,156	20,485	21,000	18,853	18,658	20,199	23,502	25,154
Annual %Change	1.3%	1.4%	1.2%	1.3%	1.2%	1.3%	1.0%	0.8%	0.6%	0.6%	0.6%	0.6%	0.6%	0.7%	0.7%



Source: Economy.com

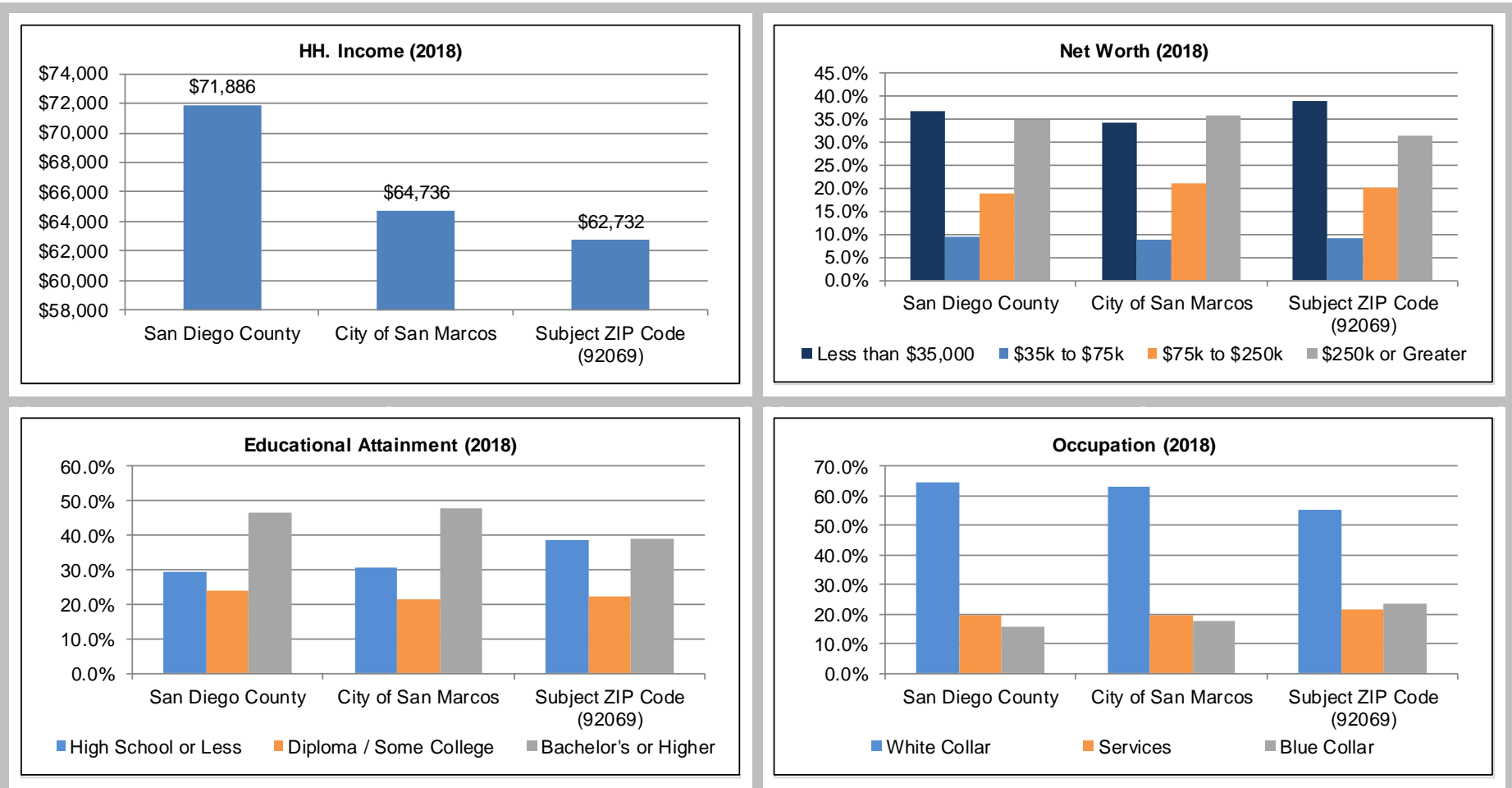
**The San Diego MSA household growth has averaged between 4,250 to nearly 9,100 new households per year since 2015.** The five year forecast suggests that strong household growth will begin in 2019 and continue through 2023 with roughly 13,000 to 14,500 new households per year over the foreseeable future, generating demand for all types of new housing. The forecasts growth rates mirror the level of growth seen between 2011 through 2014.

Household History & Forecasts	San Diego-Carlsbad, CA Metropolitan Statistical Area - Ten Year History										Economy.com Five-Year Forecast				
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019F	2020F	2021F	2022F	2023F
Total Households	1,086,316	1,091,008	1,103,905	1,119,972	1,134,581	1,149,874	1,157,847	1,166,949	1,171,205	1,176,308	1,189,719	1,202,908	1,215,573	1,230,024	1,244,357
Prior Year Change	5,658	4,692	12,897	16,067	14,609	15,293	7,973	9,102	4,256	5,103	13,411	13,189	12,665	14,451	14,333
Annual %Change	0.5%	0.4%	1.2%	1.5%	1.3%	1.3%	0.7%	0.8%	0.4%	0.4%	1.1%	1.1%	1.1%	1.2%	1.2%



Source: Economy.com

The Subject ZIP code (92069) has a slightly lower household income than the City of San Marcos as a whole. Additionally, the 92069 ZIP code has a lower average net worth than the City of San Marcos and San Diego County, with a higher concentration of service and blue collar workers. The financial buyer profile of the residents in this area suggest that the proposed product and price point would be well suited to the local population in the City of San Marcos in terms of both size and affordability.



Source: ESRI

# Housing Market Overview

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1210 E. Mission Road, San Marcos, California

# RESIDENTIAL BUILDING PERMITS IN THE CITY OF SAN MARCOS

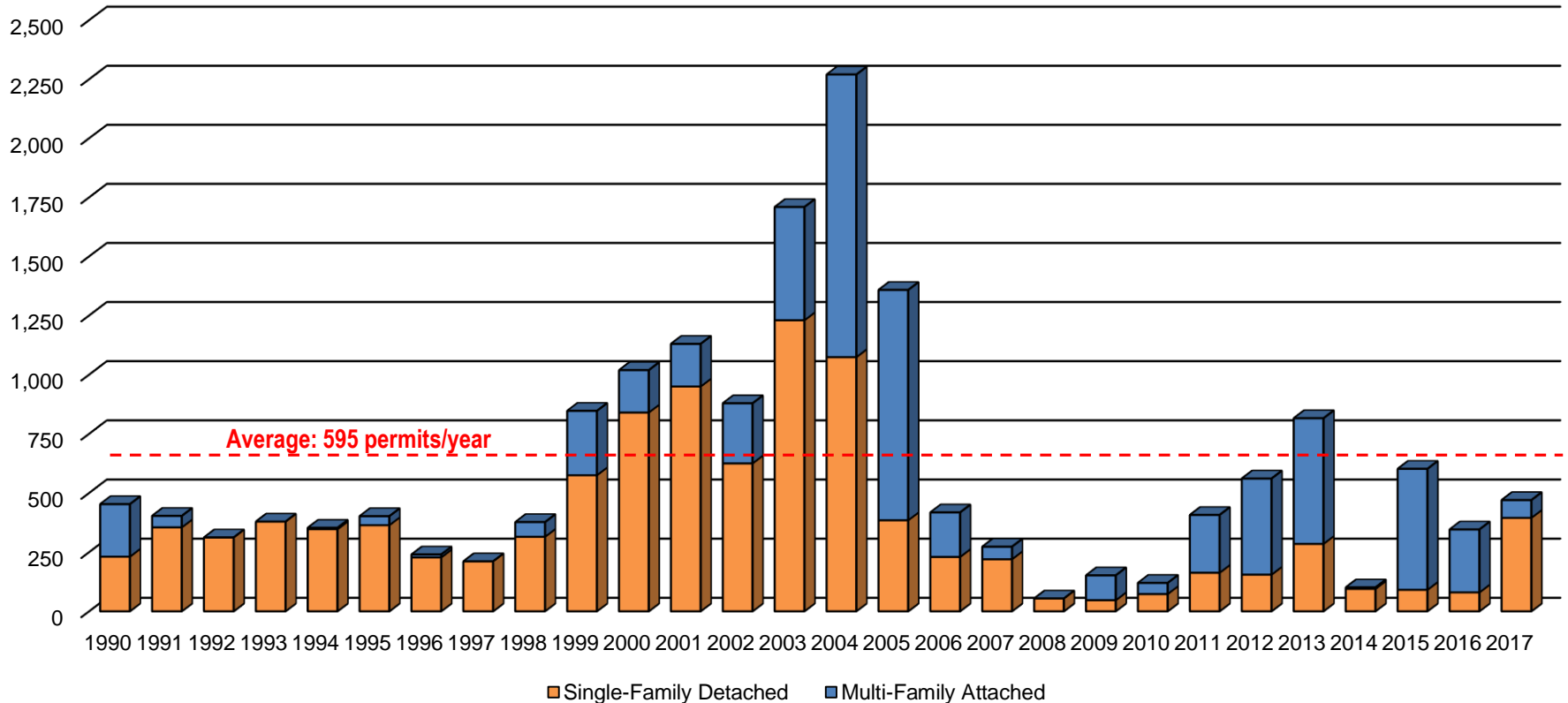
Housing Market Overview

PC AGENDA ITEM #4

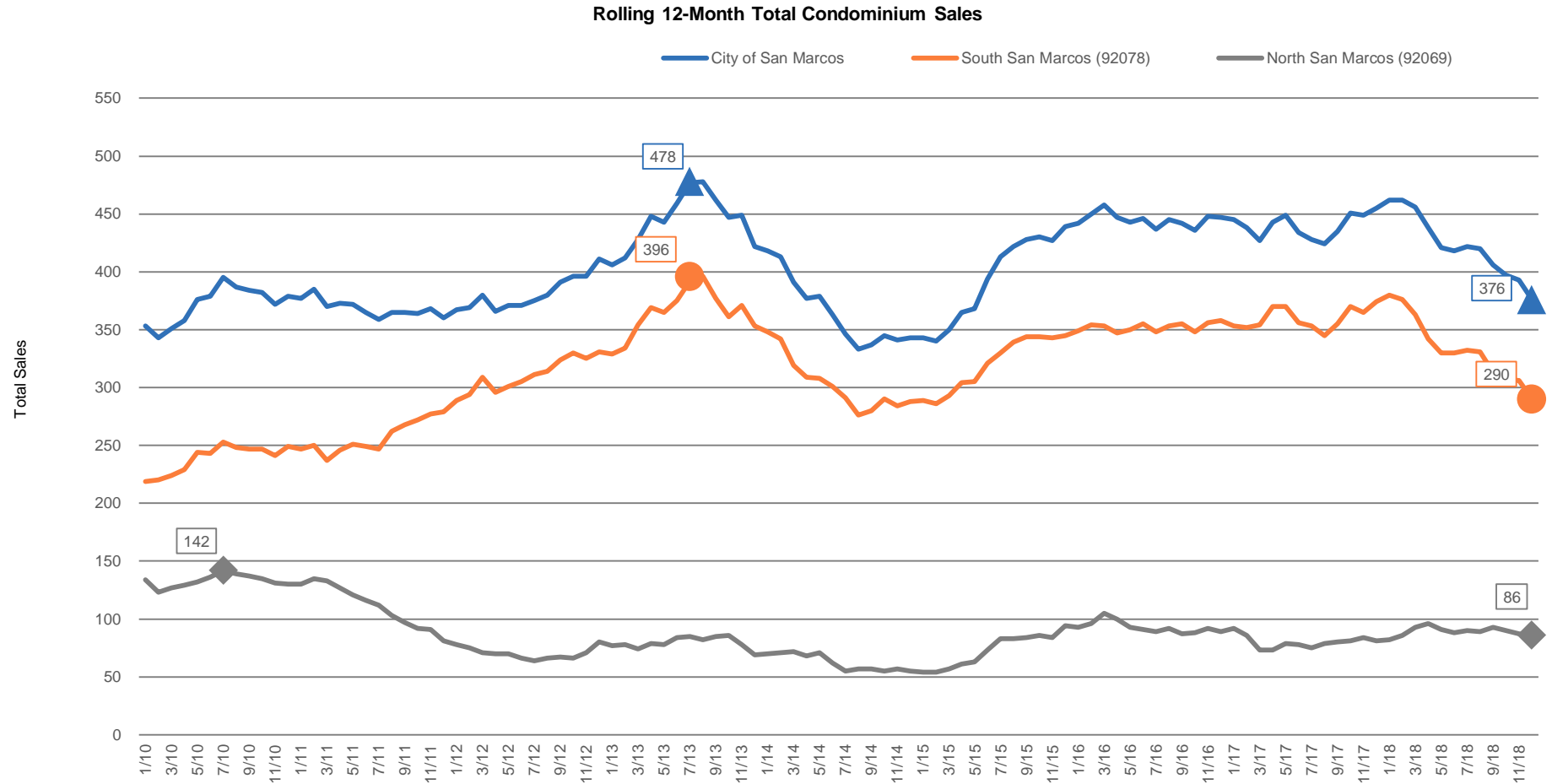
**Total permit issuance in the City of San Marcos has averaged 473 permits/year over the past three years. Over that time period roughly 57% of the total permits pulled are for multi-family attached products which is up from a historical average of 32% since 1990.** This indicates a shift in the area toward building attached homes likely owing to affordability concerns and scarce developable land.

City of San Marcos	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Single-Family Detached	231	355	312	379	347	364	228	211	315	575	840	950	625	1,230	1,074	385	230	220	54	47	73	163	155	285	95	91	80	395
Multi-Family Attached	222	48	0	0	6	38	12	0	62	272	179	180	254	479	1,196	973	188	53	0	105	47	244	406	531	6	511	266	75
Total	453	403	312	379	353	402	240	211	377	847	1,019	1,130	879	1,709	2,270	1,358	418	273	54	152	120	407	561	816	101	602	346	470
% Capture SFD	51.0%	88.1%	100.0%	100.0%	98.3%	90.5%	95.0%	100.0%	83.6%	67.9%	82.4%	84.1%	71.1%	72.0%	47.3%	28.4%	55.0%	80.6%	100.0%	30.9%	60.8%	40.0%	27.6%	34.9%	94.1%	15.1%	23.1%	84.0%
% Capture MFA	49.0%	11.9%	0.0%	0.0%	1.7%	9.5%	5.0%	0.0%	16.4%	32.1%	17.6%	15.9%	28.9%	28.0%	52.7%	71.6%	45.0%	19.4%	0.0%	69.1%	39.2%	60.0%	72.4%	65.1%	5.9%	84.9%	76.9%	16.0%

**Historical Residential Building Permits City of San Marcos, San Diego County, CA**



**Attached home sales volume in the City of San Marcos has been trending downwards since February of 2018, owing to a combination of limited supply and downward pressure from higher prices.** South San Marcos (92078) accounts for 77% of the sales volume in the City and the majority of the down trend in the city overall. Attached sales volume in North San Marcos has increased by 5% over the past year while South San Marcos has decreased 20.5%.



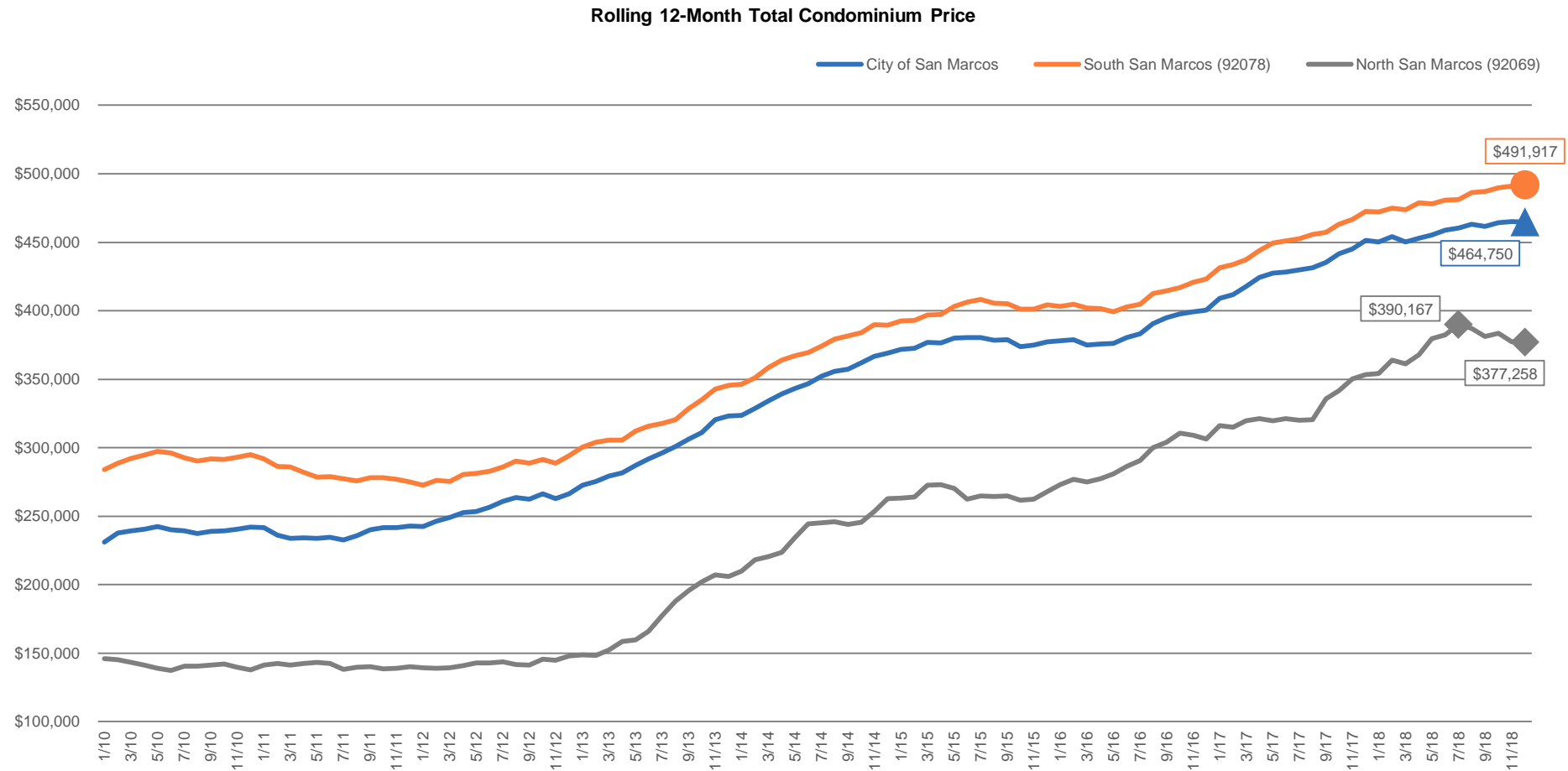
Source: Collateral Analytics

# ATTACHED SALES PRICE TREND

Housing Market Overview

PC AGENDA ITEM #4

**The average attached home price of all ages in the City of San Marcos has consistently trended upward over the past six years with minor slowing in 2016.** The average attached home price in North San Marcos (92069) began to decline in the last six months of 2018, with a 3.3% decrease, reflecting the sellout of new construction homes at Caprice and Setina, as well as Mission 316.



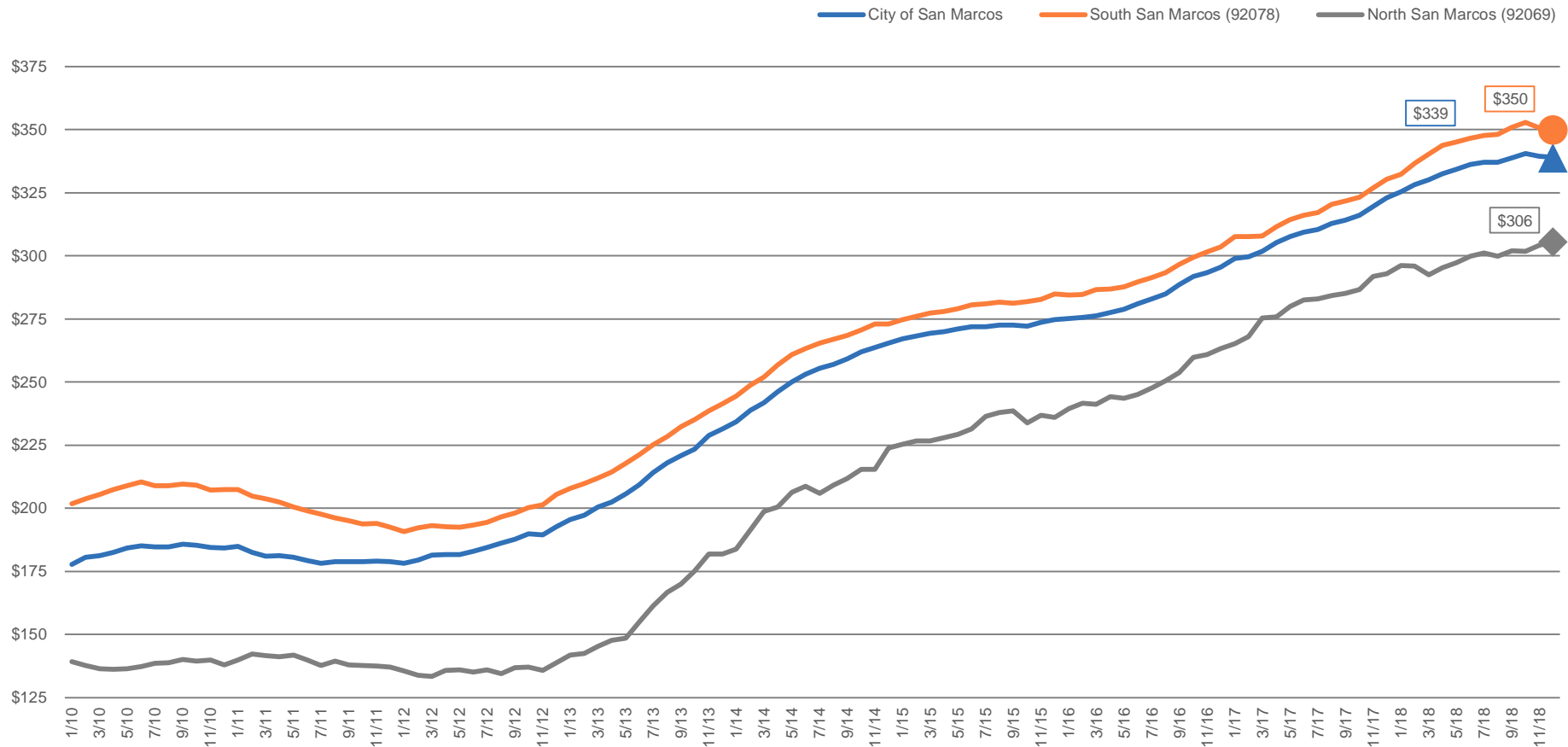
Source: Collateral Analytics



It's important to note that while average attached prices in North San Marcos have decreased roughly \$13,000 over the past year, price per square foot has increased from \$292 to \$306 (nearly 5%) with 4.5% of this appreciation occurring in the first half of 2018, and just 0.5% in the second half.

This supports the argument that attached home sizes are becoming smaller to meet the supply demand and price points that people are willing and able to pay.

### Rolling 12-Month Total Condominium Price per Square Foot



Source: Collateral Analytics

# TOTAL ATTACHED HOME SALES VOLUME BY PRICE RANGE

Housing Market Overview

PC AGENDA ITEM #4

**City of San Marcos:** The average attached home prices in the City of San Marcos have steadily appreciated since 2010, which is clearly shown with the color concentrations spiking to the upper price ranges in 2014 and in 2017. Roughly 39% of the attached sales over the past two years were priced between \$450,000 to \$550,000.

Home Sales by Price Range: City of San Marcos											
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
< \$150k	48	100	100	71	57	20	5	4	5	1	2
\$150 - \$249k	73	89	92	114	121	71	47	67	33	16	12
\$250 - \$349k	111	128	141	138	187	192	82	89	84	73	56
\$350 - \$449k	90	23	35	27	28	117	147	174	201	115	86
\$450 - \$549k	9	4	5	3	4	9	49	82	87	180	145
\$550 - \$649k	2	1	2	2	2	0	5	13	20	52	43
\$650 - \$749k	3	2	2	3	2	3	2	3	6	9	23
\$750k or Greater	3	3	2	2	10	10	6	7	11	9	9
Total	339	350	379	360	411	422	343	439	447	455	376
% Change		3.2%	8.3%	-5.0%	14.2%	2.7%	-18.7%	28.0%	1.8%	1.8%	-17.4%

**South San Marcos (92078):** The majority of the total attached sales in South San Marcos over the past two years have been priced between \$450,000 to \$550,000, accounting for 41.5% of sales. The majority of the higher priced attached homes in South San Marcos are in the Rancho Tesoro master plan.

Home Sales by Price Range: South San Marcos (92078)											
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
< \$150k	27	19	19	18	16	6	0	1	4	0	0
\$150 - \$249k	38	45	48	92	86	46	29	26	14	0	2
\$250 - \$349k	103	119	136	132	183	171	59	61	46	45	28
\$350 - \$449k	61	23	35	27	28	108	139	162	177	103	68
\$450 - \$549k	8	4	5	3	4	9	48	72	80	158	119
\$550 - \$649k	2	1	2	2	2	0	5	13	20	50	41
\$650 - \$749k	3	2	2	3	2	3	2	3	6	9	23
\$750k or Greater	3	3	2	2	10	10	6	7	11	9	9
Total	245	216	249	279	331	353	288	345	358	374	290
% Change		-11.8%	15.3%	12.0%	18.6%	6.6%	-18.4%	19.8%	3.8%	4.5%	-22.5%

**North San Marcos (92069):** Roughly 42% of attached home sales in North San Marcos are priced in excess of \$400,000. Historically North San Marcos has had limited attached housing development which kept average prices below \$200,000 through 2013. The North San Marcos area has been gentrifying over the last decade and home prices are forecast to continue to appreciate.

Home Sales by Price Range: North San Marcos (92069)											
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
< \$150k	18	64	73	52	39	14	3	3	1	0	2
\$150 - \$199k	25	47	36	19	25	14	6	17	14	4	2
\$200 - \$249k	11	14	16	4	11	7	9	18	4	13	4
\$250 - \$299k	6	7	0	5	2	12	20	18	21	10	11
\$300 - \$349k	4	2	5	1	3	11	6	14	15	15	19
\$350 - \$399k	28	0	0	0	0	11	6	8	19	11	12
\$400k or Greater	2	0	0	0	0	0	5	16	15	28	36
Total	94	134	130	81	80	69	55	94	89	81	86
% Change		42.6%	-3.0%	-37.7%	-1.2%	-13.8%	-20.3%	70.9%	-5.3%	-9.0%	6.2%

# Commercial Comparables

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1210 E. Mission Road, San Marcos, California

As part of our due diligence for 1210 E. Mission Road, we researched the commercial market trends, sales comparables, commercial buildings for lease and spoke to local San Marcos commercial space broker representatives. Further, we analyzed the development activity and related values of other CA-78 corridor retail spaces in San Marcos and in Escondido, where the retail space provide some benchmarks of possible land values and lease rates at the project. We considered two methods to value the Subject property in its existing condition as a stand alone commercial building: a net operating income / cap rate approach and a sales comparable approach.

Using the net operating income/cap rate appraisal method, **the Subject property with a Dry Cleaning or Laundry facility at 1210 E. Mission Road could be valued today at approximately \$872,396 (\$126.16 per square foot); and storage space would value the property at roughly \$550,987 (\$79.68 per square foot).** This assumes no changes to the existing 6,915 square foot building and no changes to the current parking requirement. These values are based on market lease rates, broker feedback, property listings and recent sale transactions (with cap rates) and are supported by a sales transaction (comps) approach. The lease rates and sales pricing for retail space in the area is discussed in more detail on the following pages.

Net Operating Income/ Cap Rate Valuation Approach											
Type	Square Feet	Estimated Monthly Lease Rate Per SF (Gross+Utilities)	Estimated Annual Lease Rate Per SF (Gross+Utilities)	Annual Lease Revenue	Minus Stabilized Vacancy Rate	Minus Marketing, Commissions, Legal, Etc.	Vacancy and Credit Loss	Total Estimated Annual Revenues	Cap Rate (%)	Total Value	\$/SF
Dry Cleaning or Laundry	6,915	\$0.95	\$11.40	\$78,831	-10.0%	-7.0%	(\$13,401)	\$65,430	7.50%	\$872,396	\$ 126.16

Net Operating Income/ Cap Rate Valuation Approach											
Type	Square Feet	Estimated Monthly Lease Rate Per SF (Gross+Utilities)	Estimated Annual Lease Rate Per SF (Gross+Utilities)	Annual Lease Revenue	Minus Stabilized Vacancy Rate	Minus Marketing, Commissions, Legal, Etc.	Vacancy and Credit Loss	Total Estimated Annual Revenues	Cap Rate (%)	Total Value	\$/SF
Retail (Storage)	6,915	\$0.60	\$7.20	\$49,788	-10.0%	-7.0%	(\$8,464)	\$41,324	7.50%	\$550,987	\$ 79.68

Sales Transaction Valuation Approach			
Type	Square Feet	Price Per Square Foot	Total Value
Retail	6,915	\$160	\$1,106,400

**Based on recent sales comparables, our recommended sale price for 1210 E. Mission Road is \$160 per square foot.** Recent retail property transactions range from \$114 per square foot to \$307 per square foot for the Rite Aid building located off the busy Centre City Parkway, and the average price is \$206 per square foot among these comparables. Although the Subject property is listed for \$1,795,000, or \$260 per square foot, our research indicates that this sale price is too high and not supportable for the property. A key comparable is a 21,000 square foot Bank of America building located at 220 S. Escondido Blvd in the City of Escondido transacted in July 2017 at \$192 per square foot, roughly 3.5 miles from the Subject. The Bank of America building is located along a high traffic road adjacent to the many other major banks in Escondido. According to commercial broker representatives that are active in the local market, the Subject has relatively poor visibility and lower traffic counts which no longer support many tenant uses, namely a bank. With that said, we can conclude that the site cannot achieve a sale price per square comparable to the Bank of America building. For perspective, the freestanding NYC Motorsports building in East San Marcos is a comparable location which recently sold for \$114 per square foot in October 2018. The building has better visibility to the Subject however, it has no surrounding uses that support the existing use and therefore the Subject can reasonably command a higher price per square foot.

No.	Property Name Address	Retail Center/Area	Type	Year Built	Type	Square Feet	Sale Price	Price/ SF	Cap Rate	Sale Date
1	SUBJECT	N San Marcos	Bank	1980	Retail	6,915 <b>6,915</b>	\$1,795,000	\$260	--	Listing
2	220 S. Escondido Blvd Bank of America	E. Escondido	Bank	1978	Retail	20,913 <b>20,913</b>	\$4,025,000	\$192	4.75%	7/11/2017
3	2333 Montiel Rd NYC Motorsports	N San Marcos	Freestanding Retail Building	1967	Retail	26,360 <b>26,360</b>	\$3,000,000	\$114	6.1%	10/30/2018
4	Twin Oaks Valley Rd 403-407 N. TOVR	S San Marcos	Neighborhood Center	2007	Retail	21,390	\$5,980,000	\$280	5.4%	Listing
5	156-190 S. Rancho Santa Fe Rd. San Marcos Square	S. San Marcos	Neighborhood Center	1975	Retail	19,274 <b>19,274</b>	\$4,250,000	\$221	7.0%	11/28/2017
6	1348 W. Valley Pkwy Escondido Valley Shopping Center	W. Escondido	Community Center	1988	Retail	14,372 <b>14,372</b>	\$1,750,000	\$122	7.0%	5/29/2015
7	2750 Auto Park Way Escondido Design Center	W. Escondido	Class B Flex	1980	Retail	40,000 <b>40,000</b>	\$5,900,000	\$148	7.70%	11/2/2018
8	315 W. Washington Ave Rite Aid	E. Escondido	Freestanding Retail Building	1998	Retail	17,908 <b>17,908</b>	\$5,499,000	\$307	7.00%	12/4/2017
9	190-220 W. El Norte Pkwy El Norte Center	E. Escondido	Retail Strip Center	1980	Retail	15,297 <b>15,297</b>	\$4,100,000	\$268	5.00%	7/30/2018

Min	14,372	\$1,750,000	\$114	4.75%
Max	40,000	\$5,980,000	\$307	7.70%
Total	175,514	\$34,504,000	--	--
Average	19,502	\$4,313,000	\$206	6.24%

# RETAIL SALES COMPARABLES

Commercial Comparables

PC AGENDA ITEM #4

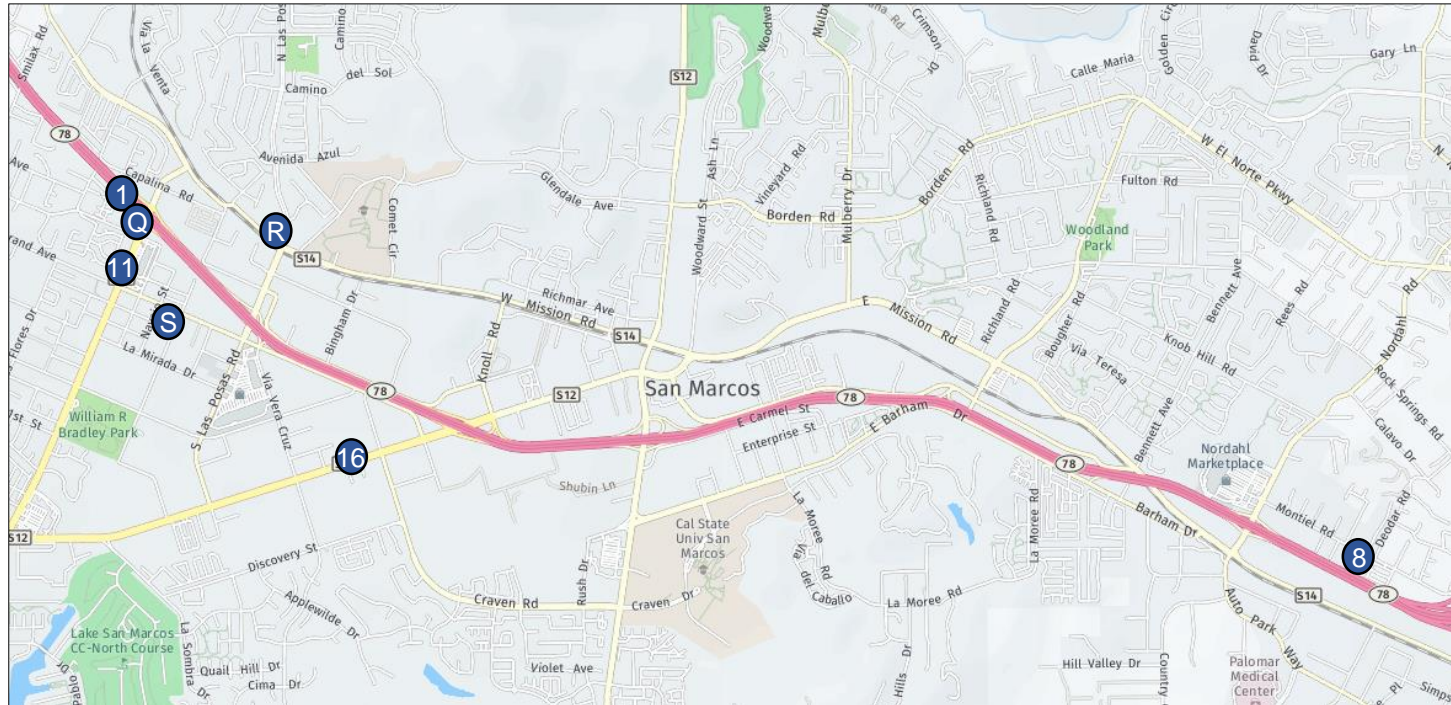
The Meyers recommended lease rate per square foot per month for the retail portion of 1210 E. Mission Road ranges from \$0.60 Full Gross to \$0.95 Gross + Utilities. These rates are predicated off the values that local brokers provided. The average price for retail lease transactions is \$1.51 per square foot however this value is skewed high owing to the large spae at the Indian Rock Center. Additionally, based off of broker feedback this site has run it's economic life cycle as a commercial center and that the lease rates would have to be less than \$1.00 to attract tenants.

Mulberry Plaza is a strip retail center in a very comparable location just west from the project (also on E. Mission Road), and recently transacted at \$1.00 to \$1.15 per square foot. Another site with a very comparable location and surrounding tenant mix is the Crossroads Shopping Center off of W. Mission Road currently listed at \$1.05 per square foot NNN.

No.	Building Name Address	Built	Total Building Leasable SF	Available Space	Occupancy Rate (%)	Vacancy Rate (%)	Asking Lease Rate (Per SF Per Mo.)	Terms	Description
1	Mulberry Plaza 574-576 E. Mission Rd San Marcos 92069	1977/2012	15,299	1,233			\$1.00	(NNN)	Strip Retail
				1,139			\$1.00	(NNN)	Strip Retail
				807			\$1.15	(NNN)	Strip Retail
			<b>Total</b>	<b>3,179</b>	<b>79.2%</b>	<b>20.8%</b>	<b>\$1.00</b>		
2	120 N Pacific St Unit C1 San Marcos 92069 Pioneer Industrial Condominium	1980	6,400	1,600			\$1.53	(NNN)	Showroom
			<b>Total</b>	<b>1,600</b>	<b>90.0%</b>	<b>10.0%</b>	<b>\$1.53</b>		
3	Indian Rock Center 630 Nordahl Rd San Marcos 92069	1986	36,273	1,450			\$1.95	(NNN)	Neighborhood Center
				1,398			\$1.95		
			<b>Total</b>	<b>1,450</b>	<b>96.0%</b>	<b>4.0%</b>	<b>\$1.95</b>		
4	Twin Oaks Valley Center 403-407 N TOVR Rd San Marcos 92078	2007	10,460	2,481		23.7%	\$1.60	(NNN)	Neighborhood Center
			<b>Total</b>	<b>2,481</b>	<b>76.3%</b>	<b>23.7%</b>	<b>\$1.60</b>		
5	Crossroads Shopping Center 1531 W Mission Rd San Marcos 92069	1979	19,360	3,234			\$1.05	(NNN)	Strip Retail
			<b>Total</b>	<b>3,234</b>	<b>83.3%</b>	<b>16.7%</b>	<b>\$1.05</b>		
6	Washington Square 1111 E. Washington Escondido	1979	57,111	4,482			\$1.65	(NNN)	Neighborhood Center
			<b>Total</b>	<b>4,482</b>	<b>92.2%</b>	<b>7.8%</b>	<b>\$1.65</b>		
7	Parkway Plaza 970 Parkway Escondido	1972	15,271	1,346			\$1.95	Modified Gross	Strip Center
			<b>Total</b>	<b>1,346</b>	<b>91.2%</b>	<b>8.8%</b>	<b>\$1.95</b>		

Min	6,400	1,233	76.3%	4.0%	\$1.00
Max	36,273	3,234	96.0%	23.7%	\$1.95
Total	87,792	9,998	--	--	--
Average	17,558	2,000	86.0%	14.4%	\$1.51

The City of San Marcos has had limited comparable sales activity over the past two years. The majority of the retail development in the city has been large shopping/retail centers with significantly higher traffic counts and site visibility. Meyers analyzed 4 comparable sales along the CA-78 corridor as well as 3 current listings.



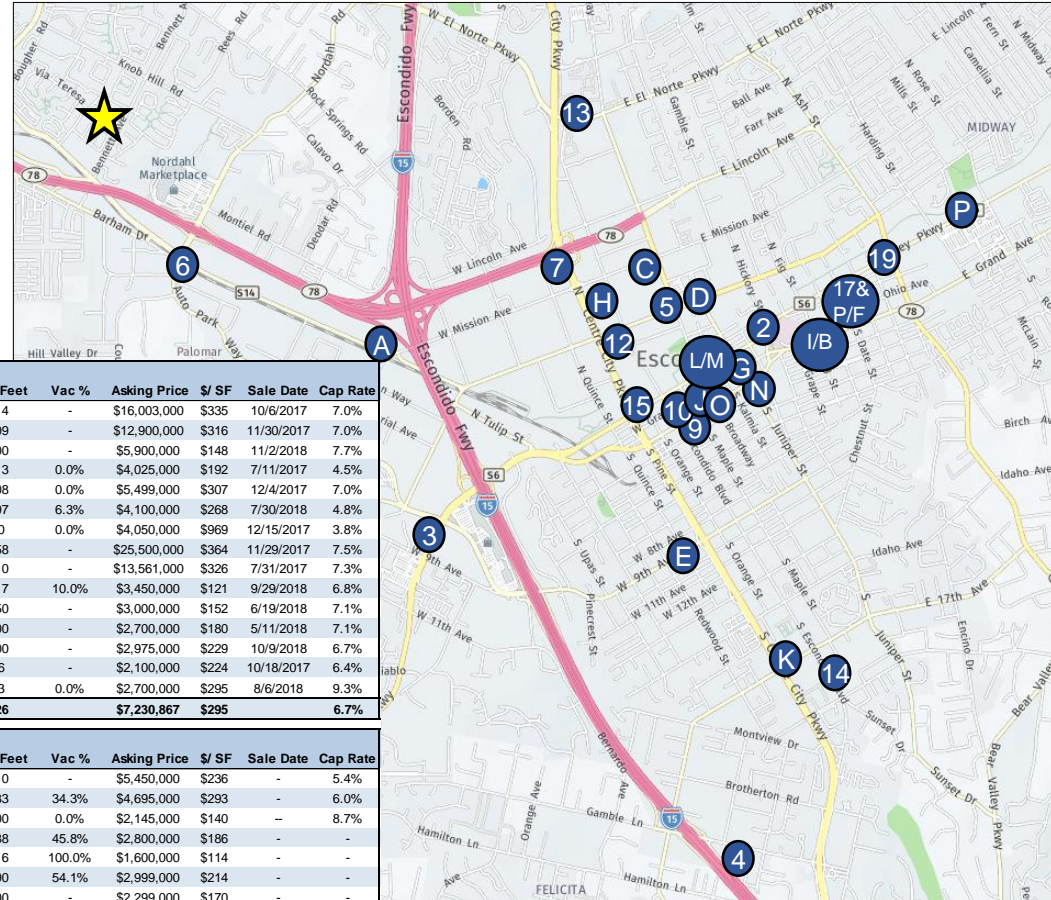
Retail/Office Property Transactions - San Marcos, CA											
No.	County	Submarket	Name	Notes	Year Built	Square Feet	Vac %	Asking Price	\$/ SF	Sale Date	Cap Rate
1	San Diego	Northeast County	1730 Descanso Ave	Class A Neighborhood Center	1982/1990	74,169	-	\$7,950,000	\$107	7/20/18	7.6%
8	San Diego	Northeast County	NYC Motorsports	Freestanding Retail Building	1967	26,360	0.0%	\$3,000,000	\$114	10/30/18	6.1%
11	San Diego	Northeast County	San Marcos Square	Neighborhood Center	1975	19,274	-	\$4,250,000	\$221	11/28/17	7.0%
16	San Diego	Northeast County	864-866 W. San Marcos Blvd	Gas Station/Repair Garage	1991	9,709	0.0%	\$2,225,000	\$229	2/22/18	7.1%
					1979	32,378		\$4,356,250	\$168		7.0%

Retail/Office Property Listings - San Marcos, CA											
No.	County	Submarket	Name	Notes	Year Built	Square Feet	Vac %	Asking Price	\$/ SF	Sale Date	Cap Rate
Q	San Diego	-	1706 Descanso Ave	Class B Office/Medical	1982	19,592	0.0%	\$5,557,000	\$284	-	5.5%
R	San Diego	-	CVS North San Diego	Class B Retail Freestanding	2009	13,225	0.0%	\$12,356,926	\$934	-	4.8%
S	San Diego	-	Pacific Street Center	Class B Flex (Condo)	2007	2,950	-	\$849,000	\$288	-	-
Average:					1996	11,922		\$6,254,309	\$502	-	5.1%



The City of Escondido has had 15 comparable sales over the past two and half years and 16 current listings.



Retail/Office Property Transactions - Escondido, CA

No.	County	Submarket	Name	Notes	Year Built	Square Feet	Vac %	Asking Price	\$/ SF	Sale Date	Cap Rate
3	San Diego	Northeast County	Escondido Valley Shopping Center	Community Center	1988	47,814	-	\$16,003,000	\$335	10/6/2017	7.0%
5	San Diego	Northeast County	Country Corner Shopping Center	Neighborhood Center	1985	40,809	-	\$12,900,000	\$316	11/30/2017	7.0%
6	San Diego	Northeast County	Escondido Design Center	Class B Flex	1980	40,000	-	\$5,900,000	\$148	11/2/2018	7.7%
9	San Diego	Northeast County	Bank of America	Bank	1978	20,913	0.0%	\$4,025,000	\$192	7/11/2017	4.5%
12	San Diego	Northeast County	Rite Aid	Freestanding Retail Building	1998	17,908	0.0%	\$5,499,000	\$307	12/4/2017	7.0%
13	San Diego	Northeast County	190-220 W. El Norte Pkwy	Retail Strip Center	1980	15,297	6.3%	\$4,100,000	\$268	7/30/2018	4.8%
19	San Diego	Northeast County	McDonald's	Restaurant	2014	4,180	0.0%	\$4,050,000	\$969	12/15/2017	3.8%
2	San Diego	Highway 78 Corridor	Valley Parkway Health Center	Class B Office/Medical	1990	70,058	-	\$25,500,000	\$364	11/29/2017	7.5%
4	San Diego	Highway 78 Corridor	Citracado Medical Plaza	Class B Office/ Medical	1970	41,610	-	\$13,561,000	\$326	7/31/2017	7.3%
7	San Diego	Highway 78 Corridor	Mission Office Park	Class C Office	1981/2012	28,517	10.0%	\$3,450,000	\$121	9/29/2018	6.8%
10	San Diego	Highway 78 Corridor	201 W. Grand Ave	Class B Office	1976/2011	19,750	-	\$3,000,000	\$152	6/19/2018	7.1%
14	San Diego	Highway 78 Corridor	1820 S. Escondido Blvd	Class B Office	1979/2005	15,000	-	\$2,700,000	\$180	5/11/2018	7.1%
15	San Diego	Highway 78 Corridor	390 W. Valley Pkwy	Office/Bank	2000	13,000	-	\$2,975,000	\$229	10/9/2018	6.7%
17	San Diego	Highway 78 Corridor	925 E. Pennsylvania Ave	Class C Office/Medical	1974	9,376	-	\$2,100,000	\$224	10/18/2017	6.4%
18	San Diego	Highway 78 Corridor	157 E. Valley Pkwy	Class B Office	1972	9,153	0.0%	\$2,700,000	\$295	8/6/2018	9.3%
					1984	26,226		\$7,230,867	\$295		6.7%

Retail/Office Property Listings - Escondido, CA

No.	County	Submarket	Name	Notes	Year Built	Square Feet	Vac %	Asking Price	\$/ SF	Sale Date	Cap Rate
A	San Diego	-	Escondido Auto Service Center	Class B Retail	1985	23,110	-	\$5,450,000	\$236	-	5.4%
B	San Diego	-	1516 E. Valley Pkwy	Class C Retail	1990	16,033	34.3%	\$4,695,000	\$293	-	6.0%
C	San Diego	-	125 W. Mission Ave	Class C Office	1976	15,300	0.0%	\$2,145,000	\$140	-	8.7%
D	San Diego	-	200 E. Washington Ave	Class C Office	1992	15,088	45.8%	\$2,800,000	\$186	-	-
E	San Diego	-	607 W. 9th Ave	Class C Retail/Office	1953	14,016	100.0%	\$1,600,000	\$114	-	-
F	San Diego	-	910 E. Ohio Ave	Class C Office/Medical Freestanding	1978	13,990	54.1%	\$2,999,000	\$214	-	-
G	San Diego	-	224-228 E. Grand Ave	Class C Retail	1940	13,500	-	\$2,299,000	\$170	-	-
H	San Diego	-	Escondido Wash & Mart	Class B Retail	1990	10,102	0.0%	\$7,762,000	\$768	-	6.9%
I	San Diego	-	704 E. Grand Ave	Class B Office/Medical (Class A Renovations)	1973	8,844	-	\$2,950,000	\$334	-	-
J	San Diego	-	143-145 W. Grand Ave	Class C Retail/Office	1950	8,000	50.0%	\$1,350,000	\$169	-	-
K	San Diego	-	440 W. Felicita Ave	Class C Retail Freestanding	1986	7,468	0.0%	\$2,580,000	\$345	-	-
L	San Diego	-	128 N. Broadway	Class B Retail Freestanding	1977	6,267	-	\$2,000,000	\$319	-	-
M	San Diego	-	661-665 E. Grand Ave	Class C Office/Medical	1952	3,562	-	\$800,000	\$225	-	9.1%
N	San Diego	-	305 E. 2nd Ave	Class B Medical Freestanding	1957	3,104	39.3%	\$682,880	\$220	-	-
O	San Diego	-	113 W. Grand Ave	Class C Retail	1940	3,000	0.0%	\$1,000,000	\$333	-	-
P	San Diego	-	935 E. Pennsylvania Ave	Class C Office/Medical	1979	2,536	-	\$665,000	\$262	-	-
					Average:	1970	10,245		\$2,611,118	\$271	6.9%



Questions/ Participant	Vic Gausepohl Colliers International (760) 930-7912	Kirk Allison Colliers International (760) 930-7922	David Sandistevan Colliers International (858) 677-5314
Is it a free standing pad? And not a part of the shopping center? Is it governed by any CC&R's or any architectural guidelines?	It's governed by CC&R's but you will need to talk to David for detail on those.	No comment	Free standing pad, with CC&R's from the neighboring shopping center but those have been amended in the past few years to allow residential townhomes.
How are overall market conditions for retail space in East San Marcos?	The market is a bit soft, there are a plethora of options for small retail space in the area. There is no particular demand for a certain retail use in this particular submarket	A large amount of retail space has recently been delivered and vacancy rates have gone up over the past two quarters. In general the San Marcos retail market has high vacancy rates across the board and the spaces in demand are along roads/streets with high traffic counts	No comment
What are the issues with the site? Why do you think the site has been vacant for 10 years?	The site has really struggled since the Nordah Shopping Center was constructed. All of the big name retailers are clustered in the shopping center and you essentially need to drive past Nordahl shopping center to get to the Subject.	The traffic counts are too low on E. Mission Road for a traditional bank/strorefront. Poor site visibility and the surrounding retail use does not mix with well with prospective tenants.	The neighboring shopping center owners were very particular with what uses they wanted to permit.
2. Would you say rents are rising, falling or the same as they were a year ago? What about vacancy rates?	Rents are generally trending up however, there is an oversupply of retail in the immediate area and that is resulting in higher vacancy rates.	Rents in San Marcos have fluctuated over the past two quarters but have generally trended upward	No comment
If the space were available today for lease what type of tenants would be an ideal use for the site?  Could a medical/dental office fit the site?	Potential tenants could include: Cell phone store, transportation dispatch, commercial bank, ATM, food market, merchandising sales, business support center, medical/dental office, small recycling facility, dry cleaning, and massage/nail services.  No. There are many other spaces in the area that are closer to the nearby hospital.	The only interest the site attracted over the past few years were either small Churches or storage facilities.  There is already a surplus of medical office space in the nearby area.	No comment
What type of lease rates could be achieved?	The building could achieve lease rates between \$0.70 and 1.40 per square foot per month. But \$1.40 is highly unlikely.	A lease rate of approx. \$1.00 per square foot per month for Church use and about \$0.50-\$0.60 per square foot per month for storage space.	No comment
How many months of free rent would you expect?	At least a month and half of free rent per year of lease term.	The lease would have to include many months of free rent to attract a quality tenant. A minimum of 1 month free per year of lease term however, it will likely require more if the goal is too attract a B+ tenant	No comment
8. Other comments?	The best use for the site is by far going the residential townhomes route.	"Vic and I tried to bring quality tenants to the site for years and we couldn't find anyone that wanted the site. I think it's a no brainer to go with the townhomes."	"The site struggled to attract quality tenants for years...the surrounding neighborhoods just want something on the site at this point and townhomes is a good fit."

# San Diego Retail Market Overview

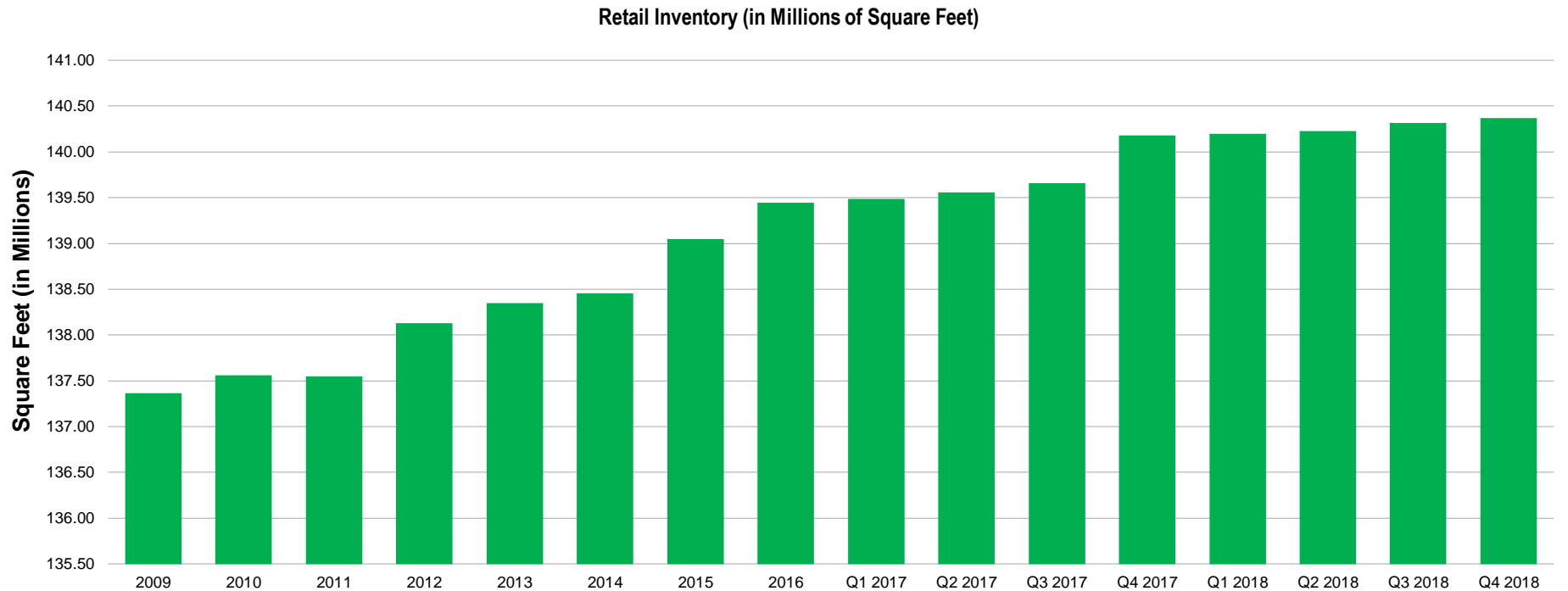
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1210 E. Mission Road, San Marcos, California

The following bullets summarize our findings for retail market conditions in the San Diego MSA, North County market and the San Marcos submarket.

- **Retail inventory** in San Diego has been increasing since 2009, with roughly 189,000 to 739,000 square feet added each year over the past four years. New retail deliveries have averaged 1.5 million square feet annually over the past 30 years, which is largely reflective of the building boom in the late 1980s, while new deliveries have been well below the historical average since 2008, which is partially a function of limited land supply. Retail inventory grew by 189,000 square feet in 2018, the smallest growth since 2014.
- **San Diego MSA** retail lease rates have been on the increase, and were up over \$2.00 per square foot in second and third of 2018. Currently, lease rates have fallen back slightly to \$1.93 in the fourth quarter of 2018, while vacancy rates have trended downward since 2010 to 3.8% at year-end 2018. San Diego's retail market experienced negative absorption of 366,000 square feet with deliveries at roughly 268,000 square feet over the past year. Based on current construction activity, an additional 390,000+ square feet of retail space is projected for delivery through 2019-20.
- **In the North County Submarket**, roughly 342,000 square feet of retail has been added since 2015, with between 30,000 and 142,000 square feet being delivered each year since 2015. The largest inventory deliveries have been in the North County Retail Submarket (primarily Escondido) as well as the Central San Diego Submarket (primarily Little Italy). Rents in the North County retail market increased in to \$1.75 in Q2 2018 and fell in the third and fourth quarter to \$1.45 per square foot at year end (the lowest asking lease rate since Q3 2015) as more inventory has been added. Vacancy rates are currently at a four-year low at 4.6%. Nearly 643,000 square feet of retail space has been absorbed since 2015 compared to 342,000 square feet of completed space. Over the past four quarters, absorption came at negative (81,000) square feet while the market delivered 142,000 square feet of new retail space. The North County submarket represents 54% (270,910 square feet) of the under construction retail in the San Diego MSA, once the space has been delivered to market, it is likely that lease rates will decrease as vacancy trends upwards.
- **The San Marcos retail Submarket** has the lowest lease rates in San Diego County, at \$0.95 per square foot versus \$1.42 per square foot for the MSA overall. The San Marcos retail submarket has the second highest vacancy rate of any submarket in San Diego, at 10.5% vacancy versus 3.7% vacancy for the MSA overall.
- Brokers that we interviewed report market conditions are somewhat soft in San Marcos, and the anchored centers fare better than the numerous un-anchored retail strips. Generally, rents are decreasing and vacancy is increasing. Prospective tenants for 1210 E. Mission Road should be a veterinary hospital, small recycling facility, dry cleaning, a business support facility, a transportation dispatch, storage facility, and a church. It is estimated that a lease up period could take 9 to 18 months, with achievable lease rates in the \$0.55 to \$1.50 range (NNN).

**New annual retail deliveries in San Diego have averaged 460,000 square feet over the past 10 years. Over the past year, a total of 268,209 square feet of retail space was delivered in the San Diego retail market.** Additionally there were 390,692 square feet of retail space under construction at the end of the fourth quarter 2018.



Inventory	2009	2010	2011	2012	2013	2014	2015	2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Total Inventory (SF)	137,363,426	137,562,647	137,547,155	138,131,892	138,348,786	138,453,040	139,047,204	139,443,356	139,486,151	139,558,949	139,658,357	140,182,420	140,195,309	140,227,314	140,313,860	140,371,737
Inventory Change		199,221	-15,492	584,737	216,894	104,254	594,164	396,152	42,795	72,798	99,408	524,063	12,889	32,005	86,546	57,877
% Change		0.1%	0.0%	0.4%	0.2%	0.1%	0.4%	0.3%	0.0%	0.1%	0.1%	0.4%	0.0%	0.0%	0.1%	0.0%

# SAN DIEGO MSA ABSORPTION vs. COMPLETED SPACE (DELIVERIES)

San Diego Retail Market Overview

PC AGENDA ITEM #4

San Diego's retail market experienced negative absorption during the recession in 2008 and 2009 and again in 2015. Retail net absorption was slightly positive in San Diego fourth quarter 2018, with positive 76,614 square feet absorbed in the quarter. In third quarter 2018, net absorption was positive 28,031 square feet, while in second quarter 2018, absorption came at negative (205,432) square feet. In first quarter 2018, negative (57,002) square feet was absorbed in the market. The biggest retail delivery activity over the past year includes the redevelopment of the long-vacant Toyota Dealership in Escondido with a new El Super supermarket. Other large retail deliveries of this year include, the ongoing redevelopment of Little Italy, a Ford dealership in La Mesa, and the development of the Village at Pacific Highlands.

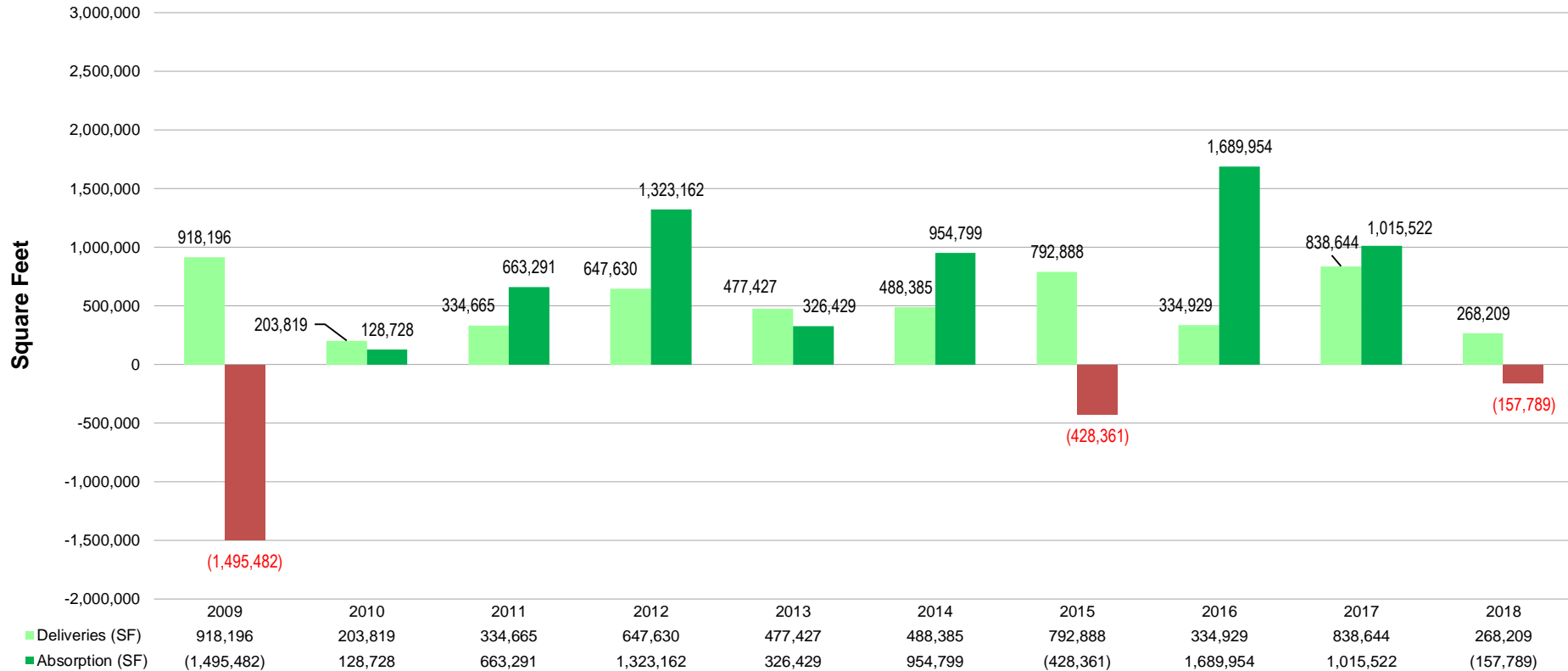
## RETAIL MARKET ABSORPTION VS. COMPLETED SPACE

Metro: San Diego, CA

2009 to 2018

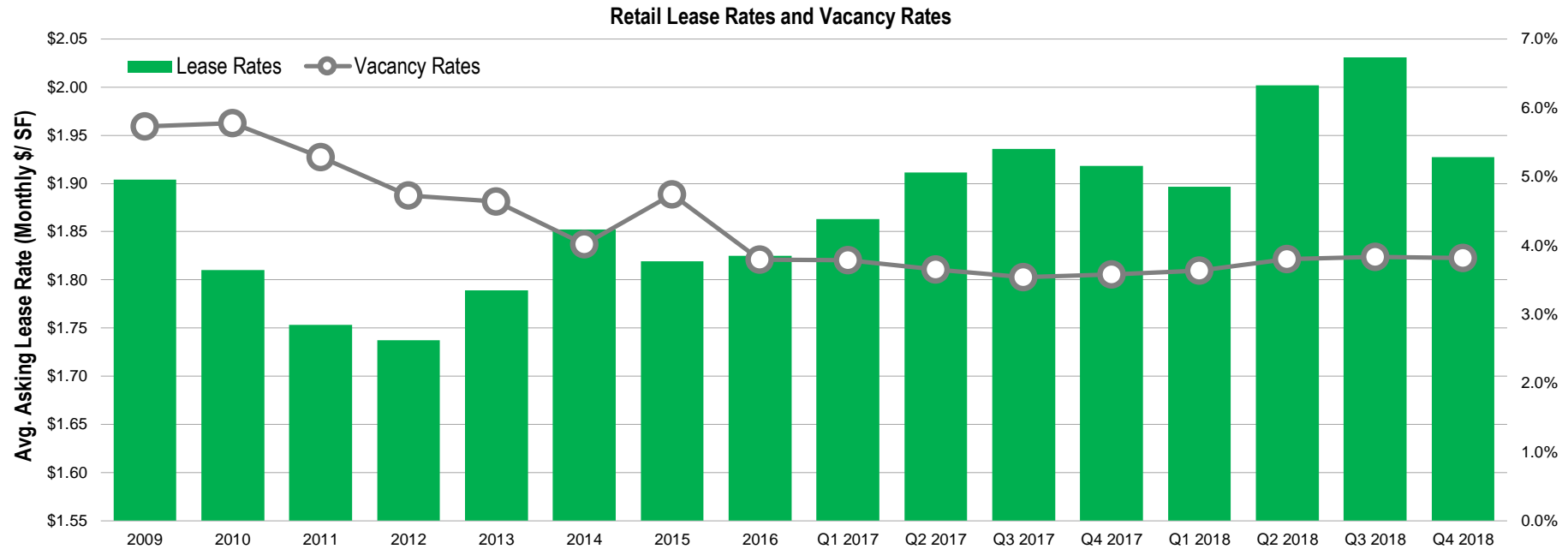
■ Deliveries (SF)

■ Absorption (SF)



Source: CoStar

Average quoted asking rental rates in the San Diego retail market are down over previous quarter levels, and up from their levels four quarters ago. San Diego's retail vacancy rate ended the year at 3.8% which is a strong benchmark for the market, however, the amount of vacant sublease space in the market has trended up over the past four quarters. At the end of Q1 2018, there were 225,140 square feet of vacant sublease space. Currently, there are 246,587 square feet vacant in the market.



Source: Costar

Lease Rates	2009	2010	2011	2012	2013	2014	2015	2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Lease Rate (\$/ SF/ Mo.)	\$1.90	\$1.81	\$1.75	\$1.74	\$1.79	\$1.85	\$1.82	\$1.83	\$1.86	\$1.91	\$1.94	\$1.92	\$1.90	\$2.00	\$2.03	\$1.93
Lease Rate Change		(\$0.09)	(\$0.06)	(\$0.02)	\$0.05	\$0.06	(\$0.03)	\$0.01	\$0.04	\$0.05	\$0.02	(\$0.02)	(\$0.02)	\$0.11	\$0.03	(\$0.10)
% Change		-4.9%	-3.1%	-0.9%	3.0%	3.5%	-1.8%	0.3%	2.1%	2.6%	1.3%	-0.9%	-1.1%	5.5%	1.5%	-5.1%
Vacancy Rates	2009	2010	2011	2012	2013	2014	2015	2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Vacancy Rate	5.7%	5.8%	5.3%	4.7%	4.6%	4.0%	4.7%	3.8%	3.8%	3.7%	3.5%	3.6%	3.6%	3.8%	3.8%	3.8%
Vac. Rate Change		0.0%	-0.5%	-0.6%	-0.1%	-0.6%	0.7%	-0.9%	0.0%	-0.1%	-0.1%	0.0%	0.1%	0.2%	0.0%	0.0%
% Change		0.7%	-8.5%	-10.5%	-1.8%	-13.3%	17.9%	-19.9%	-0.4%	-3.5%	-3.0%	1.1%	1.6%	4.6%	0.8%	-0.4%

# TOTAL RETAIL INVENTORY BY TYPE

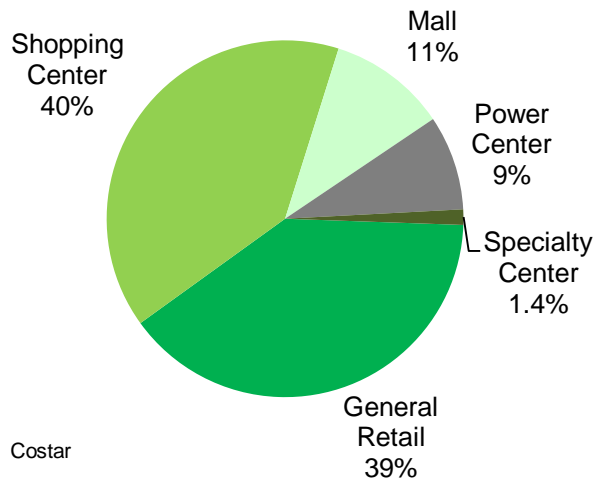
San Diego Retail Market Overview

PC AGENDA ITEM #4

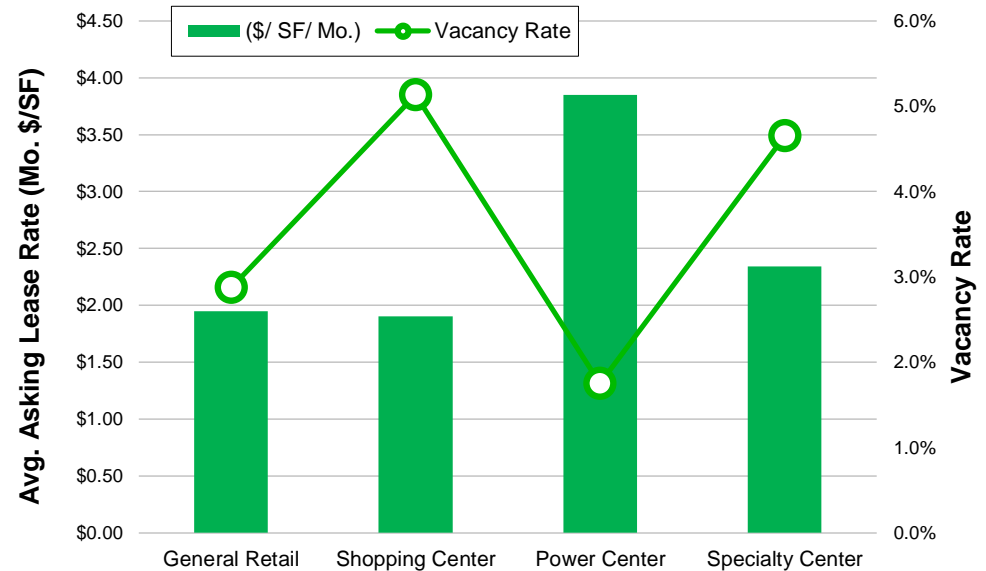
General Retail space and Shopping Centers dominate the San Diego retail market, accounting for 80% of total space. Lease rates are highest for Power Center space (\$3.85 per square foot), and the vacancy rate is lowest for Power Centers (1.0%) followed by General Retail space (2.9%).

Type	Total SF	Vacant SF	Vacancy Rate	Absorption (SF) 2018	Deliveries (SF) 2018	Under Construction (SF)	Asking Rent (\$/ SF/ Mo.)
General Retail	55,440,672	1,593,059	2.9%	246,140	185,710	105,122	\$1.95
Shopping Center	55,873,545	2,865,893	5.1%	(58,629)	20,905	264,270	\$1.90
Mall	15,036,047	597,843	4.0%	187,313	405,000	0	\$0.00
Power Center	12,059,961	211,431	1.8%	133,535	0	21,300	\$3.85
Specialty Center	1,961,512	91,230	4.7%	11,057	0	0	\$2.34
<b>TOTAL:</b>	<b>140,371,737</b>	<b>5,359,456</b>	<b>3.8%</b>	<b>519,416</b>	<b>611,615</b>	<b>390,692</b>	<b>\$1.93</b>

Total Inventory



Source: Costar

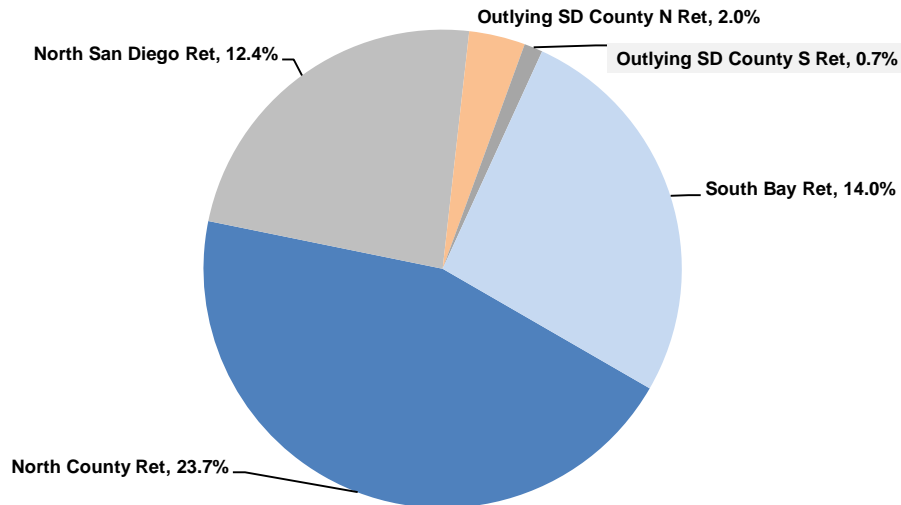


The North County retail submarket comprises of nearly a quarter of the San Diego MSA overall. Additionally, the North County retail market is more affordable than any of the other submarkets, with average lease rates of  $\pm 1.45$  per square foot per month. The vacancy rate is the second lowest rate in the MSA overall, at 4.8%, indicating there likely isn't support for additional retail space at market rate.

RETAIL SNAPSHOT BY MARKET  
Metro: San Diego  
Year-End 2018

Submarket	Total SF	Vacant SF	Vacancy Rate	2018 YTD Net Absorption (SF)	2018 YTD Deliveries (SF)	Under Construction (SF)	Avg. Asking Rent (\$/ SF/ Mo.)
Camp Pendleton Ret	74,846	0	0.0%	0	0	0	\$0.00
Central San Diego Re.	39,592,929	1,149,102	2.9%	91,526	59,622	2,640	\$2.35
East County Ret	20,220,272	729,737	3.6%	(166,664)	23,594	15,834	\$1.63
I-15 Corridor Ret	6,455,804	201,593	3.1%	30,968	0	0	\$2.95
MCAS Miramar Ret	23,702	0	0.0%	0	0	0	\$0.00
North County Ret	33,204,037	1,592,952	4.8%	(81,299)	141,794	210,790	\$1.45
North San Diego Ret	17,445,962	925,143	5.3%	(165,028)	23,167	44,558	\$2.80
Outlying SD County N Ret	2,813,285	69,217	2.5%	16,923	6,632	0	\$1.83
Outlying SD County S Ret	930,043	24,360	2.6%	(1,096)	0	0	\$1.60
South Bay Ret	19,610,857	667,352	3.4%	116,881	13,400	116,870	\$1.99
<b>TOTAL:</b>	<b>140,371,737</b>	<b>5,359,456</b>	<b>3.8%</b>	<b>(157,789)</b>	<b>268,209</b>	<b>390,692</b>	<b>\$1.93</b>

### Total Inventory



Source: Costar

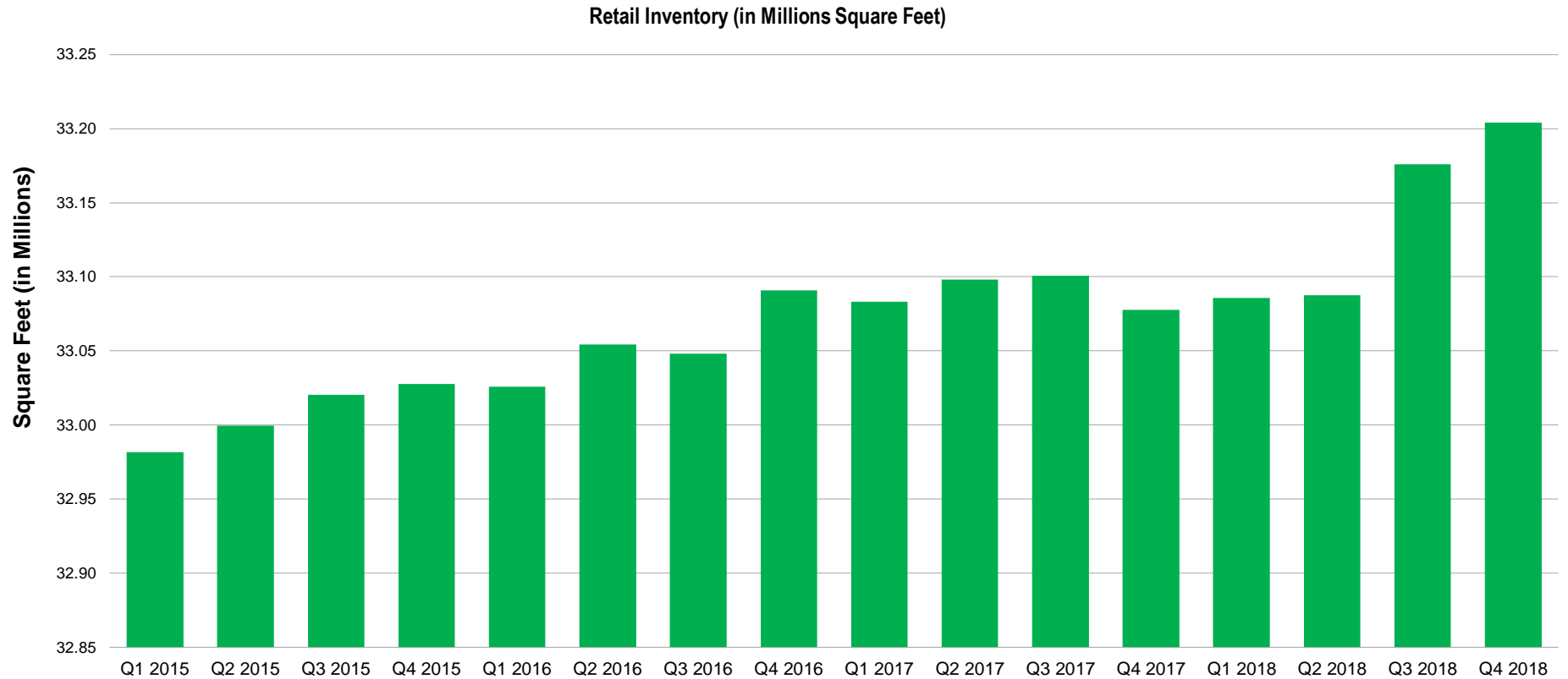


# North County Retail Trends

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1210 E. Mission Road, San Marcos, California

Over the past four years, the North County retail submarket cluster has net 222,000 square feet of new retail space, of which 106,500 square feet have been added since the third quarter 2018. The new retail deliveries are likely a major contributing factor to the North County vacancy rate of 4.8.



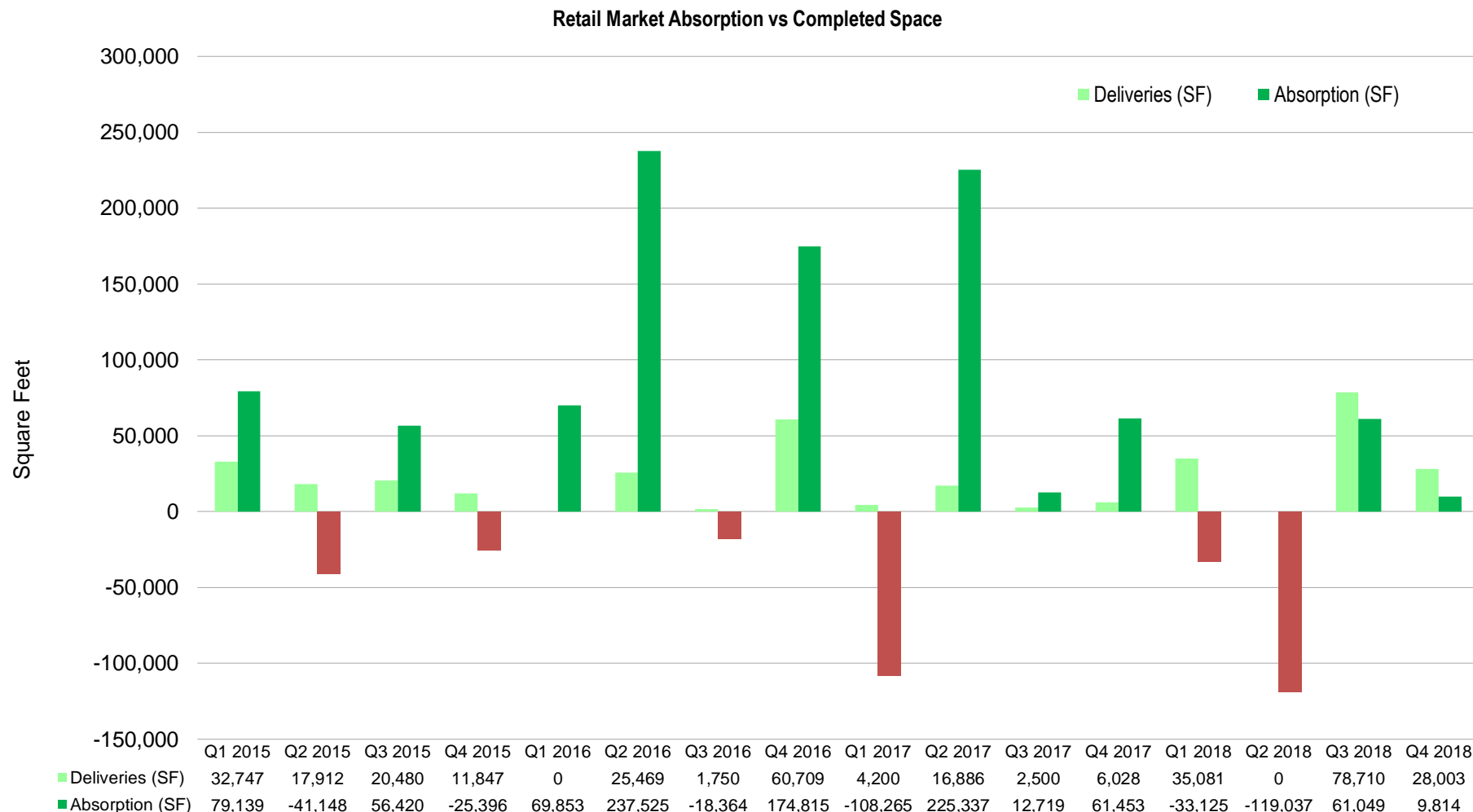
Inventory	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Total Inventory (SF)	32,981,791	32,999,703	33,020,183	33,027,702	33,025,852	33,054,331	33,048,081	33,090,790	33,083,328	33,098,268	33,100,768	33,077,583	33,085,568	33,087,462	33,176,034	33,204,037
Inventory Change	--	17,912	20,480	7,519	-1,850	28,479	-6,250	42,709	-7,462	14,940	2,500	-23,185	7,985	1,894	88,572	28,003
% Change	--	0.1%	0.1%	0.0%	0.0%	0.1%	0.0%	0.1%	0.0%	0.0%	0.0%	-0.1%	0.0%	0.0%	0.3%	0.1%

# NORTH COUNTY ABSORPTION vs. COMPLETED SPACE (DELIVERIES)

North County Retail Trends

PC AGENDA ITEM #4

Absorption in the North County retail market was strong through 2017, with 724,000 square feet leased compared to deliveries of just 200,000 square feet, pushing up the lease asking rates in the area. Over the past four quarters, absorption came at negative (81,000) square feet while the market delivered 142,000 square feet of new retail space. Additionally, there are 210,790 square feet of retail under construction in the North County submarket.

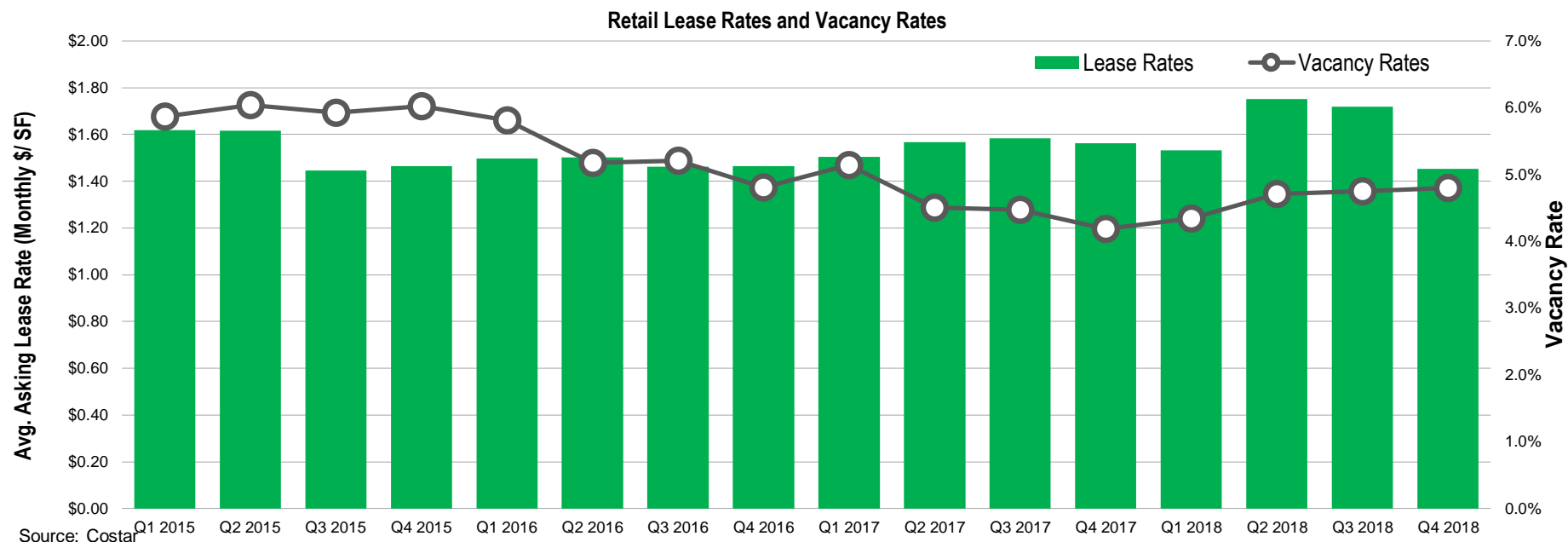


# NORTH COUNTY RETAIL LEASE & VACANCY RATES

North County Retail Trends

PC AGENDA ITEM #4

The average lease rate (\$/ SF/ Mo.) in Q4 2018 is \$1.45, down from the two year average lease rate of \$1.58. Vacancy is improving in the submarket, currently at 4.8%, down from the four year average of 5.1%. However it is important to note that the vacancy rate reached a low of 4.2% in Q4 2017 and has since increased steadily to 4.8% year-end 2018.



Lease Rates	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Lease Rate (\$/ SF/ Mo.)	\$1.62	\$1.62	\$1.45	\$1.47	\$1.50	\$1.50	\$1.46	\$1.47	\$1.50	\$1.57	\$1.58	\$1.56	\$1.53	\$1.75	\$1.72	\$1.45
Lease Rate Change		(\$0.00)	(\$0.17)	\$0.02	\$0.03	\$0.01	(\$0.04)	\$0.00	\$0.04	\$0.06	\$0.02	(\$0.02)	(\$0.03)	\$0.22	(\$0.03)	(\$0.27)
% Change		-0.1%	-10.5%	1.3%	2.2%	0.4%	-2.7%	0.2%	2.6%	4.2%	1.1%	-1.3%	-2.0%	14.3%	-1.8%	-15.5%
Vacancy Rates	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Vacancy Rate	5.9%	6.0%	5.9%	6.0%	5.8%	5.2%	5.2%	4.8%	5.1%	4.5%	4.5%	4.2%	4.3%	4.7%	4.7%	4.8%
Vac. Rate Change		0.2%	-0.1%	0.1%	-0.2%	-0.6%	0.0%	-0.4%	0.3%	-0.6%	0.0%	-0.3%	0.2%	0.4%	0.0%	0.1%
% Change		3.0%	-1.9%	1.7%	-3.6%	-11.0%	0.7%	-7.8%	7.0%	-12.4%	-0.7%	-6.3%	3.7%	8.4%	0.9%	1.1%

# San Marcos Retail Trends & Pricing

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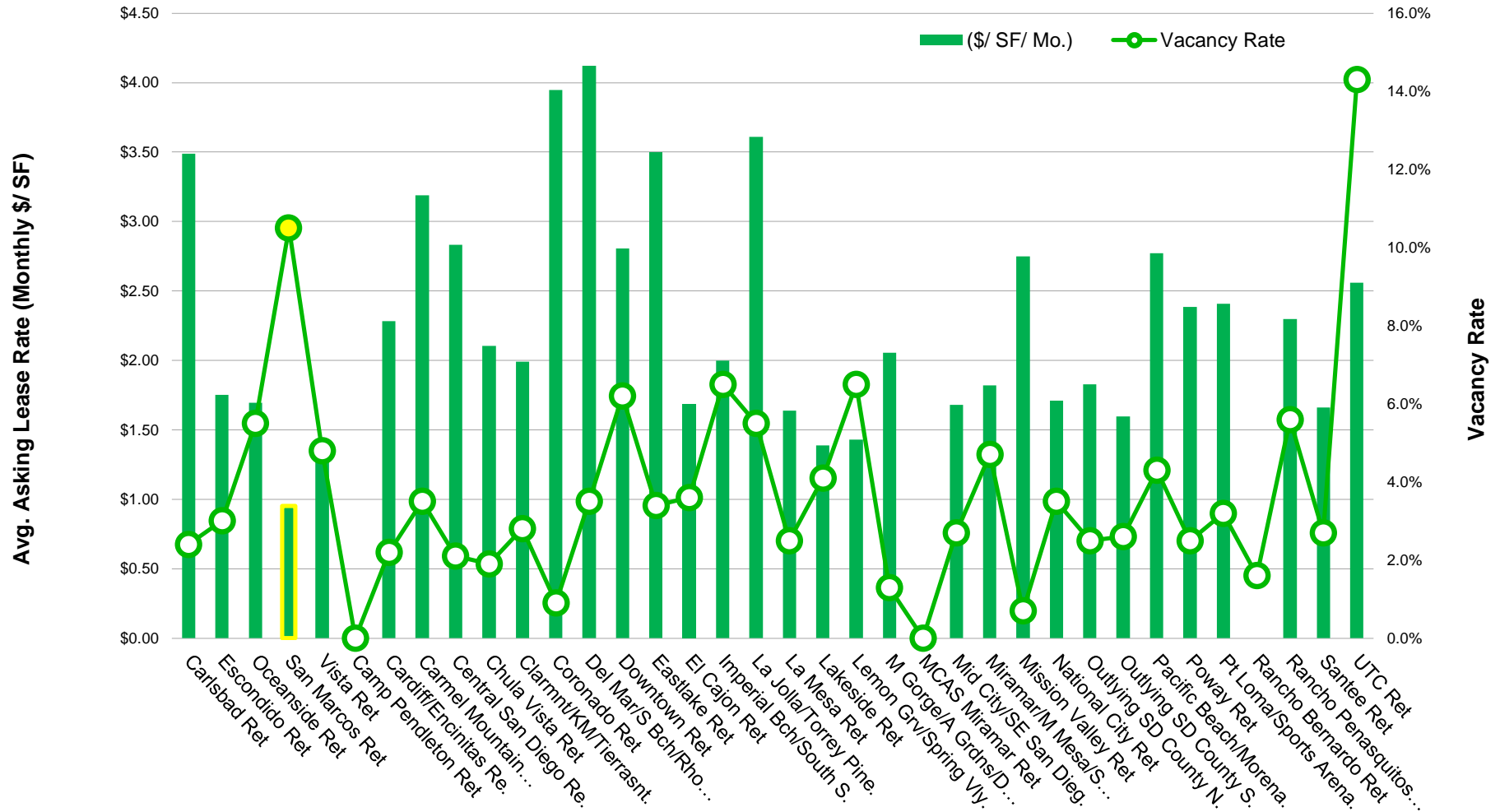
1210 E. Mission Road, San Marcos, California

# AVERAGE ASKING LEASE & VACANCY RATE

San Marcos Retail Pricing

PC AGENDA ITEM #4

**Despite having the lowest asking lease rate, at \$0.95, the San Marcos retail submarket has the second highest vacancy rate, at 10.5%. The average asking lease rate in North County is \$1.45 and the average vacancy rate is 3.7%.** The City of San Marcos is a relatively new city compared to the greater San Diego area and the number of households has not grown proportionately with the amount of retail space that has been delivered along the CA-78 corridor and San Marcos Blvd. This directly translates to low asking rates and high vacancy rates that we see today.



# NORTHCOUNTY SUBMARKET CLUSTER OVERVIEW

San Marcos Retail Pricing

PC AGENDA ITEM #4

Submarket	Total SF	Vacant SF	Vacancy Rate	2018 YTD Net Absorption (SF)	2018 YTD Deliveries (SF)	Under Construction (SF)	Avg. Asking Rent (\$/ SF/ Mo.)
Carlsbad Ret	5,597,537	136,678	2.4%	(16,042)	0	161,708	\$3.49
Escondido Ret	10,191,273	303,981	3.0%	73,114	64,900	7,082	\$1.75
Oceanside Ret	7,516,121	414,699	5.5%	(29,453)	32,881	0	\$1.70
<b>San Marcos Ret</b>	<b>4,628,309</b>	<b>485,563</b>	<b>10.5%</b>	<b>(170,985)</b>	<b>40,078</b>	<b>0</b>	<b>\$0.95</b>
Vista Ret	5,270,797	252,031	4.8%	62,067	3,935	42,000	\$1.42
Camp Pendleton Ret	74,846	0	0.0%	0	0	0	\$0.00
Cardiff/Encinitas Re.	5,388,120	115,888	2.2%	(37,989)	3,697	4,409	\$2.28
Carmel Mountain Ranc.	2,209,371	78,245	3.5%	6,285	0	0	\$3.19
Central San Diego Re.	5,046,188	105,783	2.1%	97,298	10,600	0	\$2.83
Chula Vista Ret	9,255,029	179,991	1.9%	68,839	0	0	\$2.11
Clarmnt/KM/Tierrasnt.	7,117,604	200,862	2.8%	(35,100)	4,000	2,640	\$1.99
Coronado Ret	630,430	5,937	0.9%	7,220	0	0	\$3.95
Del Mar/S Bch/Rho SF.	3,185,762	109,959	3.5%	23,977	19,470	11,849	\$4.12
Downtown Ret	4,800,390	297,894	6.2%	11,373	16,057	0	\$2.81
Eastlake Ret	2,429,181	82,252	3.4%	67,383	0	111,198	\$3.50
El Cajon Ret	9,206,746	334,202	3.6%	(38,651)	4,299	15,834	\$1.69
Imperial Bch/South S.	4,257,080	276,393	6.5%	(10,610)	0	0	\$2.00
La Jolla/Torrey Pine.	1,786,329	97,870	5.5%	(5,740)	0	0	\$3.61
La Mesa Ret	5,122,207	126,850	2.5%	(26,321)	15,463	0	\$1.64
Lakeside Ret	618,779	25,643	4.1%	(7,122)	0	0	\$1.39
Lemon Grv/Spring Vly.	2,619,575	171,271	6.5%	(109,485)	0	0	\$1.43
M Gorge/A Grdns/D Ce.	1,015,353	13,186	1.3%	7,590	0	0	\$2.06
MCAS Miramar Ret	23,702	0	0.0%	0	0	0	\$0.00
Mid City/SE San Dieg.	7,407,700	203,235	2.7%	25,215	2,465	0	\$1.68
Miramar/M Mesa/S Rnc.	4,269,740	199,314	4.7%	2,945	0	28,300	\$1.82
Mission Valley Ret	5,863,785	41,666	0.7%	106	0	0	\$2.75
National City Ret	3,669,567	128,716	3.5%	(8,731)	13,400	5,672	\$1.71
Outlying SD County N.	2,813,285	69,217	2.5%	16,923	6,632	0	\$1.83
Outlying SD County S.	930,043	24,360	2.6%	(1,096)	0	0	\$1.60
Pacific Beach/Morena.	3,136,055	135,828	4.3%	(29,390)	6,000	0	\$2.77
Poway Ret	2,843,826	72,470	2.5%	26,913	0	0	\$2.38
Pt Loma/Sports Arena.	4,575,424	144,711	3.2%	7,214	20,500	0	\$2.41
Rancho Bernardo Ret	683,836	10,753	1.6%	(3,091)	0	0	\$0.00
Rancho Penasquitos R.	718,771	40,125	5.6%	861	0	0	\$2.30
Santee Ret	2,652,965	71,771	2.7%	14,915	3,832	0	\$1.66
UTC Ret	2,816,011	402,112	14.3%	(148,221)	0	0	\$2.56
<b>TOTAL:</b>	<b>140,371,737</b>	<b>5,359,456</b>	<b>3.7%</b>	<b>(157,789)</b>	<b>268,209</b>	<b>390,692</b>	<b>\$1.42</b>

# Appendix

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1210 E. Mission Road, San Marcos, California



# COMPETITIVE FLOORPLAN PRODUCT DETAIL

## Appendix

### PC AGENDA ITEM #4

Community Specifics and Sales Pace				Floorplan Summary				Competitive Market Pricing Summary																
Project Name		Builder Name		Size	Bed	Bath	Level	Pkg	Base Price	Base Price/ Sq. Ft.	Current Incentives			Net Base Price (\$ Reduction)	Net Base Price/ Sq. Ft.	Typical		Total Price/ SF	Monthly Payment Inputs				90.0% 4.5%	
Location		Master Plan									Price	Options	Closing \$ /			Upgrades	Other		Options /	Premiums	Total Price	Monthly HOA		Base Tax
Product Details		Sales Summary		SF	Bed	Bath	Level	Pkg	Base Price	Base Price/ Sq. Ft.	Reduction	Upgrades	Other	Net Base Price (\$ Reduction)	Net Base Price/ Sq. Ft.	Options / Upgrades	Premiums	Total Price	Total Price/ SF	Monthly HOA	Base Tax	Addl Taxes	Mo.Pmt.	
	Kensington at the Square 3-St TH Carlsbad		Shea Bressi Ranch		1,731	3+L	3.0	3	2	\$665,000	\$384	\$0	\$0	(\$2,500)	\$665,000	\$384	\$27,000	\$10,000	\$702,000	\$406	\$370	1.30%	0.00%	\$4,597
	Product:	Attached	Total Units:	103	2,081	3	3.5	3	2	\$708,000	\$340	\$0	\$0	(\$2,500)	\$708,000	\$340	\$27,000	\$10,000	\$745,000	\$358	\$370	1.30%	0.00%	\$4,856
	Configuration:	ATT	Units Sold:	15																				
			3 Months Sold:	7																				
	Sales Open Date:	Oct-18	Units Remaining:	88																				
	Overall Sales Rate:	5.0	% Remaining:	85%																				
	3 Mon. Sales Rate:	5.0																						
Totals/Averages:				1,906					\$686,500	\$360	\$0	\$0	(\$2,500)	\$686,500	\$360	\$27,000	\$10,000	\$723,500	\$380	\$370	1.30%	0.00%	\$4,726	
	Lucero Pacific Ridge 3-St TH Oceanside		Cornerstone Communities Pacific Ridge		1,563	4	4.0	3	2	\$490,990	\$314	\$0	\$0	(\$5,000)	\$490,990	\$314	\$20,000	\$3,000	\$513,990	\$329	\$365	1.11%	0.00%	\$3,387
	Product:	Attached	Total Units:	125	1,569	3	2.5	3	2	\$500,990	\$319	\$0	\$0	(\$5,000)	\$500,990	\$319	\$20,000	\$3,000	\$523,990	\$334	\$365	1.11%	0.00%	\$3,445
	Configuration:	ATT	Units Sold:	30	1,824	4	3.5	3	2	\$555,990	\$305	\$0	\$0	(\$5,000)	\$555,990	\$305	\$20,000	\$3,000	\$578,990	\$317	\$365	1.11%	0.00%	\$3,769
			3 Months Sold:	4																				
	Sales Open Date:	Apr-17	Units Remaining:	95																				
	Overall Sales Rate:	1.4	% Remaining:	76%																				
	3 Mon. Sales Rate:	1.3																						
Totals/Averages:				1,652					\$515,990	\$312	\$0	\$0	(\$5,000)	\$515,990	\$312	\$20,000	\$3,000	\$538,990	\$326	\$365	1.11%	0.00%	\$3,534	
	Verano at Skyline 3-St TH Vista		D.R. Horton Skyline		1,183	2	2.5	3	2	\$455,990	\$385	\$0	\$0	(\$5,000)	\$455,990	\$385	\$20,000	\$4,000	\$479,990	\$406	\$335	1.10%	0.20%	\$3,224
					1,515	3	3.0	3	2	\$494,990	\$327	\$0	\$0	(\$5,000)	\$494,990	\$327	\$20,000	\$4,000	\$518,990	\$343	\$335	1.10%	0.18%	\$3,453
	Product:	Attached	Total Units:	120	1,726	3	3.5	3	2	\$524,990	\$304	\$0	\$0	(\$5,000)	\$524,990	\$304	\$20,000	\$4,000	\$548,990	\$318	\$335	1.10%	0.17%	\$3,629
	Configuration:	ATT	Units Sold:	9	1,856	4	3.5	3	2	\$553,990	\$298	\$0	\$0	(\$5,000)	\$553,990	\$298	\$20,000	\$4,000	\$577,990	\$311	\$335	1.10%	0.16%	\$3,800
			3 Months Sold:	9																				
	Sales Open Date:	Nov-18	Units Remaining:	111																				
	Overall Sales Rate:	3.6	% Remaining:	93%																				
3 Mon. Sales Rate:	3.6																							
Totals/Averages:				1,570					\$507,490	\$323	\$0	\$0	(\$5,000)	\$507,490	\$323	\$20,000	\$4,000	\$531,490	\$339	\$335	1.10%	0.18%	\$3,527	

# COMPETITIVE FLOORPLAN PRODUCT DETAIL

## Appendix

### PC AGENDA ITEM #4

COMMUNITY SPECIFICS AND SALES PACE				FLOORPLAN SUMMARY				COMPETITIVE MARKET PRICING SUMMARY																
Project Name		Builder Name		Size	Bed	Bath	Level	Pkg	Base Price	Base Price/ Sq. Ft.	Current Incentives			Net Base Price (\$ Reduction)	Net Base Price/ Sq. Ft.	Typical		Total Price/ SF	Monthly Payment Inputs			90.0% 4.5% Mo.Pmt.		
Location		Master Plan									Price	Options / Upgrades	Closing \$ / Other			Options / Upgrades	Premiums		Total Price	Monthly HOA	Base Tax		Addl Taxes	
Product Details				Sales Summary				SF																
	Avila 3-St TH Vista		Lennar January 0, 1900		1,743	3	3.5	3	2	\$536,900	\$308	\$0	(\$2,500)	(\$2,500)	\$536,900	\$308	\$13,000	\$7,250	\$554,650	\$318	\$342	1.08%	0.00%	\$3,590
					1,799	3	3.5	3	2	\$548,900	\$305	\$0	(\$2,500)	(\$2,500)	\$548,900	\$305	\$13,000	\$7,250	\$566,650	\$315	\$342	1.08%	0.00%	\$3,660
	Product:	Attached	Total Units:	47	1,977	4	3.5	3	2	\$561,900	\$284	\$0	(\$2,500)	(\$2,500)	\$561,900	\$284	\$13,000	\$7,250	\$579,650	\$293	\$342	1.08%	0.00%	\$3,737
	Configuration:	ATT	Units Sold:	12																				
			3 Months Sold:	5																				
	Sales Open Date:	Oct-18	Units Remaining:	35																				
	Overall Sales Rate:		% Remaining:	74%																				
	3 Mon. Sales Rate:	1.7																						
Totals/Averages:					1,840					\$549,233	\$299	\$0	(\$2,500)	(\$2,500)	\$549,233	\$299	\$13,000	\$7,250	\$566,983	\$308	\$342	1.08%	0.00%	\$3,662
	Hideaway at St. Cloud 3-St TH Oceanside		William Lyon Homes St. Cloud		1,578	2	2.5	3	2	\$493,990	\$313	\$0	\$0	(\$5,000)	\$493,990	\$313	\$18,000	\$3,000	\$514,990	\$326	\$295	1.30%	0.00%	\$3,396
					1,685	4+L	3.0	2	2	\$572,990	\$340	\$0	\$0	(\$5,000)	\$572,990	\$340	\$18,000	\$3,000	\$593,990	\$353	\$295	1.30%	0.00%	\$3,872
	Product:	Attached	Total Units:	122	1,724	3	3.5	3	2	\$510,990	\$296	\$0	\$0	(\$5,000)	\$510,990	\$296	\$18,000	\$3,000	\$531,990	\$309	\$295	1.30%	0.00%	\$3,498
	Configuration:	ATT	Units Sold:	17	1,844	4	4.0	3	2	\$572,990	\$311	\$0	\$0	(\$5,000)	\$572,990	\$311	\$18,000	\$3,000	\$593,990	\$322	\$295	1.30%	0.00%	\$3,872
			3 Months Sold:	4																				
	Sales Open Date:	Jul-18	Units Remaining:	105																				
	Overall Sales Rate:	2.7	% Remaining:	86%																				
	3 Mon. Sales Rate:	1.3																						
Totals/Averages:					1,708					\$537,740	\$315	\$0	\$0	(\$5,000)	\$537,740	\$315	\$18,000	\$3,000	\$558,740	\$327	\$295	1.30%	0.00%	\$3,659
	Rancho at Mission Lane 3-St TH Oceanside		Beazer Homes Mission Lane		1,233	2	2.5	3	2	\$435,990	\$354	\$0	\$0	(\$5,000)	\$435,990	\$354	\$15,000	\$8,000	\$458,990	\$372	\$380	1.10%	0.00%	\$3,075
					1,280	3	3.0	3	2	\$436,990	\$341	\$0	\$0	(\$5,000)	\$436,990	\$341	\$15,000	\$8,000	\$459,990	\$359	\$380	1.10%	0.00%	\$3,081
	Product:	Attached	Total Units:	50	1,485	3	2.5	2	2	\$456,990	\$308	\$0	\$0	(\$5,000)	\$456,990	\$308	\$15,000	\$8,000	\$479,990	\$323	\$380	1.10%	0.00%	\$3,198
	Configuration:	ATT	Units Sold:	49																				
			3 Months Sold:	4																				
	Sales Open Date:	Dec-17	Units Remaining:	1																				
	Overall Sales Rate:	3.8	% Remaining:	2%																				
	3 Mon. Sales Rate:	1.3																						
Totals/Averages:					1,333					\$443,323	\$333	\$0	\$0	(\$5,000)	\$443,323	\$333	\$15,000	\$8,000	\$466,323	\$350	\$380	1.10%	0.00%	\$3,118
	Citron 3-St TH Escondido		William Lyon Homes January 0, 1900		1,130	2	2.5	0	2	\$416,990	\$369	\$0	\$0	(\$3,000)	\$416,990	\$369	\$12,000	\$3,000	\$431,990	\$382	\$260	1.14%	0.00%	\$2,809
					1,155	2	2.5	0	2	\$427,990	\$371	\$0	\$0	(\$3,000)	\$427,990	\$371	\$12,000	\$3,000	\$442,990	\$384	\$260	1.14%	0.00%	\$2,874
	Product:	Attached	Total Units:	63	1,408	3	3.5	0	2	\$465,990	\$331	\$0	\$0	(\$3,000)	\$465,990	\$331	\$12,000	\$3,000	\$480,990	\$342	\$260	1.14%	0.00%	\$3,098
	Configuration:	ATT	Units Sold:	36	1,564	3	3.0	0	2	\$480,990	\$308	\$0	\$0	(\$3,000)	\$480,990	\$308	\$12,000	\$3,000	\$495,990	\$317	\$260	1.14%	0.00%	\$3,187
			3 Months Sold:	4																				
	Sales Open Date:	Jul-18	Units Remaining:	27																				
	Overall Sales Rate:	5.5	% Remaining:	43%																				
	3 Mon. Sales Rate:	1.3																						
Totals/Averages:					1,314					\$447,990	\$341	\$0	\$0	(\$3,000)	\$447,990	\$341	\$12,000	\$3,000	\$462,990	\$352	\$260	1.14%	0.00%	\$2,992

# COMPETITIVE FLOORPLAN PRODUCT DETAIL

## Appendix

### PC AGENDA ITEM #4

COMMUNITY SPECIFICS AND SALES PACE				FLOORPLAN SUMMARY				COMPETITIVE MARKET PRICING SUMMARY														
Project Name Location		Builder Name Master Plan		Size Bed Bath Level Pkg				Base Price	Base Price/ Sq. Ft.	Current Incentives			Net Base Price (\$ Reduction)	Net Base Price/ Sq. Ft.	Typical		Total Price/ SF	Monthly Payment Inputs			90.0% 4.5% Mo.Pmt.	
Product Details		Sales Summary								Price	Options / Upgrades	Closing \$ / Other			Options / Upgrades	Premiums		Total Price	Monthly HOA	Base Tax		Addl Taxes
Brisas Pacific Ridge 2-St TH Oceanside	Cornerstone Communities Pacific Ridge		1,499	3	2.5	2	2	\$526,990	\$352	\$0	\$0	(\$5,000)	\$526,990	\$352	\$22,000	\$10,000	\$558,990	\$373	\$349	1.11%	0.00%	\$3,635
	Total Units: 117		1,600	3	2.5	2	2	\$547,990	\$342	\$0	\$0	(\$5,000)	\$547,990	\$342	\$22,000	\$10,000	\$579,990	\$362	\$349	1.11%	0.00%	\$3,759
	Product: Attached	Units Sold: 40	1,806	3	2.5	2	2	\$578,990	\$321	\$0	\$0	(\$5,000)	\$578,990	\$321	\$22,000	\$10,000	\$610,990	\$338	\$349	1.11%	0.00%	\$3,941
	Configuration: ATT	3 Months Sold: 2																				
	Sales Open Date: Jan-17	Units Remaining: 77																				
	Overall Sales Rate: 1.7	% Remaining: 66%																				
	3 Mon. Sales Rate: 0.7																					
Totals/Averages:			1,635					\$551,323	\$337	\$0	\$0	(\$5,000)	\$551,323	\$337	\$22,000	\$10,000	\$583,323	\$357	\$349	1.11%	0.00%	\$3,778
Agave The Preserve 2-St TH Carlsbad	Cornerstone Communities The Preserve		1,420	3	2.5	2	2	\$543,990	\$383	\$0	\$0	(\$5,000)	\$543,990	\$383	\$22,000	\$4,000	\$569,990	\$401	\$363	1.30%	0.00%	\$3,795
	Total Units: 88		1,452	3	2.5	2	2	\$550,990	\$379	\$0	\$0	(\$5,000)	\$550,990	\$379	\$22,000	\$4,000	\$576,990	\$397	\$363	1.30%	0.00%	\$3,837
	Product: Attached	Units Sold: 63	1,681	3	2.5	2	2	\$619,990	\$369	\$0	\$0	(\$5,000)	\$619,990	\$369	\$22,000	\$4,000	\$645,990	\$384	\$363	1.30%	0.00%	\$4,253
	Configuration: ATT	3 Months Sold: 0																				
	Sales Open Date: Nov-16	Units Remaining: 25																				
	Overall Sales Rate: 2.4	% Remaining: 28%																				
	3 Mon. Sales Rate: 0.0																					
Totals/Averages:			1,518					\$571,657	\$377	\$0	\$0	(\$5,000)	\$571,657	\$377	\$22,000	\$4,000	\$597,657	\$394	\$363	1.30%	0.00%	\$3,962
Solara at Skyline 2-St TH Vista	D.R. Horton Skyline		1,426	3	2.5	2	2	\$534,990	\$375	\$0	\$0	(\$5,000)	\$534,990	\$375	\$25,000	\$6,000	\$565,990	\$397	\$335	1.10%	0.19%	\$3,741
	Total Units: 79		1,538	3	2.5	2	2	\$553,990	\$360	\$0	\$0	(\$5,000)	\$553,990	\$360	\$25,000	\$6,000	\$584,990	\$380	\$335	1.10%	0.19%	\$3,852
	Product: Attached	Units Sold: 1	1,576	3	2.5	2	2	\$563,990	\$358	\$0	\$0	(\$5,000)	\$563,990	\$358	\$25,000	\$6,000	\$594,990	\$378	\$335	1.10%	0.18%	\$3,911
	Configuration: ATT	3 Months Sold: 1																				
	Sales Open Date: Dec-18	Units Remaining: 78																				
	Overall Sales Rate: 0.6	% Remaining: 99%																				
	3 Mon. Sales Rate: 0.6																					
Totals/Averages:			1,513					\$550,990	\$364	\$0	\$0	(\$5,000)	\$550,990	\$364	\$25,000	\$6,000	\$581,990	\$385	\$335	1.10%	0.19%	\$3,834
Palomar 2-St TH Oceanside	Beazer Mission Lane		1,366	3	2.5	2	2	\$473,990	\$347	\$0	\$0	(\$8,000)	\$473,990	\$347	\$15,000	\$0	\$488,990	\$358	\$294	1.10%	0.00%	\$3,165
	Total Units: 86		1,432	3	2.5	2	2	\$483,990	\$338	\$0	\$0	(\$8,000)	\$483,990	\$338	\$15,000	\$0	\$498,990	\$348	\$294	1.10%	0.00%	\$3,224
	Product: Townhomes	Units Sold: 5	1,535	4	2.5	2	2	\$497,990	\$324	\$0	\$0	(\$8,000)	\$497,990	\$324	\$15,000	\$0	\$512,990	\$334	\$294	1.10%	0.00%	\$3,306
	Configuration: ATT	3 Months Sold: 3																				
	Sales Open Date: Oct-18	Units Remaining: 81																				
	Overall Sales Rate: 1.6	% Remaining: 94%																				
	3 Mon. Sales Rate: 1.0																					
Totals/Averages:			1,444					\$485,323	\$336	\$0	\$0	(\$8,000)	\$485,323	\$336	\$15,000	\$0	\$500,323	\$346	\$294	1.10%	0.00%	\$3,231
Sierra Vista	KB Home -		1,649	3	2.5	2	2	\$449,990	\$273	\$0	\$0	(\$5,000)	\$449,990	\$273	\$0	\$0	\$449,990	\$273	\$250	1.10%	0.00%	\$2,892
	Total Units: 60		1,908	3	2.5	2	2	\$499,990	\$262	\$0	\$0	(\$5,000)	\$499,990	\$262	\$0	\$0	\$499,990	\$262	\$250	1.10%	0.00%	\$3,186
	Product: Attached	Units Sold: 0	1,913	3	2.5	2	2	\$500,990	\$262	\$0	\$0	(\$5,000)	\$500,990	\$262	\$0	\$0	\$500,990	\$262	\$250	1.10%	0.00%	\$3,191
	Configuration: ATT	3 Months Sold: 0																				
	Sales Open Date: Jan-19	Units Remaining: 60																				
	Overall Sales Rate: NEW	% Remaining: 100%																				
	3 Mon. Sales Rate: NEW																					
Totals/Averages:			1,823					\$483,657	\$265	\$0	\$0	(\$5,000)	\$483,657	\$265	\$0	\$0	\$483,657	\$265	\$250	1.10%	0.00%	\$3,090

# COMPETITIVE FLOORPLAN PRODUCT DETAIL

## Appendix

### PC AGENDA ITEM #4

Community Specifics and Sales Pace				Floorplan Summary				Competitive Market Pricing Summary																
Project Name Location		Builder Name Master Plan		Size SF	Bed	Bath	Level	Pkg	Base Price	Base Price/ Sq. Ft.	Current Incentives			Net Base Price (\$ Reduction)	Net Base Price/ Sq. Ft.	Typical		Total Price/ SF	Monthly Payment Inputs			90.0% 4.5% Mo.Pmt.		
											Price	Options / Upgrades	Closing \$ / Other			Options / Upgrades Premiums	Total Price		Monthly HOA	Base Tax	Addl Taxes			
Product Details		Sales Summary																						
	Vela at Mission Lane Duplex Oceanside		Beazer Homes Mission Lane		1,545	3	2.5	2	2	\$506,990	\$328	\$0	\$0	(\$8,000)	\$506,990	\$328	\$15,000	\$0	\$521,990	\$338	\$292	1.10%	0.00%	\$3,357
					1,642	3	2.5	2	2	\$521,990	\$318	\$0	\$0	(\$8,000)	\$521,990	\$318	\$15,000	\$0	\$536,990	\$327	\$292	1.10%	0.00%	\$3,445
	Product:	Attached	Total Units:	64	1,826	4	3.0	2	2	\$531,990	\$291	\$0	\$0	(\$8,000)	\$531,990	\$291	\$15,000	\$0	\$546,990	\$300	\$292	1.10%	0.00%	\$3,503
	Configuration:	ATT	Units Sold:	5																				
			3 Months Sold:	4																				
	Sales Open Date:	Oct-18	Units Remaining:	59																				
	Overall Sales Rate:	1.5	% Remaining:	92%																				
	3 Mon. Sales Rate:	1.3																						
Totals/Averages:				1,671					\$520,323	\$311	\$0	\$0	(\$8,000)	\$520,323	\$311	\$15,000	\$0	\$535,323	\$320	\$292	1.10%	0.00%	\$3,435	
	Blue Sage The Preserve Triplex Carlsbad		Cornerstone Communities The Preserve		1,533	3	2.5	2	2	\$564,990	\$369	\$0	\$0	(\$5,000)	\$564,990	\$369	\$34,000	\$20,000	\$618,990	\$404	\$413	1.08%	0.22%	\$4,140
					1,610	3	2.5	2	2	\$600,990	\$373	\$0	\$0	(\$5,000)	\$600,990	\$373	\$34,000	\$20,000	\$654,990	\$407	\$413	1.08%	0.22%	\$4,357
	Product:	Attached	Total Units:	102	1,843	3	2.5	2	2	\$636,990	\$346	\$0	\$0	(\$5,000)	\$636,990	\$346	\$34,000	\$20,000	\$690,990	\$375	\$413	1.08%	0.22%	\$4,574
	Configuration:	ATT	Units Sold:	16																				
			3 Months Sold:	8																				
	Sales Open Date:	Feb-18	Units Remaining:	86																				
	Overall Sales Rate:	1.4	% Remaining:	84%																				
	3 Mon. Sales Rate:	2.7																						
Totals/Averages:				1,662					\$600,990	\$362	\$0	\$0	(\$5,000)	\$600,990	\$362	\$34,000	\$20,000	\$654,990	\$394	\$413	1.08%	0.22%	\$4,357	
	Terracina MC San Marcos		Brookfield Residential Rancho Tesoro		2,211	3	2.5	2	2	\$668,000	\$302	(\$3,000)	\$0	(\$5,000)	\$665,000	\$301	\$36,000	\$2,000	\$703,000	\$318	\$210	1.60%	0.00%	\$4,601
					2,392	4	3.5	2	2	\$699,500	\$292	(\$3,000)	\$0	(\$5,000)	\$696,500	\$291	\$36,000	\$2,000	\$734,500	\$307	\$210	1.60%	0.00%	\$4,798
	Product:	Detached Condo	Total Units:	117	2,550	4	3.0	2	2	\$691,000	\$271	(\$3,000)	\$0	(\$5,000)	\$688,000	\$270	\$36,000	\$2,000	\$726,000	\$285	\$210	1.60%	0.00%	\$4,745
	Configuration:	1,900	Units Sold:	65																				
			3 Months Sold:	8																				
	Sales Open Date:	Jun-17	Units Remaining:	52																				
	Overall Sales Rate:	3.3	% Remaining:	44%																				
	3 Mon. Sales Rate:	2.7																						
Totals/Averages:				2,384					\$686,167	\$288	(\$3,000)	\$0	(\$5,000)	\$683,167	\$287	\$36,000	\$2,000	\$721,167	\$302	\$210	1.60%	0.00%	\$4,715	
	Vientos MC San Marcos		Brookfield Residential Rancho Tesoro		2,458	4	3.0	2	2	\$708,000	\$288	\$0	\$0	(\$5,000)	\$708,000	\$288	\$42,000	\$4,000	\$754,000	\$307	\$205	1.60%	0.00%	\$4,915
					2,646	4	3.0	2	2	\$734,000	\$277	\$0	\$0	(\$5,000)	\$734,000	\$277	\$42,000	\$4,000	\$780,000	\$295	\$205	1.60%	0.00%	\$5,077
	Product:	Detached Condo	Total Units:	102	3,009	5	3.5	2	2	\$784,000	\$261	\$0	\$0	(\$5,000)	\$784,000	\$261	\$42,000	\$4,000	\$830,000	\$276	\$205	1.60%	0.00%	\$5,389
	Configuration:	2,100	Units Sold:	50																				
			3 Months Sold:	1																				
	Sales Open Date:	Jun-17	Units Remaining:	52																				
	Overall Sales Rate:	2.5	% Remaining:	51%																				
	3 Mon. Sales Rate:	0.3																						
Totals/Averages:				2,704					\$742,000	\$274	\$0	\$0	(\$5,000)	\$742,000	\$274	\$42,000	\$4,000	\$788,000	\$291	\$205	1.60%	0.00%	\$5,127	
	Pepper Tree at Mission Lane Oceanside		Beazer Homes Mission Lane		1,790	3	2.5	2	2	\$560,990	\$313	\$0	\$0	(\$5,000)	\$560,990	\$313	\$30,000	\$11,000	\$601,990	\$336	\$177	1.10%	0.20%	\$3,802
					1,962	4	2.5	2	2	\$574,990	\$293	\$0	\$0	(\$5,000)	\$574,990	\$293	\$30,000	\$11,000	\$615,990	\$314	\$177	1.10%	0.20%	\$3,886
	Product:	Detached Condo	Total Units:	83	2,157	4	4.0	2	2	\$614,990	\$285	\$0	\$0	(\$5,000)	\$614,990	\$285	\$30,000	\$11,000	\$655,990	\$304	\$177	1.10%	0.20%	\$4,127
	Configuration:	2,400	Units Sold:	46																				
	Lot Dimensions:	40x60	3 Months Sold:	3																				
	Sales Open Date:	Jul-17	Units Remaining:	37																				
	Overall Sales Rate:	2.6	% Remaining:	45%																				
	3 Mon. Sales Rate:	1.0																						
Totals/Averages:				1,970					\$583,657	\$296	\$0	\$0	(\$5,000)	\$583,657	\$296	\$30,000	\$11,000	\$624,657	\$317	\$177	1.10%	0.20%	\$3,938	

# COMPETITIVE FLOORPLAN PRODUCT DETAIL

## Appendix

### PC AGENDA ITEM #4

Community Specifics and Sales Pace				Floorplan Summary				Competitive Market Pricing Summary														
Project Name Location		Builder Name Master Plan		Size Bed Bath Level Pkg				Base Price	Base Price/ Sq. Ft.	Current Incentives			Net Base Price (\$ Reduction)	Net Base Price/ Sq. Ft.	Typical		Total Price/ SF	Monthly Payment Inputs			90.0% 4.5% Mo.Pmt.	
Product Details		Sales Summary								Price	Options / Reduction	Closing \$ / Upgrades			Other	Options / Upgrades		Premiums	Total Price	Monthly HOA		Base Tax
Candela San Marcos	Brookfield Residential Rancho Tesoro		2,691	4	3.0	2	2	\$798,000	\$297	\$0	\$0	(\$5,000)	\$798,000	\$297	\$70,000	\$20,000	\$888,000	\$330	\$190	1.55%	0.00%	\$5,703
			3,359	5	3.5	3	2	\$838,000	\$249	\$0	\$0	(\$5,000)	\$838,000	\$249	\$70,000	\$20,000	\$928,000	\$276	\$190	1.55%	0.00%	\$5,952
	Product:	Single Family	Total Units:	56																		
	Configuration:	3,300	Units Sold:	46																		
	Lot Dimensions:	47x70'	3 Months Sold:	6																		
	Sales Open Date:	Jun-17	Units Remaining:	10																		
	Overall Sales Rate:	2.3	% Remaining:	18%																		
	3 Mon. Sales Rate:	2.0																				
Totals/Averages:			3,200				\$841,333	\$263	\$0	\$0	(\$5,000)	\$841,333	\$263	\$70,000	\$20,000	\$931,333	\$291	\$190	1.55%	0.00%	\$5,972	
Westerly San Marcos	California West Communities Rancho Tesoro		2,801	4	3.0	2	2	\$755,900	\$270	\$0	\$0	(\$5,000)	\$755,900	\$270	\$45,000	\$10,000	\$810,900	\$289	\$164	1.55%	0.00%	\$5,199
			3,044	5	4.0	2	2	\$783,900	\$258	\$0	\$0	(\$5,000)	\$783,900	\$258	\$45,000	\$10,000	\$838,900	\$276	\$164	1.55%	0.00%	\$5,372
	Product:	Single Family	Total Units:	71																		
	Configuration:	3,915	Units Sold:	64																		
	Lot Dimensions:	45x87'	3 Months Sold:	3																		
	Sales Open Date:	Jun-17	Units Remaining:	7																		
	Overall Sales Rate:	3.3	% Remaining:	10%																		
	3 Mon. Sales Rate:	1.0																				
Totals/Averages:			3,083				\$784,150	\$254	\$0	\$0	(\$5,000)	\$784,150	\$254	\$45,000	\$10,000	\$839,150	\$272	\$164	1.55%	0.00%	\$5,374	
Altura Pacific Ridge Oceanside	Cornerstone Communities Pacific Ridge		1,771	3	2.5	2	2	\$659,990	\$373	\$0	\$0	(\$6,000)	\$659,990	\$373	\$25,000	\$17,500	\$702,490	\$397	\$136	1.11%	0.00%	\$4,266
			1,864	3	2.5	2	2	\$634,990	\$341	\$0	\$0	(\$6,000)	\$634,990	\$341	\$25,000	\$17,500	\$677,490	\$363	\$136	1.11%	0.00%	\$4,119
	Product:	Single Family	Total Units:	72																		
	Configuration:	4,000	Units Sold:	9																		
			3 Months Sold:	4																		
	Sales Open Date:	Mar-18	Units Remaining:	63																		
	Overall Sales Rate:	0.9	% Remaining:	88%																		
	3 Mon. Sales Rate:	1.3																				
Totals/Averages:			1,885				\$651,657	\$346	\$0	\$0	(\$6,000)	\$651,657	\$346	\$25,000	\$17,500	\$694,157	\$368	\$136	1.11%	0.00%	\$4,217	
Francia at Mission Lane Oceanside	Beazer Homes Mission Lane		2,348	3	2.5	2	2	\$639,990	\$273	\$0	\$0	(\$5,000)	\$639,990	\$273	\$12,500	\$7,500	\$659,990	\$281	\$375	1.11%	0.00%	\$4,255
			2,395	4	2.5	2	2	\$672,990	\$281	\$0	\$0	(\$5,000)	\$672,990	\$281	\$12,500	\$7,500	\$692,990	\$289	\$375	1.11%	0.00%	\$4,449
	Product:	Single Family	Total Units:	59																		
	Configuration:	4,900	Units Sold:	42																		
	Lot Dimensions:	50x80	3 Months Sold:	5																		
	Sales Open Date:	Jul-17	Units Remaining:	17																		
	Overall Sales Rate:	2.4	% Remaining:	29%																		
	3 Mon. Sales Rate:	1.7																				
Totals/Averages:			2,469				\$674,490	\$273	\$0	\$0	(\$5,000)	\$674,490	\$273	\$12,500	\$7,500	\$694,490	\$281	\$375	1.11%	0.00%	\$4,458	

**The following key team members participated on this analysis:**

**Tim Sullivan, Managing Principal**, oversees our Advisory practice. With over three decades of experience, Mr. Sullivan is an expert in residential and mixed use feasibility studies, strategic planning and product development, and regularly conducts market analyses around the United States and internationally.

**Alexis Wilmot, Manager**, has 16 years of experience in real estate development, and a strong background in financial analysis of residential home building markets. Her career has focused on master-planned communities, transit oriented development, infill and mixed-use projects, and affordable housing development, both new construction and acquisition rehabilitation.

**Mason Brusseau, Analyst**, conducts analysis on a variety of product types while aiding the advisory team.

Additional support was provided as needed.

## COMPANY EXPERIENCE

### Appendix

Meyers Research, a Kennedy Wilson Company, is a nation-wide research firm guiding real estate investors throughout the country. Our highly educated and experienced consulting staff believes in providing the highest quality service possible to our clients, which means completing the exact analysis they need. Based in Beverly Hills, we are home to over 140 experts in 10 offices across the country.

Our company offers a unique research tool known as Zonda that offers an edge to our research with easy access real-time data at a local level across the United States. Our local Zonda database provides our team with a history of new and resale housing information, maps, comprehensive data, and many other metrics we use in our analyses to begin the reporting process with greater accuracy -- quickly, accurately and cost-effectively -- with on the ground and in person research. Zonda provides access to over 275 metrics influencing the housing industry including monthly and annual historical trends, future projections and real-time narrative reported by seasoned analysts across the country.

Our senior executive team are thought leaders that individually have more than 30 years of experience in housing and real estate research. With our advisory services, we have navigated builders through different housing cycles and have a deep understanding of local markets. Our consulting team has a broad range of housing expertise and experience spanning the country including consumer research, feasibility studies, portfolio valuation, business planning, and custom research designed to make better decisions related to any real estate investment.

## PC AGENDA ITEM #4

### Zonda and Our Research

- Competitive Analysis throughout the Country
- Exclusive Access to our Research & Consulting Executives
- Metro Analysis & Housing Trends
- Apartment Analysis & Forecast
- Exclusive Client Events
- Presentations & Webinars
- Proprietary Surveys

### Advisory

- For-Sale, Apartment, Commercial & Mixed Use
- Resort & International Development
- Strategic Direction & Planning
- Home Builder Operations Assessment
- Demand Analysis
- Consumer Research & Focus Groups
- Custom Economic Analysis & Forecasting
- Litigation Support & Expert Witness
- Financial Modeling
- Project & Product Positioning

### Consumer and Product Strategy

- Consumer and Product Insights
- Tactical and Marketing Strategies
- Product Design Advisory
- Custom Consumer Research
- Customer Shop Research

# Thank you!

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This analysis was prepared by Meyers Research, LLC, a Kennedy Wilson company.



ATTACHMENT F  
Photo Simulation of Project



E MISSION RD & AVENIDA CHAPALA

**SAN MARCOS, CA**

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Solana Beach, CA 92075  
R/S: 481 1110

**MISSION 24**

MAY 1, 2019

SCALE:

**STREET PERSPECTIVE**



5256 S. Mission Road, Ste 404  
Bonita, CA 92003  
760.724.1198

ATTACHMENT G  
Project Plans