Comparison of Fiscal Impact and Job Generation Sweetwater Vistas and The Pointe Resort 2003 Plan
Spring Valley
San Diego County

Prepared for
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By

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Spring Valley
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August 31 2017

Sweetwater Vistas LLC
c/o Terry Plowden
Douglas Wilson Companies
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Suite 400
San Diego CA 92101

Via email: tplowden@douglaswilson.com

Re: Comparison of Fiscal Impact and Job Generation, Sweetwater Vistas and The Pointe Resort 2003 Plan

Dear Mr. Plowden:

In line with our recent agreement, Xpera Group has undertaken and now completed a **fiscal/economic impact** and **job generation study** comparing the proposed Sweetwater Vistas residential project and the 2003 Plan for The Pointe.

Introduction

The **Sweetwater Vistas** project is located on a 52-acre site formerly proposed for the Pointe Resort and will consist of 218 for-sale townhomes priced for the work force housing market and 27 acres of permanently dedicated open space. It is assumed the open space will be maintained by San Diego Nature Conservatory.

The Pointe Resort 2003 Plan consists of a 710-room resort hotel, the 18th hole of the golf course, free-standing restaurants, 358,000 square feet of office space and an equestrian facility. The Plan was not feasible for economic reasons, largely relating to the difficulty to obtain capital for the project, the long-term stagnation of the golf industry and the impracticality of developing a 710-room hotel in a non-tourist location.

The mix of product is shown here:

Project Description
Fiscal Impact and Job Generation Comparison Study
Sweetwater Vistas & The Pointe 2003 Plan

Land Use	Measure	Quantity
Sweetwater Vistas		
Townhomes	Units	218
Open Space	Acres	28
The Pointe 2003 Plan		
Hotel	Rooms	710
Office Space	Square Feet	358,000
Restaurants - Free-Standing	Square Feet	36,500
Equestrian Center	Stalls	50
18th Hole of Golf Course	1/18th of Total	1/18th of Total

Intro-1

The study compares the fiscal impact and job generation of the two alternative plans.

- The **fiscal impact** of a project focuses on the tax generation from sales and property tax, school fees and exactions for permit and planning fees.

- **Job generation** results from pre-construction (design and engineering); construction of the projects and jobs created after the completion of the project. The job generation also typically includes a multiplier factor that results from jobs created off-site from ancillary purchase and service activities.

The State of the Local Economy and the Housing Market

San Diego County is one of the most economically robust metropolitan areas in the United States with more than 3,100,000 population and routinely growing at a pace of more than 30,000 persons annually.

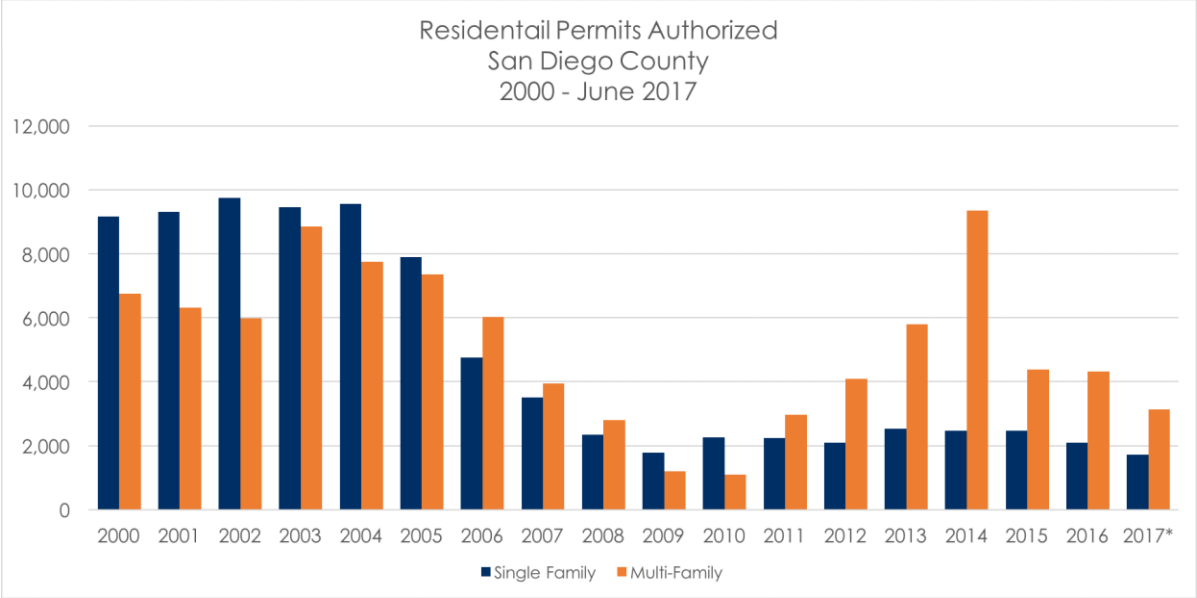
The pace of population growth is anticipated to slow gradually, but still experience gains of 30,000+ through 2040. By the end of this decade, the population is anticipated to reach 3,500,000.

Most of the population growth in the County is from natural household formations (more people being born here than dying).

On a very conservative basis, SANDAG estimates that more than 12,000 new households will be formed in the County each year for the foreseeable future. Should employment gains continue at a pace of 30,000+ annually, it is likely that household formations will be in the 12,000-15,000 range.

Residential Construction

In normal years, the local homebuilding industry produces 11,000 to 15,000 units – a combination of single family, townhomes, vertical condominiums and rental units. That total has declined dramatically since 2007 and now averages barely half of the norm.



Intro-2

On that basis, the County has created a housing deficit of more than 50,000 units over the past decade. This is evident by the steady decline in apartment vacancy rates and rising rents, the disappearance of foreclosures and the steady climb in sale prices in the housing market, as well as the expansion of the south Riverside County new and resale housing market and the more than 30,000 persons who live in Tijuana and cross the border to work each day.

In San Diego County, in 2012, resale median single-family homes were $418,290 Countywide and are now $612,750, an increase of 46% or 9.3% annually in the past five years.

Median Home Prices
Single Family Detached
San Diego County
2012-2017

Year	Single Family Detached
2012	$ 418,290
2017	$ 612,750

Change 2012-2017

$	**$ 194,460**
%	**46%**
Average	**9.3%**

Source: San Diego Assoc. of Realtors

Intro-3

The San Diego labor force, for the most part, earns decent wages, but not sufficient to pay today's median home price. The bulk of the County's work force is in government, including the military, tourism, retailing and services and other industries that do not have the types of salaries that correlate with today's home prices.

If the local economy is to continue to gain employment strength, it is necessary for developers to be able to produce affordable "work force" housing. In all likelihood, in order to produce housing at reasonable prices in urban areas near employment centers, it will be necessary to substantially increase the number of attached housing units of all types. Sweetwater Vistas is a for-sale product that will fill the need of moderate-income households.

The need for housing within a reasonable commuting distance of the employment centers needs to be emphasized. The proximity of Sweetwater Vistas to freeways and downtown San Diego, the Port employers, major hospital centers, Mission Valley and Kearny Mesa is highly beneficial to potential buyers.

Sweetwater Villas, because of its urban location, coincides with the **County's Climate Action Plan**, the ultimate goal of which is to reduce greenhouse gas emissions (GHG) by reducing the number and length of vehicle trips through smarter land use planning, increasing the use of alternative modes of transportation and encouraging a shift to electric and alternatively-fueled vehicles.

As a result of owning a home in an urban area proximate to employment and shopping, residents will have more quality time to spend with their family and, in addition, with funds saved on reduced vehicle operation, will have more disposable income.

Section 1:
Study Findings, Comparison of Sweetwater Vistas and The Pointe Resort 2003 Plan

In this section, we compare the fiscal impact and job creation of the Sweetwater Vistas residential product with the original Pointe 2003 Plan.

The fiscal impact incorporates an analysis of the total dollars that ripple through the economy as a result of construction, project operation and new jobs. The government benefits by the collection of sales taxes, property taxes and, in the case of a hotel, transient occupancy taxes (TOT).

The fiscal impact also includes the multiplier effect (trickle down) of dollars expended. For instance, the dollars expended by those holding jobs generated by construction and on projects once they are ripple through the economy and create additional jobs and additional spending.

The formula for computing the ripple effect is based on a mathematic model created by the U.S. Department of Commerce. A further description of the model is contained in the appendix of the report.

Fiscal Impact

The fiscal impact of Sweetwater Vistas totals $21,636,353 compared to $33,712,176 for The Pointe Resort 2003 Plan. The differential favors The Pointe project by a total of $12,075,823.

The key factor for Sweetwater Vistas is the school fees collected by the La Mesa Spring Valley School District. The key factor for The Pointe Resort 2003 Plan is the Transient Occupancy Tax (TOT) created by the revenues from the hotel.

Each of the two projects has taxes calculated for property taxes (before, during and after construction) through 2027; sales taxes on construction materials; government fees and exactions. The Sweetwater Vistas product also has the taxes created by household spending.

Job Creation

The sheer size of The Pointe Resort 2003 Plan, combining the 710-room hotel; 358,000 square feet of office space, five restaurants, an 18-hole golf course and an equestrian facility results in a substantial number of new jobs both during construction and after construction is complete.

During construction, for instance, The Pointe Resort 2003 Plan creates more than 7,000 jobs compared to 1,000 for Sweetwater Vistas. Post construction, the five projects within The Pointe Resort 2003 Plan create almost 3,000 jobs compared to only 5 at Sweetwater Vistas, recognizing that The Pointe would never have been developed.

The following exhibit summarizes the findings:

Comparison of Sweetwater Vistas and The Pointe 2003 Plan
Fiscal Impact and Job Generation
10-Year Projection (2017-2027)

Category	Differential	Sweetwater Vistas	The Pointe 2003 Plan
Property Taxes - Land Only - Pointe 2003 Plan	$ (150,588)		$ 150,588
Property Taxes (excluding land) - Pointe 2003 Plan	$ (3,072,495)		$ 3,072,495
Property Taxes - Sweetwater Vistas	$ 1,288,946	$ 1,288,946	
Sales Taxes - Hotel (3)	$ (2,873,437)		$ 2,873,437
Construction Materials Taxes (Hotel, Office Space, Golf Course)	$ (326,611)	$ 50,994	$ 377,605
School Fees	$ 12,459,307	$ 12,609,407	$ 150,100
Government Fees and Exactions	$ 7,442,664	$ 7,442,664	
Transient Occupancy Tax (Hotel)	$ (27,087,951)		$ 27,087,951
Taxes from Household Spending	$ 244,342	$ 244,342	
Total Fiscal Impact	**$ (12,075,823)**	**$ 21,636,353**	**$ 33,712,176**
Job Generation			
Pre-Construction	(29)	11	40
During Construction (including multiplier factor)	(6,179)	1,050	7,229
After Project Completion	(2,869)	5	2,874

Exhibit 1-1-1

The following two sections provide extensive detail on the two projects.

Section 2:
Sweetwater Vistas Fiscal Impact and Job Generation

The result of this fiscal/impact study determines the projected property and sales taxes and development fees generated by the new Sweetwater Vistas development, along with an estimate of the number of jobs created.

The Sweetwater Vistas project will be an integral part of The Pointe, a master-planned community that was initiated four decades ago and is nearing build-out. Currently, The Pointe has 878 housing units, a mix of single family, townhomes and rental apartments.

The Sweetwater Vistas site is located at the intersection of Jamacha Blvd. and Sweetwater Springs Blvd. in the Spring Valley community. The 94 Freeway is 1.3 miles to the north and the 125 Tollway 2.5 miles to the West via Jamacha Blvd.

Its proximity to the central employment base of the County via the 94 and 125 freeways places the Sweetwater Vistas project in an enviable position compared to those projects in the more southerly Otay Ranch, an area that will see 15,000+ units developed over the next decade, with no new highways or rapid transit added.

Exhibit 2-Intro-1

The proposed Sweetwater Vistas project will be sited on 52 acres, approximately 27 acres of which will be preserved as open space for the community.

The following exhibit summarizes the proposed three lot development that will, in total have 218 townhome-type residences. Construction of the homes is anticipated to begin in first quarter 2020 with completion within three years thereafter.

Current Project Information
Sweetwater Vistas & The Pointe

Use	
Master-Planned Community	The Pointe
Start Date	1982
No. Acres	653
Total Number of Units in Place	
Single Family	595
Condominiums	172
Rental Units (Floit)	111
Total	878
Land Remaining for Development	**No. Units**
Sweetwater Vistas	**218**
Land south of Jamacha Road (not mapped)	n/a
Private Drive Estates (not mapped)	n/a
Total	**218**

Exhibit 2-Intro-2

Exhibit 2-Intro-3

The study is segmented into four sections and the Appendix:

- Section 2-1: Executive Summary
- Section 2-2: Development Program
- Section 2-3: Fiscal/Economic Impact Findings
- Section 2-4: Job Generation

Section 2-1: Executive Summary – Sweetwater Vistas

The Sweetwater Vistas community will have three distinct attached townhome products. Optimally, the homes will be priced in the $400,000 range (2017 pricing) making them affordable as work-force housing. They will range in size from 1,119 to 1,575 square feet and each will have a two-car attached garage with the exception of the 25 carriage units on Lot 3 which will have one-car garages.

Initial sales are anticipated to start in first quarter of 2020 with the last units sold in the fourth quarter of 2022.

Among the key benefits of Sweetwater Vistas are these:

- It will build-out a long barren land parcel that has been designated for development since the early 1980's;
- Sweetwater Vistas will substantially improve the street scene and neighborhood;
- It will complete the build-out of the northwestern portion of the Pointe, thereby forming a cohesive master-planned community;
- It will provide work-force housing;
- It will create numerous jobs during construction;
- Contribute substantial dollars through taxable sales, property taxes and school fees; and
- preserves 28-acres for open space.

The following exhibit summarizes the fiscal impact and job generation benefits of Sweetwater Vistas:

Summary of Study Findings
Fiscal Impact and Job Generation
10-Year Projection (2017-2027)
Sweetwater Vistas

Category	Exhibit	Fiscal Impact
Fiscal Impact - Total Fees, Exactions, Tax Revenue - 10- Year		
Taxes on Construction Materials (3)	3-9	$ 50,994
Government Fees and Exactions	3-7	$ 7,442,664
Taxes to SD County Created by Household Spending (3)	3-5	$ 244,342
School fee reimbursement from the State	3-6	$ 12,609,407
Property Taxes paid by Homeowners (SD County Share of Total) (3)	3-10	$ 1,288,946
Total Fiscal Impact		**$ 21,636,354**
Job Generation		
Pre-Construction	4-2	10.9
During Construction	4--4	350
Indirect Jobs (multiplier effect) (2)	4-4	700
After Home Completion (care and maintenance) - Annual Continuing (1)	4-5	5

(1) includes labor for maintaining open space adjacent to Sweetwater Vistas
(2) based on Department of Commerce model
(3) County's proportion of revenues collected

Exhibit 2-1-1

The **fiscal impact analysis** indicates that more than $21 million in revenues would be created by Sweetwater Vistas. The revenues would be generated by construction, household spending, school reimbursements and property taxes in a ten-year period ending in 2027.

The largest single category of fiscal impact would be the $12 million created in new revenue as a result of the school reimbursements for the 218 homes.

The second largest revenue generated would be the $7.5 million in fees and exactions paid by the developer and builder. The total amount would be paid prior to completion of the project and most of it before the project initiates construction.

Approximately 1,050 full-time equivalency **jobs** would be created during the construction period. Prior to construction another 10.9 full-time equivalency jobs would be created in the design stage, including architecture and engineering.

Finally, once the project is complete, another five full-time equivalency permanent jobs would be created by the homeowner association and Nature Conservancy for maintenance of the project and the 28 acres of open space.

Section 2-2: Sweetwater Vistas Development Program

Based on current scheduling, Sweetwater Vistas would initiate land improvement in early 2019, with the groundbreaking in early 2020. Given a reasonable sales pace for each of the three projects, the last units would be sold by the end of 2022. The schedule assumes that a normalized economy would exist during that time frame. Should the economy weaken, the schedule for unit closings would be extended.

Proposed Development Schedule
Sweetwater Vistas
Jamacha Blvd. & Sweetwater Springs Blvd.
Unincorporated San Diego County

Category	Year	Month
Bd. Of Supervisor Approval	2017	December
Engineering & Grading Permit	2019	January
Land Preparation Completion	2019	June
Deliver 1st Product & Close 1st Escrow	2020	March
Close Last Escrow	2022	December

Exhibit 2-2-1

In total, the three projects would have ten model plans. They will range in size from 1,119 to 1,575 square feet, with an average of 1,308 square feet. The homes have been designed by The McKinley Associates, Inc. of San Diego.

Townhome Projects Description
Sweetwater Vistas
Spring Valley CA

Area:	Plan	Levels	No. Units	Sq.Ft.	Total Sq.Ft.	BR	BA
Lot 1	1	2	22	1,276	28,072	2	2.5
	2	2	28	1,397	39,116	3	2.5
	3	2	14	1,436	20,104	3	2.5
	4	2	14	1,575	22,050	3	2.5
	Total		**78**	**1,402**	**109,342**		
Lot 2	1	3	12	1,158	13,896	2	2.5
	2	3	19	1,201	22,819	3	2.5
	3	3	34	1,255	42,670	3	3.0
	Total		**65**	**1,221**	**79,385**		
Lot 3	1	1	25	1,119	27,975	2	2
	2	2	25	1,258	31,450	2	2.5
	3	2	25	1,482	37,050	3	2.5
	Total		**75**		**96,475**		
Lots 1,2,3,			**218**	**1,308**	**285,202**		

Source: The McKinley Associates, Inc.

Exhibit 2-2-2

Based on competitive project pricing, we project the homes will be sold for an average of $400,000 (1st quarter 2017 prices).

The projects will have no Mello-Roos financing or bond levy that would be detrimental to sales and/or pricing efforts.

Projected Pricing - 1Q 2020 (1)
Sweetwater Vistas
Spring Valley CA

Area:	No. Units	Sq.Ft.	Total Sq.Ft.	$/Sq.Ft.	Avg. Price	Total Rev.
Lot 1	78	1,402	109,342	$ 300	$ 420,546	$ 32,802,600
Lot 2	65	1,221	79,385	$ 300	$ 366,392	$ 23,815,500
Lot 3	75	1,286	96,475	$ 300	$ 385,900	$ 28,942,500
Total	218	1,308	285,202	$ 300	$ 392,480	$ 85,560,600
Rounded Total					$400,000	

(1) if all 3 projects opened 1Q2020

Exhibit 2-2-3

The prices projected for Sweetwater Vistas compare directly with those of the smaller units now being sold in Otay Ranch. Those smaller units are noted in **green** on the following exhibit:

The average home price of $400,000, or $300 per square foot, is approximately the same as new homes of the same size range as in the new projects in Otay Ranch.

New Homes for Sale
Otay Ranch
Chula Vista
as of April 2017

				Sq.Ft. Range		Price		Price/Sq.Ft.	
Project	Housing	Developer	No. Units	Low	High	Low	High	Low	High
Aviare	Attached	Sunrise	201	1,093	1,928	$ 327,000	$443,000	$299	$230
Parc Place	Attached	Pacific Coast Communities	162	1,116	1,587	$ 341,000	$400,900	$306	$253
Z	Attached	Shea	106	1,288	1,476	$ 359,000	$398,000	$279	$270
Metro	Attached	Meridian	72	1,298	1,964	$ 370,000	$446,000	$285	$227
Lovina	Attached	Heritage	78	1,584	2,467	$ 411,000	$488,000	$259	$198
Bocara	Attached	Heritage	126	1,609	1,940	$ 447,000	$490,000	$278	$253
Tosara	Attached	Pacific Coast Communities	165	1,635	2,366	$ 395,000	$452,000	$242	$191
Trio	Attached	Meridian	66	1,653	1,880	$ 432,000	$473,000	$261	$252
Evo	Attached	Meridian	78	1,687	1,958	$ 429,000	$497,000	$254	$254
Element	Attached	Shea	70	1,775	2,248	$ 478,000	$537,000	$269	$239
Monte Villa I	Detached	Pacific Coast Communities	39	2,544	3,016	$ 439,000	$584,000	$173	$194
Anacapa	Detached	Otay Ranch New Homes	54	2,221	2,249	$ 541,000	$546,000	$244	$243
Presidio	Detached	Otay Ranch New Homes	80	2,571	2,615	$ 586,000	$589,000	$228	$225
Attached Avg.				**1,516**	**1,987**	**$ 406,889**	**$464,656**	**$270**	**$237**
Detached Avg.				**2,445**	**2,627**	**$ 522,000**	**$573,000**	**$215**	**$221**

Exhibit 2-2-4

Within The Pointe, there is one condominium project, the 84-unit Pointe Lakeview Condominiums ("Pointe Lakeview") built in 2006 by The Pointe's original developer, Bob Gosnell. It is a series of one, two and three-bedroom "flats" ranging in size from 694 to 1,303 square feet and typically reselling for $250,000 to $310,000.

The Pointe Lakeview units are not directly comparable to the subject property because the units are in an apartment format with unit sizes generally smaller than those at the subject property. In addition, the property is ten years old.

It is important to note that the largest units at the Pointe Lakeview Condominiums, which are 1,303 square feet, have moved up in price the past two years with the most recent sale at $343,500, or $264 per square foot.

Condominium Resales
Pointe Lakeview (84 units)
Spring Valley
Year Built 2006

Address	Unit No.	Sq.Ft.	Price	$/Sq.Ft.	Close of Escrow
2716 Lake Pointe Drive	228	694	$ 249,000	$ 359	12/2016
2723 Lake Pointe Drive	231	970	$ 310,827	$ 320	11/2015
2716 Lake Pointe Drive	126	970	$ 302,500	$ 312	8/2016
2724 Lake Pointe Drive	140	970	$ 243,000	$ 251	1/2015
2724 Lake Pointe Drive	242	1,060	$ 265,000	$ 250	9/2015
2715 Lake Pointe Drive	221	1,085	$ 310,000	$ 286	10/2016
2707 Lake Pointe Drive	108	1,303	$ 309,000	$ 237	6/2015
2723 Lake Pointe Drive	234	1,303	$ 310,000	$ 238	9/2016
2724 Lake Pointe Drive	237	1,303	$ 343,500	$ 264	3/2017

Source: Redfin, Realtor.com

Exhibit 2-2-5

Within the Sweetwater Vistas market area, based on recent announcements, there will be two new for sale projects in the area:

- a 100-unit CalAtlantic townhome project that will be built in the now vacant shopping center at the corner of Sweetwater Springs Blvd. and Austin Drive, one mile north of the subject property; and

- the 112-unit Sweetwater Place detached housing project that will be developed on the site of the former Evergreen Nursery.

Neither developments have announced their development timing or prices.

Resource Protection

Development of 27.9 acres of the 52-acre Sweetwater Vistas project will be prohibited and instead placed within a biological open space. The flora and fauna within this open space will be managed in perpetuity for conservation purposes.

These efforts will be funded by the developer of Sweetwater Vista's in the form of a $700,000 non-wasting endowment. Within the biological open space, an additional 3.2 acres of restoration and 0.4 acres of enhancement of native habitat will occur.

Altogether, the project's conservation percentage is 54 percent. This compares favorably to the plans for development of this 52-acre site contained in The Pointe San Diego Specific Plan approved in 1990 and amended in 2003 (Pointe Specific Plan). Under The Pointe Specific Plan, only 5 acres of the site (an MSCP hard line preserve) would have been preserved. In addition, development under the Pointe Specific Plan would have impacted approximately 10.8 acres of wetlands and riparian habitat on site including the destruction of Hansen's Creek and Little Hansen's Creek.

By contrast, under the Sweetwater Vistas development plan, all wetland and riparian habitat will be preserved. Furthermore, The Pointe Specific Plan project would have resulted in the loss of all gnatcatchers and Otay tarplant at the site whereas under the Sweetwater Vistas plan there will be no impacts to these valuable resources.

Infrastructure

Included in the Sweetwater Vistas project is the construction of full width street improvements to the extension of Avenida Bosques, approximately 1,720 linear feet of street, curb, gutter, sidewalk/pathway improvements and 24” box street trees.

This road extension, which will include two round-abouts and traffic calming measures, will complete a missing link to the Spring Valley circulation system which is particularly important for fire and emergency access.

The cost of these infrastructure improvements to completion at the developer’s expense is estimated at approximately $3.4 million in 2017 dollars. In addition, sidewalk, curb, gutter, median and road widening improvements along the project’s Sweetwater Blvd frontage will be completed by the developer of Sweetwater Vistas at an estimated cost of $1.1 million.

Also included in this project is approximately 1,800 linear feet of 8’ wide decomposed granite (D.G.) trail and 24” box street trees along Jamacha Blvd and approximately 1,125 linear feet of 6’ wide D.G. trail and 24’ box street trees along Pointe Parkway.

Section 2-3: Fiscal/Economic Impact Findings

Fiscal/Economic Impacts for a project are traditionally comprised of five components:

- **Household-generated taxes** resulting from spending on taxable goods
- **School reimbursements** to the local district by the state.
- **Construction/Development Fees and Exactions** levied on a project by the local government;
- **Tax revenue from construction materials purchases; and**
- **Property Taxes** based on property value through time including property taxes during the development process;

The anticipated timing of expenditures beginning with the approval process and then through the construction process is shown here. It is this exhibit that provides the base case for the development program and its fiscal impact and job generation findings.

Projected Project Approval Timing & Unit Closings
Sweetwater Vistas
Spring Valley CA

		2018				2019				2020				2021				2022			
Area:	**Total**	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**4Q**
Lot 1	78									10	8	6	6	6	6	6	6	6	6	6	6
Lot 2	65										8	8	6	6	6	6	5	5	5	5	5
Lot 3	75											10	10	10	8	7	6	6	6	6	6
Lots 1,2,3,	**218**									**10**	**16**	**24**	**22**	**22**	**20**	**19**	**17**	**17**	**17**	**17**	**17**
Board of Supervisors Approval (1)		X																			
Engineering & Grading Permit						X															
Land Preparation Completion							X														
Start Vertical Construction								X													
Deliver 1st Product										X											
Close Last Escrow																					X

(1) Anticipated approval as early as 4th quarter 2017

Exhibit 2-3-1

In addition to projecting the pace of development and the pricing of the homes over a 10-year period, we also include an inflation factor each year for construction costs, property taxes, household spending and home prices, as noted in the exhibit below:

Model Input
Sweetwater Vistas

General Information	
Estimated Years from Groundbreak to Last Home Completion	5
Home Price Inflation Factor- Annual	3.0%
Construction Cost Inflation Factor - Annual	3.0%
Property Tax Factor - Annual	2.0%
Household Spending - Annual Inflation Factor	2.0%
Development Program	
3 For-Sale Attached Projects (units)	218
Units Start Construction	3Q2019
Time to Complete a Unit	6 Months
1st Home Delivery	1Q2020
1st Home Closing	1Q2020
Last Home Closing	4Q2022

Exhibit 2-3-2

We also anticipate that homes turn over on a regular basis. Each time a home sells, property taxes re-adjust to the amount of the new sale. Thus, with a home price inflation of 3% per annum, a home that sells in five years will increase its tax base by 15%. And, as a result, its property tax increases to the new base. In this analysis, we assume that 12 homes a year will change hands, starting in year 3.

- **Household-Generated Taxes**

Household income generates both taxable and non-taxable events. For instance, in food/beverage spending, most groceries are tax-free while alcoholic beverages and most household goods like paper goods are taxable.

The Bureau of Labor Statistics provides the bulk of the data included in the following exhibit.

The model assumes that a household income of $100,000 is needed to qualify for a $400,000 home with a 10% down payment. The qualifying income is based on several assumptions including credit card debt, a car loan and other debts.

In this price range, for “work force” homebuyers we assume that a 20% down payment would not be possible. If there were to be a 20% down payment, private mortgage insurance (PMI) would not be necessary.

The qualifying income also assumes a 700 FICA (credit) score and an interest rate of 4.15% (30-year fixed).

Typically, the monthly carry to gross income is in the 30-35% range, depending on the quality of the buyer’s credit in this case, we used 31%.

We also anticipate that 10-15% of the buyers will be empty nesters trading down from larger homes and particularly attracted to the one-story models. Typically, the empty nesters will pay all cash.

Buyers Qualifying Income
Sweetwater Vistas Homes

Average Price of Home	$ 400,000
Down Payment	10%
Income Needed to Quallify	100,000

Lender Assumptions - Monthly Payments

Car loan	$ 300
credit cards	$ 500
Student Loans, etc.	$ 200
Total	**$ 1,000**

FICA Score	$ 700

Interest Rate (30 year fixed)	4.15%

Payment	$ 1,700
Property Taxes	$ 367
HOA	$ 350
PMI	$ 160
Total Monthly Payment	**$ 2,577**

Source: Fannie Mae & Cross Country Funding

Exhibit 2-3-3

To determine the sales tax revenues, we prepared a standardized itemized budget utilizing Bureau of Labor Statistics figures. A “standardized” budget is shown here. Note that loan qualification considers several factors. Typically the ratio of expenditures for housing to gross household income is 30-35%. In this example, we have used 31%.

We have already opted to use 10% down payment because in this price range, when the buyer is most likely a first-time home purchaser, it is not likely that the buyer could have enough funds for a 20% down payment ($80,000). If it were possible to have a 20% down payment, there would be no requirement for private mortgage insurance.

Annual Sales Tax Revenue Generated by Homeowners
Quarter of 1st Closing (1Q2020)
Sweetwater Vistas

Spending Category	% of Income	Monthly	Annual
Household Income		$ 8,333	$ 100,000
Taxes (After Deductions)		$ 833	10%
After Tax Income		90%	90%
Balance		$ 7,500	$ 90,000
Household Expenditures			
Housing Expenditures			
Payment		$ 1,700	
Property Taxes		**$ 367**	
HOA		$ 350	
PMI		$ 160	
Total Housing Expenditures		**$ 2,577**	**$ 30,920**
Non-Taxable Food	8.0%	$ 600	
Taxable Food	8.0%	**$ 600**	
Utilities/cable/phone	5.0%	$ 375	
Personal Services	7.0%	$ 525	
Car Repairs	3.0%	$ 225	
Gas/Oil	2.0%	$ 150	
Charitable Contributions	2.0%	$ 150	
Installment Payments	12.7%	$ 950	
Medical Insurance/Medicine/Insurance	10.0%	$ 750	
Other Local Spending - Taxable	7.5%	**$ 563**	
Other Local Spending - Non-Taxable	7.5%	$ 563	
Total Excluding Housing Costs	**72.7%**	**$ 4,888**	**$ 58,650**
Total Including Housing Costs		**$ 7,464**	**$ 89,570**
Local Retail Taxable Spending		**$ 1,163**	**$ 13,950**
Local Retail Non-Taxable Spending		**$ 6,302**	**$ 75,620**
Total Property Tax		**$ 367**	**$ 4,400**

Source: Bureau of Labor Statistics; FANNIE MAE, Bank Rate

Exhibit 2-3-4

Based on the exhibit shown above, annual taxable sales per household would total $13,950. With a 7.75% sales tax rate, the total annual tax would be $1,081. Of that, 14.3% is returned to the County, netting the County $154 per housing unit.

Through 2027, the County would receive $244,342.

Tax Revenue Per Unit
Household Spending
Year of First Closing (1Q2020)
Sweetwater Vistas

Category	Monthly	Quarterly	Annual
Sales Tax	$ 1,163		$ 13,950
Tax Rate	7.75%		7.75%
Tax Revenue Total	$ 90		$ 1,081
Proportion to SD County	14.3%		14.3%
Total to SD County	**$ 12.87**	**$ 38.61**	**$ 154.45**
Total to SD County 2020-2027			**$ 244,342**

note: taxes increased by 2%/Annum

Exhibit 2-3-5

➢ School Reimbursement

Based on our analysis of school children per household in the Otay Ranch zip code, we project that the La Mesa Spring Valley School District will generate approximately 1.0 school-aged children per Sweetwater Vistas household and therefore generate $7,500 per household in reimbursement from the State of California.

We utilized the Otay Ranch area for the school aged child per household because we believe the profile of the Sweetwater Vistas homebuyer will be distinctly different that the households in the La Mesa Spring Valley School District.

An analysis of the school districts in the Spring Valley and Otay Ranch area appears in the Appendix (A-4).

The profiles of the buyers of homes now in production in Otay Ranch are typically acquired by couples or young families. There are relatively few empty nester buyers. Most of the developers, as a matter of policy, do not sell to investors.

The profiles of the Otay Ranch new home buyers parallel those of the City of San Marcos. Cities like Vista, Escondido and those cities in East County have a

distinctly different new home buyer demographic profile. We should also note that other than San Marcos and Chula Vista, there are relatively few new subdivisions in those other cities with prices under $500,000.

In total from 2020-2027, a total of $12 million would be received by the La Mesa Spring Valley School District from the 218 homes, assuming the school reimbursements are increased by 2.0% annually.

School Reimbursement from State
La Mesa Spring Valley School District
Sweetwater Vistas
2020-2027

Category	Annual
School-Aged Children Per Home (1)	1.0
Reimbursement Per Child (2)	$ 7,500
Total Reimbursement Per Household	$ 7,500
Total Reimbursement 2020-2027 (4)	**$ 12,609,407**

(1) Based on ratio in owner occupied homes in Otay Ranch (91913)
(2) Annual report, La Mesa Spring Valley School District
(3) Non-inflated basis
(4) 2% annual inflation factor included

Exhibit 2-3-6

➢ Construction Development Fees and Exactions

The exhibit below is a summary of the fees and exactions by the several governmental agencies that review and serve the project. The total fees are approximately $7.5 million, or $34,141 per unit. The fees and exactions exhibit have been prepared by J.T.Kruer and Company and by Douglas Wilson Companies based on their expenditures to date and estimates obtained from the various governmental bodies.

A detailed schedule appears in the Appendix.

Development, Exaction & Permit Fees Sweetwater Vistas		
Units	218	
	Total Fees	
Category	Per Unit	Total
Total General Fees	$31,636	$6,896,553
Total - Plan Check, Bldg. Permits, Inspection & Reviews	$ 2,505	$ 546,111
Total All Units	$34,141	$7,442,664

Source: J.T. Kruer & Co. & Douglas Wilson Companies

Exhibit 2-3-7

➢ Tax Revenue from Construction Materials Purchases

Typically, the hard costs of home construction are approximately 50% of the sale price of a home. And then, construction costs are segmented into 50% labor and 50% materials. On that basis, a $400,000 home would have $100,000 in material purchases.

Per Unit Development Costs
Based on 1st Closing (1Q2020)
Sweetwater Vistas

Category	Cost
Total Units	218
Average Price Per Unit	$400,000
Construction as % of Sales Price	50.0%
Construction Cost	$200,000
Labor	
%	50.0%
Total Labor	$100,000
Materials	
%	50.0%
Total Materials	$100,000

Exhibit 2-3-8

Based on the San Diego County tax rate, the $100,000 in material sales would produce $7,750 in sales tax on a per unit basis. We have also assumed that 25% of that total would be expended within the unincorporated area of the County, or $1,938 per home. The County would receive 14.3% of that total or $277 per home.

In our model, we inflate the tax revenue by 2.0% per annum.

The detailed calculations are in the Appendix of this report.

Sales Tax Revenue
Construction Materials
1st Closing (1Q2020)
Sweetwater Vistas

Total Costs	**Per Unit, 1st Quarter 2020**
Materials	$100,000
Tax Rate	7.75%
Total Sales Per Unit	**$ 7,750**
Est. % of Sales in Unincorporated County	25.0%
Total Sales of Materials in Unincorporated County	$ 1,938
% of Sales Tax to County	14.3%
Total Sales Tax Revenue to County Per Unit	**$ 277**
% of Materials to County per Unit	**0.28%**

Exhibit 2-3-9

➢ Property Taxes

Property taxes on the 218 homes are calculated from our projected sale closing schedule and projected out through 2027, ten years from now. Each year, the property taxes are increased 2.0%.

We have also projected that homes will sell on an advancing basis over the years with one home sold in each of the three projects in the resale market each quarter starting in 2024. Upon turnover, the price is advanced to a new level, assuming

home price increases of 3.0% per annum. At the time of turnover, the property tax is increased to the new purchase price level.

Based on this analysis, the total property taxes through 2027 will total $8.6 million. Of that total, approximately 15% is directed to the County with the balance going to the state of California. The County's share would amount to almost $1.3 million.

Property Taxes
Sweetwater Vistas
2017-2027

Lots	**Lot 1**	**Lot 2**	**Lot 3**		**Total/Avg.**
Number of Units	78	65	75		218
Total Number of Units					218
Avg. Sq. Ft.	1,402	1,221	1,286		1,308
Avg. Sales Price	$420,546	$366,392	$385,900		$392,480
Avg. Sales Price/Sq Ft.	$300.00	$300.00	$300.00		$300.00
Total Projected Property Taxes 2017-2027					**$8,592,976**
County Participation					**15%**
Total County					**$1,288,946**

Footnotes:
November of each year based upon assessed valuations at that time.
- Assessed valuations increase 2% in November of each year.

Exhibit 2-3-10

Section 2-4: Job Generation – Sweetwater Vistas

Job generation relates predominantly to three elements within the Sweetwater Vistas community:

(1) pre-construction services
(2) construction jobs during the build-out process and
(3) jobs created in the community during and after construction.

Our calculations indicate that the Sweetwater Vistas project will generate 10.9 job years in pre-development services and 1,050 job years during construction.

During construction, homeowner association tasks will create three jobs and five after completion of the development.

Job Generation Summary
(Annual Full-Time Job Equivalency)
Sweetwater Vistas
Years 1-10

Phasing:	Pre-Development	During Development	After Development Completion
Pre-Development			
Architecture & Engineering	**3.8**		
Design- Related	5.3		
Marketing, Legal, etc.	1.9		
Total - Pre-Development	**10.9**		
During Development			
Construction Related		350.1	0
Multiplier Effect		700.0	
Total - During Development		**1050.1**	
During & Post Development			
HOA Operation (including landscaping & exterior maintenance) (1)		**3**	**5**

(1) includes maintenance of open space adjacent to Sweetwater Vistas

Exhibit 2-4-1

➢ Pre-Construction Job Generation

Pre-construction services will produce 10.9 years of jobs. Most of those are design-related with architecture and engineering accounting for one-third of the total. The job generation is based on estimates provided by the architecture and civil engineer for the project.

Prior to construction, substantial sums will be expended on design, testing, marketing, legal and other associated costs. The total estimated for these items is $2,756,000 or $12,642 per unit. These services generate 10.9 job years (full-time equivalency).

The design costs dominate these categories and total $2,281,000 with architecture and engineering costs accounting for the majority of the expenditures.

Marketing, legal and other non-design costs total $475,000 or 17% of the total pre-construction costs, as shown here:

Estimated Job Generation
Pre-Construction Services
Sweetwater Vistas

Discipline	Job Years	$ % of Total
Architect		
Architect	1.000	
Engineering	0.333	
Total	1.333	
Engineer, Civil & related	2.430	
Total Arch. & Engineering	**3.763**	**34.5%**
Other Design Related	**5.273**	**48.3%**
Marketing, Legal, etc.	**1.882**	**17.2%**
Total	**10.918**	**100.0%**

Exhibit 2-4-2

An itemization of consulting and services costs is shown here:

Consulting and Services Costs ($2017)
Pre-Construction
Sweetwater Vistas

Category	Amount
Design - Pre-Construction	
Architecture and Engineering	$ 250,000
Bluesprints and Reproduction	$ 10,000
Engineering - Civil	$ 700,000
Environmental Consultant	$ 400,000
Geotechnical Engineer	$ 150,000
Landscape Design	$ 213,000
Phase I &2 Environmental	$ 61,000
Planning Consulting	$ 100,000
Signage Design	$ 50,000
Structural Testing/Inspection	$ 218,000
Traffic Engineering	$ 70,000
Utility Consultant	$ 59,000
Total	**$ 2,281,000**
Marketing, Legal & Misc. Costs	
Accounting	$ 100,000
Appraisals	$ 25,000
Fiscal Impact Study	$ 15,000
General & Administractive	$ 100,000
Legal	$ 150,000
Market/Economic Study	$ 15,000
Misc. Marketing	$ 10,000
Models/Rendering	$ 50,000
Photography	$ 10,000
Total	**$ 475,000**
Total - All Units	**$ 2,756,000**
Total Per Unit	**$ 12,642**

Source: Douglas Wilson Companies

Exhibit 2-4-3

➢ Construction Job Generation

Direct construction jobs are estimated at 350 person-years (full-time equivalency) for the 218 homes. This ratio is based on a jobs-per- million dollars of expenditure study prepared for the Associate General Contractors organization by Dr. Steven Fuller of George Mason University.

Direct & Indirect Construction Job Generation
Sweetwater Vistas

Category	Total Project
Total Construction Dollars	$36,847,456
Per Million Dollars	36.85
Jobs Generated Per Million Dollars	9.5
Total Jobs Generated (1)	**350**
Multiplier Factor (2)	**2.0**
Total Multiplier Jobs Created	**700**
Total Construciton Jobs and Multiplier Induced Jobs	**1,050**

(1) Full-time equivalency through completion of construction report by Dr. Steven Fuller, George Mason University. Excludes indirect jobs and multiplier jobs

(2) Multiplier Factor - U.S. Dept. of Commerce Multiplier Model

Exhibit 2-4-4

In addition, the U.S. Department of Commerce multiplier model states that jobs in construction have a two-to-one multiplier in terms of the dollars that roll through the economy in related construction activities. Therefore, Sweetwater Vistas is anticipated to create a multiplier total of 700 jobs. Thus, in total, more than 1,000 job years will be generated by the project.

➢ Community and Open Space Maintenance Job Generation

Full-time annual job equivalency created in the completed townhome project totals five. The jobs relate to the services of the community manager, financial accounting services, legal counsel, landscape services, general maintenance, pool and spa service and janitorial services. In addition, the 28 acres of adjacent

open space must be maintained. During the development process, a total of three jobs will be generated for this purpose.

Jobs Created On-Site
Project Maintenance
Sweetwater Vistas

Category	Jobs - Annualized
Jobs created during construction	3
Jobs created after construction	5

Exhibit 2-4-5

Section 3:
The Pointe Resort 2003 Plan

The Pointe Resort 2003 Plan includes a 710-room resort hotel, the 18th hole of an 18-Hole golf course, 358,000 square feet of office space, 36,500 square feet of free-standing restaurants and an equestrian center.

Project Description
Fiscal Impact and Job Generation Study
Hotel, Office Buildings, Golf Course,
Restaurants and Equestrian Center
The Pointe 2003 Plan

Land Use	Measure	Quantity
Hotel	Rooms	710
Restaurants - Free-Standing	Square Feet	36,500
Office Space	Square Feet	358,000
Equestrian Center	Stalls	50
18th Hole of Golf Course	1/18th of Total	1

Exhibit 3-1-1

The report contains three sections:

Section 3-1: Executive Summary
Section 3-2 Fiscal Impact
Section 3-3 Job Generation

Section 3-1: Executive Summary – The Pointe Resort 2003 Plan

The Pointe Resort 2003 Plan calls for the development of a 710-room hotel, an 18-hole golf course, 36,500 square feet of free-standing restaurants, 358,000 square feet of office buildings and an equestrian facility. The plan was never implemented.

In this report, no attempt was made to determine the historic or current economic viability of The Pointe Resort 2003 Plan, nor the demand for the product.

Among the key benefits of the 2003 plan would have been:

- A major enhancement of the Spring Valley community with its first resort hotel and golf course;
- A substantial addition to its supply of office space;
- The availability of new restaurants in the Spring Valley areas;
- The availability of an equestrian facility; and
- The generation of substantial revenues for the government from sales and property tax, school fees and transient occupancy tax (TOT).

The following exhibit summarizes the fiscal impact and job generation benefits of The Pointe Resort 2003 Plan:

Job generation for The Pointe Resort 2003 Plan totals 40 in pre-development, 7,229 during construction and 2,874 after completion. The substantial after completion total results primarily from the jobs that are created in the hotel and office buildings.

Job Generation Summary
The Pointe 2003 Plan
2017-2027

Category	Jobs including Multiplier Effect			
	Pre-Development	During Development	After Completion	Total
710-Room Hotel	22	6,071	870	6,962
Restaurants	5	326	560	891
Office Buildings	11	816	1,439	2,266
Golf Course (2)	1	5	11	17
Equestrian Facilities	1	(1)	4	5
Total	**40**	**7,217**	**2,884**	**10,141**

(1) included in hotel operations
(2) 1/18th of Total

Exhibit 3-1-2

The Fiscal Impact of The Pointe Resort 2003 Plan is dominated by the transient occupancy tax of the hotel, calculated out through 2027, as noted in the exhibit below:

Summary of Study Findings
Fiscal Impact and Job Generation
10-Year Projection (2017-2027)
The Pointe 2003 Plan

Category	Total	710-Room Hotel (5)		Restaurants		18-Hole Golf Course (1)		Office Buildings		Equestrian Facility	
Fiscal Impact - Total Fees, Exactions, Tax Revenue		**Exh.**	**Fiscal Impact**	**Exh.**	**Fiscal Impact**	**Exh.**	**Fiscal Impact**	**Exh.**	**Fiscal Impact**	**Exh.**	**Fiscal Impact**
Property Taxes - Land Only	$ 150,588	2.8	$ 150,588	n/a	(6)	n/a	(6)	n/a	$ (6)	n/a	
Property Taxes (excluding land)	$ 3,072,495	2.8	$ 2,612,779	2-14	$ 133,752	n/a	(6)	2-20	$ 325,964	n/a	
Sales Taxes (3)	$ 2,873,437	2-8	$ 1,369,812	2-12	$ 1,503,626	n/a	(7)	n/a	$ -	n/a	
Construction Materials Taxes (Hotel, Office Space, Golf Course)	$ 377,605	2-5	$ 297,725	2-16	$ 15,829	2-23	$ 519	2-21	$ 64,052	n/a	
School Fees	$ 150,100	2.6	$ 71,000	2-15	$ 7,500	n/a	$ -	2-25	$ 71,600	n/a	
Transient Occupancy Tax (TOT)	$ 27,087,951	2-8	$ 27,087,951	n/a	$ -	n/a	$ -	n/a	0	n/a	
Total Fiscal Impact	**$ 33,712,176**		**$ 31,589,854**		**$ 1,660,706**		**$ 519**		**$ 461,616**		**$ -**
Job Generation		**Exh.**	**No. Jobs**	**Exh.**	**No. Jobs**	**Exh.**	**No. Jobs**	**Exh.**	**No. Jobs**	**Exh.**	**No. Jobs**
Pre-Construction	40	2-25	22	2-25	5	2-25	1	2-25	11	2-25	1
During Construction	7,229	2-25	6,071	2-25	326	2-25	16	2-25	816	2-25	-
After construction - including Indirect Jobs (multiplier effect) (2)	2,874	2-25	870	2-25	560	2-25	1	2-25	1,439	2-25	4

(1) Analysis determines fiscal impact and jobs for 1/18th of course
(2) based on Department of Commerce model
(3) County's proportion of revenues collected
(4) Employment included in hotel operations
(5) Includes restaurants and equestrian facilities
(6) Land included in hotel fiscal impact analysis
(7) No tax on golf course playing fees

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Section 3-2
Fiscal Impact

In this section, we explain the factors that lead to a conclusion of the fiscal impact of The Pointe Resort 2003 Plan. Each of the five product types produces tax revenue.

710-Room Hotel

In this section, we determine the total tax revenues and government exactions for the resort hotel.

The Pointe Resort 2003 Plan envisions a 710-room resort hotel. Based on an average of $250 per night rate and a 75% average occupancy, the room revenue would generate $48,590,625. Food and Beverage revenues are estimated to be $32,261,513,

Taxable Revenue Sources
710-room Hotel
The Pointe 2003 Plan

Basis	
Rooms	710
Days	365
Potential Occupancy	259,150
Occupancy	75%
Rate/Night	$250
Total Room Revenue	**$ 48,590,625**
Food/Beverage	**$ 32,261,513**
Total	**$ 80,852,138**

Exhibit 3-2-1

The prototypical food and beverage sales would be generated by the in-hotel restaurants, lounge, banquets and leisure/recreation activities. In this exhibit, sales of food and beverage from the golf course-related facilities are included.

Food & Beverage Sales
710-Room Hotel
The Pointe 2003 Plan

Category	%	Amount
Restaurant	31.3%	$ 10,095,867
Lounge	10.3%	$ 3,332,291
Banquets	58.3%	$ 18,798,992
Leisure/Recreation	0.1%	$ 34,363
Total	**100.0%**	**$ 32,261,513**

Exhibit 3-2-2

Tax Revenue from Hotel Operation

The tax revenue generated by the hotel and food and beverage operations are estimated at $4.2 million. The County transient occupancy tax (TOT) is 8.0% and sales tax 7.75%. All of the TOT remains with the County. Sales tax revenue is shared by the state (85%) and 15% to the County, as shown here:

Tax Calculation
First Year of Operation
710-Room Hotel
The Pointe 2003 Plan

Source	Revenue	Tax Type	Total %	% to County	Total Tax
Rooms	$ 48,590,625	TOT	8.00%	8.00%	$3,887,250
Food/Beverage (1)	$ 32,261,513	Sales	7.75%	1.11%	$ 357,538
Total	**$ 80,852,138**				**$4,244,788**

(1) County receives 14.3% of total sale taxes; balance to state

Exhibit 3-2-3

Based on a multiplier model prepared by the American Lodging and Tourism Association, for each dollar spent at a hotel, there is indirect spending of 2.21. Thus, this 710-room resort hotel would generate spending of more than $178 million, each year.

Hotel Spending Multiplier
710-Room Hotel
The Point 2003 Plan

Dollars Spent at Hotel - Annual	$	100
Multiplier		**2.21**
Total Indirect Spending	$	221
Total Spending	$	321

Total Hotel Revenue	**$**	**80,852,138**
Spending by Hotel Guests	**$**	**178,683,225**

Exhibit 3-2-4

Construction Materials Spending

The construction cost of the hotel is estimated at $300,000 per room. Thus, the total cost of the resort hotel would be $213 million. Of that, approximately 50% would be labor and 50% materials.

In this exhibit, we assume that of the materials purchased, approximately 25% would be spent in the unincorporated area of the County. Of that total, 15% remains with the County.

On that basis, the sales tax revenue on materials purchased over the entire construction period would total almost $300,000.

Note: all construction and related costs are in 2017 dollars.

Sales Tax Revenue
Construction Materials
710-Room Hotel
The Point 2003 Plan

Total Costs	**Per Unit, 1st Quarter 2020**
Total Cost	$213,000,000
Labor %	50.0%
Labor Total	$106,500,000
Materials %	50.0%
Materials Total	$ 106,500,000
Tax Rate	7.75%
Total Sales Tax	**$ 8,253,750**
Est. % of Materials Sales in Unincorporated County	25.0%
Total Sales of Materials in Unincorporated County	$ 2,063,438
% of Sales Tax to County	14.3%
Total Sales Tax Revenue to County	**$ 294,777**
Year 1	**$ 147,388**

Exhibit 3-2-5

School Fees

The La Mesa Spring Valley School District levies $.20 per square foot of buildable square footage. We have calculated the total school fees at $71,000 based on total buildable square footage of 355,000.

School Fees - Development
710-Room Hotel
The Pointe 2003 Plan

Category	Avg.Sq.Ft.
Rooms	710
Avg. Sq.Ft./Room	400
Total Sq.Ft.	284,000.0
Common Area %	25%
Common Area Sq.Ft.	71,000
Total Sq.Ft.	355,000
School Fee/Sq.Ft.	$ 0.20
Total School Fee	$ 71,000

Source: La Mesa Spring Valley School District

Exhibit 3-2-6

Property Taxes

Property taxes are calculated at 1.1% of the total costs of the land and hotel and advanced 2.0% annually. Year 1 (2021) property taxes for the hotel are calculated at $351,450 and for the land in Year 1 (2017) $12,375

Property Taxes - Hotel & Land
710-Room Hotel
The Pointe 2003 Plan

Hotel and Land	Total/Avg.
Hotel (Year 1: 2021)	
Construction Cost of Hotel	213,000,000
Property Tax Rate	1.1%
Property Tax	2,343,000
County Participation	15%
County Tax Revenue	**$ 351,450**
Land (Year 1: 2017)	
Land Value	7,500,000
Property Tax Rate	1.1%
Property Tax	82,500
County Participation	15%
County Tax Revenue	**$ 12,375**

Notes:
Taxes paid in April and November of each year based upon assessed valuations at that time.
Property taxes based on 2017 assessment; includes land for golf course
- Assessed valuations increase 2% in November of each year.

Exhibit 3-2-7

The exhibit on the following page summarizes the total taxes for the hotel from 2017 to 2027.

Exhibit 3-2-8

Transient Occupancy, School Fees, Sales & Property Tax 2017-2027
710-Room Hotel
The Pointe 2003 Plan

Category	Annual Increase	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total
TOT (Room Tax)	3.0%	0	0	0	0	$ 1,943,625	$ 3,887,250	$ 4,003,868	$ 4,123,984	$ 4,247,703	$ 4,375,134	$ 4,506,388	$ 27,087,951
Sales Tax (Food & Beverage)	$ 0	$ -	$ -	$ -	$ -	$ 178,769	$ 184,132	$ 189,656	$ 195,346	$ 201,206	$ 207,242	$ 213,460	$ 1,369,812
Construction Materials Tax	2.0%				$ 147,388	$ 150,336							$ 297,725
Property Tax - Land Only	2.0%	12,375	$ 12,623	$ 12,875	$ 13,132	$ 13,395	$ 13,663	$ 13,936	$ 14,215	$ 14,499	$ 14,789	$ 15,085	$ 150,588
Property Tax - Hotel	2.0%					$ 351,450	$ 358,479	$ 365,649	$ 372,962	$ 380,421	$ 388,029	$ 395,790	$ 2,612,779
School Fees					$ 71,000								
Total - Hotel		**$ 12,375**	**$ 12,623**	**$ 12,875**	**$ 231,521**	**$ 2,637,575**	**$ 4,443,524**	**$ 4,573,108**	**$ 4,706,506**	**$ 4,843,829**	**$ 4,985,195**	**$ 5,130,723**	**$ 31,589,854**

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Restaurants at The Pointe

The Pointe Resort 2003 Plan calls for 36,500 square feet of restaurants. In our analysis, we prepared a prototypical free-standing restaurant like a Black Angus or Souplantation, using a square footage of 7,300 square feet per restaurant with each restaurant sited on a 2.0-acre lot. On that basis, the site would accommodate five restaurants on 10.0 acres.

A full-service restaurant with bar service would typically have a sales volume of $500 per square foot or an annual revenue of $3,650,000, or $18,250,000 for the five restaurants.

The five restaurants would generate 560 jobs including a two times multiplier.

Basic Facts
Free-Standing Restaurants
The Pointe 2003 Plan

	Proposed		
Category	**Prototype Restaurant**	**No. Restaurants**	**Total**
Land			
Land Sq.Ft.	87,120	5.0	435,600
Acres	2	5.0	10.0
Retail Square Feet and Sales Volume			
Retail Square Feet	7,300	5.0	36,500
Sales Per Square Foot	$ 500	$ 500	$ 500
Annual Revenue	**$ 3,650,000**	**$ 2,500**	**$18,250,000**
Full-Time Job Generation	**56**	**5**	**280**
Multiplier (1)			**2**
Total Job Generation			**560**

(1) National Restaurant Association

Exhibit 3-2-9

Approximately one-third of the revenues are expended for food and beverage with another 25-30% expended on labor. Given the projected volume, each restaurant would have a full-time job equivalency of 56 persons.

Projected Expenditures
Prototype Restaurant Cost of Operations
The Pointe 2003 Plan

Annual Sales Volume	%	$3,650,000	No. Restaurants	Total $
Operating Cost Analysis				
Food and Beverage	32.6%	$1,189,900	5	$5,949,500
Labor	27.7%	$1,011,050	5	$5,055,250
Other Restaurant Operating	23.5%	$857,750	5	$4,288,750
Overhead and Other	16.2%	$591,300	5	$2,956,500
Total	**100.0%**	**$3,650,000**	**5**	**$18,250,000**

Exhibit 3-2-10

Sales Tax

Based on an annual sales volume of $18,250,000, the restaurants would generate sales taxes of $1,131,500, 14.3% of which would go to the County, or $161,805 in year 1.

Sales Tax
Free-Standing Restaurants
The Pointe 2003 Plan

	Proposed		
Category	**Prototype Restaurant**	**No. Restaurants**	**Total**
Retail Square Feet and Sales Volume			
Retail Square Feet	7,300	5.0	36,500
Sales Per Square Foot	$ 500	$ 500	$ 500
Annual Revenue	**$ 3,650,000**	**$ 2,500**	**$ 18,250,000**
Sales Tax %			**7.75%**
Total Sales Tax -			**1,414,375**
% to County			**14.3%**
Net Sales Tax to County			**$ 202,256**

(1) National Restaurant Association

Exhibit 3-2-11

Between 2021 and 2027, sales tax revenue to the County would be more than $1.2 million.

Sales Tax
Free-Standing Restaurants
The Pointe 2003 Plan
2021-2027

2021	2022	2023	2024	2025	2026	2027	Total
$ 202,256	$ 206,301	$ 210,427	$ 214,635	$ 218,928	$ 223,307	$ 227,773	**$ 1,503,626**

Exhibit 3-2-12

Property Tax

Including construction, furniture, fixtures and equipment, the five restaurants would cost $11.4 million. Property tax in year 1 would be approximately $18,000, increasing by 2.0% each year.

Property Tax
Free-Standing Restaurants
The Pointe 2003 Plan

Property	Single Restaurant	5 Restaurants
Structures Property Tax Base		
Sq.Ft.	7,500	37,500
Construction Cost/Sq.Ft.	$ 250	250
Total Property Tax Base	$ 1,875,000	9,375,000
Furniture, Fixtures & Equipment		
Per Square Foot	$ 55	55
Total Square Feet	$ 7,500	$ 37,500
Total Cost	$ 412,500	$ 2,062,500
Total Structures & FFE	**$ 2,287,500**	**$ 11,437,500**
Property Tax -Year 1		**$ 125,813**
% Tax to County		**14.3%**
Property Tax To County		**$ 17,991**

Exhibit 3-2-13

Property Tax
Free-Standing Restaurants
The Pointe 2003 Plan
2021-2027

2021	2022	2023	2024	2025	2026	2027	Total
$17,991	$18,351	$18,718	$19,092	$19,474	$19,864	$20,261	**$133,752**

Exhibit 3-2-14

School Fees

School fees are calculated at $.20 per square foot of commercial space. With 36,500 -square feet of restaurant construction, the school fees total $71,000.

School Fees
Free-Standing Restaurants
The Pointe 2003 Plan
2021-2027

Category	2022
Sq.Ft.	$ 37,500
Cost/Sq.Ft.	$ 0.20
Total Fee	$ 7,500

Exhibit 3-2-15

Construction Materials

Taxes are levied on construction materials. In this exhibit, we show that an estimated 25% of the materials purchased for this project would be expended in the unincorporated section of the County.

Sales Tax Revenue
Construction Materials
Free-Standing Restaurants
The Point 2003 Plan

Total Costs	Calculation
Total Cost	$11,437,500
Labor %	50.0%
Labor Total	$5,718,750
Materials %	50.0%
Materials Total	$ 5,718,750
Tax Rate	7.75%
Total Sales Tax	**$ 443,203**
Est. % of Materials Sales in Unincorporated County	25.0%
Total Sales of Materials in Unincorporated County	$ 110,801
% of Sales Tax to County	14.3%
Total Sales Tax Revenue to County	**$ 15,829**

Exhibit 3-2-16

Office Buildings

The Pointe Resort 2003 Plan calls for 358,000 square feet of office buildings. In our analysis, we built out these building over seven years.

Office Building Development Schedule & Rent Levels - Projected
The Point 2003 Plan

Square Feet Total:	**358,000**		
Completion Year	**Sq.Ft.**	**Cum. Sq. Ft.**	**Rent/Sq.Ft./Mo. NNN**
1	50,000	50,000	$ 1.50
2	50,000	100,000	$ 1.55
3	50,000	150,000	$ 1.59
4	50,000	200,000	$ 1.64
5	50,000	250,000	$ 1.69
6	50,000	300,000	$ 1.74
7	58,000	358,000	$ 1.79
Total	**358,000**		

Exhibit 3-2-17

Each building would be two stories and cost $105 per square foot to build including tenant improvement allowances and $10 per square foot for land improvement.

Development ProForma Input Office Buildings The Pointe 2003 Plan	
Item	**Quantity**
Structure Type	2-Story
Time to prepare land:	6 months
Time to Complete each Bldg.:	6 Months
Annual Development	
Total Sq.Ft. Building	50,000
Land to Building Ratio	50.0%
Annual Land Sq.Ft.	100,000
Annual Land Acres	2.30
Annual Sq. Ft.	100,000
Cost Input	
Land Value/Sq.Ft.	$ 15.00
Land Improvement per Sq.Ft.	$10.00
Hard Construction/Sq.Ft.	$70.00
T.I. Allowance/Sq.Ft.	$ 35.00
Soft Costs	20% of Hard Costs

Exhibit 3-2-18

The first buildings would have a total cost of $8.0 million or $160 per square foot. The total construction cost per building would be $6.5 million.

Development Costs Per Structure Year 1 Office Structures The Pointe 2003 Plan	
Item	**Quantity**
Structure Type	1-Story
Time to prepare land:	6 months
Time to Complete each Bldg.:	6 Months
Land	
Annual Land Sq.Ft.	$ 100,000
Value of Land Per Sq.Ft.	$ 15.00
Total Land Value	**$ 1,500,000**
Land Improvement, Building & Soft Costs	
Land Improvement	
Per Square Foot	**$10.00**
Total	1,000,000
Building	
Total Sq.Ft. Building	50,000
Cost/Sq.Ft.	**$70.00**
Total Cost	3,500,000
Tenant Improvement Allowance	
Per Sq. Ft.	**$ 35.00**
Total TI's	1,750,000
Total Cost Per Sq.Ft.	$ 105
Total Building Cost	**5,250,000**
Total Land & Building Improvements	**6,250,000**
% of Land, Improvement & Building	20.0%
Total Soft Costs	**1,250,000**
Improvements & Soft Costs	**6,500,000**
Total Land, Improvement & Building Costs - Year 1	**8,000,000**
Project Cost Per Sq.Ft.	**$ 160**

Exhibit 3-2-19

The total cost of the office buildings would be $48.6 million, after construction cost increases of 2.0% per annum.

Office Building Cost
Office Buildings
The Pointe 2003 Plan

Year	Cost (1)
1	$ 6,500,000
2	$ 6,630,000
3	$ 6,762,600
4	$ 6,897,852
5	$ 7,035,809
6	$ 7,320,056
7	$ 7,466,457
Total	**$ 48,612,774**

(1) includes soft costs and tenant improvements

Exhibit 3-2-20

We based the sale and property tax revenue on this exhibit:

Tax Revenue Basis
Office Buildings
The Pointe 2003 Plan

Type	%	% to County	Total
Sales Tax	7.75%	14.3%	1.11%
Property Tax	1.10%	15.0%	0.165%

Exhibit 3-2-21

Sales tax revenue from construction materials, using the same formula as in the hotel, would be $7,266 for the first building, increasing by 2.0% each year for subsequent buildings and cumulatively.

Sales Tax Revenue - Year 1
Construction Materials
Office Buildings
The Pointe 2003 Plan

Total Costs	**Year 1**
Office Structure (Sq.Ft.)	50,000
Cost/Sq.Ft. (including tenant imrprovements)	$ 105
Total Cost	$5,250,000
Labor %	50.0%
Labor Total	$2,625,000
Materials %	50.0%
Materials Total	$ 2,625,000
Tax Rate	7.75%
Total Sales Per Building	**$ 203,438**
Est. % of Materials Sales in Unincorporated County	25.0%
Total Sales of Materials in Unincorporated County	$ 50,859
% of Sales Tax to County	14.3%
Total Sales Tax Revenue to County Per Building	**$ 7,266**

Exhibit 3-2-22

Cumulatively, the property tax through year 2027 totals $2,173,000, of which 15% goes to the County. Through 2027, the County would receive more than $300,000.

Property Taxes by Year
Office Buildings
The Pointe 2003 Plan

Year	2021	2022	2023	2024	2025	2026	2027	Total
Structure (1)								$ -
1	$ 6,500,000	$ 6,630,000	$ 6,762,600	$ 6,897,852	$ 7,035,809	$ 7,176,525	$ 7,320,056	$ 48,322,842
2		$ 6,630,000	$ 6,762,600	$ 6,897,852	$ 7,035,809	$ 7,176,525	$ 7,320,056	$ 41,822,842
3			$ 6,762,600	$ 6,897,852	$ 7,035,809	$ 7,176,525	$ 7,320,056	$ 35,192,842
4				$ 6,897,852	$ 7,035,809	$ 7,176,525	$ 7,320,056	$ 28,430,242
5					$ 7,035,809	$ 7,176,525	$ 7,320,056	$ 21,532,390
6						$ 7,320,056	$ 7,466,457	$ 14,786,513
7							$ 7,466,457	$ 7,466,457
Total	**$ 6,500,000**	**$ 13,260,000**	**$ 20,287,800**	**$ 27,591,408**	**$ 35,179,045**	**$ 43,202,682**	**$ 51,533,192**	**$ 197,554,127**
Tax Rate	**1.1%**	**1.1%**	**1.1%**	**1.1%**	**1.1%**	**1.1%**	**1.1%**	**1.1%**
Total Tax	**$ 71,500**	**$ 145,860**	**$ 223,166**	**$ 303,505**	**$ 386,969**	**$ 475,230**	**$ 566,865**	**$ 2,173,095**
SD % to County	**15%**	**15%**	**15%**	**15%**	**15%**	**15%**	**15%**	**15%**
Total to County	**$ 10,725**	**$ 21,879**	**$ 33,475**	**$ 45,526**	**$ 58,045**	**$ 71,284**	**$ 85,030**	**$ 325,964**

(1) Structure, Tenant Improvements and Soft Costs

Exhibit 3-2-23

Using the same formula as was used in the hotels, we determined that the tax revenue collected by the County from the office buildings through 2027 would be $390,000.

Materials Sales & Property Tax 2017-2027
Office Buildings
The Pointe 2003 Plan

Category	Annual Increase	2020	2021	2022	2023	2024	2025	2026	2027	Total
Materials Sales Tax	2.0%	$ 7,266	$ 7,411	$ 7,633	$ 7,862	$ 8,098	$ 8,341	$ 8,591	$ 8,849	$ 64,052
Property Tax - Office Buildings	2.0%		$ 10,725	$ 21,879	$ 33,475	$ 45,526	$ 58,045	$ 71,284	$ 85,030	$ 325,964
Total - Office Structures		**$ 7,266**	**$ 18,136**	**$ 29,512**	**$ 41,337**	**$ 53,624**	**$ 66,387**	**$ 79,876**	**$ 93,879**	**$ 390,016**

Exhibit 3-2-24

Schools Fees

School fees total $71,600, based on $.20 per square foot for the 358,000 square feet of office buildings.

School Fees
Office Buildings
The Pointe 2003 Plan

Year	Sq.Ft.	Cost/Sq.Ft.	Total Cost
1	$ 50,000	$ 0.20	$ 10,000
2	$ 50,000	$ 0.20	$ 10,000
3	$ 50,000	$ 0.20	$ 10,000
4	$ 50,000	$ 0.20	$ 10,000
5	$ 50,000	$ 0.20	$ 10,000
6	$ 50,000	$ 0.20	$ 10,000
7	$ 58,000	$ 0.20	$ 11,600
Total	**$ 358,000**	**$ 0.20**	**$ 71,600**

Exhibit 3-2-25

Golf Course

The land occupied by Sweetwater Vistas encompasses one hole of the golf course in The Pointe Resort 2003 Plan. Therefore, we have calculated its tax contributions based on a 1/18th share of the gross revenues.

Project Facts
18-Hole Golf Course
The Pointe 2003 Plan

No. Holes	18
Years to Complete	2
Cost/Hole	$ 750,000
Total Cost	$ 13,500,000
Labor	75%
Equipment and Materials	25%
Cost Allocation	
Labor	$ 10,125,000
Equipment and Materials	$ 3,375,000
Pre-Construction Employment (Design & Architecture)	5.0

Exhibit 3-2-26

On that basis, we calculated sales tax revenue of $519 generated from the purchase of construction materials.

Sales Tax Revenue
Construction Materials
Golf Course Construction
The Pointe 2003 Plan

Total Costs	Amount
Total Cost	$13,500,000
Labor %	75.0%
Labor Total	$10,125,000
Materials %	25.0%
Materials Total	$ 3,375,000
Tax Rate	7.75%
Total Sales Per Unit	**$ 261,563**
Est. % of Materials Sales in Unincorporated County	25.0%
Total Sales of Materials in Unincorporated County	$ 65,391
% of Sales Tax to County	14.3%
Total Sales Tax Revenue to County	**$ 9,342**

Sales Tax Revenue Per Hole	**$ 519**

Note: Land Basis is attributed to hotel

Exhibit 3-2-27

Equestrian Facility

As architectural renderings of the equestrian facility were not available, we prepared a pro forma based on other equestrian facilities we have analyzed elsewhere in the County. In this case, we projected a 50-stall facility.

In this case, we incorporated the land and buildings for the facility in the hotel statistics. In this exhibit, we show typical revenues and expenses for a 50-stall facility.

XPERA GROUP
Construction Experts

Equestrian Facility - 50 Stalls
The Pointe Resort 2003 Plan

Category		Amount
Gross Income		
Board Income		$ 302,425
Credit & Discount Given		$ 24
Miscellaneous Income		$ 38,293
Services		$ 9,480
Total		$ 350,222
Cost of Goods Sold		
Supplements		$ 5,698
Hay		$ 56,195
Stall Bedding		$ 17,132
		$ 79,025
Income after Supplies		**$ 271,198**
Expenses		
Insurance - Auto		$ 704
Auto Reimbursement		$ 283
Uniforms		$ 431
Customer Events		$ 273
Memberships		$ 500
Licenses and Permits		$ 50
Advertising		$ 2,500
Bank Charges		$ 79
Business Promotion		$ 1,500
Commissions & Fees		$ 3,024
Dues & Subscriptions		$ 192
Equipment Rental		$ 38
Insurance		$ 6,283
Meals and Entertainment		$ 8,000
Medical Expense		$ 15,000
Office Expenses		$ 492
Payroll Expenses (2)		$ 90,000
Professional Fees		$ 45,000
Property Taxes Allocated (1)		$ 10,000
Referral Fee		$ 754
Reimbursed Expenses		$ (525)
Repair & Maintenance		$ 15,000
Manager's Salary		$ 50,000
Supplies		$ 5,000
Taxes & Licenses		$ 67
Telephone		$ 1,166
Travel		$ 57
Utilities		$ 6,547
Total Expenses		**$ 262,413**
Net Operating Income		**$ 8,785**

(1) land value included in hotel land valuation
(2) 3 full-time equivalent + manager

Exhibit 3-2-28

Section 3: Job Generation

In Section 3-3 of this report, we determined the job creation of the five businesses in The Pointe Resort 2003 Plan.

An explanation of the model utilized to compute job generation, including the multiplier effect, can be found in the Appendix.

In total, the five businesses will generate more than 10,000 jobs in the 2017-2027 timeframe, more than 2,800 of them on a long-term basis after completion of the projects.

Job Generation Summary
The Pointe 2003 Plan
2017-2027

	Jobs including Multiplier Effect			
Category	**Pre-Development**	**During Development**	**After Completion**	**Total**
710-Room Hotel	22	6,071	870	6,962
Restaurants	5	326	560	891
Office Buildings	11	816	1,439	2,266
Golf Course (2)	1	5	11	17
Equestrian Facilities	1	(1)	4	5
Total	**40**	**7,217**	**2,884**	**10,141**

(1) included in hotel operations
(2) 1/18th of Total

Exhibit 3-3-29

The job generation of each of the five businesses will be described here;

Job Generation – 710-Room Hotel

During the construction of the hotel, a total of more than 6,000 full-time equivalent persons will be employed over the two-year period that it takes to complete the hotel. Once completed, another 600+ will have permanent jobs at the hotel and ongoing operations will create another 260+ jobs. The three exhibits that follow document the job generation for the hotel.

Job Generation Summary
Construction & Design & Hotel Operation
710-Room Hotel
The Pointe 2003 Plan

Phasing:	Pre-Development	During Development	After Completion
Pre-Development			
Architecture & Engineering	**7.6**		
Design- Related	10.6		
Marketing, Legal, etc.	3.8		
Total - Pre-Development	**22.0**		
During Development			
Construction Related		2,024	
Multiplier Effect		4,047	
Total - During Development		**6,071**	
Hotel Operation After Completion			
Hotel Operations			608
Multiplier Effect			261
Total After Completion			**870**
Equestrian Operation			**4**
Total			**4**

(1) included in hotel development

Exhibit 3-3-30

Direct & Indirect Construction Job Generation
710-Room Hotel
The Pointe 2003 Plan

Category	Total Project
No. Rooms	710
Cost/Room (includes common areas)	$ 300,000
Total Construction Dollars	$ 213,000,000
Per Million Dollars	213
Jobs Generated Per Million Dollars	9.5
Total Jobs Generated (1)	**2,024**
Multiplier Factor (2)	**2.0**
Total Multiplier Jobs Created	**4,047**
Total Construction Jobs and Multiplier Induced Jobs	**6,071**

(1) Full-time equivalency through completion of construction report by Dr. Steven Fuller, George Mason University. Excludes indirect jobs and multiplier jobs

(2) Multiplier Factor - U.S. Dept. of Commerce Multiplier Model

Exhibit 3-3-31

Jobs Generated in Hotel
710-Room Hotel
The Pointe 2003 Plan

Category	Total
Multiplier Basis	
Per Every 100 Jobs	100
Produces 43 Indirect Jobs	43
% Indirect	43%
Jobs at Hotel	608
Indirect Jobs	261
Total Jobs Generated	**870**

Source: Oxford Economics,
AHLA Assocation Survey

Exhibit 3-3-32

Job Generation – Free-standing Restaurants

Like the other business models described here, jobs at the restaurant are created during construction and in the operational phases of the business.

The exhibits below show that during the construction phase, a total of 326 full-time equivalency jobs are created. After the business is operational, a total of 560 permanent jobs will have been created.

XPERA GROUP
Construction Experts

Direct & Indirect Construction Job Generation
Free-Standing Restaurants
The Pointe 2003 Plan

Category	Total Project
Total Construction Dollars	$ 11,437,500
Per Million Dollars	11
Jobs Generated Per Million Dollars	9.5
Total Jobs Generated (1)	**109**
Multiplier Factor (2)	**2.0**
Total Multiplier Jobs Created	**217**
Total Construction Jobs and Multiplier Induced Jobs	**326**

(1) Full-time equivalency through completion of construction report by Dr. Steven Fuller, George Mason University. Excludes indirect jobs and multiplier jobs

(2) Multiplier Factor - U.S. Dept. of Commerce Multiplier Model

XPERA GROUP

Exhibit 3-3-33

Basic Facts
Free-Standing Restaurants
The Pointe 2003 Plan

	Proposed		
Category	**Prototype Restaurant**	**No. Restaurants**	**Total**
Land			
Land Sq.Ft.	87,120	5.0	435,600
Acres	2	5.0	10.0
Retail Square Feet and Sales Volume			
Retail Square Feet	7,300	5.0	36,500
Sales Per Square Foot	$ 500	$ 500	$ 500
Annual Revenue	**$ 3,650,000**	**$ 2,500**	**$18,250,000**
Full-Time Job Generation	**56**	**5**	**280**
Multiplier (1)			**2**
Total Job Generation			**560**

(1) National Restaurant Association

Exhibit 3-3-24

Job Creation – Office Buildings

The construction of the office buildings will create more than 800 jobs during the seven-year period in which the seven buildings will be constructed. Once completed, a total of 1,439 persons are anticipated to work in the buildings at a ratio of four persons per 1,000 square feet of office space.

Job Generation Summary
Office Buildings
Pointe Plan

Phasing:	Pre-Development	During Development	After Completion
Pre-Development			
Architecture & Engineering	**3.5**		
Design- Related	5.3		
Marketing, Legal, etc.	1.9		
Total - Pre-Development	**10.7**		
During Development			
Construction Related		272	
Multiplier Effect		544	
Total - During Development		**816**	
After Completion			**1,439**
Employment in Structures			**1,432**
After Completion (Maintenance)			**7**

Exhibit 3-3-35

Direct & Indirect Construction Job Generation
Office Structures
Pointe Plan

Category	Total Project
Total Square Feet	358,000
Cost Per Square Foot (including tenant improvements)	$ 105
Total Construction Dollars	$ 37,590,000
Per Million Dollars	37.6
Jobs Generated Per Million Dollars	9.5
Total Jobs Generated (1)	**357**
Multiplier Factor (2)	**2.0**
Total Multiplier Jobs Created	**714**
Total Construciton Jobs and Multiplier Induced Jobs	**1,071**

(1) Full-time equivalency through completion of construction report by Dr. Steven Fuller, George Mason University. Excludes indirect jobs and multiplier jobs

(2) Multiplier Factor - U.S. Dept. of Commerce Multiplier Model

Exhibit 3-3-36

Job Creation – 18-Hole Golf Course

As noted earlier in this report, only one-hole of the golf course will be on the subject property. As a result, the dollars generated for taxes and for job creation will be minimal. During construction, we have calculated that a total of 16 jobs will be created. In addition, a total of ten jobs (full-time equivalent) will be created during the operation of the course. In addition, some of the food-service jobs at the golf course will be serviced by the hotel.

Direct & Indirect Construction Job Generation
18-Hole Golf Course
The Pointe 2003 Plan

Category	Total Project	1 Hole
Total Construction Dollars	$ 10,125,000	$ 562,500
Per Million Dollars	10.13	$ 10.13
Jobs Generated Per Million Dollars	9.5	0.53
Total Jobs Generated (1)	**96**	**5.3**
Multiplier Factor (2)	**2.0**	**2.0**
Total Multiplier Jobs Created	**192**	**10.7**
Total Construction Jobs and Multiplier Induced Jobs	**289**	**16.0**

(1) Full-time equivalency through completion of construction report by Dr. Steven Fuller, George Mason University. Excludes indirect jobs and multiplier jobs

(2) Multiplier Factor - U.S. Dept. of Commerce Multiplier Model

Exhibit 3-3-37

<<<<<<<<<<<<<<<<<<<<>>>>>>>>>>>>>>>>>>>>

On balance, Sweetwater Vistas will produce a substantial revenue stream for the local government from sales taxes and property taxes and school reimbursements. In addition, the project will provide a substantial number of local jobs, and, importantly, add a much-needed boost to the supply of labor force sale "work force" housing in the County.

Theoretically, the benefits of the Pointe Resort 2003 Plan far outweighs the job generation and tax revenues of Sweetwater Vistas, but from the point of realism, The Pointe Resort 2003 Plan could never have been consummated.

We stand ready to respond to your inquiries about the findings of this report.

Respectfully submitted,

Alan Nevin
Director, Economic Research
Xpera Group

Appendix

Detail Exhibits

Exhibit A-1

Sale of Construction Materials and Tax Revenue
Sweetwater Vistas
Spring Valley CA

Area:	Total	2020 1Q	2020 2Q	2020 3Q	2020 4Q	2021 1Q	2021 2Q	2021 3Q	2021 4Q	2022 1Q	2022 2Q	2022 3Q	2022 4Q
Lot 1	78	10	8	6	6	6	6	6	6	6	6	6	6
Lot 2	65		8	6	6	6	6	6	5	5	5	5	5
Lot 3	75			10	10	10	8	7	6	6	6	6	6
Lots 1,2,3,	218	10	16	24	22	22	20	19	17	17	17	17	17
Materials Cost Per Unit		$ 100,000											
Total	$ 18,423,728	$ 1,000,000	$1,075,000	$1,155,625	$1,242,297	$1,335,469	$1,435,629	$1,543,302	$1,659,049	$1,783,478	$1,917,239	$2,061,032	$2,215,609
% to County Per Sale	0.28%												
Total Tax Revenue from Sale of Construction Mats	$ 50,994	$ 2,768	$ 2,976	$ 3,199	$ 3,439	$ 3,696	$ 3,974	$ 4,272	$ 4,592	$ 4,938	$ 5,307	$ 5,705	$ 6,132

Exhibit A-2

Total Expenditure on Construction
Sweetwater Vistas
Spring Valley CA

		2020				2021				2022			
Area:	Total	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Lot 1	78	10	8	6	6	6	6	6	6	6	6	6	6
Lot 2	65		8	8	6	6	6	6	5	5	5	5	5
Lot 3	75			10	10	10	8	7	6	6	6	6	6
Lots 1,2,3,	**218**	**10**	**16**	**24**	**22**	**22**	**20**	**19**	**17**	**17**	**17**	**17**	**17**
Total Construction Dollars		$ 200,000											
Total	**$36,847,456**	$2,000,000	$2,150,000	$2,311,250	$2,484,594	$2,670,938	$2,871,259	$3,086,603	$3,318,098	$3,566,956	$3,834,477	$4,122,063	$4,431,218

Exhibit A-3

Development, Exaction & Permit Fees Sweetwater Vistas						
Units	218		218		218	
	Developer Fee		Builder Fee		Total Fees	
Category	**Per Unit**	**Total**	**Per Unit**	**Total**	**Per Unit**	**Total**
General Fees						
School Fees	$ 3,273	$ 713,616			$ 3,273	$ 713,616
Environmental Endowment Fee		$ 700,000			$ 3,211	$ 700,000
SD County Sanitation District		$ 486,016			$ 2,229	$ 486,016
Sweetwater Authority Runoff Protection		$ 164,414			$ 754	$ 164,414
San Miguel Fire Prevention District		$ 276,007			$ 1,266	$ 276,007
Traffic Impact Fee		$ 743,162			$ 3,409	$ 743,162
Fish & Wildlife Fee		$ 2,266			$ 10	$ 2,266
Drainage Fee		$ 220,059			$ 1,009	$ 220,059
SD County Water Auithority		$ 495,078			$ 2,271	$ 495,078
Park Fees		$1,333,942			$ 6,119	$1,333,942
Otay Water District		$1,444,333			$ 6,625	$1,444,333
Land Development Deposits & Fees		$ 317,660			$ 1,457	$ 317,660
Total General Fees					**$31,636**	**$6,896,553**
Plan Check, Bldg. Permits, Inspection & Reviews						
Plan Check for All Buildings				**$ 12,331**	**$ 57**	**$ 12,331**
Building Permits						
Building Permit				$295,252	$ 1,354	$ 295,252
Bldg. Permit - Swimming Pool				$ 1,770	$ 8	$ 1,770
Rec Ctr. Bldg. Permit				$ 4,168	$ 19	$ 4,168
Plumbing Permit Fee				$ 53,846	$ 247	$ 53,846
Electrical Permit Fee				$ 53,846	$ 247	$ 53,846
Mechanical Fee				$ 53,846	$ 247	$ 53,846
Total Building Permits				**$462,728**	**$ 2,123**	**$ 462,728**
					$ -	
Inspection & Reviews					$ -	
Disabled Access Plan Review				$ 1,233	$ 6	$ 1,233
Disabled Access Inspection				$ 29,525	$ 135	$ 29,525
Swimming Pool Review				$ 507	$ 2	$ 507
Rec Ctr. Plan Review				$ 1,878	$ 9	$ 1,878
State Energy Regs. Inspection				$ 1,131	$ 5	$ 1,131
Strong Motion Instrumentation Pgm. Fee				$ 36,778	$ 169	$ 36,778
Total Inspection & Reviews				**$ 71,052**	**$ 326**	**$ 71,052**
					$ -	
Total - Plan Check, Bldg. Permits, Inspection & Reviews				**$546,111**	**$ 2,505**	**$ 546,111**
Total All Units					**$34,141**	**$7,442,664**

Source: J.T. Kruer & Co. & Douglas Wilson Companies

A-4

School Accountability Report Cards - Comparison Spring Valley and Otay Ranch

Schools	% Socio-Economically Disadvantaged	% Meeting or Exceeding State Standards	
		English	Math
Elementary Schools			
Sweetwater Springs Elem. School - Spring Valley	62%	53%	34%
Corky McMilin - Otay Ranch	23%	72%	61%
High School			
Monte Vista - Spring Valley	77%	54%	32%
Olympian High School - Otay Ranch	29%	84%	49%

Tax Model Technical Explanation
Sweetwater Vistas & The Pointe Resort 2003 Plan
Fiscal Analysis

This serves as a detailed explanation as to the components and methodologies used to create the property tax and sales tax models for the report.
The model has a 10-year duration. It is assumed that the project would have its first units completed and sold (closed escrow) in first quarter 2020.

Model Assumptions

Sales Tax
The sales tax was calculated for three sources: new construction (tax on materials), retail sales, and purchases by the homeowners of the condominiums. Tables detailing the analyses of these three tax sources are included in the report.

Property Tax

The model assumptions were based on a combination of factual input and projected estimated rates. The property tax increase rate of 2% is the maximum property tax increase under California Proposition 13 law. The Property tax rate is the fixed percentage rate for the property as determined by the San Diego County Assessor. The annual market value increase of 3% is a forecast estimate, based on the approximate mean increase in property values throughout history. The current taxes on the property were obtained from the County Assessor.
The property tax for the condominiums is calculated as part of the price of the units. The current property taxes are actual and reduced on a per unit basis as units are sold.

The resale turnover rate of one unit every seven years is a forecasted number meant to identify a reasonable amount of inventory turnover over the series of annual cash flows. The actual rate of resale is highly influenced by mortgage interest rates and underwriting requirements, the general health of the housing market and the local economy.

The most difficult variable to assess is the forecasted number of residential units sold per year (the velocity of initial sales) and the resale turnover inventory and associated assumptions. The sales and closing pace calculation is based on our best judgement as the recent production of similar units has been negligible in

past years. Currently, there is some new inventory in Otay Ranch and we have used that for pricing comparison. The pace of sales is our estimate based on our projection of economic stability in the County.

Transient Occupancy Tax

Hotel guests in unincorporated San Diego County pay 8.0% on their daily room rate. The unincorporated area of the County accounts for less than 2.0% of total TOT collected in the County.

Condominium Unit Sales and Turnover

A model was created to include the ownership and assessed value of each property throughout the lifespan of the model. Builder sell-out was projected at three years. During those three years, a value appreciation of 3% annually was calculated.

Thereafter, a turnover of one unit per quarter was calculated using a modified 'first in first out' (FIFO) concept. In the model, those who were first to buy were the first to sell their units. As the units were gradually resold, the reassessed value from the resale was applied (3% annual increases) to the new property tax base.

Multiplier Effect

IMPLAN, the fiscal impact model produced by the U.S. Department of Commerce, estimates the total economic impact from various sources (like construction and hotel operations) By breaking the economy into several hundred constituent parts, IMPLAN can estimate how a change in demand in one sector causes a cascading series of changes in others. It then aggregates those changes into estimations of changes in employment, output and tax revenue.

IMPLAN also distinguishes between direct and indirect impacts. Direct impacts can be thought of as the immediate production changes associated with the initial change in demand. The immediate economic consequence for employment at a hotel when someone pays their bill is an example of a direct economic effect.

Indirect effects are the result of changes in supply chains as businesses react to changes in demand. Once the initial change in demand is felt, the suppliers of the first business are asked to provide additional supplies and services. In turn, they themselves purchase goods and services and these changes continue to create other changes in demand, similar to how a pebble dropped in a pond causes a series of ripples to spread out.

DATA SOURCES

The following sources of data were utilized in the report. Typically, the sources are noted on each table and graph. All market data for the condominiums was acquired from an independent research firm and is current through April 1 2017.

Statistical information on the existing and projected construction costs was obtained from the developer and from Xpera's in-house estimating and financial services department.

Other data was obtained from the San Diego County Tax Assessor, Board of Equalization, La Mesa Spring Valley School District and other public sources.

Legend of Exhibits
Sweetwater Vistas & The Pointe Resort

Exhibit	Title
Introduction	
Intro 1	Project Description - Sweetwater Vistas and The Pointe 2003 Plan
Intro 2	Residential Units Permitted
Intro 3	Median Home Prices - San Diego County
Section 1: Study Findings	
1-1-1	Comparison of Vistas and The Pointe
Section 2: Sweetwater Vistas Fiscal Impact and Job Generation	
2-Intro-1	Aerial Photo
2-Intro 2	Current Project Information
2-Intro-3	Sweetwater Vistas Plan
Section 2-1 Executive Summary	
2-1-1	Summary of Study Findings
Section 2-2 Sweetwater Vistas Development Program	
2-2-1	Proposed Development Schedule - Sweetwater Vistas
2-2-2	Townhome Projects Description
2-2-3	Projected Pricing - Sweetwater Vistas
2-2-4	New Homes for Sale
2-2-5	Condominium Resales
Section 2-3 Fiscal/Economic Impact Findings	
2-3-1	Approval Timing
2-3-2	Model Input
2-3-3	Buyers Qualifying Income
2-3-4	Annual Sales Tax Revenue Generated by Homeowners
2-3-5	Tax Revenue Per Unit
2-3-6	School Reimbursement
2-3-7	Development, Exaction & Permit Fees
2-3-8	Per Unit Development Costs
2-3-9	Sales Tax Revenue
2-3-10	Property Taxes
Section 2-4 Job Generation - Sweetwater Vistas	
2-4-1	Job Generation Summary
2-4-2	Estimated Job Generation, PreConstruction Services
2-4-3	Consulting & Services Costs - Pre-Construction
2-4-4	Direct & Indirect Construction Job Generation
2-4-5	Jobs Created On-Site

Section 3 The Pointe Resort 2003 Plan	
3-1-1	**Project Description**
Section 3-1: Executive Summary	
3-1-2	Job Generation Summary
3-1-3	Summary of Study Findings
Section 3-2: Fiscal Impact	
3-2-1	Taxable Revenue Sources
3-2-2	Food & Beverage Sales
3-2-3	Tax Calculation
3-2-4	Hotel Spending Multiplier
3-2-5	Sales Tax Revenue
3-2-6	School Fees
3-2-7	Property Taxes
3-2-8	TOT
3-2-9	Basic Facts, Free-Standing Restaurants
3-2-10	Projected Expenditures
3-2-11	**Sales Tax - Free-Standing Restaurants**
3-2-12	Sales Tax 2021-2027
3-2-13	Property Taxes
3-2-14	Property Taxes - 2021-2027
3-2-15	School Fees
3-2-16	Sales Tax Revenue
3-2-17	**Office Buildings Development Schedule**
3-2-18	Development ProForma Input
3-2-19	Development Costs per Structure
3-2-20	Office Building Cost
3-2-21	Tax Revenue Basis
3-2-22	Sales Tax Revenue - Year 1
3-2-23	Property Taxes
3-2-24	Materials Sales & Property Tax
3-2-25	School Fees
3-2-26	**Project Facts Golf Course**
3-2-27	Sales Tax Revenue
3-2-28	**Equestrian Facility**
Section 3-3 Job Generation	
3-3-29	Job Generation Summary
3-3-30	**Job Generation Summary - Hotel**
3-3-31	Direct & Indirect Construction Job Generation
3-3-32	Jobs Generated in Hotel
3-3-33	**Jobs Generated in - Free-Standing Restaurants**
3-3-34	Basic Facts
3-3-35	**Job Generation Summary - Office Buildings**
3-3-36	Direct & Indirect Construction Job Generation
3-3-37	**Direct & Indirect Construction Job Generation - Golf Course**
Appendix	
A-1	Sale of Construction Materials - Sweetwater Vistas
A-2	Total Expenditures on Construction- Sweetwater Vistas
A-3	Development Exactions & Permit Fees - Sweetwater Vistas
A-4	Comparison of School Districts - Spring Valley & Otay Ranch

Disclaimer

Although the results, conclusions and recommendations contained within this consultant's report are based upon a thorough review and analysis of current competitive market conditions and the expertise of the author, Consultant does not in any way represent, warrant or guarantee that any reported results will be achieved as a result of various reasons, including but not limited to the sensitivity to ever-fluctuating market conditions and the efficiency of a Client and its representatives, agent, employees, successors and assigns.