

**CITY OF OXNARD
ASSESSMENT DISTRICT NO. 2000-1
(OXNARD BOULEVARD/HIGHWAY 101 INTERCHANGE)**

ASSESSMENT ENGINEER'S REPORT

APPENDIX B

A. Background

The law requires that assessments levied pursuant to Public Financing Acts be based on the benefit the properties receive from the improvement. However, the law does not specify the method or formula that should be used to apportion the assessments in a Special Assessment District, Community Facilities District, or Integrated Financing District proceedings. Therefore, it is necessary to identify the special benefit that the improvements will render to the properties. It is also necessary that the properties receive a direct and special benefit as distinguished from benefit to the general public.

The responsibility to determine and calculate the direct and special benefit rests with the Assessment Engineer who is appointed for the purpose of analyzing the facts and determining the method or formula for apportionment of the assessment obligation to the benefited properties. For these proceedings, the firm of Penfield & Smith has been retained to provide the preliminary assessment engineering. (See attached exhibit under Appendix "D" for a Statement of Qualifications and Experience).

The Assessment Engineer makes his or her recommendation at the public hearings on both the Integrated Financing District and the Assessment District, and the final authority and action rests with the City Council after hearing all testimony and evidence presented at the public hearings. Upon conclusion of the public hearings, the City Council must take the final action in determining whether or not the assessment spread has been made in direct proportion to the benefit received. In the case of a Community Facility District, a Special Tax Consultant will prepare the apportionment formulas, however the methodology of assessment will be consistent for all three Financing Districts.

B. Project Need

Successful and orderly development of the residential, commercial, and industrial properties within the proposed Financing Districts boundaries requires the construction of certain public facilities to service these properties. Such development must also mitigate the resulting negative impacts caused by such development on adjacent properties. Construction of the Oxnard Blvd. Interchange improvements will provide that level of improvements necessary to allow for the successful and orderly development or redevelopment of the property within the Financing Districts and to mitigate the negative traffic impact on the existing Interchange which has resulted from development within the Financing Districts (particularly since 1985) and which will result from future development or redevelopment within the Financing Districts.

Prior to 1985, freeway interchanges were the financial responsibility of Caltrans and were built to accommodate development. In 1985, Caltrans modified the prior policy and determined that the financing and construction of these types of interchange improvements are the responsibility of local agencies. Since 1985, the City of Oxnard has conditioned new development to participate in financing the proposed U.S. 101 Freeway corridor improvements. All new and proposed subdivisions and development within the proposed Financing Districts have been specifically conditioned to participate in the financing of the U.S. 101 corridor improvements, which includes the Oxnard Blvd. Interchange.

Over the years, various traffic engineering techniques and additional street widening projects have been implemented to improve capacity and traffic flow at the U.S. 101 interchanges. However, even with these improvements, the interchanges especially Oxnard Blvd., are subject to heavy congestion during peak hours.

Traffic circulation and easily accessible freeway access have long been identified by the City as key issues in the development of the properties located both north and south of Highway 101 between the Santa Clara River and the Vineyard Avenue interchange.

C. Criteria for Type of Financing District

The City of Oxnard is considering the use of three types of Land-Secured Financing Districts:

1. Community Facilities District;
2. Assessment District; and
3. Integrated Financing District.

The first two options will only be used for properties which now lie within the City limits. In general, a Community Facilities District will be used in areas which have fewer than 12 registered voters. This allows the actual property owners to vote on this Special Tax District and does require a two-thirds majority vote (weighed by parcel acreage), to approve the levy of special taxes and issuances of bonds. The Community Facilities District will allow greater flexibility in the setting of the tax rates. However it is important to note that the special tax for each existing parcel included in the District will have a maximum rate set which cannot be exceeded, and the methodology of levying the initial taxes will be comparable to the methods used in the Proposed Assessment District and Integrated Financing District.

The Assessment District will also require a vote of the property owners, but this election will be weighed by the value of the financial obligation or amount of the assessment. In an Assessment District a simple majority is needed to authorize the levy of assessments, and again, the property owners are allowed to vote in a special mailed ballot election. Assessments will be set with a maximum amount applied to each parcel within the District. Assessments are levied based on the Special Benefits received per the methodology of assessment discussed herein.

The Integrated Financing District consists primarily of all benefiting lands which are not within the City limits. There are several exceptions to this rule. There are two home sites now lying within agricultural properties which are partially outside the city limits and one strip property

along Ventura Road which is actually part of a much larger agricultural property which also lies outside of the city limits. The assessment procedure and voting requirements are similar to an assessment district with the exception that the properties are not actually assessed until they are developed and annexed into the City. Contributions from these parcels will be advanced by the City, and the City will be reimbursed when the parcels develop.

D. Boundaries for the Various Financing Districts

The boundaries shown on the attached figures were established to encompass those properties, which are specially benefited by the proposed Oxnard Blvd. Interchange improvements.

Many existing properties were approved for development with participation in the U.S. 101 Corridor improvements, including a new Oxnard Blvd. interchange, required as a condition to develop. These developments represent a significant portion of the property within the Assessment District boundary that requires the construction of these improvements to either develop their property or satisfy their pre-existing development conditions.

The City's traffic model, which identifies traffic circulation patterns for the entire City, was used to determine those properties which receive a significant direct and special benefit from the proposed Oxnard Blvd. Interchange improvements and should consequently be included in the one of the proposed Financing Districts. The traffic model analysis for the proposed Financing District shows that at least 65 percent of the anticipated PM peak traffic using the proposed Interchange will be oriented to or from the proposed Financing Districts properties. The traffic model concludes that the properties within the proposed Financing Districts boundaries will be the primary users of the new Oxnard Blvd. Interchange. All traffic model analyses are based on Year 2020 General Plan buildout.

The boundaries of the Assessment District include all of those properties within the Integrated Financing District with the exception of those properties located in unincorporated pockets and subject to future annexation to the City in order to develop.

The properties within the Assessment District are proposed to be subject to the levy of an assessment pursuant to the Improvement Act. Such an assessment, if not prepaid by the property owner, shall be payable over a period of years in annual installments plus interest in order to pay debt service on limited obligation improvement bonds to be issued by the City. The properties within the Integrated Financing District, but not also located in the Assessment District, are proposed to be subject to the levy of a contingent assessment pursuant to the Integrated Financing District Act. Such contingent assessment shall become due and payable upon the occurrence of the "trigger" events described in the section following entitled Contingent Assessments.

E. Specific Benefit

The Works of Improvement proposed herein specifically benefit the properties within the proposed Financing Districts by providing improved traffic circulation, within the proposed Financing Districts and improved freeway ingress and egress at Oxnard Blvd., compliance with EIR mitigation measures, freeway visibility and exposure, and emergency vehicle access. In addition, since 1985, the City has conditioned development within the Proposed Financing Districts to participate in the formation of an assessment district to finance the construction of the freeway interchanges and other associated improvements. The properties within the proposed Financing Districts will, therefore, receive a direct and special benefit from the construction of the Oxnard Blvd. Interchange. Improvements will now have satisfied that pre-existing condition and properties, which have not yet been so conditioned, will not have this requirement imposed as a condition of the future development of their property.

A significant portion of the properties within the proposed Financing Districts boundaries have developed or may only develop on the condition that the freeway interchange improvements are constructed. These conditioned properties represent a significant portion of the property within the proposed Financing Districts boundaries that must have these freeway improvements built to either develop their property or satisfy their conditions of development. This is a significant specific benefit. As stated in the Municipal Improvement Act of 1913, the Act governing assessment districts,

"...the legislative body may presume that facilities which are required to meet the needs of future residents of an area, as indicated by a general or specific plan of the area, will benefit undeveloped and underdeveloped property within the area. If the legislative body adopts the report, that presumption shall be conclusive." Streets and Highways - Code, Section 10204.5."

As Assessment Engineer, Penfield & Smith reviewed the conditioned properties and the proposed improvements and concluded that neighboring properties that had not received a conditions also benefit from the improvements. Both the conditioned properties and non-conditioned properties benefit from the reduction in traffic congestion, increased bridge capacity, freeway visibility and exposure and especially from enhanced freeway access. The construction of the Oxnard Blvd. Interchange is a mitigation measure identified in environmental documents related to properties in the Proposed Financing Districts boundaries.

In addition to being the primary users of the proposed improvements, properties within the proposed Financing Districts receive the following specific benefits from the usage of the proposed works of improvement:

- a. Property will be more marketable.
- b. The Oxnard Blvd. Interchange is centrally located providing the specific benefit of freeway access and improved traffic circulation to the area.

- c. As to properties which were approved for development, this project discharges certain legal obligation with regard to the conditions and mitigation placed on such parcels.
- d. The project allows for the continued and orderly development of the Oxnard Town Center area and other properties located southerly of the Highway 101.
- e. Increased capacity for the Oxnard Blvd. Interchange relieves existing congestion at the adjacent street intersection; as well as improves traffic flow across the freeway in a north-south direction.

There are specific benefits to properties within the proposed Financing Districts that other users of the proposed improvements will not have and these specific benefits should be considered when deciding public participation for general use of these interchanges. Other users of the Oxnard Blvd. Interchange will not receive the specific benefits that the property owners in the proposed Financing Districts boundary receive. Only the properties in the proposed Financing Districts boundary benefit from the improved freeway access, freeway visibility and exposure, the ability to develop or comply with development conditions, and the reduction in traffic congestion on adjacent city streets.

F. Method of Assessment

With establishment of the Integrated Financing District, Community Facilities District, and the Assessment District Boundary and the determination of the specific benefit to these properties within these boundaries, the assessment to individual properties must be determined. The proposed Financing Districts contain approximately 1,106 *assessable acres* of commercial, industrial and residential property. The area within the Integrated Financing District includes approximately 440 *assessable acres of commercial, industrial and residential uses*. The approximate *assessable area* within the Assessment District is 227 acres. The area within the proposed Community Facilities District is approximately 439 acres.

The method of assessment to distribute the cost between commercial, industrial and residential properties is based on the permissible land use, as determined by the General Plan or Specific Plan if applicable, relative trip generation characteristics, the city's traffic model, floor area to parcel area ratios, and the gross area of the parcel. The assessment for the nonresidential uses have been based on an average floor ratio ("FAR"), compiled from both existing and proposed developments within the City and within Integrated District boundary.

The proposed assessments are related to the degree with which developments benefit from the proposed improvements based on the number of P.M. peak hour trips generated by the various developments. Without the additional improvements, current traffic data suggests there would be insufficient traffic capacity to permit the approval of additional development or to adequately handle the traffic generated from conditional development occurring since 1985. To make the assessments equitable between the funding participants, the assessments are based on the proportions share or use of the improvements. Traffic congestion primarily occurs during the peak hours. Use in this case has been defined as the number of PM peak hour trips generated by

a development, since this is considered to be the most equitable and practical basis of measure. Capacity and width of the freeway overpass is based on the peak hour volumes.

The peak hour trip generation factors are determined by the Institute of Transportation Engineers (ITE), and incorporated herein by this reference. The ITE Trip Generation Manual is a nationally recognized reference used by traffic and transportation planners and engineers. The ITE has compiled average trip generation figures for various types of development, including single family units, condominiums, apartments, as well as different types of industrial and commercial uses. The current edition of the manual has more than 120 land use categories. The ITE trip factors were also used in the preparation of the City's traffic model. The trip factors are then modified to match traffic counts and studies used to calibrate the traffic model.

Trip generations were estimated based on the twelve land use designations found within the Assessment District boundary consistent with the City's Traffic Circulation Facilities Fee. Residential properties are assessed on a per dwelling unit (du) basis. The remaining land use categories are based upon the Parcel Area expressed in acres. Trip generation factors for land use designation other than residential are expressed in terms of trips per 1,000 square feet (tsf) of floor area. Because parcel area is expressed in acres and PM Peak Factor is trips per 1,000 square feet (tsf), a units correction factor of 43.56 is used in the calculations. The land use categories PM peak trip generation factors and the building floor to parcel area ratio, (FAR) used to determine benefit and allocation of the cost are listed below:

<u>LAND USE DESIGNATION</u>	<u>FAR</u>	<u>PM PEAK FACTOR</u>
Single Family Residential, (R-1),	N/A	1.01
Condominiums (R-2)	N/A	0.55
Apartments (R-3)	N/A	0.63
Mixed Land use (MX)	N/A	N/A
General Commercial (C-2)	0.25	3.75
Auto Center (C-2-AU),	0.15	2.44
General Office (C-O)	0.30	2.24
Medical Office (C-O)	0.30	4.46
Hospital	N/A	1.45
Research & Development (BRP)	0.35	1.48
Light Industrial (M-1,M-L),	0.40	0.98
Heavy Industrial (M-2,M-3)	0.50	0.68

Using the above-described parameters, the resulting formula to calculate the proposed assessment for each parcel is:

Assessment = (Parcel Area) (FAR) (Trip Generation Factor) (Total Cost/Total Trips) – credit

State law requires the benefit to a property be determined and a reasonable assumption must be made with respect to undeveloped or under-utilized property in estimating benefit when determining an assessment. The assessment cannot be based on existing use because a substantial number of the properties with the boundary are not developed. In addition, the developed properties in the commercial and industrial areas can change ownership or tenants at any time which could change their "existing" use. As a result, a change in ownership or tenants of a parcel can result in an entirely different use of the parcel. In addition, assessment liens are fixed and cannot be revised or altered each year. An alternative method of assessment that assumes a development buildout timeline will only result in assessment subsidies to properties that develop earlier than anticipated.

Assessment benefit is measured in terms of land area, Specific Plan designation and General Plan designation, not property owners or tenants. Therefore, in developing an assessment methodology, the assessment engineer must determine the benefit the land receives from the improvement in spite of the current ownership unless the ownership has a deed resulting in a restricted use of the parcel. Therefore, an equivalency must be established between the possible highest and best uses in the District, namely, the previously mentioned twelve land use designation.

G. Individual Agreements & Specific Projects

The City has previously established Development Agreements with many of the Parcels within the Proposed Financing Districts. Developments that have signed agreements to participate in the financing of future regional transportation improvements include the following:

- Oxnard Town Center (River Park).
- Third Financial Tower & Starbucks.
- Harborside Commercial (NE Quadrant- Gonzales & Oxnard Blvd.).

In addition many of the other properties within the proposed District Boundaries have discussed pending projects with City staff and are aware of the need for the financing of Regional Improvements financing. These projects include:

- Oxnard River Ridge Golf Course Expansion and Commercial Development along Ventura Road.
- GTE Development along Gonzales Road.
- Redevelopment of the Wagon Wheel Area.
- Redevelopment of the Esplanade Shopping Mall.

H. Contingent Assessments

The properties within the Integrated Financing District but not within the Assessment District do, for the reasons stated above receive a direct and special benefit from the proposed Oxnard Blvd. Interchange improvements. A significant portion of such direct and special benefit, i.e.,

improved traffic circulation and freeway ingress and egress, increased marketability and avoidance of the imposition of a predevelopment requirement to participate in the financing of the freeway interchange improvements, will not be realized by such properties until such time as they annex to the City, or convert from agricultural use and develop. To impose current assessments on such properties and require the current payment of annual assessment installments would impose a current financial obligation on such properties disproportionate to both the direct and special benefit which can be currently realized by such properties and the income which may be realized from such properties from their current agricultural use. In recognition of these facts, it is proposed that the share of the cost of the construction of the Oxnard Blvd. Interchange improvements which is allocable to these properties will be contributed by the City subject to reimbursement from the proceeds of contingent assessments to be payable when such properties actually realize the full direct and special benefit from the improvements. Therefore, it is proposed that such properties be subject to the levy of a contingent assessment pursuant to the Integrated Financing District Act.

The contingent assessment levied against any parcel shall be contingent upon the development of such parcel and shall be due and payable upon annexation of the property to the City and receipt of a building permit to permit development of such parcel.

In the event that a parcel subject to a contingent assessment is subdivided prior to the payment of the contingent assessment, the contingent assessment shall be reapportioned among the parcel created by such subdivision in accordance with the provisions of the section below entitled.

APPORTIONMENT

In the event that a building permit is issued to permit development of a portion of a parcel subject to a contingent assessment, only that portion of the contingent assessment allocable to the building or structure to be constructed pursuant to such building permit shall be payable upon receipt of such building permit. The remainder of the contingent assessment shall remain as a contingent lien payable in accordance with the provisions of the Final Engineer's Report.

I. Apportionment

Upon determination of the total assessment for each land use, further apportionment is required to apply an assessment to each parcel in the Integrated Financing District. Since all properties will be afforded an equal opportunity to access the improvements, acreage and dwelling units are an appropriate means of apportioning the assessment after land use benefit (single-family residential, condominiums, and apartments) has been addressed. Commercial and industrial properties will be apportioned based on acreage, and residential properties will be apportioned first based on the acreage associated with each final tract, and then based on the number of dwelling units within the tract.

J. Public Contribution

The properties within the proposed Financing Districts boundaries are the primary direct and special benefits of the proposed ramps. Nevertheless, the properties within the proposed

Financing Districts will generate only 65.0 percent of the traffic which will use the Oxnard Blvd. Interchange improvements during PM peak hours. It is clear, therefore, that there is a substantial general benefit received by the remainder of the City and by unincorporated areas of the County not included in the proposal Financing Districts. In recognition of a general public benefit component of the improvements, the City will contribute to the project in the amount of \$8,225,000. In addition City-owned properties within the proposed Assessment District will have approximate assessments of \$387,854 (prior to financing costs).

Prior to 1985, the Oxnard Blvd. Interchange had an acceptable Level of Service. Because the existing Interchange was considered adequate prior to 1985 the City is given a credit of capacity in the existing bridge overcrossing and remedial improvements.

K. Credits, Exemptions & Non Assessable Parcels

It has been determined that residences and Commercial/Industrial developments that were constructed prior to the deficiency in Regional Transportation Facilities will not be included in the Financing Districts. There are several properties along Oxnard Blvd., which will be redeveloped. However, the original business had already been assessed for traffic improvements and will not be responsible for funding the Oxnard Blvd. Interchange unless the redeveloped properties produce more peak hour trips than what had been generated from the original business.

School properties have been exempted from all financing districts based on the assumption that students would be traveling locally and would not be utilizing the Interchange as part of their school related activities. If new housing projects are proposed, they will generate these same students; and will thus pay the Interchange costs as part of the residential housing assessments. If a school facility parcel is converted into a non-educational facility, or somehow generates regional peak hour trips, then it would be expected to participate in the funding of the Oxnard Blvd. Interchange via other fees or programs.

Property that currently is prohibited from development does not benefit from the improvements proposed in the Financing Districts. Therefore, properties owned, conveyed or offered for dedication to a public agency, owned by a public utility for use as an unmanned facility, owned or determined by the City to be unsuitable for private development are not assessed.

L. Project Incidental, General Incidental, and Bond Issuance Cost

Project Incidental expenses and General Incidental expenses are allocated to all assessable parcels in the proposed Financing Districts based on their proportionate share of the Works of Improvement cost. Bond issuance costs related to the limited obligation improvement bonds proposed to be issued for the Assessment District are allocated only to parcels within the Assessment District.

Similarly, estimated financing costs related to the contingent assessments, are allocated only to parcels against which contingent assessments are levied. It is the City's present intention to advance the full amount of these contingent assessments from its own resources which may be borrowed. Estimated financing costs related to any proposed City financing to advance the funds

for the improvements represented by the contingent assessments are calculated in the same manner as the actual funding costs relating to the non-contingent assessments. The City's actual costs may vary from these estimates, but no change in assessment will result from such variance.

M. Right-of-Way Acquisition

Construction of the improvements will require the acquisition of various properties on both the north and south sides of Highway 101. Property acquisitions costs will be included in the Financing District and appropriate credits may be applied to the properties if there is a loss of trip generation. At this time it is our understanding that the trip generations indicated in the assessment and special tax levy tables reflect the proposed right-of-way acquisitions.

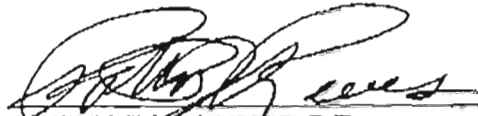
N. Conclusion

In conclusion, it is my opinion that:

1. Only those parcels which will have a special benefit conferred upon them from the Improvements will be assessed;
2. The proportionate special benefit derived from each assessed parcel was determined in relationship to the entirety of the capital costs of the Improvements;
3. No assessment has been imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on such parcel; and
4. The general benefits from the Improvements have been separated from the special benefits and only special benefits have been assessed.

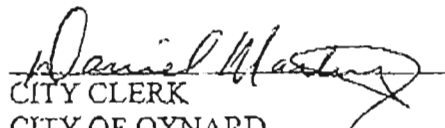
DATED: December 6, 2000.

PENFIELD & SMITH



PATRICK J. REEVES, P.E.
ASSESSMENT DISTRICT NO. 2000-1
(OXNARD BOULEVARD/HIGHWAY 101
INTERCHANGE)
CITY OF OXNARD
COUNTY OF VENTURA
STATE OF CALIFORNIA

I, Daniel Martinez, CITY CLERK of the CITY OF OXNARD, CALIFORNIA, do hereby certify that the foregoing Assessment, together with the Diagram attached thereto, was filed in my office on the 13th day of December, 2000.



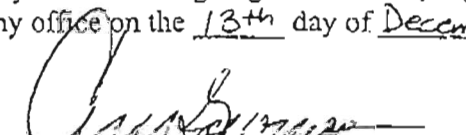
CITY CLERK
CITY OF OXNARD
STATE OF CALIFORNIA

I, Jill A. Beaty, Assistant, CITY CLERK of the CITY OF OXNARD, CALIFORNIA, do hereby certify that the foregoing Assessment, together with the Diagram attached thereto, was approved and confirmed by the City Council of said City on the 12th day of December, 2000.



Jill A. Beaty, Assistant
CITY CLERK
CITY OF OXNARD
STATE OF CALIFORNIA

I, Granville Bowman, as SUPERINTENDENT OF STREETS of the CITY OF OXNARD, CALIFORNIA, do hereby certify that the foregoing Assessment, together with the Diagram attached thereto, was recorded in my office on the 13th day of December, 2000.



Granville Bowman
SUPERINTENDENT OF STREETS
CITY OF OXNARD
STATE OF CALIFORNIA