San Diego County
Local Agency Formation Commission
Regional Service Planning | Subdivision of the State of California

6b

AGENDA REPORT
Public Hearing | Action

August 4, 2025

TO: Chair Whitburn and Commissioners

FROM: Keene Simonds, Executive Officer
Michaela Peters, Local Government Analyst II

SUBJECT: **Proposed "Nakano Development Project Reorganization" | Annexation to the City of San Diego with Concurrent Detachment from City of Chula Vista and Otay Water District with Related Actions (RO25-08)**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider a reorganization proposal initiated by resolution of the City of San Diego as part of a negotiated boundary change with the City of Chula Vista. The principal request involves annexing approximately 23.8 acres to San Diego with concurrent detachments from Chula Vista and the Otay Water District (WD). The affected territory consists of one undeveloped legal parcel located along the southern boundary of Chula Vista immediately north of San Diego near the I-805 crossing at Palm Avenue. The County of San Diego identifies the subject parcel as 624-071-02. The reorganization's purpose is to facilitate a planned 221-unit residential subdivision ("Nakano") that has been entitled by both municipalities with San Diego identified as the preferred service provider due to Chula Vista's access limitations. Staff recommends conditional approval of the proposal as submitted with conforming sphere of influence amendments for all three affected agencies. Staff further recommends the Commission waive protest proceedings and Policy L-106 (municipal service reviews) as well as adopt findings paralleling the Environmental Impact Report (EIR) adopted by Chula Vista.

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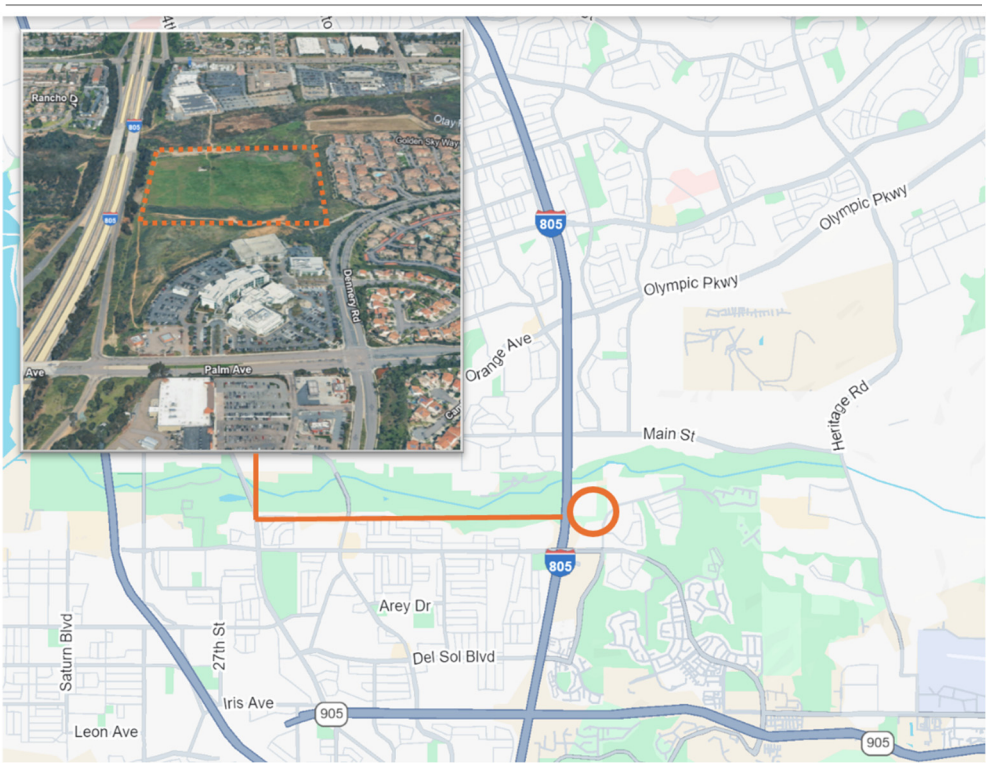
BACKGROUND

Applicant Request

San Diego LAFCO has received a reorganization proposal initiated by resolution from the City of San Diego requesting approval to reorganize approximately 23.8 acres of incorporated territory currently within the City of Chula Vista. As detailed below, the proposal results from negotiations between the two municipalities with agreement from the landowner, Tri Pointe Homes. The primary jurisdictional change involves annexation of the affected territory to San Diego with concurrent detachments from Chula Vista and Otay WD. The affected territory comprises one undeveloped legal parcel with no assigned situs address, identified by the County of San Diego Assessor's Office as 624-071-02. The reorganization also involves conforming sphere of influence amendments for all three affected agencies.

Regional Setting

The affected territory is located within the southeastern portion of the City of Chula Vista's "Sunbow" neighborhood which generally lies east of Interstate 805 and north of State Route 905. It also lies immediately south of Otay River. Principal access to the affected territory is provided through the City of San Diego via Palm Avenue and Dennery Road. The affected territory lies within County Supervisorial District No. 1 (Paloma Aguirre), Assembly District No. 80 (David Alvarez), and Senate District No. 18 (Steve C. Padilla). An aerial map of the affected territory and its regional setting follows with a more detailed map – including existing parcel and jurisdictions – provided as Attachment One.



Google Earth

Subject Agencies

The proposed reorganization filed with San Diego LAFCO involves three subject agencies: City of Chula Vista, City of San Diego, and Otay WD.[1] A summary of the subject agencies in terms of governance, resident population, municipal functions, and financial standing follows.

- **City of Chula Vista** was incorporated in 1911 and governed in a council-manager format. Chula Vista has an estimated resident population of 278,550 spanning 33,280 acres or 52.0 square miles. Chula Vista is largely a full-service municipality, directly providing community planning, fire protection and emergency medical services, parks and recreation, police, and wastewater services. Water service is a notable exception and is primarily the responsibility of Otay WD. LAFCO last reviewed and updated Chula Vista's sphere of influence in 2008 with a larger-than-agency designation that includes several unincorporated areas and one special study area. Chula Vista's most recent audit shows its net position – the total accrual accounting value of agencywide assets less liabilities – at $2.031 billion as of June 30, 2024. This amount reflects an increase of 18.0% over the last three years. The unrestricted portion of the net position totals $74.5 million and reflects an increase of 93.5% over the last three years. Chula Vista's General Fund totals $258.2 million and marks an 18.4% improvement over the last three years. Of this General Fund balance, $29.4 million is committed as reserves with another $25.9 million remaining unassigned. The combination of these amounts totals $55.3 million and sufficient to cover 2.6 months of General Fund operating expenses.

- **City of San Diego** was incorporated in 1850 and governed by a strong mayor format. San Diego has an estimated resident population of 1,387,000 spanning 238,336 acres or 372.4 square miles, including 47.2 square miles of submerged territory within Mission Bay, San Diego Bay, and the Pacific Ocean. San Diego is a full-service municipality, directly providing community planning, fire protection, parks and recreation, police protection, wastewater, and potable water services. Both water and wastewater services are geographically limited in some perimeter areas and supplemented by other special districts within City limits. LAFCO last reviewed and updated San Diego's sphere of influence in 2008 with a generally coterminous designation including two special study areas. San Diego's most recent audit shows its net position at $10.254 billion as of June 30, 2024. This amount reflects an increase of 10.9% over the last three years. The unrestricted portion of the net position totals ($1.686 billion), reflecting a decrease of 13.0% over the last three years. San Diego's General Fund totals $530.4 million, marking a 10.4% improvement over the last three years. Of this General Fund balance, $207.1 million is allocated as reserves – combining the stability and emergency reserve funds – with another $130.5 million remaining unassigned. The combination of these amounts totals $337.6 million, sufficient to cover 1.4 months of General Fund operating expenses.

[1] State law defines "subject agency" to mean any district or city for which a change of organization or reorganization is proposed.

- **Otay WD** is an independent special district formed in 1956 and governed by a five-member board of directors. Otay WD has an estimated resident population of 225,164 spanning 125.5 square miles and covers the unincorporated communities of Spring Valley, La Presa, Rancho San Diego, and Jamul as well as an eastern portion of the City of Chula Vista. Otay WD is currently authorized to provide three active municipal functions: domestic water, wastewater, and recycled water, with the latter two being geographically restricted by LAFCO into latent power zones. LAFCO established a sphere of influence for Otay WD in 1983. The sphere was most recently reviewed and affirmed in 2007 with a larger-than-agency designation. Otay WD operates as an enterprise with user fees expected to cover day-to-day operations for all three active service functions. The audited net position is $404.3 million as of June 30, 2024 with an unrestricted balance of $61.5 million. This includes an ending cash balance of $80.4 million. The ending net position reflects an overall decrease of 4.81% during the last three audited years.

Affected Local Agencies

The affected territory presently lies within the jurisdictional boundaries and/or spheres of influence of five local agencies directly subject to San Diego LAFCO's planning and regulatory responsibilities. These agencies qualify as "affected agencies" relative to the proposed reorganization and are listed below.[2]

- City of Chula Vista
- Metropolitan Water District of Southern California
- Otay Water District
- San Diego County Water Authority
- San Diego Unified Port District

The affected territory also lies within the following school and college districts and accordingly have received notice of the proposal as part of the administrative review:

- Chula Vista Elementary School District
- Sweetwater Union High School District
- Southwestern Community College District.

DISCUSSION

This item is for San Diego LAFCO to consider approving – with or without discretionary modifications – the reorganization proposal and its principal action to annex the affected territory to the City of San Diego with secondary actions to detach from the City of Chula Vista and Otay WD. The Commission may also consider applying approval conditions so long as it does not directly regulate land use, property development, or subdivision requirements. Additional discussion follows.

2 State law defines "affected local agency" as any entity that contains, or would contain, or whose sphere contains or would contain, any territory for which a change of organization is proposed. Notice of the proposal and hearing were provided to the agencies.

Proposal Purpose

The purpose of the proposed reorganization and its primary boundary changes between the Cities of San Diego and Chula Vista is to align municipal service needs with current and planned accessibility to the affected territory to facilitate the development of the Nakano project by San Diego as the preferred municipality. This project involves a planned residential development comprising up to 221 dwelling units, including 22 designated affordable housing units, with a mix of condominiums, duplexes, and townhomes. Other planned project features include dedicated open space areas and trail connections to the Otay Valley River Park. The project has been entitled by both Chula Vista in December 2024 and San Diego in February 2025.

Current and Planned Land Uses

The affected territory is currently under the land use authority of the City of Chula Vista and subject to its adopted planning policies and detailed in the accompanying footnote.[3] On February 3, 2025, the proposed receiving agency — the City of San Diego — conditionally approved a set of planning actions associated with the Nakano project, filed by Tri-Pointe Homes. For LAFCO purposes, this includes adopting a General Plan amendment to the Otay Mesa Community Plan, redesignating the site as Residential – Low Medium. The City of San Diego also adopted a pre-zoning ordinance assigning the territory the RM-1-1 (Residential Multiple Unit) zone, which permits one dwelling unit per 3,000 square feet of lot area, with a minimum lot size of 6,000 square feet. The planned development of the subject parcel is consistent with the land use policies of both Chula Vista and San Diego. For the purposes of completing the environmental review under CEQA, the lead agency must be the jurisdiction with land use authority over the affected territory at the time of project approvals. Accordingly, the Nakano project was processed under the jurisdiction of the City of Chula Vista prior to receiving approvals through the City of San Diego.

ANALYSIS

San Diego LAFCO's current sphere of influence designations for all three subject agencies expands the analysis of the proposed reorganization to address the merits of four stand-alone items. These analysis items take the form of determinations and involve the (a) appropriateness of conforming sphere amendments, (b) timing of the boundary changes themselves, (c) potential discretionary modifications or terms, and (d) other relevant statutory requirements. Staff's analysis of these items follows.

[3] Chula Vista recently amended its General Plan designation for the territory from Open Space (OS) to Specific Plan – Residential Medium (SP-RM). This designation allows for a residential density range of approximately 6.1 to 11 dwelling units per acre and corresponds to an R-3 zoning classification that accommodates a range of multi-family housing types. The R-3 zone requires a minimum lot size of 7,000 square feet and permits up to four dwelling units per parcel, with a minimum lot area of 1,350 square feet per unit.

Conforming Sphere Amendments

The proposed reorganization necessitates San Diego LAFCO consider conforming sphere of influence actions to achieve consistency with the requested jurisdictional changes as required under statute and Commission practice. The actions involve sphere amendments to all three subject agencies – San Diego, Chula Vista, and Otay WD. These amendments are premised on LAFCO's statutory responsibility to designate spheres to demarcate the affected agencies' appropriate jurisdictional boundaries and/or service areas now and into the immediate future. With the above scope in mind, the proceeding analysis is organized to consider three related factors necessitated under statute and local policy. The statutory factors relate to an informing municipal service review along with addressing the general relationship between the subject agencies and the affected territory.[4] Local policies involve consideration of L-102 and its provisions to guide sphere actions in San Diego County.

- Sphere Factor No. 1:
  Consideration of a Municipal Service Review

  Statute requires LAFCO to prepare municipal service reviews to inform its related task of regularly reviewing and updating all local agencies' spheres. The statute along with local policy further directs LAFCO to perform sphere updates every five years as needed. The most recent municipal service review prepared by LAFCO germane to the affected territory and receiving agency was completed in 2008. Requiring one or more new municipal service reviews – specifically to inform the proposed reorganization – does not appear warranted given local circumstances. This conclusion is based on the relatively limited and known scope of the amendments to each of the subject agencies' spheres of influence paired with the elevated level of review performed as part of the project approval process by Chula Vista and San Diego.

- Sphere Factor No. 2:
  Consideration of the Agency-Affected Territory Relationship

  The Legislature prescribes consideration of five factors anytime LAFCOs act on spheres, whether in the form of establishments, updates, or amendments. These factors parallel the macro topics in municipal service reviews with a generalized focus on the relationship between the subject agency and the affected territory – including service needs and adequacy of available services. The factors also orient the Commission to broadly consider the relationship between current and planned land uses in the affected territory plus – and as needed – effects on qualifying disadvantaged unincorporated communities. The factors and staff analysis follow.

  - With respect to **present and planned land uses**, the affected territory as submitted comprises 23.8 acres of undeveloped, incorporated territory within Chula Vista's jurisdiction. The property is situated adjacent to San Diego's Ocean View Hills residential development to the east. The affected territory is presently designated

[4] Reference to Government Codes 56430 and 56425, respectively.

by Chula Vista for residential uses with a density of 6.1 to 11.0 dwelling units per acre. San Diego has similarly designated and pre-zoned the affected territory for residential uses with a density of one dwelling unit per 3,000 square feet. These planned residential uses are readily compatible with the conforming sphere amendments, specifically removing the affected territory from Chula Vista and Otay WD and including it within San Diego.

- With respect to the **present and probable need for one or more public services**, there is pending need for core municipal services – and specifically potable water, wastewater, police, and fire and emergency medical services – to the affected territory to accommodate the planned 221-unit residential Nakano development. Amending Chula Vista and Otay WD's spheres to exclude the affected territory and concurrently add to San Diego's sphere to accommodate the annexation therein and the planned development is consistent with aligning with San Diego's advantageous position to economize and provide core services going forward. The amendments serve to formalize San Diego – and not Chula Vista and Otay Water District – as the appropriate long-term service provider of core municipal services following reorganization.

- With respect to the **overall adequacy of the agencies' public services**, no material deficiencies have been identified by LAFCO staff as part of the proposal review process. Additional analysis on the ability to accommodate the underlying project is included in the proceeding section.

- With respect to **social or economic communities of interest if relevant to the agencies**, the affected territory lies immediately outside San Diego's existing sphere and jurisdictional boundary. Amending this sphere to include this area would formally recognize and establish the direct social and economic connection to San Diego going forward and in doing so parallel the relationship San Diego has with the immediate neighborhood to the east – Riveredge Terrace. Notably, the affected territory is only physically accessible through San Diego and consequently cannot be effectively or efficiently served by Chula Vista. The contemplated amendment and associated reorganization is consistent with a February 2025 interagency agreement between Chula Vista and San Diego, which designates San Diego as the appropriate and capable service provider for this area.

- With respect to the **present and probable need for services involving any disadvantaged unincorporated communities**, none of the affected territory qualifies under the LAFCO statute.

- Sphere Factor No. 3:
  Consideration of Policy L-102

  San Diego LAFCO's policies guiding sphere actions are primarily codified under L-102. This policy was adopted in August 1990 and last substantively updated in June 2000. It directs the Commission to utilize spheres to guide deliberations on future reorganizations and in doing so – and among other growth management objectives –

help reflect and preserve community identities. The policy further directs LAFCO to use spheres to discourage duplication of municipal services and similarly encourages local agency consolidations, whether functional or political. The sphere amendments necessary to accommodate the proposed reorganization conform with L-102.

CONCLUSION |
MERITS OF A CONFORMING SPHERE AMENDMENTS

The conforming sphere amendments necessary to accommodate the proposed reorganization involving San Diego, Chula Vista, and Otay Water District are sufficiently justified under both statute and local policy. Justification is marked by the preceding analysis and largely premised on the following two assumptions.

- It is assumed the Commission determines new municipal service reviews are not necessary to inform the conforming sphere amendments to the subject agencies given the otherwise limited and known scope of service impacts and that a waiver is accordingly appropriate. This waiver is further reasonable given the analysis provided in this report.

- It is assumed the Commission determines there is sufficient and overriding connectivity between San Diego – specifically its core municipal services – warranting removal from Chula Vista and Otay WD's sphere and thereby designating San Diego as the appropriate service provider going forward.

Reorganization Timing

San Diego LAFCO's consideration of the proposed reorganization's timing draws on analyzing baseline factors required in statute as well as applicable policies set by the Commission.[5] Applicable local policies prompted for consideration are headlined by L-107 and its attention to disclosing and/or addressing any known or perceived jurisdictional disputes.
An analysis of these two related timing factors follows.

- Timing Factor No. 1:
  Baseline Considerations: Regional Policies + Service Relationships

  State law prescribes the mandatory consideration of certain multifaceted factors anytime LAFCOs consider jurisdictional changes. These factors range in substance from disclosures – such as the affected territory's current land uses, assessed values, registered voter counts, and so on – to discretionary analyses. This latter category is highlighted by evaluating the proposed jurisdictional changes' relationship to

[5] Most of the baseline factors in statute focus on disclosing and otherwise addressing compatibility issues with external goals and policies of other state, regional, and local agencies as well as assessing the ability of subject agencies to provide services going forward. (Reference to Government Code Section 56668).

community needs as well as service capacities and related financial resources of the subject agencies. A summary of key conclusions generated in reviewing these discretionary matters for the proposed reorganization, with an emphasis on the receiving entity (San Diego) regarding service needs, service availability and capacities, and related financial considerations, follows.

- With respect to **service needs**, the planned residential land uses within the affected territory warrant the provision of a full range of organized public services. The proposed reorganization would appropriately bundle core service provision to the affected territory under San Diego and thereby align with current and planned accessibility (ingress and egress). Annexation to San Diego would formalize a February 2025 interagency agreement between Chula Vista and San Diego and further accommodate the stated intent of the affected landowner, Tri Pointe Homes, as evidenced by their written consent to the proposal.

- With respect to **service availability and capacities**, San Diego would directly assume most municipal service responsibilities for the affected territory upon reorganization, highlighted by providing the following core functions: community development, potable water, wastewater, integrated fire protection and emergency medical service, and police protection. Additional details on these core San Diego functions and their relationship – availability and capacity – with the affected territory follow.

    - San Diego would assume community planning responsibilities for the affected territory from Chula Vista as part of the reorganization. The transition has been subject to extended negotiations with the resulting agreement formalized by resolution between the two cities. San Diego – as the receiving entity – approved a General Plan amendment for the Otay Mesa Community Plan to extend to the affected territory and designate the site as Residential – Low Medium. San Diego also adopted a matching pre-zoning designation of Residential Medium (RM-1-1) allowing one dwelling unit per 3,000 square feet of lot area, thereby mirroring the Nakano project.

    - San Diego would assume potable water service responsibilities for the affected territory upon reorganization. San Diego can readily serve the affected territory through the extension of a 400-foot, 12-inch lateral connection along Dennery Road from the existing water regulating station at Sand Star Way to the entrance of the Nakano project. It is estimated the average water flow generated within the affected territory per planned residential unit is 525 gallons per day with additional details footnoted.[6] It is projected the maximum average day water flow to be generated within the entire affected territory post-reorganization is 116,025 gallons per day. This

[6] Residential water demand is estimated based on density and a unit water demand of 150 gallons per day (gpd)/person. The Nakano project proposes 221 residential units over 19.0 net acres equaling 11.6 units per acre. The City of San Diego Water Department Design Guidelines and Standards indicates 11.6 units per acre falls in the range of 3.5 persons per dwelling unit. A dwelling unit density of 3.5 acres per dwelling unit and a unit water demand of 150 gpd/person results in a water demand rate of 525 gpd per dwelling unit at the project. For more information : https://www.chulavistaca.gov/.

projected amount can be readily accommodated by San Diego and represents 0.026% of its available capacity remaining within its potable water system.

- San Diego would assume wastewater service responsibilities for the affected territory upon reorganization. San Diego has existing wastewater infrastructure on-site at the Nakano Project and can readily serve the affected territory. It is projected the maximum average day wastewater flow generated within the affected territory post-reorganization at its planned uses is 43,438 gallons per day based on accommodating the planned 221-unit subdivision. This projected amount can be readily accommodated by San Diego and represents 0.054% of its available treatment capacity remaining within its wastewater system.

- San Diego would formally assume integrated fire protection and emergency medical service responsibilities for the affected territory. This change is not expected to materially impact service levels given San Diego is already the probable first responder given resource proximity to the affected territory and the "service drop" program collectively followed by fire and emergency medical providers in San Diego County. Based on location, first response would most likely involve San Diego's Station No. 6, located 1.4 miles away from the project entrance at 693 Twining Avenue. Response times to the affected territory are estimated to be 5 minutes for both priority and non-priority calls and are within the City's response time standard of 6.5 minutes for urban areas.

- San Diego would formally assume police protection responsibilities from the City of Chula Vista as part of the reorganization. This change would have no material impact on service levels. The project area is serviced by Beat 725 of the San Diego Police Department's Southern Division with a station located 3.2 miles southwest of the project at 1120 27th Street. Response times to the affected territory are estimated to be anywhere from 8.7 minutes to 124.7 minutes based on the call priority level. All priority level calls are within the City's response time standard of 6.5 minutes for urban areas.

- With respect to **related financial considerations**, staff analysis shows San Diego has financial resources and administrative controls to readily assume a full range of municipal service responsibilities for the affected territory in support of its planned uses without material impacts to current residents. This macro comment considers the relatively limited scale of the proposed annexation to San Diego and analysis over the last three completed fiscal years, with key findings as follows.

  - San Diego reported positive total margins in each of the past three fiscal years, with an average margin of 12.6% over the period ending June 30, 2024.

- San Diego reported a net position of $10.254 billion as of June 30, 2024, representing a 10.9% increase over the past three years. The General Fund balance stands at $530.4 million – a 10.4% improvement over the same period.

- Timing Factor No. 2:
  Consideration of Policy L-107

  San Diego LAFCO adopted L-107 in May 2010 to require all applicants to disclose jurisdictional disputes or related items that are associated with their proposal filings with additional details footnoted.[7] No jurisdictional disputes have been disclosed by any of the three subject agencies during the administrative review. Similarly, LAFCO staff has not identified any disputes or related concerns. The proposal is further supported by a resolution of support adopted by Chula Vista and a letter of support submitted by the Otay WD.

CONCLUSION |
MERITS OF REORGANIZATION TIMING

Timing of the reorganization and principal action to annex the affected territory to San Diego is sufficiently warranted. Justification is marked by the preceding analysis and highlighted by aligning available and sufficient municipal service capacities with a known development and related community need. Additional analysis supporting the conclusion is provided in Appendix A.

Modifications and Terms

No modifications to the submitted reorganization have been identified by San Diego LAFCO staff meriting Commission consideration at this time. This includes confirmation the annexation of the affected territory to the City of San Diego would not generate any corridors or otherwise illogical jurisdictional features. Standard terms also appear appropriate.

CONCLUSION |
MODIFICATIONS AND TERMS

No modifications to the proposal appear warranted. Standard approval terms are recommended and include receipt of all remaining payments associated with processing of the proposal by the Commission through recordation.

[7] The Executive Officer retains discretion to determine the extent of consultation needed.

Other Statutory Considerations

Exchange of Property Tax Revenues

LAFCO staff has confirmed a property tax exchange agreement has been entered into and agreed upon between the City of Chula Vista and the City of San Diego on December 3, 2024.[8] This agreement specifies "property tax revenue" collected from the annexation area will be available for allocation to San Diego and none shall go to Chula Vista following reorganization. More specifically, San Diego will receive 100% of the Chula Vista's existing apportionment of the 1% property tax collected within the affected territory going forward. The estimated annual value of the exchange is currently $4,146.34 based on current assessed values (land and structures).[9]

Environmental Review

San Diego LAFCO is obligated under CEQA to assess whether environmental impacts would result from activities approved under the Commission's authority, either as a lead or responsible agency. Accordingly, the Commission is tasked with making one or more findings under CEQA in consideration of the proposed reorganization. Staff analysis follows.

- Chula Vista serves as the lead agency under the CEQA for the reorganization as part of its discretion to approve the underlying development project. Chula Vista determined the project did not qualify for an exemption and proceeded to prepare an Environmental Impact Report (EIR). In its role as lead agency, on December 3, 2024, Chula Vista certified a Final EIR and adopted a Notice of Determination (NOD). Chula Vista attests the implementation of mitigation measures via a Mitigation Monitoring and Reporting Program (MMRP) to reduce potential impacts. Staff independently believe Chula Vista has prepared sufficient documentation as lead agency in assessing and mitigating potential impacts and it would be appropriate for the Commission to adopt the findings of the EIR as responsible agency.

- San Diego LAFCO serves as lead agency under CEQA for the conforming sphere of influence amendments to the City of Chula Vista, City of San Diego, and the Otay Water District. It is recommended the Commission find these actions a project under CEQA but exempt from further review under State CEQA Guidelines Section 15061(b)(3). This exemption appropriately applies given it can be seen with certainty spheres are planning policies, and any amendments do not make any changes to the environment or authorize any new uses.

[8] California Revenue and Taxation Code Section 99(b)(6) requires the adoption of a property tax exchange agreement by the affected local agencies before San Diego LAFCO can consider any jurisdictional change involving an annexation and/or detachment unless an applicable master agreement applies.

[9] The current 1% property tax received by the City of Chula Vista from the subject lot is $4,146.34.

Protest Proceedings

Protest proceedings for the proposed reorganization may be waived by San Diego LAFCO if approved under Government Code Section 56662. The waiver appropriately applies given the affected territory is uninhabited as defined under LAFCO law, subject agencies have not filed objections to the waiver; and the landowner has provided written consent.[10]

RECOMMENDATION

Staff recommends conditional approval of the reorganization proposal as submitted along with standard terms. This recommendation is consistent with Alternative One below.

ALTERNATIVES FOR ACTION

The following alternative actions are available to San Diego LAFCO:

Alternative One (recommended):
Adopt the attached draft resolution to conditionally approve the reorganization proposal as submitted along with conforming sphere amendments. The draft resolution also provides for waiving protest proceedings and Policy No. L-106 plus CEQA findings.

Alternative Two:
Continue consideration to the next regular meeting.

Alternative Three:
Disapprove the reorganization proposal with direction to staff to return at the next regular meeting with a conforming resolution for adoption.

PROCEDURES FOR CONSIDERATION

This item has been placed on San Diego LAFCO's agenda as part of a noticed public hearing. The following procedures are recommended in the consideration of this item:

1. Disclose any material ex parte communications.
2. Receive verbal presentation from staff unless waived.
3. Open the public hearing and invite comments from the applicant and general public.
4. Discuss item and consider the staff recommendation.

On behalf of the Executive Officer,

Michaela Peters

Michaela Peters
Analyst II

Appendix:

A) Analysis of Proposal Review Factors

Attachments:

1) Vicinity Map of the Affected Territory
2) Draft Resolution of Approval
3) Application Materials

[10] LAFCO law defines uninhabited as territory in which less than 11 registered voters reside.

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APPENDIX A

Government Code Section 56668
Mandatory Proposal Review Factors

a) Population and population density; land area and land use; per capita assessed valuation; topography, natural boundaries, and drainage basins; proximity to other populated areas; the likelihood of significant growth in the area, and in adjacent areas, in the next 10 years.

The affected territory as submitted comprises a 23.8-acre area currently located within the jurisdictional boundary of the City of Chula Vista and immediately adjacent to both the City of San Diego's boundary and its adopted sphere of influence. The parcel is bordered to the east by the Ocean View Hills residential development, with surrounding areas characterized by a mix of residential and commercial uses. The subject parcel is presently undeveloped and identified by the County of San Diego Assessor's Office as 624-071-02 with a current assessed land value of $414,634 with the last transaction recorded in January 2021.

b) The need for municipal services; the present cost and adequacy of municipal services and controls in the area; probable future needs for those services and controls; probable effect of the proposed incorporation, formation, annexation, or exclusion and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas.

The City of San Diego would assume the primary role in providing core municipal service functions for the affected territory if the reorganization is approved. This would include the need and related provision of community planning, wastewater, fire protection and emergency medical, and police protection. San Diego would also assume water from Otay WD. A summary of the existing adequacy of these core services follows.

- San Diego would assume community planning responsibilities for the affected territory from Chula Vista as part of the reorganization. The transition is the product of negotiation between the two agencies with agreement subsequently formalized in resolutions adopted by both Councils. San Diego – as the receiving entity – approved a General Plan amendment for the Otay Mesa Community Plan designating the site as Residential – Low Medium. San Diego also adopted a matching pre-zoning designation of Residential Medium (RM-1-1) allowing one dwelling unit per 3,000 square feet of lot area, thereby accommodating the planned Nakano project.

- San Diego would assume potable water service responsibilities for the affected territory upon reorganization. San Diego can readily serve the affected territory through the extension of a 400-foot, 12-inch lateral connection along Dennery Road from the existing water regulating station at Sand Star Way to the entrance of the Nakano project. It is estimated the average water flow generated within the affected

territory via one planned residential unit is 525 gallons per day.[11] It is projected the maximum average day wastewater flow to be generated within the entire affected territory post- reorganization is 116,025 gallon per day. This projected amount can be readily accommodated by San Diego and represents 0.026% of its available capacity remaining within its potable water system.

- San Diego would assume wastewater service responsibilities for the affected territory upon reorganization. San Diego has existing wastewater infrastructure onsite the Nakano Project and can readily serve the affected territory. It is projected the maximum average day wastewater flow generated within the affected territory post reorganization at its planned uses is 43,438 gallons per day and tied to accommodating the planned 221-unit subdivision. This projected amount can be readily accommodated by San Diego and represents 0.054% of its available treatment capacity remaining within its wastewater system.

- San Diego would formally assume integrated fire protection and emergency medical service responsibilities for the affected territory. This change is not expected to materially impact service levels given San Diego is already the probable first responder given resource proximity to the affected territory and the "service drop" program collectively followed by fire and emergency medical providers in San Diego County. Based on location, first response would most likely involve San Diego's Station No. 6, located 1.4 miles away from the project entrance at 693 Twining Avenue. Response times to the affected territory are estimated to be 5 minutes for both priority and non-priority calls and are within the City's response time standard of 6.5 minutes for urban areas.

- San Diego would formally assume police protection responsibilities from the City of Chula Vista as part of the reorganization. This change would have no material impact on service levels. The project area is serviced by Beat 725 of the San Diego Police Department's Southern Division with a station located 3.2 miles southwest of the project at 1120 27th Street. Response times to the affected territory are estimated to be anywhere from 8.7 minutes to 124.7 minutes based on the call priority level. All priority level calls are within the City's response time standard of 6.5 minutes for urban areas.

c) The effect of the proposed action and of alternative actions, on adjacent areas, on mutual social and economic interests, and on local governmental structure.

Approval of the proposed reorganization and annexation to the City of San Diego would reinforce existing social and economic ties between the City and the affected territory. The territory is located immediately outside San Diego's current jurisdictional boundary and

[11] Residential water demand is estimated based on density and a unit water demand of 150 gallons per day (gpd)/person. The Nakano project proposes 221 residential units over 19.0 net acres equaling 11.6 units per acre. The City of San Diego Water Department Design Guidelines and Standards indicates 11.6 units per acre falls in the range of 3.5 persons per dwelling unit. A dwelling unit density of 3.5 acres per dwelling unit and a unit water demand of 150 gpd/person results in a water demand rate of 525 gpd per dwelling unit at the project. For more information : https://www.chulavistaca.gov/.

sphere of influence with primary access available only through San Diego. Amending the sphere to include the territory would formalize these connections and support the February 2025 agreement between Chula Vista and San Diego.

d) The conformity of the proposal and its anticipated effects with both the adopted commission policies on providing planned, orderly, efficient patterns of urban development, and the policies/priorities set forth in G.C. Section 56377.

Approving the proposed reorganization and annexation to City of San Diego would facilitate the orderly and otherwise notional expansion of the City's jurisdictional boundary and sphere of influence. The affected territory does not contain "open space" as defined under LAFCO law and no conflicts exist under Government Code Section 56377.

Additional analysis concerning conformance with germane Commission policies follows.

> San Diego LAFCO Policy L-107 requires applicants to disclose and address potential jurisdictional issues associated with their proposals and if applicable requires a consultation process with affected agencies, interested parties, or organizations to help discuss and potentially remedy concerns, unless waived by the Executive Officer. No jurisdictional disputes or related concerns were identified or disclosed by the applicant, subject agencies, or interested parties in the administrative review of the proposal. Further, LAFCO is in receipt of a resolution of support adopted by Chula Vista as well as a letter of support by the Otay WD.

e) The effect of the proposal on maintaining the physical and economic integrity of agricultural lands, as defined by G.C. Section 56016.

The affected territory does not contain "prime agricultural land", or "agricultural land" as defined under LAFCO law. Specifically, the affected territory does not contain lands currently used for any of the following purposes: producing an agricultural commodity for commercial purposes; left fallow under a crop rotational program; or enrolled in an agricultural subsidy program. Approval of the proposal and annexation to San Diego would not adversely affect the physical or economic well-being of agricultural lands.

f) The definiteness and certainty of the boundaries of the territory, the nonconformance of proposed boundaries with lines of assessment, the creation of islands or corridors of unincorporated territory, and other similar matters.

LAFCO is in receipt of a draft map and geographic description of the affected territory that details metes and bounds that appear consistent with the standards of the State Board of Equalization and conforming with lines of assessment. LAFCO approval would be conditioned on approval of the map and geographic description by the County Assessor's Office and address any modifications enacted by the Commission. No irregular or otherwise illogical boundary features would be generated from proposal approval.

g) A regional transportation plan adopted pursuant to Section 65080.

The proposed reorganization would extend core municipal services to accommodate the planned construction of a 221-unit residential subdivision – known as the Nakano project – consistent with City zoning. The proposal and its anticipated outcomes do not generate any known conflicts with *San Diego Forward*, the regional transportation plan adopted by the San Diego Association of Governments.

h) Consistency with the city or county general and specific plans.

The affected territory is presently undeveloped and designated by Chula Vista as Specific Plan – Residential Medium (SP-RM), allowing for a maximum of 6.1 to 11 dwelling units per acre. As the receiving entity, San Diego has amended its General Plan under the Otay Mesa Community Plan to Residential Low-Medium (RM-1-1) allowing for 1 dwelling unit per 3,000 square feet. The planned residential uses are consistent with the proposal's purpose to annex the affected territory into the City of San Diego and accommodate the development of a 221-unit residential subdivision.

i) The sphere of influence of any local agency affected by the proposal.

See Item No. 1: Conforming Sphere of Influence Amendments (Page 6-8).

j) The comments of any affected local agency or other public agency.

Notice of the submitted reorganization proposal was distributed to all affected and subject agencies as required under LAFCO law. Notices were also provided to all local college and school districts. No written comments on the proposal were received ahead of preparing this agenda report for distribution on July 25, 2025.

k) The ability of the newly formed or receiving entity to provide the services that are the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change.

Information collected and reviewed as part of this proposal indicates the City of San Diego has overall sufficient and available financial resources and administrative controls therein relative to serving the affected territory without adversely impacting existing constituents. This statement is supported by the following factors.[12]

- San Diego's last outside audit covers 2023-2024 and shows the City finished with sufficient liquidity levels with an agency-wide current ratio of 1.61 to 1 (i.e., $1.61 in current assets for every $1.00 in current liabilities).

[12] The City overall has been maintaining positive total margins over the last three years, though it should be noted the City ended with low capital levels for all three years, (i.e., 45.8% debt-to-net ratio in 2023-2024).

- San Diego finished 2023-2024 with low capital levels and marked by a high debt ratio of 45.8% (i.e., $45.80 out of every $100.00 in net assets is financed through debt).

- San Diego finished 2023-2024 with an overall total margin of 8.2%.

l) Timely availability of adequate water supplies for projected needs as specified in G.C. Section 65352.5.

The affected territory's planned residential uses can be supported through a 400-foot lateral extension from the existing water main infrastructure along Dennery Road within the City of San Diego's potable water system. Wholesale supplies will continue to be provided by the San Diego County Water Authority and the Metropolitan Water District of Southern California. Approval of the proposed reorganization would not affect existing relationships and/or commitments.

m) The extent to which the proposal will affect a city or cities and the county in achieving their respective fair shares of the regional housing needs as determined by the appropriate council of governments.

The proposed reorganization would not impact any local agencies in accommodating their regional housing needs.

n) Any information or comments from the landowners, voters, or residents.

The affected territory is considered uninhabited as defined by LAFCO law (containing 11 registered voters or less). The landowner supports the proposed reorganization and have provided written consent to the proceedings as the petitioner.

o) Any information relating to existing land use designations.

See above analysis for (h).

p) The extent to which the proposal will promote environmental justice.

The reorganization is expected to have a positive impact on environmental justice by enhancing municipal services – including water, wastewater, and integrated public safety services – within the affected territory and for any groups that are susceptible to pollution burdens and their effects. Consideration of existing environmental justice factors within the affected territory draws on staff analyzing data available from the California Environmental Protection Agency through its online assessment tool (CalEnviroScreen 4.0).

Two composite percentile rankings for the affected territory are generated within this analysis and involve (a) pollution burdens and (b) susceptible population to pollution burdens relative to all census tracts in California.

- The affected territory's **composite pollution burden ranking** falls in the 72nd percentile. Six pollution indicators exceed the 50th percentile threshold and are considered notable: PM 2.5 concentrations, toxic releases, cleanup sites, groundwater threats, and solid waste exposure.

- The affected territory's **composite susceptible population** ranking falls in the 44th percentile. Three individual indicators exceed the 50th percentile threshold and are considered notable: low birth weight, educational attainment, and linguistic isolation.

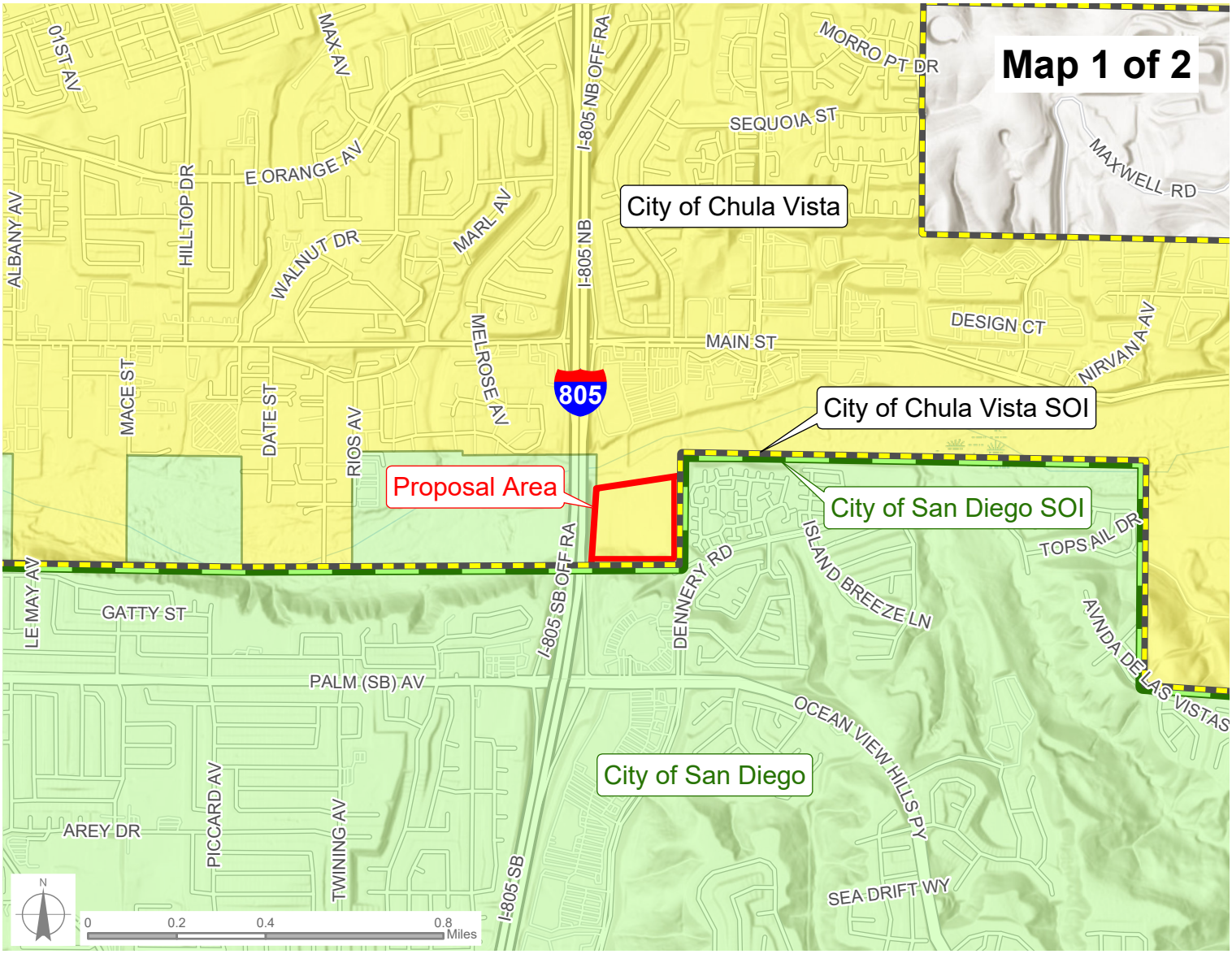
A summary of all tracked pollution burdens and susceptible populations follows.

Census Tract No. 6073010014
Pollution Burdens and Susceptible Population
(Source: California Environmental Protection Agency and SD LAFCO)

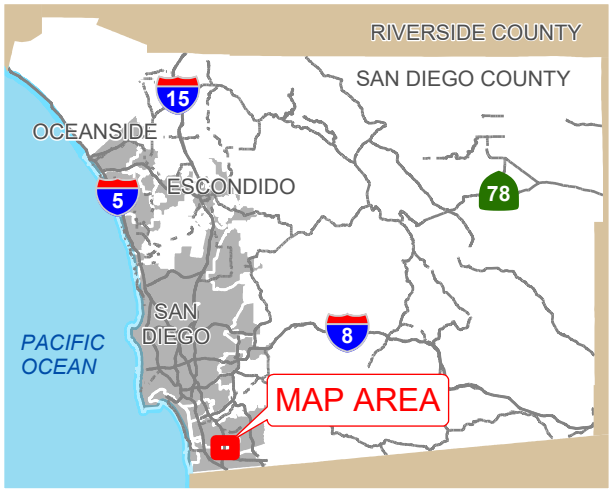
	Affected Territory + Surrounding Lands
Census Tract No.	6073010014
Estimated Population	18,854
Pollution Burden	Weighted Percentile
… Percentile	72.3
Indicator | Air Quality: Ozone	35.3
Indicator | Air Quality: PM 2.5:	**91.2**
Indicator | Air Quality: Diesel PM:	40.2
Indicator |Pesticides:	0.0
Indicator | Toxic Releases:	**83.2**
Indicator |Traffic:	35.6
Indicator | Drinking Water Contaminants:	23.5
Indicator | Lead in Housing:	23.3
Effects | Cleanup Sites:	**58.2**
Effects | Groundwater Threats:	**78.9**
Effects | Hazardous Waste:	**87.7**
Effects | Impaired Water:	23.9
Effects | Solid Waste:	**98.0**
Sensitive Population	Weighted Percentile
… Percentile	43.7
Population | Asthma:	44.2
Population | Low Birth Weight:	**63.3**
Population | Cardiovascular Disease:	32.2
Population | Education:	**63.4**
Population | Linguistic Isolation:	**59.0**
Population | Poverty:	28.4
Population | Unemployment:	43.1
Population | Housing Burden:	28.7

q) Information contained in a local hazard mitigation plan, information contained in a safety element of a general plan, and any maps that identify land as a very high fire hazard zone or maps that identify land determined to be in a state responsibility area, if it is determined that such information is relevant to the affected territory.

The project site lies within an area considered a "Very High" fire hazard severity zone as designated by the Chula Vista Fire Department, San Diego Fire-Rescue Department, and on the California Department of Forestry and Fire Hazard Severity zone maps. The project site is within a "Low-Level" Earthquake Hazard Zone.







RO25-08

"NAKANO DEVELOPMENT PROJECT REORGANIZATION" | DETACHMENT FROM THE CITY OF CHULA VISTA AND OTAY WD WITH CONCURRENT ANNEXATION TO THE CITY OF SAN DIEGO AND RELATED ACTIONS

SOI = Sphere of Influence

- Proposal Area
- City of Chula Vista
- City of Chula Vista SOI
- City of San Diego
- City of San Diego SOI

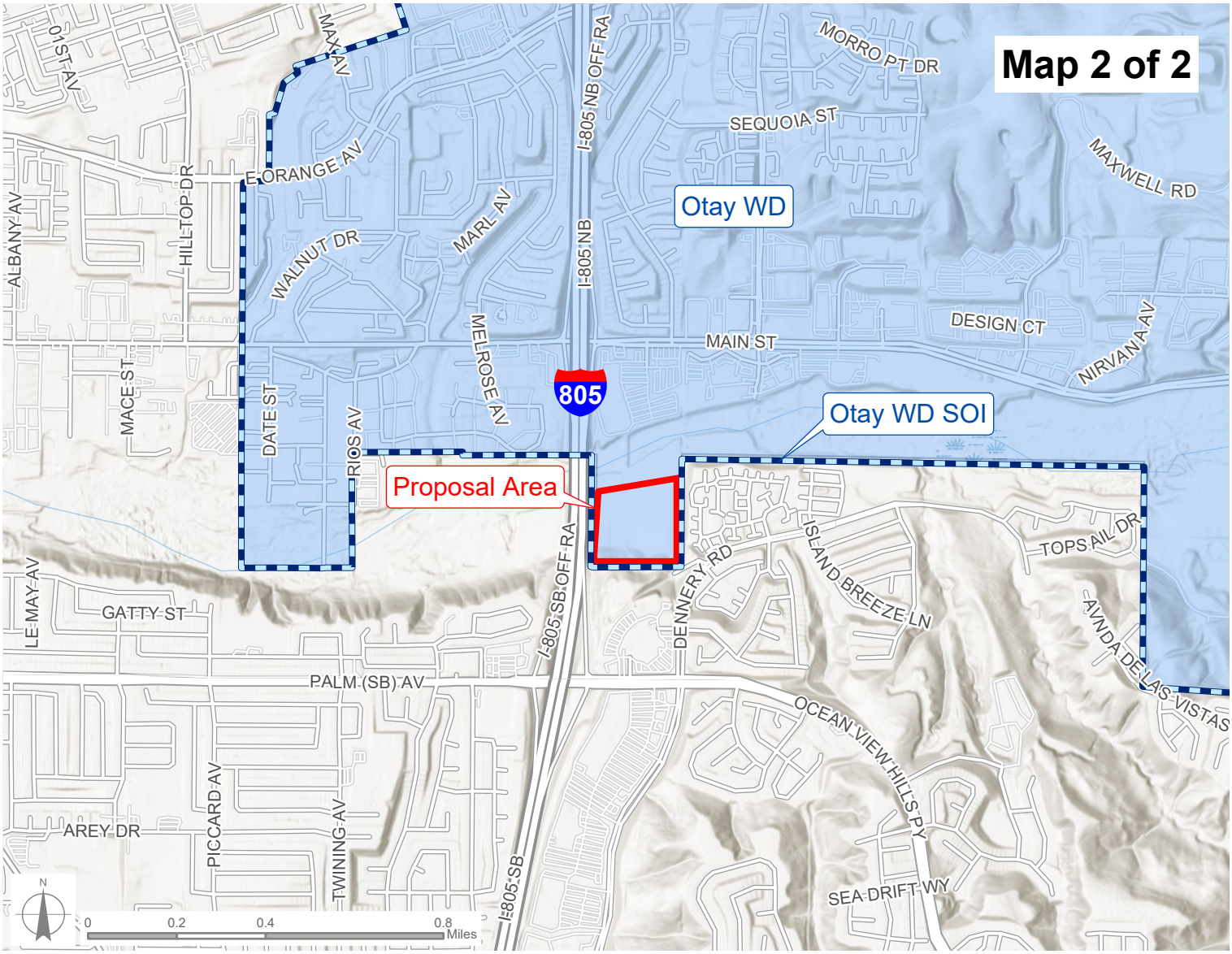
San Diego County
Local Agency Formation Commission
Regional Service Planning | Subdivision of the State of California

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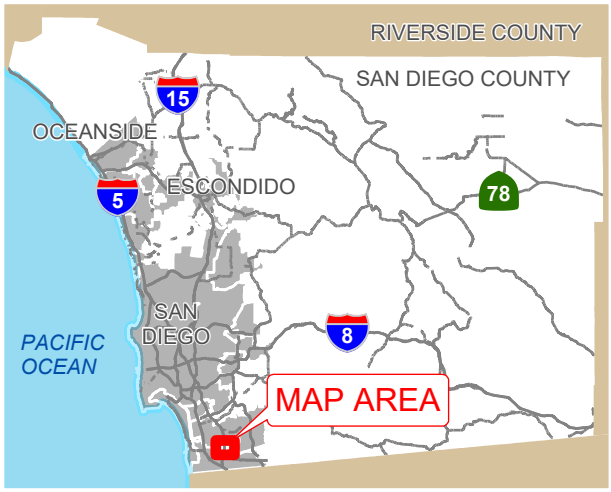
G:\GIS\Vicinity_Maps\agendamaps2025\25-08 Nakano City SD RO.aprx

Created by Dieu Ngu -- 5/16/2025

Map 2 of 2







RO25-08

"NAKANO DEVELOPMENT PROJECT REORGANIZATION" | DETACHMENT FROM THE CITY OF CHULA VISTA AND OTAY WD WITH CONCURRENT ANNEXATION TO THE CITY OF SAN DIEGO AND RELATED ACTIONS

SOI = Sphere of Influence

- Proposal Area
- Otay WD
- Otay WD SOI

San Diego County
Local Agency Formation Commission
Regional Service Planning | Subdivision of the State of California

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Created by Dieu Ngu -- 5/16/2025

RESOLUTION NO. _____

SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION

MAKING DETERMINATIONS, APPROVING, AND ORDERING A REORGANIZATION

"NAKANO DEVELOPMENT PROJECT REORGANIZATION"
ANNEXATION TO THE CITY OF SAN DIEGO WITH CONCURRENT DETACHMENT FROM THE CITY OF CHULA VISTA AND OTAY WATER DISTRICT AND RELATED ACTIONS
LAFCO FILE NO: RO25-08

WHEREAS, on March 17, 2025 the City of San Diego filed a resolution to initiate proceedings and an application with the San Diego County Local Agency Formation Commission, hereinafter referred to as "Commission", pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000; and

WHEREAS, the application before the Commission seeks approval of a reorganization of approximately 23.8 acres of incorporated territory within the City of Chula Vista involving annexation to the City of San Diego with concurrent detachment from the City of Chula Vista and the Otay Water District;

WHEREAS, the City of Chula Vista, City of San Diego, entered into an annexation agreement with Tri-Pointe Homes relative to the Nakano Project on February 2025;

WHEREAS, the affected territory as proposed includes one undeveloped legal parcel identified by the County of San Diego's Assessor's Office as 624-071-02; and

WHEREAS, on December 3, 2024, the City of Chula Vista and the City of San Diego entered into a property tax exchange agreement that will govern the property tax exchange associated with the reorganization of the affected territory to the City of San Diego; and

WHEREAS, the Commission's Executive Officer has reviewed the proposed reorganization and prepared a report with recommendations; and

WHEREAS, the Executive Officer's report and recommendations on the proposal have been presented to the Commission in the manner provided by law; and

WHEREAS, the Commission heard and fully considered all the evidence presented at a noticed public meeting on the proposal on August 4, 2025;

WHEREAS, the Commission considered all the factors required by law under Government Code Sections 56425 and 56668 as well as adopted local policies and procedures.

NOW, THEREFORE, THE COMMISSION DOES HEREBY RESOLVE, DETERMINE, AND ORDER as follows:

1. The public meeting was held on the date set therefore, and due notice of said meeting was given in the manner required by law.

2. At the public meeting, the Commission considered the Executive Officer's report.

3. With respect to considering the effects of the proposed reorganization under the California Environmental Quality Act (CEQA), the Commission's makes the following findings:

    a) The City of Chula Vista serves as the lead agency under the CEQA for the reorganization as part of its discretion to approve the underlying development project. Chula Vista determined the project did not qualify for an exemption and proceeded to prepare an Environmental Impact Report (EIR). In its role as lead agency, on December 3, 2024, Chula Vista certified a Final EIR and adopted a Notice of Determination (NOD). Chula Vista attests the implementation of mitigation measures via a Mitigation Monitoring and Reporting Program (MMRP) to reduce potential impacts. The Commission finds Chula Vista has prepared sufficient documentation as lead agency in assessing and mitigating potential impacts and adopts the findings of the EIR as responsible agency.

    b) San Diego LAFCO serves as lead agency under CEQA for the conforming sphere of influence amendments to the Cities of Chula Vista and San Diego and the Otay Water District. It is recommended the Commission find these actions a project under CEQA but exempt from further review under State CEQA Guidelines Section 15061(b)(3). This exemption appropriately applies given it can be seen with certainty spheres are planning policies, and any amendments do not make any changes to the environment or authorize any new uses.

4. The Commission CONDITIONALLY APPROVES the sphere of influence amendments for the Cities of San Diego and Chula Vista and the Otay Water District to accommodate the reorganization as shown in the vicinity map provided as Exhibit A.

    a. Approval of the above-stated sphere of influence amendments include an enabling waiver by the Commission as recommended by the Executive Officer of the provision in L-106 that would otherwise require the preparation of one or more municipal service reviews.

    b. Approval of the above-stated sphere of influence amendments are contingent upon the approval and related issuance of a Certificate of Completion.

    c. Approval includes the Commission making findings under Government Code Section 56425 consistent with the statements provided in the accompanying Executive Officer's written report.

5. The Commission CONDITIONALLY APPROVES the reorganization without modifications subject to conditions as provided. Approval involves all the following:

    a) Annexation of the affected territory to the City of San Diego as shown in "Exhibit B-1" and described in "Exhibit B-2".

    b) Detachment of the affected territory from City of Chula Vista and Otay Water District as shown in "Exhibit C-1" as described in Exhibit C-2".

6. The Commission CONDITIONS all approvals on the following terms being satisfied by August 4, 2026 unless an extension is requested in writing and approved by the Executive Officer:

    a) Completion of the 30-day reconsideration period provided under Government Code Section 56895.

    b) Submittal to the Commission of final map and geographic description of the affected territory as approved by the Commission conforming to the requirements of the State Board of Equalization – Tax Services Divisions.

    c) Submittal to the Commission of the following payments:

        - A check made payable to LAFCO in the amount of $100.00 for the County of San Diego-Clerk Recorder to reimburse for filing a CEQA Notice of Exemption and Notice of Determination consistent with the findings in the resolution.

        - A check made payable to the State Board of Equalization for processing fees in the amount of $1,200.00.

        - A check made payable to LAFCO to reimburse for the actual costs of noticing the proposal for the public hearing in the San Diego Union Tribune.

    d) Written confirmation from City of Chula Vista and City of San Diego that all terms required of their council's involving the reorganization are satisfied.

7. The Commission assigns the proposal the following short-term designation:

    "Nakano Development Project Reorganization".

8. The affected territory as designated by the Commission is uninhabited as defined in Government Code Section 56046.

9. The Commission waives conducting authority proceedings under Government Code Section 56662.

10. The Otay Water District is a registered-voter district.

11. The City of San Diego and the Otay Water District utilize the County of San Diego assessment roll.

12. The affected territory will be liable for any existing bonds, contracts, and/or obligations of the City of San Diego as provided under Government Section 57328, and will be subject to any previously authorized taxes, benefit assessments, fees or charges of the City of San Diego as provided under Government Code Section 57330.

13. The effective date of approval shall be the date of recordation but not before the completion of a 30-day reconsideration period and only after all terms have been completed as attested by the Executive Officer.

14. As allowed under Government Code Section 56107, the Commission authorizes the Executive Officer to make non-substantive corrections to the resolution to address any technical defects, errors, irregulates, or omissions.

15. The Executive Officer is hereby authorized and directed to transmit copies of this resolution as provided in Sections 56880-56882 of the Government Code.

16. The Executive Officer is further authorized and directed to prepare, execute, and record a Certificate of Completion, make the required filings with the County Assessor, County Auditor, and the State Board of Equalization as required by Section 57200, et seq., of the Government Code.

**

PASSED AND ADOPTED by the Commission on August 4, 2025 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINING:

**

ATTEST:

_____
Keene Simonds
Executive Officer

EXHIBIT A
MAP OF SPHERE OF INFLUENCE AMENDMENTS FOR THE
CITIES OF SAN DIEGO AND CHULA VISTA AND THE OTAY WATER DISTRICT

-Placeholder-

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EXHIBIT B-1
MAP OF THE AFFECTED TERRITORY

-Placeholder-

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EXHIBIT B-2
GEOGRAPHIC DESCRIPTION OF THE AFFECTED TERRITORY

-Placeholder-

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“Nakano Development Project Reorganization” RO25-08

Attachment Three - A

Annexation Agreement – City of San Diego, City of Chula Vista, Tri-Pointe Homes

[redacted]

DUPLICATE

WHEN RECORDED MAIL TO:

City of San Diego
202 C. Street, 2nd Floor
San Diego, California 92101
Attn: City Clerk

Exempt from Filing Fees
Government Code § 27383

(Space above for Recorder's Use)

ANNEXATION AGREEMENT

among

THE CITY OF CHULA VISTA

a California Municipal Corporation,

and

THE CITY OF SAN DIEGO

a California Municipal Corporation,

and

TRI POINTE HOMES IE-SD, INC,

a California Corporation,

[Dated as of December 3**, 2024 for reference purposes only]**

Document No. 00-21919
Filed FEB 25 2025
Office of the City Clerk
San Diego, California

ACN 2025-016

R2024-228

For good and valuable consideration, including, but not limited to, the promises and mutual covenants set forth in this Annexation Agreement, the receipt and sufficiency of which is hereby acknowledged, the City of Chula Vista, the City of San Diego, and Tri Pointe Homes IE-SD, Inc. agree as follows:

ARTICLE 1

PARTIES AND EFFECTIVE DATE

1.1 **Parties**. This Annexation Agreement ("Agreement") is entered into among: (i) the City of Chula Vista ("Chula Vista"), a municipal corporation and California charter city; (ii) the City of San Diego ("San Diego"), a municipal corporation and California charter city; and (iii) Tri Pointe Homes IE-SD, Inc. ("Tri Pointe Homes"), a California corporation. Chula Vista, San Diego and Tri Pointe Homes are sometimes referred to in this Agreement individually as a "Party" and collectively as the "Parties." This Agreement is dated as of December 3, 2024, for reference purposes only, and will become effective upon the "Effective Date" as defined in Section 1.2 below.

1.2 **Effective Date**. This Agreement will become effective on the first date ("Effective Date") on which all the following have occurred: (i) this Agreement has been approved by Tri Pointe Homes, executed by its legally authorized officers, and delivered to Chula Vista and San Diego; (ii) this Agreement has been approved by City of Chula Vista City Council ("Chula Vista City Council") and executed by its duly authorized representative as designated by the Chula Vista City Council; and (iii) this Agreement has been approved by the City of San Diego City Council ("San Diego City Council") and executed by its duly authorized representative as designated by the San Diego City Council.

ARTICLE 2

RECITALS

2.1 Tri Pointe Homes owns 23.8 acres of uninhabited land (the "Project Property"), located in the undeveloped area of Chula Vista adjacent to the jurisdictional boundary of San Diego, as described and depicted in Exhibit A, attached hereto.

2.2 Tri Pointe Homes represents and warrants to the Parties that Tri Pointe Homes is the legal title holder and owner of record of the Project Property and that no other parties have a legal or equitable interest in the Project Property.

2.3 Tri Pointe Homes intends to develop the Nakano project (the "Project"), which, as approved by Chula Vista, consists of up to a 221-unit residential development on the Project Property. The details of the Project are described and depicted in exhibits to the Project's vesting tentative map and its Environmental Impact Report ("EIR"), as approved and certified by Chula Vista, and are incorporated herein by this reference.

2.4 Although the Project Property is located within Chula Vista's jurisdiction, it is situated adjacent to San Diego's Ocean View Hills residential development to the east, Interstate 805 to the west, Kaiser Medical Center to the south and the Otay Valley River Park to the north,

as depicted in Exhibit A. The Project Property does not have direct access or connections to Chula Vista utilities, services and facilities, and, if developed, would need to be served by San Diego.

2.5 Prior to the Effective Date of this Agreement, Chula Vista, San Diego, and Tri Pointe Homes approved a memorandum of understanding ("MOU") setting forth: (i) Chula Vista and San Diego's reservation of rights to exercise their discretion as to all matters to negotiate or terminate negotiation of a binding annexation agreement; (ii) an understanding that Chula Vista would serve as the Lead Agency for purposes of compliance with the California Environmental Quality Act (Pub. Res. Code §§ 21000 *et seq.*) ("CEQA") and include an independent analysis of the environmental impacts of a scenario where the Project Property would be annexed into San Diego; and (iii) an understanding that if Chula Vista approved the Project and an annexation agreement, then San Diego would independently evaluate whether to support the Reorganization, and if so, execute a binding annexation agreement and serve as the San Diego Local Agency Formation Commission ("LAFCO") Applicant for LAFCO purposes in processing the Reorganization through LAFCO. The original term of this MOU has been extended upon the mutual agreement of the parties.

2.6 As provided in this Agreement, the Parties agree the Project Property on which Tri Pointe Homes will construct the Project will be detached from Chula Vista and annexed into the jurisdictional boundaries of San Diego. The process by which these jurisdictional changes will occur are collectively referred to in this Agreement as the "Reorganization."

2.7 Pursuant to the authority to enter into annexation-related contracts (*Morrison Homes Corporation v. City of Pleasanton* (1974) 58 Cal. App.3d 724, 733), this Agreement sets forth the process for and the terms and conditions upon which the Project Property may be detached from Chula Vista and annexed into San Diego through the Reorganization, in the event Chula Vista approves the Project.

2.8 Due to the complexity and magnitude of the Project, as well as the substantial financial investment associated with the development, Tri Pointe Homes desires for Chula Vista and San Diego to provide a sufficient degree of certainty regarding the provision of municipal services to the Project Property after Chula Vista approves the Project. Pursuant to this Agreement, Chula Vista and San Diego provide assurances to Tri Pointe Homes that it will have the right to develop the Project in accordance with the Project Entitlements (as defined herein) on the terms and conditions provided in this Agreement.

ARTICLE 3

DEFINITIONS

3.1 "Affected Local Agency" has the definition provided in Government Code section 56014.

3.2 "Agreement" means this Annexation Agreement.

3.3 "Annexation" has the definition provided in Government Code section 56017 and, for this Agreement, means more specifically the addition of the Project Property to the jurisdictional boundaries of San Diego and any other Affected Local Agency.

3.4 "Application" has the definition provided in Section 4.1.2 of this Agreement.

3.5 "Approval of Reorganization" means LAFCO's adoption of a resolution making determinations to approve the Reorganization pursuant to Government Code section 56880.

3.6 "Building Codes" means standard, uniform codes governing construction, as adopted in California and/or San Diego. Examples of Building Codes include the California Building Code, the National Electrical Code, the Uniform Plumbing Code, the Uniform Mechanical Code, the Uniform Housing Code, and the Uniform Code for the Abatement of Dangerous Buildings.

3.7 "CEQA" means the California Environmental Quality Act, Public Resources Code section 21000 *et seq.* and the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3 ("CEQA Guidelines").

3.8 "Certificate of Completion" has the definition provided in Government Code section 56020.5.

3.9 "Chula Vista" means the City of Chula Vista, a California municipal corporation and charter city.

3.10 "Chula Vista Project Entitlements" means the discretionary approvals that may be issued by Chula Vista as part of the possible approval of the Project. The Chula Vista Project Entitlements include, but are not limited to, the certification of the EIR and related approvals required pursuant to CEQA, General Plan Amendment, Specific Plan, Vesting Tentative Subdivision Map, Rezone, Multiple Species Conservation Plan Subarea Plan Amendment, and Mitigation Monitoring and Reporting Program. Chula Vista retains and will exercise full authority, discretion, jurisdiction, and independent judgment regarding any and all discretionary decisions. Chula Vista shall not make or issue and ministerial approvals or permits regarding the Project, including but not limited to any grading permits, building permits, or certificates of occupancy or completion for the Project.

3.11 "Detachment" has the definition provided in Government Code section 56033, and, for this Agreement, means more specifically the removal of the Project Property from the jurisdictional boundaries of Chula Vista and the Otay Municipal Water District.

3.12 "Early Termination" has the definition provided in Section 8.6.2 of this Agreement.

3.13 "Effective Date" has the definition provided in Section 1.2 of this Agreement.

3.14 "EIR" means the Final Environmental Impact Report, SCH No. 2022060260, including the technical studies prepared in support of the EIR, for the Project as certified by Chula Vista, as the lead agency, and San Diego, as the responsible agency, pursuant to CEQA, and shall include, CEQA Findings of Fact, Statement of Overriding Considerations, and the Mitigation Monitoring and Reporting Program, as approved separately and independently by Chula Vista and San Diego.

3.15 "Executive Officer" has the definition provided in Government Code section 56038 and, for this Agreement, means the Executive Officer of LAFCO.

3.16 "Expiration" has the definition provided in Section 8.6.1 of this Agreement.

3.17 "Fiscal Impact Analysis" means the fiscal study required by Section 5.3 of this Agreement.

3.18 "Initiate" or "Initiation" has the definition provided in Government Code section 56047.

3.19 "LAFCO" means the Local Agency Formation Commission of the County of San Diego, or any successor entity thereto.

3.20 "LAFCO Final Decision" means when LAFCO has recorded the Certificate of Completion with the County of San Diego Recorder's Office and: (i) any ordinances or resolutions with respect to the Certificate of Completion have taken effect; (ii) the time has passed for any request for reconsideration or appeal of LAFCO's Approval of Reorganization or the Certificate of Completion to any administrative agency or court with appeal jurisdiction over such approvals or appeals in connection therewith; (iii) no notice of referendum or initiative with respect thereto has been published or publicized within the statutory timeframes; and (iv) any appeal or litigation with respect to the Certificate of Completion or LAFCO's Approval of Reorganization has been prosecuted and resolved in a manner which is not subject to remand to lower courts or governmental agencies.

3.21 "Landowner" has the definition provided in Government Code section 56048 and, for this Agreement, is equivalent to Tri Pointe Homes.

3.22 "Lead Agency for CEQA" has the definition provided in Public Resources Code section 21067 and section 15050 of the CEQA Guidelines, and, unless otherwise indicated, refers to Chula Vista and its efforts to process the Chula Vista Project Entitlements.

3.23 "LAFCO Applicant" refers to San Diego and its efforts to process the Reorganization through LAFCO.

3.24 "MOU" means the memorandum of understanding, as amended from time to time, by and among Chula Vista, San Diego and Tri Pointe Homes as approved by the respective Parties.

3.25 "Otay Municipal Water District" means the Otay Municipal Water District, a water district established and organized pursuant to the California Water Code.

3.26 "Parties" means, collectively, Chula Vista, San Diego and Tri Pointe Homes.

3.27 "Party" means, individually, Chula Vista, San Diego or Tri Pointe Homes.

3.28 "Permit Condition" means a condition to be included in the Project Entitlements set forth by Chula Vista that reads substantially as follows:

"With payment of processing fees, Tri Pointe Homes may process and complete all requirements necessary for a final map. However, a final map shall for the Project only be approved by the City of San Diego upon the satisfaction of all requirements for obtaining a final map, including the payment of all applicable processing fees."

3.29 "Project" means the Nakano Project proposed by Tri Pointe Homes for construction on the Project Property, as is more particularly defined in Section 2.3 of this Agreement.

3.30 "Project Build-Out" means the issuance of the last permit needed to occupy and use the last structure or facility identified in the Project Entitlements or an earlier time as the Parties may mutually agree in writing.

3.31 "Project Entitlements" shall mean, collectively, Chula Vista Project Entitlements and San Diego Project Entitlements.

3.32 "Project Property" has the definition provided in Section 2.1 of this Agreement and is described and depicted in Exhibit A, attached hereto.

3.33 "Reorganization" means the Detachment of the Project Property from Chula Vista and the Otay Municipal Water District and Annexation of the Project Property into the jurisdictional boundaries of San Diego and other Affected Local Agency, as provided in Government Code section 56073 and sections 56650 *et seq.*, as well as any required adjustments to the Chula Vista, San Diego and Otay Municipal Water District Spheres of Influence and related changes to the jurisdictional boundaries and/or Spheres of Influence of any other Affected Local Agency, as set forth in San Diego's Resolution of Application for Reorganization.

3.34 "Reorganization Effective Date" has the definition provided in Section 5.1 of this Agreement.

3.35 "Resolution of Application for Reorganization" means the document that San Diego will approve in order to initiate the Reorganization, as provided in Government Code section 56073.1.

3.36 "San Diego" means the City of San Diego, a California municipal corporation and charter city.

3.37 "San Diego Project Entitlements" means the discretionary approvals issued by San Diego as part of the possible approval of the Project. The San Diego Project Entitlements include, but are not limited to, the review and consideration of the EIR and related approvals required pursuant to CEQA, Community Plan Amendment, General Plan Amendment, Pre-Zone, Multiple Species Conservation Plan Subarea Plan Amendment, Sewer Easement Vacation, City Council District Boundary Amendment, Resolution of Application to LAFCO, Site Development Permit for development areas currently in City of San Diego jurisdiction and Uncodified Ordinance for areas outside City of San Diego. San Diego retains and will exercise full authority, discretion, jurisdiction, and independent judgment regarding any and all discretionary decisions relating to the San Diego Project Entitlements and shall be responsible for the issuance of any related certificates.

3.38 "Sphere of Influence" has the definition provided in Government Code section 56076.

3.39 "Tri Pointe Homes" means Tri Pointe Homes IE-SD, Inc. a California corporation with its principal place of business located at Irvine, California.

ARTICLE 4

THE REORGANIZATION

4.1 **Initiation of Proceedings**. The Reorganization shall be processed in accordance with the timeline identified in Exhibit B.

4.1.1 **San Diego as Proponent of Reorganization**. San Diego, as the LAFCO Applicant, shall adopt a Resolution of Application for Reorganization, in substantially the form described in Exhibit C, attached hereto, within sixty (60) calendar days of the Effective Date of this Agreement. Tri Pointe Homes, Chula Vista and San Diego shall review and approve in writing all modifications to the attached Resolution of Application for Reorganization prior to adoption by San Diego and submission to LAFCO. For purposes of this paragraph only, the review and approval of modifications to the Resolution of Application may be made by the City Manager of Chula Vista, Mayor of San Diego, or their respective designees. San Diego shall process the Reorganization with LAFCO to obtain a Certificate of Completion for the Reorganization. Except as otherwise provided in this Agreement, San Diego hereby irrevocably consents to the Reorganization and agrees to not in any way object to, protest, delay, frustrate, or otherwise impede the Reorganization. Provided that Tri Pointe Homes and Chula Vista have fully complied with their obligations set forth in this Agreement, San Diego shall cooperate in every reasonable way with the requests of Tri Pointe Homes, Chula Vista, LAFCO and any other Affected Local Agency in any proceedings for the Reorganization. Notwithstanding any other provision herein, failure to adopt the applicable resolution within sixty (60) calendar days or obtain the Parties' written mutual consent for an extension of time to adopt the applicable resolution will terminate this Agreement.

4.1.2 **Timing, Form and Content of Application**. San Diego shall submit an Application for Reorganization ("Application") within sixty (60) calendar days of its approval of a Resolution of Application for Reorganization. The form and content of the Application shall be as provided in Government Code section 56652 and LAFCO policy, including any necessary information regarding an adjustment to San Diego's Sphere of Influence or the Otay Water District Sphere of Influence, in order to serve the Project Property and shall be in substantially the form described in Exhibit D, attached hereto. Tri Pointe Homes, Chula Vista and San Diego shall review and approve in writing all modifications to the attached Application prior to submission to LAFCO. For purposes of this paragraph only, review and approval of modifications to the Application may be made by the City Manager of Chula Vista, Mayor of San Diego, or their respective designees. The Application will also include this Agreement. The Parties agree to jointly work to ensure that the Application satisfies the LAFCO form and content requirements.

4.1.3 **Chula Vista Resolution of Support**. Chula Vista shall adopt a Resolution of Support for San Diego's Application within ten (10) calendar days of the Effective Date of this Agreement or concurrent with a hearing to approve this Agreement, whichever occur first. Except

as otherwise provided in this Agreement, Chula Vista hereby irrevocably consents to the Reorganization and agrees to not in any way object to, protest, delay, frustrate, or otherwise impede the Reorganization. Provided that Tri Pointe Homes and San Diego have fully complied with their obligations set forth in this Agreement, Chula Vista shall cooperate in every reasonable way with the requests of Tri Pointe Homes, San Diego, LAFCO and any other Affected Local Agency in any proceedings for the Reorganization. Notwithstanding any other provision herein, failure to adopt the applicable resolution within sixty (60) calendar days or obtain the parties' written mutual consent for an extension of time to adopt the applicable resolution will terminate this Agreement.

4.1.4 **Purpose of Resolutions**. It is the intent of the Parties that the resolutions called for in this Section 4.1 of the Agreement shall satisfy the provisions of Government Code sections 56751(d) and 56857(e) and make the provisions of Government Code sections 56751(a)-(c) and 56857(a)-(d) inapplicable to the Reorganization.

4.1.5 **Compliance with Government Code section 56375(a)(7)**. Government Code section 56375(a)(7) provides that LAFCO "shall require, as a condition to annexation, that a city prezone the territory to be annexed *or present evidence satisfactory to the commission that the existing development entitlements on the territory are vested or are already at buildout, and are consistent with the city's general plan.*" (Emphasis added.) The Parties intend this Agreement to serve as satisfactory evidence that the Project Entitlements, as applied to the Project, are vested and consistent with San Diego's General Plan as of the Effective Date.

4.1.6 **Landowner-Owner Consent Form; Irrevocable Consent**. Within thirty (30) days of the Effective Date of this Agreement, Tri Pointe Homes shall execute and cause to be submitted to San Diego in connection with the Application a Landowner-Consent Form in support of the Reorganization in the form required by LAFCO. Except as otherwise provided in this Agreement, Tri Pointe Homes hereby irrevocably consents to the Reorganization and agrees to not in any way object to, protest, delay, frustrate, or otherwise impede the Reorganization. Provided that Chula Vista and San Diego have fully complied with their obligations set forth in this Agreement, Tri Pointe Homes shall cooperate in every reasonable way with the requests of Chula Vista, San Diego, LAFCO and any Affected Local Agency and any other public agency in any proceedings for the Reorganization. Tri Pointe Homes shall also cause to be prepared all legal descriptions, parcel/plan maps and other maps required by LAFCO for the Reorganization.

4.1.7 **Plan For Providing Services**. A Plan for Providing Services consistent with the requirements in Government Code section 56653, in substantially the form described in Exhibit E, attached hereto, shall be submitted as part of San Diego's Application. Tri Pointe Homes, Chula Vista and San Diego shall review and approve in writing all modifications to the attached Plan for Providing Services prior to submission to LAFCO. For purposes of this paragraph only, the review and approval of modifications to the Plan for Providing Services may be made by the City Manager of Chula Vista, Mayor of San Diego or their respective designees.

4.1.8 **Environmental Document**. The Parties intend that the EIR shall be the environmental documentation used by Chula Vista, San Diego, LAFCO, or other Affected Local Agency to comply with CEQA in the consideration of the Reorganization. Tri Pointe Homes shall be responsible for causing the appropriate number of copies of the EIR and related documents to be provided for the Application. If LAFCO requires additional information related to the

environmental documentation, the Parties shall make reasonable efforts to provide the information to LAFCO, and Tri Pointe Homes shall be solely responsible for such costs.

4.1.9 **LAFCO Processing Fees**. Tri Pointe Homes shall be solely responsible for providing all LAFCO processing fees pursuant to LAFCO's standard policies or as may otherwise be required to process the Reorganization.

4.1.10 **Complete Application**. The Parties anticipate that LAFCO may require additional information prior to deeming the Application complete. The Parties shall make reasonable efforts to provide the information to LAFCO.

4.2 **LAFCO Hearing and Decision**.

4.2.1 **Assistance of Parties to LAFCO Executive Officer and Staff**. The Parties shall make reasonable efforts to timely respond to requests for information from the Executive Officer and LAFCO staff as necessary for the processing of the Reorganization through the LAFCO hearing process.

4.2.2 **Participation in Hearing Process**. The Parties shall make reasonable efforts to ensure that their appropriate representatives prepare for and attend LAFCO meetings and public hearings as necessary for the processing of the Reorganization through the hearing process.

4.3 **Reorganization Processing Costs**.

4.3.1 **Tri Pointe Homes**. Tri Pointe Homes shall be solely responsible for all costs and fees, including attorney's fees or other obligations incurred by it for the Project, the EIR and the Reorganization. In addition, except as may otherwise be expressly provided in this Agreement, Tri Pointe Homes shall pay all costs and fees, including attorneys' fees associated with processing the Project, the EIR and the Reorganization and other obligations of Chula Vista, San Diego and the City in connection with processing the Project, the EIR and the Reorganization. However, such costs and fees shall not include any costs and fees related to any challenge initiated or joined in by Chula Vista or San Diego to the issuance of any Project permits or approvals. Tri Pointe Homes shall establish or maintain throughout the term of this Agreement refundable deposit accounts with Chula Vista and San Diego, respectively, against which Chula Vista and San Diego may draw its reasonable costs and fees, including attorneys' fees, and other monetary obligations. Within thirty (30) days of receipt of a written request, Tri Pointe Homes shall replenish the deposit account in accordance with Chula Vista and San Diego's respective published deposit requirements. Tri Pointe Homes acknowledges and agrees that its failure to replenish the deposit accounts will result in suspension of work by the Party requesting that the account be replenished.

4.3.2 **Chula Vista**. Chula Vista shall be entitled to be fully and timely reimbursed by Tri Pointe Homes as provided in Section 4.3.1 for its reasonable costs and fees incurred in connection with processing the Project, Chula Vista Project Entitlements and the Reorganization in accordance with its published fee schedules applicable throughout its territory, and other reasonable costs and fees, and will require deposits from Tri Pointe Homes for such costs and fees in accordance with Section 4.3.1. Except as may otherwise be expressly provided in this Agreement, Chula Vista shall have no obligation for the costs and fees incurred by Tri Pointe

Homes, or San Diego in connection with the Project, Chula Vista Project Entitlements or the Reorganization.

4.3.3 **San Diego**. San Diego shall be entitled to be reimbursed by Tri Pointe Homes as provided in Section 4.3.1 for its reasonable costs and fees incurred in connection with processing the Project, San Diego Project Entitlements and the Reorganization in accordance with its published fee schedules applicable throughout its territory. Except as may otherwise be expressly provided in this Agreement, San Diego shall have no obligation for the costs and fees incurred by Tri Pointe Homes, or Chula Vista in connection with processing the Project, San Diego Project Entitlements or the Reorganization.

ARTICLE 5

LAFCO TERMS AND CONDITIONS

5.1 **Effective Date of Reorganization**. In accordance with Government Code section 57202(a), the Parties agree, and shall include as a term and condition in the Application, a condition that the Reorganization Effective Date shall be upon the date of recordation of the Certificate of Completion with the County of San Diego Recorder's Office, which the Parties desire to occur as soon after LAFCO Approval of the Reorganization as is reasonable possibly.

5.2 **Processing of and Services to the Project**

5.2.1 **Role of San Diego**. San Diego shall process any and all approvals necessary or related to the Reorganization, including, but not limited to, the San Diego Project Entitlements. San Diego shall also take such actions that it would otherwise take regarding the Project after the Reorganization, including issuance of Certificates of Occupancy and recordation of a final map, except as may be modified by this Agreement. Following Reorganization, San Diego shall implement and monitor the conditions of approval included in the Chula Vista Project Entitlements to the extent feasible and consistent with San Diego regulations. In the instance a condition is found to be infeasible and/or inconsistent, San Diego shall meet and confer with Chula Vista in good faith to address satisfaction of said condition. For the avoidance of doubt, the right-of-entry permit, revegetation and trail construction that is anticipated to occur within the jurisdictional boundaries of Chula Vista shall be implemented in accordance with the Otay Valley River Park Guidelines. The processing of these approvals does not limit the City of San Diego's police powers, independent judgment, or discretion in considering these approvals.

5.2.2 **Role of Chula Vista**. Until the Reorganization, Chula Vista shall process the Chula Vista Project Entitlements, including the Permit Condition, in accordance with applicable policies and practices and this Agreement. Following Reorganization, Chula Vista shall process, permit and inspect any components of the Project (i.e., off-site mitigation) that are not subject to the Reorganization, in accordance with the Chula Vista Project Entitlements, including the Permit Condition, applicable codes, policies and practices and this Agreement. Chula Vista shall take such actions that it would otherwise take regarding the Project during and after the Reorganization except as may be modified by this Agreement.

5.2.3 **Tri Pointe Home's Obligation; Property Maintenance.** Tri Pointe Homes shall make reasonable efforts to process the Project with Chula Vista and San Diego to completion. At all times, Tri Pointe Homes shall maintain the Project Property in good condition and in compliance with reasonable maintenance standards sufficient to keep the Project Property free from fire hazards, visible defects, deterioration, dirt and debris.

5.3 **Distribution of Processing Fees, Mitigation Fees, Credits, Open Space and Other Revenue from the Project and the Project Property.**

5.3.1 **General Intent of the Parties.** The Parties intend that the Party that provides a particular service to the Project or the Project Property, or that will bear the impact for which a fee is imposed, should receive the fees or revenue associated with that service or impact. The Parties desire that this general intent guide the resolution of any future disputes about which Party should receive a fee or revenue associated with the Project on the Project Property, unless otherwise expressly provided in this Agreement. It is also the intent of the Parties to comply with Government Code sections 66000 - 66025 and not to duplicate fees charged to Tri Pointe Homes.

5.3.2 **Allocation of Fees and Revenue.** The Parties have agreed that San Diego will provide all services to the Project and shall receive all fees and or revenues associated with the services.

5.3.3 **Fiscal Impact Analysis.** The Parties have caused the preparation of a Fiscal Impact Analysis, described in Exhibit F, attached hereto, which identifies both the current and anticipated taxes, fees, assessments and other revenue associated with the Project and the Project Property and the anticipated costs for the provision of various municipal services to the Project and the Project Property. The Fiscal Impact Analysis does not identify either current or anticipated impact-related fees.

5.3.4 **Distribution of Revenue and Other Items.** The Parties have attempted to identify the known taxes, fees, assessments, credits, dedications and other revenue generated from the Project or the Project Property described in Exhibit G, attached hereto, and for each such item, the Parties have designated the Party entitled to receive the item.

5.3.5 **Payment of Fees by Tri Pointe Homes.** Prior to the issuance by San Diego of any permits for the Project, Tri Pointe Homes must pay the fees, assessments or other amount related to the Project Entitlements or permit and required to be paid prior to permit issuance to the Party entitled to receive the fee, assessment or payment. If the payment is due to Chula Vista, Tri Pointe Homes shall make such payment directly to Chula Vista. If the payment is due to San Diego, Tri Pointe Homes must make the payment directly to San Diego.

5.3.6 **Payment of Local Share of Property Taxes.** Tri Pointe Homes or future landowners (i.e., homeowners) within the Project Property shall satisfy their duty to pay tax revenue to the Parties identified in Exhibit G, attached hereto, through payment of applicable property taxes to the County of San Diego Assessor's Office through the Assessor's Office's proscribed means. If Chula Vista receives the local government share of property taxes for the Project Property after the Reorganization Effective Date, then Chula Vista shall transfer such property taxes to the Parties identified in Exhibit G, attached hereto, in accordance with the

percentage of time during the annual assessment period that services were required to be provided by such Parties pursuant to this Agreement.

5.3.7 **Undesignated Government Revenue**. In the event that government revenue is generated from the Project or the Project Property that are not identified, in whole or in part, in this Agreement, such revenue shall be distributed in a manner consistent with the general intent expressed in Section 5.3.1 above. The City Manager of Chula Vista, Mayor of San Diego, or their respective designees, as applicable, shall, within thirty (30) days of the identification of the revenue, meet and confer in good faith to mutually agree upon that should receive such revenue. If the Parties cannot mutually agree, Chula Vista and/or San Diego ("Revenue Disputing Parties") as applicable, shall resolve the issue by participating in at least four (4) hours of mediation prior to filing any court action. The mediation shall be held in San Diego, California, before a mediator selected by the Revenue Disputing Parties. The mediation shall be commenced by any Revenue Disputing Party making a written demand for mediation to another party. Within fifteen (15) days after such demand is made, the Revenue Disputing Parties shall mutually select a mediator. If the Revenue Disputing Parties are unable to agree on a mediator, the administrator of JAMS in San Diego, California shall select an independent mediator. The Revenue Disputing Parties to the mediation shall equally share the costs of the mediation, however, no Revenue Disputing Party shall be required to pay more than $10,000 in connection with any single mediation under this agreement unless such Revenue Disputing Party agrees to do so in writing. All applicable statutes of limitation and defenses based upon the passage of time shall be tolled until fifteen (15) days after the date of the mediation session. The Revenue Disputing Parties will take such action, if any, required to effectuate such tolling. California Evidence Code sections 1119 through 1128 shall apply to the mediation. If a Revenue Disputing Party fails to cooperate to commence and/or participate in a mediation session, then, notwithstanding anything above, the other Revenue Disputing Party shall be free to file a court action even if no mediation session has taken place. Upon resolution, the Parties shall execute an Annexation Agreement Operating Memorandum confirming the allocation. Such Annexation Agreement Operating Memorandum may be signed by the City Manager of Chula Vista, Mayor of San Diego or their respective designees.

5.3.8 **Municipal Services Cost Neutrality**. The provision of municipal services to the Project or Project Property is intended be on a cost neutral basis to San Diego. The Parties agree such cost neutrality is satisfied because the Parties caused the preparation of the Fiscal Impact Analysis, described in Exhibit F, attached hereto, that concludes that San Diego's cost of services will be equal to or less than the revenue San Diego anticipates it will receive from the Project.

5.3.9 **Housing Credits and Inclusionary Affordable Housing Fees**. The Project shall comply with affordable housing requirements identified in the San Diego Municipal Code. San Diego shall be entitled to receive credit towards its share of the regional housing needs allocation for the number of qualifying units, if any, in the Project.

5.3.10 **Mitigation of Biological Impacts, Open Space Deeds**. The Parties agree that as part of the Project Entitlements, any impacts to biological resources, including to environmentally sensitive lands and wetland deviations as identified by the San Diego Municipal Code, have been analyzed and mitigated and conditioned by the Project Entitlements to the extent feasible and that no additional permits or approvals will be required from San Diego to mitigate

for biological impacts. San Diego shall accept a covenant of easement to the undeveloped portions of the Property identified in the Project Entitlements, in accordance with Project Entitlements, and Chula Vista shall have no obligation related to open space lands. In addition, notwithstanding any other term of this Agreement, San Diego shall be entitled to receive any and all mitigation fees related to the open space, if applicable.

5.4 **Provision of Municipal Services to the Annexation Property.**

5.4.1 **Water and Sewer.** Upon the Reorganization Effective Date, San Diego shall provide water and sewer services to the Project Property. Tri Pointe Homes shall construct or cause the construction of all on-site public improvements and off-site public improvements necessary to connect to San Diego's water and sewer services as required by the Project Entitlements and San Diego's standards and approved material requirements including but not limited to the standards adopted by San Diego, San Diego's rules and regulations, and the Contract to Make, Install and Complete Water and/or Sewer Facilities to be entered into by Tri Pointe Homes and San Diego prior to commencement of construction. All water and sewer facilities shall be inspected and tested in accordance with the standards adopted by San Diego. Tri Pointe Homes shall pay sewer and water capacity fees and other applicable fees, to San Diego in accordance and compliance with fee schedules in effect at the time of payment by Tri Pointe Homes to San Diego. San Diego shall recover all of its other expenses not associated with the sewer and water capacity fee through monthly water and sewer rates charged to users in accordance with rules and regulations applicable to San Diego. Upon the Reorganization Effective Date, San Diego shall provide water and sewer services to the Project Property at the same level of service and upon the same terms and conditions as provided to other properties within San Diego's service area and assess such users monthly water and sewer rates in accordance the rules and regulations applicable to San Diego.

5.4.2 **Fire and Life Safety.** Upon the Reorganization Effective Date, San Diego shall provide or cause to be provided fire and life safety services to the Project Property. San Diego shall provide primary fire and life safety services to the Project Property on the same level of service and upon the same terms and conditions as provided other areas of San Diego.

5.4.3 **Law Enforcement Services.** Upon the Reorganization Effective Date, San Diego shall provide or cause to be provided primary law enforcement services to the Project Property pursuant to a "Will Serve" letter or a Mutual Aid Agreement. San Diego shall provide law enforcement services to the Project Property on the same level of service and upon the same terms and conditions as provided other areas of San Diego.

5.4.4 **Other Municipal Services.** Upon the Reorganization Effective Date, San Diego shall provide or cause to be provided other municipal services to the Project Property, other than the permitting and inspection services provided by Chula Vista under this Agreement, pursuant to a "Will Serve" letter. San Diego shall provide municipal services to the Project Property on the same level of service and upon the same terms and conditions as provided other areas of San Diego.

5.5 **Full Faith and Credit Given to Right to Develop the Project in Accordance with the Project Entitlements.**

5.5.1 **Full Faith and Credit of Development Rights.** The Parties agree that Tri Pointe Homes shall have the right to develop the Project in accordance with the Project Entitlements, and San Diego agrees to give full faith and credit to the Chula Vista Project Entitlements on the terms and conditions as issued by Chula Vista. To the extent the Project Entitlements provide Tri Pointe Homes with vested rights to develop the Project in accordance with the Project Entitlements, San Diego agrees to give full faith and credit to those vested rights on the same terms and conditions as Chula Vista. The full faith and credit created herein is not intended to either expand or contract Tri Pointe Homes's right to develop the Project in accordance with the Project Entitlements. The full faith and credit created herein is intended to provide Tri Pointe Homes with the assurance that San Diego will honor Tri Pointe Homes's vested development rights in the same manner and under the same conditions as Chula Vista. The Term of this Agreement does not have any effect on any vesting of rights under the Project Entitlements or the length of time under which those rights, if any, are vested. Notwithstanding the foregoing, the Parties acknowledge that the Project's Vesting Tentative Map is tolled for five (5) years or until a LAFCO Final Decision on the Reorganization, whichever is earlier, because this Agreement prohibits Tri Pointe Homes from obtaining a final map until Approval of Reorganization. Furthermore, full faith and credit shall be extended for any extensions of the Project Entitlements which may exist or are granted in accordance with the Chula Vista Municipal Code, Subdivision Map Act (including, but not limited to legislatively granted extensions), or other state laws.

5.5.2 **Post-Chula Vista Project Entitlements Approval Actions by Tri Pointe Homes.** After Chula Vista's approval of the discretionary Chula Vista Project Entitlements, but before the Reorganization Effective Date, and with payment of processing fees, Tri Pointe Homes may concurrently process San Diego Project Entitlement applications and ministerial applications, and complete all requirements necessary for a final map. However, San Diego shall only approve a final map in accordance with the Subdivision Map Act as provided in the Permit Condition and after it and Chula Vista have received full and complete payment by Tri Pointe Homes of all applicable fees and costs conditioned upon final map approval.

5.5.3 **Development of Project Property after Full Project Build-Out.** Following the Reorganization Effective Date, development of the Project Property occurring after full Project Build-out that is not governed by the Project Entitlements shall conform to the then existing requirements of San Diego. San Diego shall treat any existing development that occurred in accordance with the Project Entitlements as legal non-conforming, except to the extent that compliance with San Diego requirements would not unreasonably interfere with such existing development and would be consistent with the requirements imposed by San Diego on existing development outside the Project Property.

5.5.4 **Reserved Authority; Changes in Federal or State Law.** Notwithstanding anything to the contrary in this Section 5.5, San Diego shall have the same rights as possessed by Chula Vista to apply land use or building requirements that may conflict with the Project Entitlements in the same manner and on the same conditions as Chula Vista, including: (a) the reasonable determination that compliance with the Project Entitlements would place the residents of the subdivision or the immediate community, or both, in a condition dangerous to their health

or safety; or (b) as necessary to comply with state or federal law or mandates. The action chosen to implement the authority reserved under this Section 5.5.4 shall be of the minimum scope, effect, and duration necessary to accommodate the health and safety issue or higher law.

5.6 **Additional Terms and Conditions.**

5.6.1 **Agreed to by Parties.** The Parties may agree to include additional terms and conditions as part of the Resolution of Application for Reorganization and/or Application or the LAFCO process through the Annexation Agreement Operating Memorandum process identified in Section 9.15 of this Agreement.

5.6.2 **Imposed by LAFCO.** The Parties acknowledge that LAFCO may impose additional terms and conditions on the Reorganization beyond those set forth in this Agreement. The Parties shall reasonably consider such terms and conditions and support them unless any such LAFCO imposed term or condition is in fundamental conflict with the terms and conditions of this Agreement.

ARTICLE 6

DEFAULT, BREACH, REMEDIES, MORTGAGEE PROTECTION

6.1 **Default by Tri Pointe Homes.** Tri Pointe Homes shall be in default of this Agreement if it does any or any combination of the following:

6.1.1 Fail to cure a material breach of this Agreement within the time set forth in a written notice of default from Chula Vista or San Diego.

6.1.2 Willfully violates any order, ruling or decision of any administrative or judicial body having jurisdiction over the Project Property or the Project. Tri Pointe Homes may contest any such order, ruling or decision by appropriate proceedings conducted in good faith, in which event no default of this Agreement shall be deemed to have occurred unless and until there is a final, non-appealable judicial decision that Tri Pointe Homes willfully violated such obligation.

6.2 **Default by Chula Vista or San Diego.** Chula Vista or San Diego shall be in default of this Agreement only if they fail to cure a material breach of this Agreement within the time set forth in a written notice of default as discussed in Section 6.3 below.

6.3 **Notice of Default.** A Party alleging a default by the other Party shall serve written notice thereof. Each such notice shall state with specificity all of the following:

6.3.1 It is given pursuant to this Agreement.

6.3.2 The nature of the alleged default.

6.3.3 The manner in which the alleged default may be satisfactorily cured.

6.3.4 A period of time in which the default may be cured. The notice of default shall allow at least sixty (60) calendar days to cure the default. If the default is of such a nature as

not to be susceptible of cure within said time using the allegedly defaulting Party's diligent efforts, then the allegedly defaulting Party shall only be deemed to have failed to cure the default if it fails diligently to commence such cure within said time or if it fails to reasonably diligently prosecute such cure to its conclusion.

6.4 **Remedies for Default**. The Parties acknowledge and agree that Chula Vista or San Diego would not have entered into this Agreement if they were to be liable in damages to any Party under this Agreement, or with respect to this Agreement or the application thereof. The Parties also acknowledge and agree that Tri Pointe Homes would not have entered into this Agreement without Chula Vista and San Diego's assurances set forth in this Agreement, and that Tri Pointe Homes will invest substantial money and effort in reliance upon Chula Vista and San Diego's assurances set forth in this Agreement. The Parties therefore acknowledge and agree that the nature of the Reorganization and the terms of this Agreement render ordinary remedies at law inadequate for a breach of this Agreement and that it would not be feasible or possible to restore the Project Property to its natural condition once implementation of the Agreement has begun. Therefore, the Parties agree that the remedies for breach of this Agreement shall be limited to one or more of the following:

6.4.1 In general, each of the Parties may pursue any remedy at law or equity available for any breach of any provision of this Agreement (including, but not limited to, obtaining letters of credit, performance bonds, and/or withholding certain approvals), except that Chula Vista or San Diego shall not be liable in monetary damages in any form to Tri Pointe Homes, any mortgagee or lender, or to any successor in interests of Tri Pointe Homes or mortgagee or lender, or to any other person, and Tri Pointe Homes covenants on behalf of all successors in interest in the Project Property or any portion thereof, not to sue Chula Vista or San Diego for monetary damages.

6.4.2 The Parties acknowledge that monetary damages and remedies at law will, however, generally be inadequate, and that specific performance and other non-monetary remedies are particularly appropriate remedies for the enforcement of this Agreement and should be available to the Parties because (a) money damages are unavailable against Chula Vista and San Diego as provided herein; and (b) given the size, nature and scope of the Project, it is not possible to determine the sum of money that would adequately compensate Tri Pointe Homes for development of the Project. Therefore, the Parties acknowledge and agree that specific performance is the preferred remedy for any default under this Agreement.

6.5 **Mortgagee Protection.**

6.5.1 **Right to Mortgage**. Tri Pointe Homes may assign, pledge or otherwise encumber its rights and interests under this Agreement for security purposes to a Mortgagee. Nothing contained in this Agreement shall restrict Tri Pointe Homes from encumbering all or any portion of the Project Property with a mortgage, deed of trust, or other security device (collectively "Mortgage"). No breach of this Agreement shall default, render invalid, diminish or impair the lien of any Mortgage made in good faith and for value. To the extent consistent with transferee's rights pursuant to bankruptcy and foreclosure laws, all of the terms and conditions of this Agreement shall be binding upon and effective against any person or transferee who acquires title

to all or any portion of the Project Property by foreclosure, trustee's sale, or deed in lieu of foreclosure.

6.5.2 **Notice of Default**. If Chula Vista or San Diego receives written notice from a Mortgagee requesting a copy of any notice of default given to Tri Pointe Homes hereunder and specifying the address for service thereof, then Chula Vista or San Diego shall deliver to such Mortgagee, concurrently with the delivery to Tri Pointe Homes, any notice given to Tri Pointe Homes with respect to any claim that Tri Pointe Homes is in default hereunder. If Chula Vista or San Diego subsequently makes a determination of noncompliance hereunder, concurrent with service to Tri Pointe Homes, Chula Vista or San Diego shall likewise serve notice of noncompliance on any Mortgagee who Tri Pointe Homes has identified in writing to Chula Vista or San Diego requires such notice. Each Mortgagee shall have the right, but not the obligations, during the same period available to Tri Pointe Homes hereunder, to cure or remedy, or to commence to cure or remedy, the event of default claimed or the areas of noncompliance set forth in the notice. But no Mortgagee shall have any claim, cause of action, remedy, or liability against Chula Vista or San Diego for monetary or compensatory damages, but for specific performance of this Agreement only. The failure of Chula Vista or San Diego to mail copies of said notice, or of the Mortgagee to receive such notice, shall not affect the validity of such notice or claim of default.

6.5.3 **Statement of Compliance / Notice of Estoppel**. Within thirty (30) calendar days after receipt of a written request from Tri Pointe Homes for a statement of compliance (or notice of estoppel), or for an additional reasonable period of time under the circumstances if Chula Vista or San Diego is diligently and in good faith pursuing compliance with the request, Chula Vista or San Diego shall execute and deliver a statement certifying: (a) that this Agreement is unmodified and in full force and effect (or identifying any modifications); (b) that there are no uncured defaults under this Agreement by the certifying Party or to the certifying Party's knowledge, by another other Party (or specifying any such defaults) if that is the case; and (c) any other information reasonably requested regarding the status of the Agreement and performance by the Parties. The failure of Chula Vista or San Diego to provide such statement within the 30-day period, or for a longer period under the circumstances identified in this Section above, shall be conclusively deemed to constitute a certification by the non-responding Party that: (a) this Agreement is in full force and effect without modification, except as may be represented by Tri Pointe Homes; and (b) that there are no uncured defaults under this Agreement. Such statement (or certification of estoppel) may be relied upon by any purchaser, transferee, lender, title company, governmental agency, or other person; however, nothing in this Agreement shall be construed to provide any non-Party with a cause of action.

ARTICLE 7

INDEMNITY AND TOLLING OF CLAIMS

7.1 **Indemnity Against General Plan Litigation**. Chula Vista and San Diego, as applicable, have determined that this Agreement is consistent with their respective General Plans and other applicable land use plans, and that those plans meet all requirements of law. Tri Pointe Homes has reviewed those General Plans and all other applicable land use plans and concurs with the determination of Chula Vista and San Diego. Chula Vista and San Diego shall have no liability under this Agreement for any failure to perform under this Agreement or the inability of Tri Pointe

Homes to develop the Project Property resulting from a judicial determination that the General Plan, applicable land use plans, or portions thereof, are, on the date each is approved, invalid or inadequate or not in compliance with law.

7.2 **Indemnity Against Third Party Litigation Concerning the Agreement and the Project Entitlements and the Property Tax Exchange Agreement**. Tri Pointe Homes shall fully and timely defend, with separate and independent counsel or counsels mutually acceptable to the Parties, at its sole expense, including any attorneys' fees and costs incurred by the Parties, indemnify, reimburse, and hold harmless Chula Vista and San Diego, their agents, officers and employees from any judgment, costs, (including any costs and expenses to prepare the administrative record for any challenge to the EIR, Project Entitlements, San Diego's approvals, and/or compiling a response to a California Public Records Act request(s) to provide the record of proceedings materials for the Project Entitlements and/or San Diego's approvals), fees, claim, action or proceeding against Chula Vista and San Diego, their agents, officers or employees to attack, set aside, void or annul the approval of this Agreement, the Project Entitlements, and/or San Diego's approvals or any subsequent approval or permit granted to Tri Pointe Homes pursuant to this Agreement, or regarding the Property Tax Sharing Agreement between Chula Vista and San Diego relating to the Annexation contemplated herein, regardless of whether such claim, action or proceeding is brought within the time period provided for in Government Code section 66499.37, Public Resources Code section 21167, or other applicable statute of limitations. Notwithstanding the foregoing, the indemnification obligations in this Section 7.2 shall not apply in judicially determined instances of Chula Vista or San Diego, gross negligence or willful misconduct. Chula Vista and San Diego shall promptly notify Tri Pointe Homes of any such claim, action or proceeding, and Chula Vista and San Diego shall cooperate fully in the defense. If Chula Vista or San Diego fail to cooperate fully in the defense, Tri Pointe Homes shall not thereafter be responsible to defend, indemnify, or hold Chula Vista or San Diego harmless. Counsel for the Parties will work closely and will coordinate their efforts to avoid unnecessary duplication of efforts, to reduce legal fees and costs and to present a joint defense that best uses the strengths of each Party. As the owner of the Project Property and the ultimate beneficiary of any future development of the Project, the Parties assume that Tri Pointe Homes's legal fees and costs will generally exceed the legal fees and costs incurred by Chula Vista and San Diego, reflecting Tri Pointe Homes's assumption of the greater legal workload in the defense. The Parties also assume, however, that Chula Vista and San Diego must, in consultation with Tri Pointe Homes, take prudent steps deemed necessary to protect their respective interests.

7.3 **Environmental Assurances**. Tri Pointe Homes shall fully and timely indemnify, reimburse, defend and hold Chula Vista and San Diego, their officers, agents, employees, subcontractors and independent contractors free and harmless from any liability, judgment, fees, costs, claim, action or proceeding based or asserted, upon any act or omission of Tri Pointe Homes, its officers, agents, employees, subcontractors, predecessors in interest, successors, assigns and independent contractors for any violation of any federal, state or local law, ordinance or regulation relating to industrial hygiene or to environmental conditions on, under or about the Project Property, including, but not limited to, soil and groundwater conditions, save and except liability or claims arising through the judicially determined instances, if any, of gross negligence or willful misconduct of Chula Vista, and San Diego, as applicable to that Party. Tri Pointe Homes shall defend, at its expense, including attorneys' fees, Chula Vista and San Diego, their officers, agents, employees, subcontractors and independent contractors in any action based or asserted upon any

such alleged act or omission, save and except liability or claims arising through the judicially determined instances, if any, of gross negligence or willful misconduct of Chula Vista and San Diego, as applicable.

7.4 **General Indemnity**. Tri Pointe Homes shall fully and timely indemnify, reimburse, defend and hold Chula Vista and San Diego, their officers, agents, employees, subcontractors and independent contractors free and harmless from any liability, judgment, fees (including attorneys' fees), costs, claim, action or proceeding whatsoever, based or asserted upon any act or omission of Tri Pointe Homes, its officers, agents, employees, subcontractors and independent contractors, for property damage, bodily injury, or death (Tri Pointe Homes's employees included) or any other element of damage of any kind or nature, relating to or in any way connected with or arising from the activities contemplated by this Agreement or the Project Entitlements, including, but not limited to, the Property Tax Exchange Agreement between Chula Vista and San Diego relating to the annexation contemplated herein, the study, design, engineering, construction, completion, failure and conveyance of private or public improvements for the Project, save and except for liability or claims arising through: (i) the judicially determined instances, if any, of gross negligence or willful misconduct of Chula Vista or San Diego as applicable to that Party; (ii) claims otherwise fully covered by the separate indemnity provided by Section 7.2 of this Agreement; (iii) claims otherwise fully covered by the separate indemnity provided by Section 7.3 of this Agreement; (iv) a Chula Vista or San Diego's breach of this Agreement; or (v) a challenge initiated or jointed in by Chula Vista or San Diego regarding the approval of or issuance of permits for the Project. Tri Pointe Homes shall defend with separate counsel mutually acceptable to the Parties, at its expense, including attorneys' fees, Chula Vista and San Diego, their officers, agents, employees, subcontractors and independent contractors in any legal or equitable action based upon such alleged acts or omissions, save and except liability or claims arising through: (i) the judicially determined instances, if any, of gross negligence or willful misconduct of Chula Vista and San Diego, as applicable to that Party; (ii) claims otherwise fully covered by the separate indemnity provided by Section 7.2 of this Agreement; (iii) claims otherwise fully covered by the separate indemnity provided by Section 7.3 of this Agreement; (iv) a Chula Vista and San Diego material and uncured breach of this Agreement; or (v) a challenge initiated or joined in by Chula Vista and San Diego regarding the approval of or issuance of permits for the Project.

7.5 **Tolling.** The Parties agree to the tolling of all applicable limitation periods with respect to any claims or causes of action that could have been filed or asserted by Chula Vista and San Diego in connection with the discretionary approvals of the Project Entitlements. Such claims or causes of action include, without limitation, all legal or equitable challenge that San Diego could have filed or asserted in connection with Chula Vista's approval. Whether or not the applicable statute of limitations is longer or shorter, the Parties agree that all such claims shall be filed within thirty (30) days of the later of LAFCO's decision to deny the Reorganization or denial of a hearing to reconsider a denial of the Reorganization. The Parties agree that the term of the tolling period provided in this Section 7.5 may be extended by mutual written consent through an amendment, in the discretion of the parties, to the Annexation Agreement Operating Memorandum.

The Parties agree that this Agreement does not revive or expand any related claims which were time-barred or otherwise not available prior to the date of the discretionary approvals of the

Project Entitlements. The Parties do not intend this provision to toll applicable statutes of limitations for any person or entity not signatories to this Agreement.

ARTICLE 8

USE, DENSITY/INTENSITY, HEIGHT, TERM AND TERMINATION

8.1 **Permitted Uses.** The permitted uses of the Project Property shall be all the permitted uses allowed pursuant to the Project Entitlements and any applicable zoning, which are hereby incorporated by reference.

8.2 **Density/Intensity.** The permitted density or intensity of use shall be the density and intensity allowed pursuant to the Project Entitlements and any applicable zoning, which are hereby incorporated by reference.

8.3 **Maximum Height.** The maximum height and size of the proposed buildings shall be the maximum height and size allowed pursuant to the Project Entitlements and any applicable zoning, which are hereby incorporated by reference.

8.4 **Dedication of Land.** The reservation or dedication of land shall be those portions of the Project identified in the Project Entitlements as dedicated or reserved for public purposes, which are hereby incorporated by reference.

8.5 **General Site Plan.** The general site plan showing the arrangement of uses and circulation is the same as those identified in Exhibit A to Tentative Map No. PCS21-0001 on file at the City of Chula Vista, and is hereby incorporated by reference.

8.6 **Annexation Agreement Term.**

8.6.1 **Term Duration.** The Term of this Agreement shall commence upon the Effective Date and shall continue in full force and effect for ten (10) years thereafter or until Project Build-Out, whichever occurs first ("Expiration"), unless terminated earlier as provided below in Section 8.6.2 ("Early Termination").

8.6.2 **Early Termination.** If LAFCO decides to deny the Reorganization and denies a hearing to reconsider a denial of the Reorganization, then this Agreement shall terminate thirty (30) days after LAFCO's decision unless Tri Pointe Homes, the Mayor of San Diego, City Manager of Chula Vista, in its discretion, or their respective designees execute an Annexation Agreement Operating Memorandum extending the term of this Agreement.

8.6.3 **Effects of Early Termination; Survival.** Upon Early Termination of this Agreement, no Party shall have further rights or obligations under this Agreement, except those rights and obligations provided in Article 7 of this Agreement, all of which survive Early Termination. In addition, the Parties shall execute and record in the Official Records of the County of San Diego Recorder's Office a document confirming termination of this Agreement and removing this Agreement as an exception to title to the Project Property.

8.6.4 **Effects of Expiration; Survival.** Upon Expiration of the Agreement, no Party shall have further rights or obligations under this Agreement, except those rights and obligations provided in Article 7, Section 4.3, and Section 5.5. San Diego and Chula Vista shall bear the general obligation of municipalities or special districts to provide services to residents within their jurisdictional boundaries and in accordance with LAFCO terms and conditions.

8.6.5 **Termination of Agreement With Respect to Individual Lots Upon Sale to Public.** Notwithstanding any other provision herein, the Agreement shall terminate, without the execution or recordation of any further document, but with written notice from Tri Pointe Homes to the Parties, with respect to any lot which meets the following conditions:

8.6.5.1 A lot has been finally subdivided; and

8.6.5.2 A lot has been individually (and not in "bulk") transferred, sold or leased to a member of the public or other ultimate user.

ARTICLE 9

GENERAL PROVISIONS

9.1 **Relationship of Parties.** This Agreement is one of independent contractors and does not create an agency relationship between the Parties.

9.2 **Project as Private Undertaking.** It is specifically understood by the Parties that the Project is a private development and that Chula Vista, San Diego and the District do not have an interest in or responsibilities for or duty to third parties concerning the Project. The Parties make no guarantees regarding Project Build-Out or the profits related thereto. Nothing contained in this Agreement or in any document executed in connection with this Agreement shall be construed as making the Parties joint venturers or partners.

9.3 **No Third-Party Beneficiaries.** The Parties expressly acknowledge and agree that they do not intend, by their execution of this Agreement, to benefit any person or entities not signatory to this Agreement. No person or entity not a signatory to this Agreement will have any rights or causes of action against the Parties, or any combination thereof, arising out of or due to the Parties' entry into this Agreement.

9.4 **Governing Law.** This Agreement shall be interpreted and enforced in accordance with the provisions of California law, without regard to conflicts of laws provisions.

9.5 **Notice.** Unless otherwise permitted by this Agreement, all notices to be given shall be in writing and may be made by personal delivery, certified mail, postage prepaid and return receipt requested. Mailed notices shall be addressed to the Parties at the addresses listed below, but each party may change the address by written notice in accordance with this paragraph. Receipt will be as follows: notices delivered personally will be deemed communicated as of actual receipt; mailed notices will be deemed communicated on receipt or rejection.

If to Chula Vista:

City of Chula Vista
276 Fourth Avenue
Chula Vista, California 91910
Attn: Maria Kachadoorian, City Manager

With a Copy to:

Office of the City Attorney
City of Chula Vista
276 Fourth Avenue
Chula Vista, California 91910
Attn: Marco A. Verdugo, City Attorney

If to City of San Diego:

Development Services Department
City of San Diego
1222 1st Avenue
San Diego, California 92101
Attn: Elyse Lowe, Director

With a Copy to:

Planning Department
City of San Diego
202 C Street, M.S. 413
San Diego, California 92101
Attn: Tait Galloway, Deputy Director – Community Planning & Housing

With a Copy to:

Office of the City Attorney
City of San Diego
1200 Third Avenue, Suite 1620
San Diego, California 92101
Attn: Corrine Neuffer, Esq.

If to Tri Pointe Homes:

13520 Evening Creek Drive North, Suite 300
San Diego, California 92128
Attn: Allen Kashani

With a Copy to:

Sheppard Mullin Richter & Hampton, LLP
501 West Broadway, 19th Floor
San Diego, California 92101
Attn: Whitney Hodges, Esq.

9.6 **Counterparts**. This Agreement may be executed in two (2) or more counterparts, each of which shall constitute an original.

9.7 **Entire Agreement**. This Agreement and the aforementioned MOU, incorporated herein by reference, contain the entire agreement of the Parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements, either written or oral, express or implied.

9.8 **Cooperation/Further Assurances/Further Acts**. Each Party: (a) shall deal fairly and in good faith with the other Party; (b) shall not impede the other Party's right to receive the benefits of this Agreement; (c) shall cooperate with and provide reasonable assistance to the other Party in the performance of this Agreement; and (d) shall execute such additional documents and to take such further actions as are reasonably necessary to accomplish the objectives and intent of this Agreement.

9.9 **Waiver**. The failure of any Party to insist upon strict compliance with any provision of this Agreement or to exercise any right or privilege provided herein, or any Party's waiver of any breach hereunder, unless in writing, shall not relieve any other Party of any of obligations hereunder, whether of the same or similar type. The foregoing shall be true whether the waiving Party's actions are intentional or unintentional.

9.10 **Authorization to Execute**. The signatories to this Agreement warrant that they have been lawfully authorized by their respective Parties to execute this Agreement on their behalf. Upon request, Tri Pointe Homes shall deliver to Chula Vista or San Diego copies of all applicable bylaws, resolutions or other documents evidencing the signatories' legal authority to execute this Agreement on behalf of the respective Parties.

9.11 **Binding On Heirs, Successors and Assigns; Covenant Running with the Property**. The benefits and obligations described herein will inure to the benefit of and be binding upon Tri Pointe Homes and any assignee or successor in interest to the Annexation Property; Chula Vista and its respective heirs, successors, grantees, transferees and permissible assigns; San Diego and its respective heirs, successors, grantees, transferees and permissible assigns. It is intended to be and shall be a covenant running with the Property.

9.12 **Recordation**. San Diego shall cause this Agreement or notice of this Agreement to be recorded with the County of San Diego Recorder's Office within ten (10) days of San Diego's receipt of the last signature required by this Agreement.

9.13 **Severability**. If any provision or clause of this Agreement or any application of it to any person, firm, organization, partnership or corporation is held invalid, such invalidity shall not affect other provisions of this Agreement which can be given effect without the invalid provision or application. To this end, the provisions of this Agreement are declared to be severable.

9.14 **Prohibition Against Assignment**. Tri Pointe Homes may not assign this Agreement or any interest in it without the prior written consent of Chula Vista and San Diego. Chula Vista and San Diego shall only withhold consent upon finding or determination that the proposed assignee is unwilling or unable to assume typical applicable conditions or commitments, financial and otherwise, related to the Project Entitlements, and/or financial obligations of performance bonds, including bonds required by the "Contract to Make, Install and Complete Water and/or Sewer Facilities" (or other substantially similar form) whether presently existing or subsequently issued, related to the construction of the Project. Upon assignment in accordance with this Section 9.14, Tri Pointe Homes shall be released of all liability and obligations related to the Project.

9.15 **Operating Memorandum**. The Parties acknowledge that the provisions of this Agreement require a close degree of cooperation between Chula Vista, San Diego and Tri Pointe homes, and that the refinements and further development of the Project hereunder may demonstrate that changes are appropriate with respect to the details of performance of the Parties hereunder. The Parties desire, therefore, to retain a certain degree of flexibility with respect to those items covered in general terms under this Agreement. If the Parties find that such changes or adjustments are necessary or appropriate from time to time during the term of this Agreement, then the Parties shall effectuate such changes or adjustments through an "Annexation Agreement Operating Memorandum" which, after execution, shall be attached hereto as addenda and become a part hereof, and may be further changed and amended from time to time as necessary with further approval by the Parties. No such Annexation Agreement Operating Memorandum shall require prior notice of hearing, or constitute an amendment to this Agreement; and approval of this Agreement authorizes the Mayor of San Diego, Chula Vista City Manager, or their respective designees to enter into an Annexation Agreement Operating Memorandum. Failure of the Parties to enter into any Annexation Agreement Operating Memoranda shall not affect or abrogate any of the rights, duties or obligations of the Parties hereunder or the provisions of this Agreement.

9.16 **Reservation of Discretion**. Nothing in this Agreement shall be interpreted as requiring the exercise of Chula Vista's or San Diego's police powers, independent judgment, or discretion in any particular manner.

9.17 **Force Majeure**. A Party shall not be deemed to be in default under this Agreement if the Party is prevented from performing an action or obligation due to causes beyond its reasonable control, such as labor unrest, epidemic, walkouts, riots, casualties, litigation, weather, war or acts of God.

9.18 **Construction/Interpretation**. This Agreement has been reviewed and revised by legal counsel for each Party, and no presumption or rule that ambiguities shall be construed against the drafting party shall apply to the interpretation or enforcement of this Agreement.

9.19 **Recitals and Exhibits**. All recitals and exhibits are incorporated into this Agreement by this reference. The following Exhibits are attached to this Agreement and incorporated herein:

Exhibit A:	Project Property
Exhibit B:	Annexation Application Schedule
Exhibit C:	Resolution of Application for the Reorganization
Exhibit D:	Application for Reorganization
Exhibit E:	Plan for Providing Services
Exhibit F:	Fiscal Impact Analysis
Exhibit G:	Distribution of Revenue and Other Items

[Signatures on following page]

CITY OF SAN DIEGO,
a California municipal corporation

By: _____
Todd Gloria, Mayor

Attest:

By: _____
Diana J.S. Fuentes, City Clerk

APPROVED AS TO LEGAL FORM:

_____
Heather Ferbert, City Attorney

CITY OF CHULA VISTA,
a California municipal corporation

By: _____
Maria V. Kachadoorian, City Manager

Attest:

By: _____
Kerry K. Bigelow, City Clerk

APPROVED AS TO LEGAL FORM:

_____
Marco A. Verdugo, City Attorney

TRI POINTE HOMES, IE-SD, INC.,
a California corporation

By: _____
Allen Kashani, Assistant Secretary

O-21919

#534
02/25/2025
(O-2025-73)
(COR. COPY)

ORDINANCE NUMBER O- 21919 (NEW SERIES)

DATE OF FINAL PASSAGE FEB 25 2025

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SAN DIEGO APPROVING AN ANNEXATION AGREEMENT BETWEEN THE CITY OF SAN DIEGO, CITY OF CHULA VISTA, AND TRI POINTE HOMES IE-SD, INC. RELATING TO THE NAKANO PROJECT- PROJECT NO. PRJ-1076302.

RECITALS

The Council of the City of San Diego (Council) adopts this Ordinance based on the following:

A. Tri Pointe Homes IE-SD, Inc. filed an application to obtain approvals from the City of San Diego for a residential development known as the Nakano Project, located in the City of Chula Vista with San Diego's Ocean View Hills residential development to the east, Interstate 805 to the west, Kaiser Medical Center to the south and the Otay Valley River Park to the north, and legally described as:

> THAT PORTION OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 24, TOWNSHIP 18 SOUTH, RANGE 2 WEST, SAN BERNARDINO MERIDIAN IN THE CITY OF CHULA VISTA, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF DESCRIBED AS FOLLOWS:
>
> BEGINNING AT THE SOUTHEAST CORNER OF SAID NORTHEAST QUARTER OF THE SOUTHEAST QUARTER; THENCE ALONG THE SOUTH LINE THEREOF SOUTH 89°42'04" WEST, 1069.30 FEET TO THE EASTERLY LINE OF FREEWAY DESCRIBED IN FINAL ORDER OF CONDEMNATION RECORDED JULY 22, 1968 AS FILE NO. 123488 OFFICIAL RECORDS; THENCE ALONG SAID EASTERLY LINE NORTH 3°47'10" EAST, 918.10 FEET; THENCE NORTH 80°52'26" EAST, 1030.62 FEET TO THE EAST LINE OF SAID SECTION; THENCE ALONG SAID EAST LINE SOUTH 0°28'33" WEST, 1074.02 FEET TO THE POINT OF BEGINNING.

B. Representatives of the City of San Diego, City of Chula Vista, and Tri Pointe Homes IE-SD, Inc. have negotiated an agreement for the detachment of the Nakano Project site from the City of Chula Vista and annexation into the City of San Diego, for the independent

review and approval of public agency decision-makers, identifying the rights and duties of said parties that would facilitate orderly development of the Nakano Project (Annexation Agreement.

C. The City of San Diego, a Charter City, is authorized pursuant to Morrison Homes Corporation v. City of Pleasanton (1974) 58 Cal. App. 3d 724, 733, to enter into binding annexation-related agreements for the development of property with persons having legal or "equitable interests in real property in order to establish certainty in the development process." The City of San Diego further enters into this Annexation Agreement pursuant to its Charter and self-rule powers.

D. Tri Pointe Homes IE-SD, Inc. proposes the subdivision of a 23.8-acre site into the development of a multifamily residential project, with up to 221 units, including 22 affordable units, private open space amenity areas, connecting pedestrian trails to the Otay Valley Regional Park (OVRP), and primary access from Dennery Road (Nakano Project).

E. The City of Chula Vista proposes to detach the Nakano Project site from the City of Chula Vista's territory and Otay Water District service district sphere of influence, and annex it into the City of San Diego's territory. The process by which these jurisdictional changes will occur are collectively referred to as the "Reorganization."

F. The City of San Diego is responsible for leading the LAFCO application process after approval of the Nakano Project and agrees to file an application for reorganization. In the event the San Diego Local Area Formation Commission (LAFCO) does not approve the Reorganization or the Reorganization is terminated by either a failure of the City of San Diego to approve the Annexation Agreement within 60 calendar days (or such date as extended by mutual written consent of the City of San Diego, City of Chula Vista, and Tri Pointe Homes IE-SD, Inc.) of the City of San Diego's introduction of this Ordinance, the Reorganization shall terminate.

G. The City of Chula Vista has approved the attached entitlements for the development of the Nakano Project site (Attachment A).

H. The Council has reviewed and accepts the Chula Vista Entitlements, except as specifically indicated or supplemented herein.

I. Resolution No. R- 316019 which was considered along with this Ordinance, proposes a General Plan Amendment and Otay Mesa Community Plan Amendment.

J. The Council finds that the Annexation Agreement is consistent with the City of San Diego General Plan and Otay Mesa Community Plan, as amended concurrently with this Ordinance, as well as other applicable City policies and regulations as described in the Environmental Impact Report, the Resolution Requesting LAFCO to Initiate Proceedings, and elsewhere in the Administrative Record.

K. The Council has reviewed and considered California Environmental Quality Act (CEQA) Guidelines Section 15162 consistency evaluation with the City of Chula Vista certified Environmental Impact Report (EIR22-001; SCH #2022060260) and determined no subsequent environmental document shall be prepared.

L. The Council adopts the CEQA Findings of Fact, Statement of Overriding Considerations, and Mitigation, Monitoring, and Reporting Program (MMRP) and Project Design Features consistent with the Environmental Impact Report.

M. The Council has considered all maps, exhibits, and written documents contained in the file for this project on record in the City of San Diego, and has considered the oral presentations given at the public hearing.

N. Under Charter section 280(a)(2) this Ordinance is not subject to veto by the Mayor of the City of San Diego because this matter requires the Council to act as a quasi-judicial

body and where a public hearing was required by law implicating due process rights of individuals affected by the decision and where the Council was required by law to consider evidence at the hearing and to make legal findings based on evidence presented.

O. The Office of the City Attorney prepared this Ordinance based on the information provided by City staff, including information provided by affected third parties and verified by City staff, with the understanding that this information is complete and accurate.

ACTION ITEMS

Be it ordained by the Council of the City of San Diego:

Section 1. That the Council hereby approves the Annexation Agreement and authorizes and directs the Mayor, or their designee to (a) execute the Annexation Agreement binding the City of San Diego to its terms, and (b) serve as or designate a representative(s) to serve as the City of San Diego's authorized representative in implementing the Annexation Agreement, filed in the office of the City Clerk as Document No. OO- 21919

Section 2. The City of San Diego's Multiple Species Conservation Plan (MSCP) Subarea Plan also requires approval of a minor amendment pursuant to MSCP Implementing agreement Section 9.20 Annexation of Lands. Upon an annexation of lands, the City of San Diego shall amend its Subarea Plan to ensure that any development of the Nakano Project site proceeds in accordance with the conservation goals of the MSCP and Subarea Plan. The approval of a MSCP minor amendment for annexation land has been included in the Annexation Agreement, this uncodified ordinance, and resolution where appropriate.

Section 3. The Council has reviewed and accepts the Chula Vista Entitlements, except as specifically indicated or supplemented herein.

Section 4. That no more than 221 dwelling units shall be developed on the Nakano Project site.

Section 5. That the Council hereby incorporates by reference the conditions below, which shall be covenants running with the subject property upon annexation to the City of San Diego and shall be binding upon Tri Pointe Homes IE-SD, Inc. and any successor(s) in interest:

DEVELOPMENT SERVICE DEPARTMENT (DSD): LDR-PLANNING

a. That, notwithstanding San Diego Municipal Code "SDMC" Section 131.0443(d)(2)(A) which requires that up to 50 percent of the length of the building envelope on one side of the premises may observe the minimum 5-foot side setback, provided the remaining percentage of the building envelope length observes at least the standard side setback of feet 8 feet or 10 percent of the lot width, whichever is greater, development of the Nakano Project may incorporate a 10-foot side setback.

b. That, notwithstanding SDMC Section 142.0340(e) which limits the height of retaining walls outside required setbacks to 12 feet, the Nakano Project may construct two retaining walls as shown on the Tentative Map Exhibit (Attachment B), with heights up to 24 feet outside the required setbacks.

DSD: LDR-LANDSCAPE

c. Prior to issuance of any construction permit for grading, Tri Pointe Homes IE-SD, Inc. shall submit complete construction documents for the revegetation and hydro-seeding of all disturbed land in accordance with the City of San Diego Landscape Standards, Storm Water Design Manual, and to the satisfaction of the Development Services Department. All plans shall be in substantial conformance to this permit (including Environmental conditions) and the Tentative Map Exhibit (Attachment B), on file in the Development Services Department.

d. Prior to issuance of any construction permit for public improvements, Tri Pointe Homes IE-SD, Inc. shall submit complete landscape construction documents for right-of-way improvements to the Development Services Department for approval. Improvement plans shall show, label, and dimension a 40-square-foot area around each tree which is unencumbered by utilities. Driveways, utilities, drains, water and sewer laterals shall be designed so as not to prohibit the placement of street trees.

e. Prior to issuance of any construction permit for building (including shell), Tri Pointe Homes IE-SD, Inc. shall submit complete landscape and irrigation

construction documents, which are consistent with the Landscape Standards, to the Development Services Department for approval. The construction documents shall be in substantial conformance with the Tentative Map Exhibit (Attachment B), Landscape Development Plan, on file in the Development Services Department. Construction plans shall provide a 40-square-foot area around each tree that is unencumbered by hardscape and utilities unless otherwise approved per §142.0403(b)(6).

f. In the event that a foundation only permit is requested by Tri Pointe Homes IE-SD, Inc., a site plan or staking layout plan, shall be submitted to the Development Services Department identifying all landscape areas consistent with the Tentative Map Exhibit (Attachment B), Landscape Development Plan, on file in the Development Services Department. These landscape areas shall be clearly identified with a distinct symbol, noted with dimensions, and labeled as 'landscaping area.'

g. Tri Pointe Homes IE-SD, Inc. shall be responsible for the maintenance of all landscape improvements shown on the approved plans, including in the right-of-way, unless long-term maintenance of said landscaping will be the responsibility of another entity approved by the Development Services Department. All required landscape shall be maintained consistent with the Landscape Standards in a disease, weed, and litter free condition at all times. Severe pruning or "topping" of trees is not permitted.

h. If any required landscape (including existing or new plantings, hardscape, landscape features, etc.) indicated on the approved construction documents is damaged or removed, Tri Pointe Homes IE-SD, Inc. shall repair and/or replace in kind and equivalent size per the approved documents to the satisfaction of the Development Services Department within 30 days of damage or Certificate of Occupancy.

i. Tri Pointe Homes IE-SD, Inc. shall implement the following requirements in accordance with the Brush Management Program shown on the Tentative Map Exhibit (Attachment B).

The Brush Management Program shall be based on a standard Zone One of 35-feet in width and Zone Two of 65-feet in width, exercising the Zone Two reduction option and Alternative Compliance measures set forth under SDMC Sections 142.0412(f), 142.0412(i), and 142.0412(j). The brush management zones apply on Nakano Project site as demonstrated on the Tentative Map Exhibit (Attachment B).

Alternative compliance measures apply to duplex structures No. 1,14,15, 28, 29, and 42; multifamily structures No. 1,4,5, and 8; single family structures No. 17,18, and 47-61, as indicated on the Tentative Map Exhibit (Attachment B). A "Radiant Heat Wall" shall be six feet high, one-hour fire-rated, located along the

outer edge of Zone One. Upgraded openings shall be dual-glazed, dual-tempered panes, brush side of the structure, plus a 10-foot perpendicular return along adjacent wall faces.

j. Prior to issuance of any construction permit for grading, landscape construction documents required for the engineering permit shall be submitted by Tri Pointe Homes IE-SD, Inc. showing the brush management zones on the property in substantial conformance with the Tentative Map Exhibit (Attachment B).

k. Prior to issuance of any construction permit for building, a complete Brush Management Program shall be submitted by Tri Pointe Homes IE-SD, Inc. for approval to the Development Services Department and shall be in substantial conformance with the Tentative Map Exhibit (Attachment B) on file in the Development Services Department. The Brush Management Program shall comply with the City of San Diego's Landscape Regulations and the Landscape Standards.

Within Zone One, combustible accessory structures (including, but not limited to decks, trellises, gazebos, etc.) shall not be permitted while accessory structures of non-combustible, one-hour fire-rated, and/or Type IV heavy timber construction may be approved within the designated Zone One area subject to Fire Marshal's approval.

l. The Brush Management Program shall be maintained by Tri Pointe Homes IE-SD, Inc. at all times in accordance with the City of San Diego's Landscape Standards.

m. Prior to recordation of the Final Map, Tri Pointe Homes IE-SD, Inc. shall identify on a separate sheet titled "Non-Title Sheet" the brush management areas in substantial conformance with the Tentative Map Exhibit (Attachment B). These brush management areas shall be identified with a hatch symbol with no specific dimensions or zones called out. The following note shall be provided on the Non-Title Sheet to identify the hatched areas: "Indicates fire hazard zone(s) per SDMC Section 142.0412."

DSD: ENVIRONMENTAL

n. Tri Pointe Homes IE-SD, Inc. shall adhere to the Nakano Project Mitigation Monitoring and Reporting Program identified in the Environmental Impact Report (EIR22-001; SCH#2022060260) Chapter 10, Mitigation Monitoring and Reporting Program.

o. Tri Pointe Homes IE-SD, Inc. shall adhere to the Nakano Project Design Features identified in the Environmental Impact Report (EIR22-001; SCH #2022060260) Section 3.6, Project Design Features.

DSD: MAP CHECK

p. Prior to the expiration of the Tentative Map (approved by the City of Chula Vista), a Final Map shall be processed with the City of San Diego to consolidate and subdivide the 23.8-acre property into 215 (up to 221 maximum) residential condominium units and shall be recorded in the San Diego County Recorder's Office.

q. Prior to the recordation of the Final Map, taxes must be paid or bonded for the Nakano Project site pursuant to Section 66492 of the Subdivision Map Act. A current original tax certificate, recorded in the Office of the San Diego County Recorder, must be provided to the City of San Diego to satisfy this condition. Please note if tax bond is required as indicated on the tax certificate, please make sure that it is paid or posted, and submit evidence (e.g., filed bond letter or receipt from Clerk of the Board of Supervisors) indicating the required tax bond amount has been paid or bonded.

r. The Final Map shall be based on field survey and all lot corners must be marked with durable survey monuments pursuant to SDMC Section 144.0311(d) and Subdivision Map Act Section 66495. All survey monuments shall be set prior to the recordation of the Final Map, unless the setting of monuments is deemed impractical due to the proposed improvements and/or grading associated with the Nakano Project, in which case, delayed monumentation may be applied on the Final Map in accordance with SDMC Section 144.0130.

s. All subdivision maps in the City of San Diego are required to be tied to the California Coordinate System of 1983 (CCS83), Zone 6 pursuant to Sections 8801 through 8819 of the California Public Resources Code. The Final Map shall:

   i. Use the California Coordinate System for its "Basis of Bearings" and express all measured and calculated bearing values in terms of said system. The angle of grid divergence from a true meridian (theta or mapping angle) and the north point of said map shall appear on each sheet thereof. Establishment of said Basis of Bearings may be by use of existing "Horizontal Control" stations or astronomic observations.

   ii. Show two measured ties from the boundary of the map to existing Horizontal Control stations having California Coordinate values of "First Order" accuracy. These tie lines to the existing control shall be shown in relation to the California Coordinate System (i.e., grid bearings and grid distances). All other distances shown on the map are to be shown as ground distances. A combined factor for conversion of grid-to-ground shall be shown on the map.

t. Sewer easements granted to the City of San Diego proposed for vacation shall be vacated upon recordation of the Final Map pursuant to Section 66434(g) of the

Subdivision Map Act as shown on approved the Tentative Map Exhibit (Attachment B).

u. All proposed easements and right-of-way dedications within the boundary of the Tentative Map shall be granted on the proposed Final Map with the exception of any required "Covenant of Easement" which shall be granted by deed.

v. Prior to recordation of the Final Map, any proposed easements required for the subdivision outside of the Tentative Map boundary over Lots A and C of Map 15592 as shown on approved the Tentative Map Exhibit (Attachment B) shall be recorded at the San Diego County Recorder's Office.

w. Prior to recordation of the Final Map, Private Street A traversing Lot C of Map 15592 to the subject subdivision as shown on approved Tentative Map Exhibit (Attachment B) shall obtain street name approval from City of San Diego Development Services Department - through submittal of a stand-alone Street Name (Tentative Map Exhibit (Attachment B) with the Development Services Department.

x. Prior to the recordation of the Final Map, all private streets and drives within the Tentative Map boundary shall be shown with bearings and distances along the centerline and width of the streets shown on the Final Map. The street names shall be approved by City of San Diego Development Services Department and published on the Final Map.

DSD: ENGINEERING

y. The drainage system proposed for this development, as shown on the site plan, is private and subject to approval by the City of San Diego City Engineer.

z. Prior to the issuance of any construction permit, Tri Pointe Homes IE-SD, Inc. shall incorporate any construction Best Management Practices necessary to comply with Chapter 14, Article 2, Division 1 (Grading Regulations) of the San Diego Municipal Code, into the construction plans or specifications.

aa. Prior to the issuance of any construction permit, Tri Pointe Homes IE-SD, Inc. shall enter into a Maintenance Agreement for the ongoing permanent BMP maintenance, satisfactory to the City of San Diego City Engineer.

bb. Prior to the issuance of any construction permit, Tri Pointe Homes IE-SD, Inc. shall submit a technical report that will be subject to final review and approval by the City of San Diego City Engineer, based on the City of San Diego Storm Water Standards in effect at the time of the construction permit issuance.

DSD: WATER & SEWER

cc. Tri Pointe Homes IE-SD, Inc. shall grant water easement for the proposed above ground water meters as shown on the approved the Tentative Map Exhibit (Attachment B), in a manner satisfactory to the City of San Diego Public Utilities Director and the City Engineer.

dd. Tri Pointe Homes IE-SD, Inc. shall grant sewer access easements as shown on the approved the Tentative Map Exhibit (Attachment B), satisfactory to the City of San Diego Public Utilities Department and the City Engineer.

ee. Prior to the recordation of the easement vacation, Tri Pointe Homes IE-SD, Inc. shall assure, by permit, bond and completion the abandonment of the existing sewer main, in a manner satisfactory to the City of San Diego Public Utilities Director and the City Engineer.

DSD: GEOLOGY

ff. Tri Pointe Homes IE-SD, Inc. shall submit an as-graded geotechnical report prepared in accordance with the City's "Guidelines for Geotechnical Reports" following completion of the grading. Given the proximity of landslides to the subject site, cut slopes must be mapped during grading. The as-graded report should verify that cut slopes were observed and mapped during grading by an engineering geologist to verify that the soil and geologic conditions do not differ significantly from those anticipated. The as-graded geotechnical report shall be reviewed for adequacy by the City of San Diego Development Services Department, Geology Section prior to the recordation of the Final Map, exoneration of the bond, and grading permit close-out.

DSD: TRANSPORTATION

gg. All automobile, motorcycle and bicycle parking spaces must be constructed in accordance with the requirements of the SDMC. All on-site parking stalls and aisle widths shall be in compliance with requirements of the SDMC and shall not be converted and/or utilized for any other purpose, unless otherwise authorized in writing by the appropriate City of San Diego decision maker in accordance with the SDMC.

hh. Prior to the issuance of any building permit, Tri Pointe Homes IE-SD, Inc. shall assure by permit and bond the removal and replacement of the existing driveway on Dennery Road with full height curb, gutter, and non-contiguous sidewalk and construct a new 25-foot-wide driveway as shown on the Tentative Map Exhibit (Attachment B) per current City of San Diego standards, satisfactory to the City of San Diego City Engineer. All improvements shall be completed and operational prior to first occupancy.

ii. Prior to the issuance of any building permit, Tri Pointe Homes IE-SD, Inc. shall pay a fair share contribution of 2.5 percent to the City of San Diego towards the bridge widening as part of the Palm Ave-Interstate 805 Interchange / S00869 Project within the City of San Diego, satisfactory to the City Engineer.

jj. At the intersection of Palm Avenue/Dennery Road, prior to the issuance of any building permit, Tri Pointe Homes IE-SD, Inc. shall assure by permit and bond the following: (i) Installation of pedestrian countdown signal heads and the installation of traffic signal heads with retroreflective backplates on all approaches via a traffic signal modification plan; (ii) extension of the exclusive eastbound dual left turn lanes with 280 feet of storage per lane by an additional 85 feet of storage per lane with appropriate taper to provide a total storage length of 365 feet per lane via improvement plans and signing and striping plans; (iii) extension of the exclusive southbound right turn lane with 95 feet of storage by an additional 50 feet of storage with appropriate taper to provide a total storage length of 145 feet via improvement plans and signing and striping plans; and (iv)installation of audible countdown pedestrian heads for each pedestrian phase and upgrading the traffic controller to a 2070 controller including software update and communications equipment per current City of San Diego standards, satisfactory to the City of San Diego City Engineer. All improvements shall be completed and operational prior to first occupancy satisfactory to the City of San Diego City Engineer.

kk. At the intersection of Dennery Road/Red Fin Lane, prior to the issuance of any building permit, Tri Pointe Homes IE-SD, Inc. shall assure by permit and bond the following: (i) extension of the exclusive eastbound left turn lane with 190 feet of storage by an additional 50 feet to provide a total storage length of 240 feet via improvement plans and signing and striping plans; and (ii) upgrade the existing bicycle loop detectors along Dennery Road and install Type E Modified front loops on all approaches per current City of San Diego standards, satisfactory to the City of San Diego City Engineer. All improvements shall be completed and operational prior to first occupancy.

ll. Prior to the issuance of any building permit, Tri Pointe Homes IE-SD, Inc. shall record an access easement in favor of all affected parcels within the Nakano Project site, satisfactory to the City of San Diego City Engineer.

mm. Prior to first occupancy, Tri Pointe Homes IE-SD, Inc. shall implement a transit subsidy program. The subsidy value will be limited to the equivalent value of 25 percent of the cost of a San Diego Metropolitan Transit System "Regional Adult Monthly/30-Day Pass" (currently $72, which equates to a subsidy value of $18 per month). Subsidies shall be available on a per unit basis to residential tenants for a period of five years during the first five years after issuance of the first occupancy permit. Tri Pointe Homes IE-SD, Inc. shall provide an annual report to the City Engineer in each of the first five years demonstrating how the offer was

publicized to residents and documenting the results of the program each year, including number of participants and driveway traffic counts.

nn. Prior to first occupancy, Tri Pointe Homes IE-SD, Inc. shall provide one bicycle (up to a $400 value) per unit to the first buyer of each unit.

oo. Prior to first occupancy, Tri Pointe Homes IE-SD, Inc. shall develop and implement a commute trip reduction program that requires each homeowner and tenant to be provided with a one-page flyer every year that provides information regarding available transit, designated bicycle routes, local bicycle groups and programs, local walking routes and programs, and rideshare programs.

pp. Prior to the issuance of any building permit, Tri Pointe Homes IE-SD, Inc. shall pay the "Active Transportation In Lieu" fee to the City of San Diego.

qq. Prior to issuance of any building permit, Tri Pointe Homes IE-SD, Inc. shall provide and maintain publicly accessible pedestrian amenities for every 250 linear feet of street frontage for the Nakano Project including a backless bench and trash and recycle receptacle, to the satisfaction of the City of San Diego Development Services Department. All improvements shall be completed and operational prior to first occupancy.

rr. Prior to issuance of any building permit, Tri Pointe Homes IE-SD, Inc. shall construct a secondary emergency only access, as shown on the Tentative Map Exhibit (Attachment B), to the satisfaction of the City of San Diego City Engineer and City of San Diego Fire Marshal. All improvements shall be completed and operational prior to first occupancy.

HOUSING COMMISSION

ss. Prior to issuance of any building permit associated with this Nakano Project, Tri Pointe Homes IE-SD, Inc. shall demonstrate compliance with the provisions of the Inclusionary Affordable Housing Regulations of San Diego Municipal Code Chapter 14, Article 2, Division 13 and the Inclusionary Housing Procedures Manual.

tt. Tri Pointe Homes IE-SD, Inc. shall enter into a written agreement with the San Diego Housing Commission, which shall be drafted and approved by the San Diego Housing Commission, executed by the Owner/Permittee, and secured by a deed of trust, which incorporates applicable affordability conditions consistent with the San Diego Municipal Code. This agreement will specify that in exchange for the City of San Diego's approval of the Nakano Project, Tri Pointe Homes IE-SD, Inc. shall provide 22 affordable units with prices of no more than 30% of 100 percent average median income ("AMI"). The 22 affordable dwelling units must be provided in a comparable mix to the total development.

PARK & RECREATION DEPARTMENT

uu. Prior to recordation of the Final Map, Tri Pointe Homes IE-SD, Inc. shall place a "Recreation Easement" over all public trails on private property. All Recreation Easements shall be maintained by Tri Pointe Homes IE-SD, Inc.

vv. Tri Pointe Homes IE-SD, Inc. shall ensure the City of San Diego Parks and Recreation Department review and approval of the Final Map prior to recordation.

ww. Tri Pointe Homes IE-SD, Inc. shall ensure that no project brush management responsibilities are located on the adjacent OVRP parkland.

xx. Tri Pointe Homes IE-SD, Inc. shall ensure that there are no temporary or permanent construction impacts to the adjacent OVRP parkland other than the off-site improvements identified on the approved the Tentative Map Exhibit (Attachment B) plans.

yy. Tri Pointe Homes IE-SD, Inc. shall ensure that all privately owned and maintained infrastructure is located on private property.

zz. Tri Pointe Homes IE-SD, Inc. shall ensure that native plants are planted adjacent to OVRP parkland.

aaa. Tri Pointe Homes IE-SD, Inc. shall ensure that there is no overspray or irrigation runoff on adjacent OVRP parkland.

bbb. Tri Pointe Homes IE-SD, Inc. shall ensure that the public trails identified on Tentative Map Exhibit (Attachment B), both on- and off-site, are constructed as part of this Nakano Project and follow the approved "OVRP Trail Guidelines".

ccc. Tri Pointe Homes IE-SD, Inc. shall ensure that underdrain structures are installed at all proposed public trail locations as shown on Tentative Map Exhibit (Attachment B) to protect the trails from erosional impacts from concentrated drainage flows to the satisfaction of the City of San Diego Parks and Recreation Department.

ddd. Tri Pointe Homes IE-SD, Inc. shall ensure that all off-site impacts to adjacent OVRP parkland as a result of this Nakano Project receive revegetation and include a minimum 25-month maintenance and monitoring period that provides success criteria metrics stipulating minimum percent vegetation cover, maximum invasive plant cover, inspection reporting, remedial measures if success criteria is not met, and final sign off requirements. Revegetation shall be completed to the satisfaction of the City of San Diego Parks and Recreation Department, Open Space Division Deputy Director.

eee. Tri Pointe Homes IE-SD, Inc. shall ensure that a temporary off-site irrigation system is provided during the required off-site revegetation maintenance and monitoring period and that the above grade temporary irrigation system is removed in its entirety prior to final sign off by the City of San Diego.

fff. Prior to issuance of any construction permits for grading, Tri Pointe Homes IE-SD, Inc. shall submit complete landscape construction documents for review and approval by the City of San Diego Parks and Recreation Department. All plans shall be substantial conformance to this permit and Tentative Map Exhibit (Attachment B).

ggg. Tri Pointe Homes IE-SD, Inc. shall ensure City of San Diego Parks and Recreation Department review and approval of grading plans and public improvement plans prior to permit issuance.

hhh. Prior to final inspection of the 10th residential building unit, Tri Pointe Homes IE-SD, Inc. shall ensure that evidence is provided to Parks and Recreation that shows pedestrians shall be permitted access to the private sidewalks within the private development from Dennery Road to the Proposed Overlook Park and Trailhead identified on the plans as the "Pedestrian connection to Dennery Road". Such evidence will be in the form of the approved covenants, conditions and restrictions ("CC&Rs") for the development, satisfactory to Parks and Recreation Director or designee.

iii. Prior to final inspection of the 10th residential building unit, Tri Pointe Homes IE-SD, Inc. shall ensure that the project has been annexed into the Ocean View Hills Maintenance Assessment District (MAD) managed by the City of San Diego Parks and Recreation Department (note the annexation process is estimated to take one year to complete).

jjj. All modifications to the existing landscaping and irrigation within the MAD along Dennery Road shall be in accordance with the City of San Diego's "Consultant's Guide to Park Design and Construction" and shall include a 2-year maintenance period prior to acceptance by Parks and Recreation.

kkk. Any Nakano Project off-site mitigation that occurs on land that will be conveyed to the City of San Diego in fee title shall meet all of the following requirements:

1) Long Term Management Plan and Estimate, and Property Analysis Record ("PAR") are executed to the satisfaction of the City of San Diego Parks and Recreation Director or designated appointee.

2) Lot(s) are free and clear of all private easements, private encroachments, private agreements and/or liens.

3) All trash, illegal use and associated structures on the lot(s) are removed to the satisfaction of the City of San Diego Parks and Recreation Director or designated appointee prior to the City acceptance.

4) For the duration of the maintenance and monitoring period, submit quarterly inspection reports to the City of San Diego Parks and Recreation Open Space Division.

5) Continue to provide plant establishment and maintenance periods until all success criteria requirements are met to the satisfaction of the City of San Diego Parks and Recreation Director or designated appointee.

6) Lot(s) to be deeded to the City are inspected by the City of San Diego Parks & Recreation Department, Open Space Division.

Section 6. That the Council hereby incorporates by reference the recitals above finding them to be true and accurate.

Section 7. That a full reading of this Ordinance is dispensed with prior to its passage, a written or printed copy having been made available to the Council and the public prior to the day of its passage.

Section 8. This Ordinance shall take effect and be in force on the thirtieth day from and after its passage or the date that R- 316019 adopting the amendments to the General Plan and Otay Mesa Community Plan becomes effective, whichever date occurs later.

APPROVED: HEATHER FERBERT, City Attorney

By _____
Corrine L. Neuffer
Senior Chief Deputy City Attorney

CLN:jn2
January 7, 2025
January 22, 2025 (COR.COPY)
Or.Dept: DSD
Doc. No. 3921989.2

Attachments:

Exhibit A: City of Chula Vista Entitlements
Exhibit B: Tentative Map Exhibit

I certify that the Council of the City of San Diego adopted this Ordinance at a meeting held on FEB 25 2025.

DIANA J.S. FUENTES
City Clerk

By Connie Patterson
Deputy City Clerk

Passed by the Council of The City of San Diego on FEB 25 2025, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Joe LaCava	☒	☐	☐	☐
Jennifer Campbell	☒	☐	☐	☐
Stephen Whitburn	☒	☐	☐	☐
Henry L. Foster III	☒	☐	☐	☐
Marni von Wilpert	☒	☐	☐	☐
Kent Lee	☒	☐	☐	☐
Raul A. Campillo	☒	☐	☐	☐
Vivian Moreno	☒	☐	☐	☐
Sean Elo-Rivera	☒	☐	☐	☐

Date of final passage FEB 25 2025.

AUTHENTICATED BY:

TODD GLORIA
Mayor of The City of San Diego, California.

(Seal)

DIANA J.S. FUENTES
City Clerk of The City of San Diego, California.

By Connie Patterson, Deputy

I HEREBY CERTIFY that the foregoing ordinance was not finally passed until twelve calendar days had elapsed between the day of its introduction and the day of its final passage, to wit, on

FEB 03 2025, and on FEB 25 2025.

I FURTHER CERTIFY that said ordinance was read in full prior to passage or that such reading was dispensed with by a vote of five members of the Council, and that a written copy of the ordinance was made available to each member of the Council and the public prior to the day of its passage.

(Seal)

DIANA J.S. FUENTES
City Clerk of The City of San Diego, California.

By Connie Patterson, Deputy

Office of the City Clerk, San Diego, California

Ordinance Number O- 21919

Passed by the Council of The City of San Diego on February 25, 2024, by the following vote:

YEAS:	**LACAVA, CAMPBELL, WHITBURN, FOSTER III, VON WILPERT, CAMPILLO, LEE, MORENO, & ELO-RIVERA.**
NAYS:	**NONE.**
NOT PRESENT:	**NONE.**
RECUSED:	**NONE.**

AUTHENTICATED BY:

TODD GLORIA

Mayor of The City of San Diego, California

DIANA J.S. FUENTES

City Clerk of The City of San Diego, California

(Seal)

By: **Linda Irvin**, Deputy

I HEREBY CERTIFY that the above and foregoing is a full, true, and correct copy of ORDINANCE NO. **O-21919** (New Series) of The City of San Diego, California.

I FURTHER CERTIFY that said ordinance was not finally passed until twelve calendar days had elapsed between the day of its introduction and the day of its final passage, to wit, on **February 3, 2025** and **February 25, 2025.**

I FURTHER CERTIFY that said ordinance was read in full prior to passage or that such reading was dispensed with by a vote of five members of the Council, and that a written copy of the ordinance was made available to each member of the Council and the public prior to the day of its passage.

DIANA J.S. FUENTES

City Clerk of The City of San Diego, California

(SEAL)

By: Linda Irvin, Deputy

“Nakano Development Project Reorganization” RO25-08

Attachment Three - B

Resolution – City of San Diego

2026 2/3/25

(R-2025-347)
(COR. COPY)

RESOLUTION NUMBER R- 316022

DATE OF FINAL PASSAGE FEB 03 2025

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO REQUESTING THE LOCAL AGENCY FORMATION COMMISSION OF THE COUNTY OF SAN PDIEGO INITIATE PROCEEDINGS FOR THE DETACHMENT OF THE PROPERTY WITH THE NAKANO PROJECT (PROJECT NO. PRJ-1076302) FROM THE CITY OF CHULA VISTA JURISDICTIONAL BOUNDARIES AND THE OTAY WATER DISTRICT SERVICE AREA AND A SPHERE OF INFLUENCE AMENDMENT AND FOR THE ANNEXATION OF THE PROPERTY INTO THE JURISDICTIONAL BOUNDARIES OF THE CITY OF SAN DIEGO.

RECITALS

The Council of the City of San Diego (Council) adopts this Resolution based on the following:

A. Tri Pointe Homes IE-SD, Inc., Owner/Permittee, (Tri Pointe Homes) filed an application to obtain approvals from the City of Chula Vista for a residential development known as the Nakano Project, located in proximity to Dennery Road and Ocean View Parkway, abutting the City of San Diego, and legally described as that portion of the northeast quarter of the southeast quarter of section 24, township 18 south, range 2 west, San Bernardino Meridian in the City of Chula Vista, County of San Diego, State of California, according to the official plat thereof described as follows: Beginning at the southeast corner of said northeast quarter of the southeast quarter; thence along the south line thereof South 89°42'04" West, 1069.30 feet to the easterly line of freeway described in final order of condemnation recorded July 22, 1968 as File No. 123488 official records; thence along said easterly line North 3°47'10" East, 918.10 feet; thence North 80°52'26" East, 1030.62 feet to the east line of said section; thence along said east line South 0°28'33" West, 1074.02 feet to the point of beginning and Lot 'C' of Dennery Ranch Village 2/3 according to Map thereof no. 15592, in the City of San Diego, County of San Diego,

State of California, filed in the office of the County Recorder of San Diego County on August 15, 2007.

B. The Nakano Project proposes the development of up to 221 multiple dwelling unit, including 22 affordable units, private open space amenity areas, and connecting trails to the Otay Valley Regional Park on a 23.8-acre site (Nakano Project).

C. Tri Pointe Homes, Inc. proposes to have the Project site detached from both the City of Chula Vista and Otay Water District and annexed into the City of San Diego since the Nakano Project site can only be accessed and receive services from the City of San Diego.

D. The City of San Diego and the City of Chula Vista have entered a cooperative Memorandum of Understanding (MOU) approved on December 7, 2021.

E. The MOU specifies that the Project shall be developed in accordance with the general plans and local ordinances of both Chula Vista and San Diego, as the site is intended to be detached from the City of Chula Vista and annexed into the City of San Diego.

F. Representatives of the City of San Diego, City of Chula Vista, and Tri Pointe Homes have negotiated an agreement, for the independent review and approval of public agency decision-makers, identifying the rights and duties of said parties that would facilitate orderly development of the Nakano Project (Annexation Agreement).

G. The Annexation Agreement outlines the process to detach approximately 23.8 acres of the Nakano Project site from the City of Chula Vista and Otay Water District and annex the property into the jurisdictional boundaries of the City of San Diego which is referred to as a reorganization.

H. The General Plan identifies the Nakano Project site as a prospective annexation area on Figure LU-3.

I. The General Plan identifies the need to consider and evaluate reorganizations with adjacent jurisdictions to avoid duplication of services with special districts; promote orderly growth and development and preserve open space, as necessary, on its periphery; and promote a more cost-efficient delivery of urban services to both existing areas that already have urban services and future development areas that require urban service extensions from contiguous City area.

J. The Nakano Project site can only be accessed and receive services from the City of San Diego and would represent an orderly and logical extension of City boundaries.

K. Proposed residential land use designation will assist the City in meeting housing goals by providing new housing opportunities on an undeveloped site, near existing commercial and recreational uses.

L. On December 3, 2024, the City Council of the City of Chula Vista, as Lead Agency under the California Environmental Quality Act (Pub. Res. §§ 21000 et seq.) (CEQA), certified Environmental Impact Report (EIR 22-001/SCH 2022060260) (EIR) that was prepared in accordance with CEQA and the CEQA Guidelines (14 C.C.R. §§ 15000 et seq.), adopted CEQA Findings, a Statement of Overriding Considerations, and a Mitigation Monitoring and Reporting Program.

M. The City of Chula Vista is, or will be, considering a Resolution of Support for the Application Requesting the Local Agency Formation Commission to Take Proceedings for the Nakano Development Project Reorganization.

N. The Otay Water District provided a Letter of Support for the Application Requesting the Local Agency Formation Commission to Take Proceedings for the Nakano Project Reorganization.

O. Through this Resolution, the City of San Diego desires to: (i) detach the Nakano Project site, the boundaries of which are described in the Annexation Agreement as Exhibit A attached hereto, from the City of Chula Vista and Otay Water District; (ii) annex said Nakano Project site into the jurisdictional boundaries of the City of San Diego; and (iii) amendment Sphere of Influence for the City of San Diego to include the Nakano Project site (the Reorganization).

P. On December 19, 2024, the Planning Commission of the City of San Diego considered Tri Pointe Homes's request for a resolution for the Application Requesting the Local Agency Formation Commission of the County of San Diego Initiate Proceedings the Detachment of the Proposed Nakano Residential Development Project (Project No. PRJ-1076302) from the City of Chula Vista jurisdictional boundaries and Otay Water District service area, Amendment of the Sphere of Influence, and for the Annexation of the Project site into the jurisdictional boundaries of the City of San Diego and recommended approval.

Q. The plan for providing services prepared in accordance with the requirement of Government Code section 56653 is attached to the Annexation Agreement as Exhibit E (Plan for Services).

R. The Local Agency Formation Commission of the County of San Diego (LAFCO), is the state-mandated regulatory agency established by the Cortese/Knox/Hertzberg Local Government Reorganization Act of 2000 (Govt. Code §§ 56000 et seq.) (Act) to review and approve proposed jurisdictional boundary changes, including annexations and detachments of certain real property to and/or from cities and special districts principally to discourage urban sprawl and to encourage the orderly and efficient provision of services.

S. The Reorganization is consistent with the legislative intent of the Act in that it will provide for orderly development of the Nakano Project site and for more efficient services to the future inhabitants of the Nakano Project site through the City of San Diego as shown in the Plan for Services.

T. Government Code section 56375(a)(7) provides that LAFCO require, as a condition to annexation, that a city pre-zone the area to be annexed, or, alternatively, to present evidence satisfactory to LAFCO that the existing development entitlements related to the area are vested and consistent with the City's General Plan.

U. This Resolution and the Annexation Agreement provide evidence that the Nakano Project entitlements are vested and consistent with the City of San Diego's General Plan in accordance with the terms of the Annexation Agreement.

V. Through the Annexation Agreement, the City of San Diego agrees to provide full faith and credit to the vested rights of Tri Pointe Homes upon the same terms and conditions as the City of Chula Vista, except as provided for in the Annexation Agreement and ordinance approving the Annexation Agreement; and

W. The Nakano Property site subject to the Reorganization is uninhabited.

X. The Office of the City Attorney prepared this Resolution based on the information provided by City staff (including information provided by affected third parties and verified by City staff), with the understanding that this information is complete and accurate.

Y. Under San Diego Charter section 280(a)(2), this Resolution is not subject to veto by the Mayor because this matter requires the Council to act as a quasi-judicial body and where a public hearing was required by law implicating due process rights of individuals affected by the

decision and where the Council was required by law to consider evidence at the hearing and to make legal findings based on the evidence presented.

ACTION ITEMS

Be it resolved by the Council of the City of San Diego:

1. The initiation of proceedings for the Reorganization is an action contemplated and analyzed in the EIR for the Project in compliance with CEQA. The EIR analyzes the environmental impacts that would result from the Project. The analysis discusses the potential impacts to Land Use, Landform Alteration/Visual Quality/Neighborhood Character, Air Quality/Odor, Biological resources, Historical resources, Human Health/Public Safety/Hazardous materials, Hydrology/Water Quality, Geology and Soils, Greenhouse Gases, Noise, Paleontological Resources, Transportation/Circulation, Public Facilities and Services, Public Utilities, and Energy Use/Conservation. The analysis concludes that the Project would result in significant, but mitigable direct impacts associated with a) Biological Resources; b) Health & Safety/Hazardous Materials; c) Historical Resources; d) Tribal Cultural Resources; and e) Hydrology and Water Quality. Implementation of the Mitigation Monitoring and Reporting Program would reduce these environmental effects to below a level of significance. Findings of Fact and Statement of Overriding Considerations have been adopted by the City of Chula Vista as Lead Agency for the Project. Findings of Fact pertain to a) Findings Regarding Significant Impacts that can be Mitigated to below a Level of Significance; b) Findings Regarding Mitigation Measures which are the Responsibility of Another Agency; c) Findings Regarding Infeasible Mitigation Measures; d) Findings Regarding Alternatives Considered and rejected; and e) Findings Regarding Alternatives Considered in the EIR. The Statement of Overriding Considerations pertain to each of the following social, economic, and environmental benefits of

the Nakano Project, independent of the other benefits, outweigh the potential significant unavoidable adverse impacts and render acceptable each and every one of these unavoidable adverse environmental impacts: a) Land Use and Planning; b) GHG; and c) Transportation.

2. That Council finds through its review of the EIR and other materials in the Administrative Record, the Council evaluated: (a) the present and planned land uses for the Nakano Project site; (b) the present and the future need for urban services and facilities; (c) the fiscal impact of the reorganization; (d) whether the reorganization promotes an orderly and logical revision of the City's boundaries; (e) the ability of the City of San Diego, City of Chula Vista and the Otay Water District to provide urban level services; (f) whether the organization would induce residential growth; (g) whether the proposal would provide for affordable housing; (h) whether the proposal would provide for open space; (i) the effect of reorganization on social and economic interests; and (j) the level of support on the part of affected property owners and area residents.

3. That Council finds the annexation contributes to the social and economic interests and benefits and propose an orderly and logical revision of the City of San Diego boundaries because it facilities that Nakano Project, which will provide affordable housing, and provides more efficient services to the Nakano Project in exchange for applicable development fees and government revenues generated by construction and operation of the residential development.

4. That this Resolution of Application is hereby approved and adopted by the City of San Diego. The Local Agency Formation Commission of San Diego County is hereby requested to process the Reorganization in the manner provided by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 and in accordance with this Resolution. As a Responsible Agency, pursuant to CEQA Guidelines section 15096, the Council of the City of

San Diego has considered and approved the certified EIR and adopted Findings of Fact, Statement of Overriding Considerations, and the Mitigation Monitoring and Reporting Program for the Nakano Project.

APPROVED: HEATHER FERBERT, City Attorney

By _____
Corrine L. Neuffer
Senior Chief Deputy City Attorney

CLN:jn2
January 6, 2025
January 22, 2025 (COR.COPY)
Or.Dept: DSD
Doc. No. 3919551.2

I certify that the Council of the City of San Diego adopted this Resolution at a meeting held on FEB 03 2025.

DIANA J.S. FUENTES
City Clerk

By _____
Deputy City Clerk

Passed by the Council of The City of San Diego on FEB 03 2025, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Joe LaCava	☑	☐	☐	☐
Jennifer Campbell	☑	☐	☐	☐
Stephen Whitburn	☐	☐	☑	☐
Henry L. Foster III	☑	☐	☐	☐
Marni von Wilpert	☑	☐	☐	☐
Kent Lee	☑	☐	☐	☐
Raul A. Campillo	☑	☐	☐	☐
Vivian Moreno	☑	☐	☐	☐
Sean Elo-Rivera	☑	☐	☐	☐

Date of final passage FEB 03 2025.

(Please note: When a resolution is approved by the Mayor, the date of final passage is the date the approved resolution was returned to the Office of the City Clerk.)

AUTHENTICATED BY:

TODD GLORIA
Mayor of The City of San Diego, California.

(Seal)

DIANA J.S. FUENTES
City Clerk of The City of San Diego, California.

By _____, Deputy

Office of the City Clerk, San Diego, California

Resolution Number R- 316022

“Nakano Development Project Reorganization” RO25-08 Attachment

Three - C

Letter of Support (Otay WD) & Will-Serve Letter (City of San Diego)

...Dedicated to Community Service
2554 SWEETWATER SPRINGS BOULEVARD, SPRING VALLEY, CALIFORNIA 91978-2004
TELEPHONE: 670-2222, AREA CODE 619 www.otaywater.gov

October 26, 2023

Project No.: P1438-01000
Activity: 3111

Keene Simonds
Executive Office
San Diego Local Agency Formation Commission
2550 Fifth Avenue, Suite 725
San Diego, CA 92103

Subject: Otay Water District Letter of Support for the Nakano Project Site Reorganization

Dear Mr. Simonds:

Otay Water District (District) is providing this Letter of Support for the Nakano Project Site Reorganization and Change of Sphere of Influence for the reasons outlined within.

As you are aware, Tri Pointe Homes, IE-SD, Inc. owns 23.8 acres of certain real property located in the undeveloped area of the City of Chula Vista, south of the Otay River, east of Interstate 805, and within the Sphere of Influence for the District. Tri Pointe Homes intends to develop a 221-unit residential project on the Nakano Site. The Nakano Site is adjacent to the jurisdictional boundaries of the City of San Diego, within the Otay Mesa Community Plan area.

The District recommends de-annexing the property from the District's Sphere of Influence by way of the Local Agency Formation Commission. This recommendation is reflected in associated comments provided as early as 2009 and as recent as 2021 as part of the District's review of the Nakano Project submittal. This continues to be the recommended course of action.

Although the Nakano Site is currently within the District's Sphere of Influence, there is no operational District water main to service the planned development. The District's 12-inch main along the eastern project site boundary was abandoned by the District in 2000 and has been out of service for approximately 23 years.

As noted, the District desires to communicate its consent to the amendment and removal of the Nakano Site from the jurisdictional boundaries of the City of Chula Vista and the Otay Water District Sphere of Influence and subsequent annexation into the City of San Diego, which will serve water and sewer for the Nakano project.

In summary, the District supports the City of San Diego Application Requesting the San Diego County Local Agency Formation Commission to Take Proceedings for a Reorganization of the Nakano Development Project Reorganization.

Sincerely,
OTAY WATER DISTRICT

Kevin Cameron, P.E.
Engineering Manager

KC:mlw

The City *of*
SAN DIEGO
Development Services Department
Engineering Division, Water & Sewer Section
January 19, 2023

Mr. Allen Kashani
Senior Project Manager
Tri Pointe Homes
13520 Evening Creek Drive North, Suite 300
San Diego, CA 92128

Dear Mr. Kashani,

Subject: **Will Serve Letter –**
Location: Northside of Dennery Road between Regatta Lane and Sand Star Way.
Project Name: Nakano
The legal description is attached.

This letter is to confirm that the subject property is within the City of San Diego water and sewer service area.

New water service connections and sewer lateral connections are available as noted below. New connections are permitted in accordance with the required demand.

WATER:
There is an existing 12" PVC (HGL 365) water main in Dennery Road as shown on City improvement drawing 32972-D.

SEWER:
There is an existing 8" PVC sewer main in Dennery Road as shown on City improvement drawing 28875-D. There is an existing 27" PVC sewer main in a sewer easement as shown on City improvement drawing 21305-D. There is an existing 18" PVC sewer main in a sewer main as shown on City improvement drawing 27113-D.

A hydraulic analysis and condition assessment of the existing utilities is required to determine the availability of water service and sewer laterals. These connections are requested based upon required demand/flow of the project. All services are governed by city ordinances and regulations concerning connections, constructions, charges/permit fees and matters pertaining thereto.

If you have any additional questions or concerns, please contact me at (619) 446-5454.

Sincerely,

Gary Nguyen
Assistant Engineer - Civil

Enclosure: Legal Description (1)