



Appendix A

NOTICE OF PREPARATION AND PUBLIC COMMENTS





THE CITY OF SAN DIEGO

DEVELOPMENT SERVICES DEPARTMENT

Date of Notice: May 25, 2010

PUBLIC NOTICE OF PREPARATION OF A
DRAFT ENVIRONMENTAL IMPACT REPORT

AND

PUBLIC NOTICE OF AN ENVIRONMENTAL IMPACT REPORT
SCOPING MEETING

I.O. No. 24000155

PUBLIC NOTICE: The City Of San Diego will be the Lead Agency and will prepare a draft Environmental Impact Report in compliance with the California Environmental Quality Act (CEQA). This Notice of Preparation of an Environmental Impact Report and Scoping Meeting was publicly noticed and distributed on May 25, 2010. This notice was published in the SAN DIEGO DAILY TRANSCRIPT and placed on the City of San Diego website at the location noted below on May 25, 2010. City website: <http://www.sandiego.gov/city-clerk/officialdocs/notices/index.shtml>.

SCOPING MEETING: A scoping meeting will be held by the City of San Diego Land Development Review Division on June 9, 2010, from 6:00 to 8:00 PM at the **Carmel Valley Recreation Center**, 3777 Townsgate Drive, San Diego, CA 92130-2584, (858) 552-1616. Verbal and written comments regarding the scope and alternatives of the proposed Environmental Impact Report will be accepted at the meeting. Written comments may also be sent to Holly Smit-Kicklighter, City of San Diego Development Services Center, 1222 First Avenue, MS 501, San Diego, CA 92101 or e-mailed to DSDEAS@sandiego.gov referencing the Project Name and Number in the subject line within 30 days of the receipt of this notice. Responsible agencies are requested to indicate their statutory responsibilities in connection with this project when responding. A draft Environmental Impact Report incorporating public input will then be prepared and distributed for public review and comment.

PROJECT NAME: SAN DIEGO CORPORATE CENTER

PROJECT NO.: 193036

SCH NO.: PENDING

COMMUNITY PLAN AREA: CARMEL VALLEY

COUNCIL DISTRICT: 1 (LIGHTNER)

SUBJECT: **SAN DIEGO CORPORATE CENTER: Vesting Tentative Map, Planned Development Permit, Site Development Permit, Rezone from CVPD-EC to a new zone entitled CVPD – Mixed Use Center (MUC), Community Plan and Precise Plan Amendments, Easement Abandonment, and Right of Way Vacation to vacate a portion of Del Mar Heights Place** for a phased mixed use development project on a 23.6 acres site that is currently graded and vacant. The site is located at 12910 Del Mar Heights Place, within the Carmel Valley Community Plan Area. The project would construct a mixed use development with a maximum of 2,044,200 square feet of building area with approximately 1,143,200 square feet consisting of commercial

retail and office, including parking; 150,000 square feet consisting of a 150 room hotel; and 751,000 square feet consisting of 608 residential units. The project also would include public spaces, internal roadways, parking facilities, landscape, hardscape treatments, and utility improvements to support these uses. **Applicant:** Kilroy Realty Corporation

RECOMMENDED FINDING: Pursuant to Section 15060(d) of the CEQA Guidelines, it appears that the proposed project could potentially result in significant environmental impacts in the following areas: **Land Use, Transportation/Circulation/Parking, Visual Quality/Neighborhood Character, Noise, Air Quality, Energy, Green House Gas Emissions, Paleontological Resources, Biological Resources, Hydrology/Water Quality, Public Utilities (Solid Waste, Water and Sewer), Public Services and Facilities, Geologic Conditions, Health and Safety, and Historic Resources.**

AVAILABILITY IN ALTERNATIVE FORMAT: To request this Notice in alternative format, call the Development Services Department at (619) 446-5460 immediately to ensure availability. This information is also available in alternative formats for persons with disabilities. To request this Notice in alternative format, call (619) 446-5446 or (800) 735-2929 (TEXT TELEPHONE).

ADDITIONAL INFORMATION: For information on environmental review and/or information regarding this project, contact Holly Smit-Kicklighter at (619) 446-5378. Supporting documents may be reviewed, or purchased for the cost of reproduction, at the Fifth floor of the Development Services Department. For information regarding public meetings/hearings on this project, contact Project Manager Renee Mezo (619) 446-5001. This notice was published in the SAN DIEGO DAILY TRANSCRIPT, placed on the City of San Diego website <http://www.sandiego.gov/city-clerk/officialdocs/notices/index.shtml> and distributed on May 25, 2010.

Cecilia Gallardo, Assistant Deputy Director
Development Services Department

ATTACHMENTS: Figure 1 Regional Location Map
Figure 2 Project Location
Figure 3 Conceptual Site Plan
Figure 4 Scoping Meeting Location Map
Scoping Letter

DISTRIBUTION:

Federal Government

U.S. Department of Housing and Urban Development (7)
U.S. Environmental Protection Agency (19)

State of California

Department of Transportation, District 11 (31)
California Integrated Waste Management Board (35)
California Regional Water Quality Control Board: Region 9 (44)
Air Resources Board (49)
Native American Heritage Commission (56)
Office of Planning and Research (57)

California Energy Commission (59)
California Dept of Parks and Recreation (474)

County of San Diego

Air Pollution Control District (65)
County Water Authority (73)

City of San Diego

Mayor's Office (91)
Councilmember Lightner, District 1
Councilmember Falconer, District 2
Councilmember Gloria, District 3
Councilmember Young, District 4
Councilmember DeMaio, District 5
Councilmember Frye, District 6
Councilmember Emerald, District 7
Councilmember Hueso, District 8
City Attorney's Office (MS 56A)
Park and Recreation Board (77)
Fire and Life Safety Services (79)
Library Department – Government Documents (81)
Carmel Valley Branch Library
Engineering and Capital Projects (86)

Other Interested Agencies, Organizations, and Individuals

San Diego Association of Governments (SANDAG) (108)
San Diego Gas and Electric (114)
Solana Beach School District
San Dieguito Union High School District
Carmel Valley Community Planning Board (358)
City of Del Mar - Planning Department (359)
Arroyo Sorrento Property Owners, Jill McCarty (360)
Los Penasquitos Canyon Preserve Citizens Advisory Committee, Mr Geoffrey Smith (361)
Del Mar Mesa Community Planning Board, Gary Levitt Chair (362)
Carmel Valley Community Planning Group (350)
Torrey Pines Community Planning Board, Dennis E. Ridz Chair (469)
Torrey Pines Association (472)
Crest Canyon Citizens Advisory Committee (475)
Friends of Los Penasquitos Canyon Preserve (477)
Milton Phegley, UCSD Campus Community Planner (478)
Applicant: Kilroy Realty Corporation, 3611 Valley Centre Drive, Ste. 550, San Diego, CA 92130

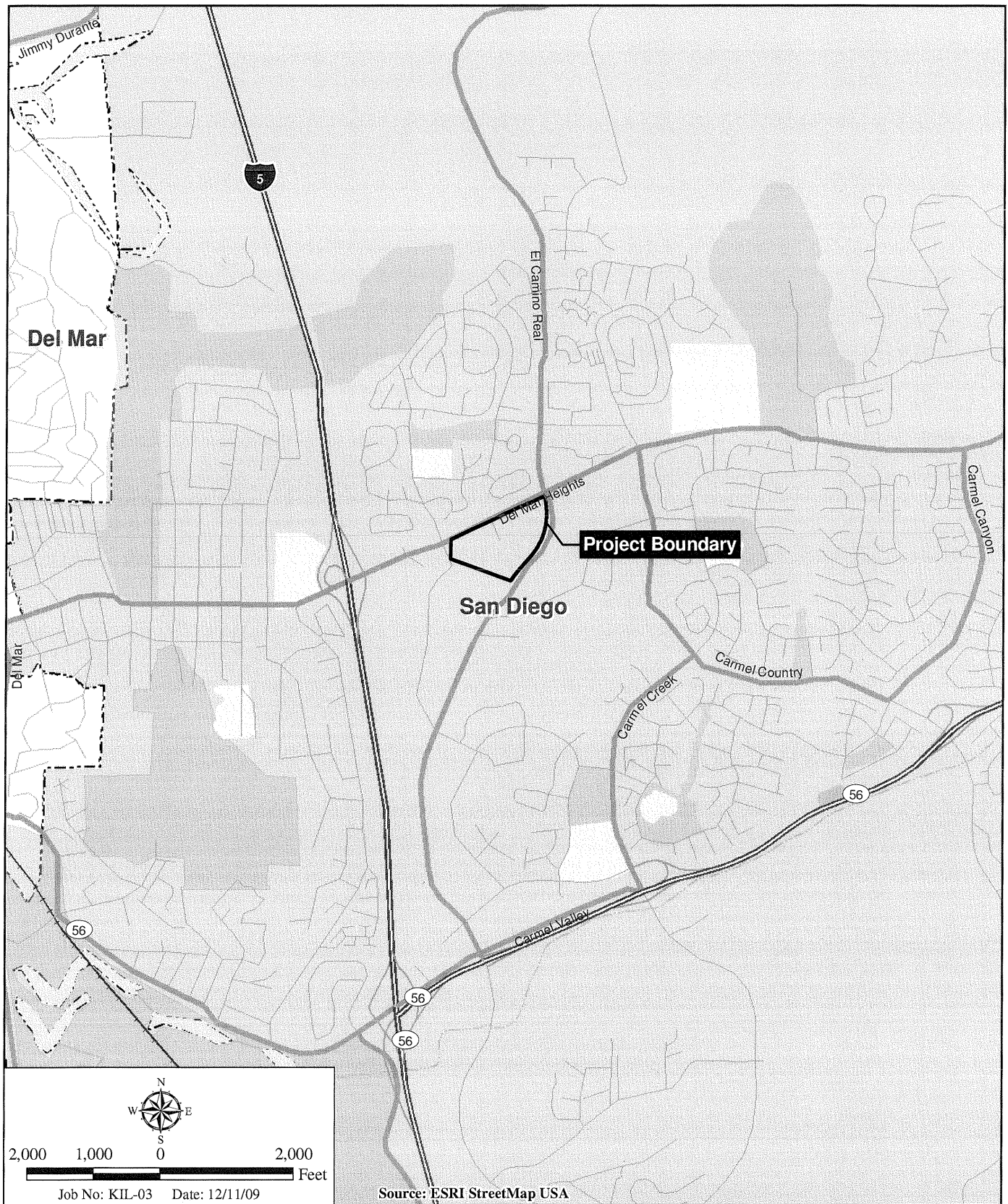


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Regional Location Map

SAN DIEGO CORPORATE CENTER

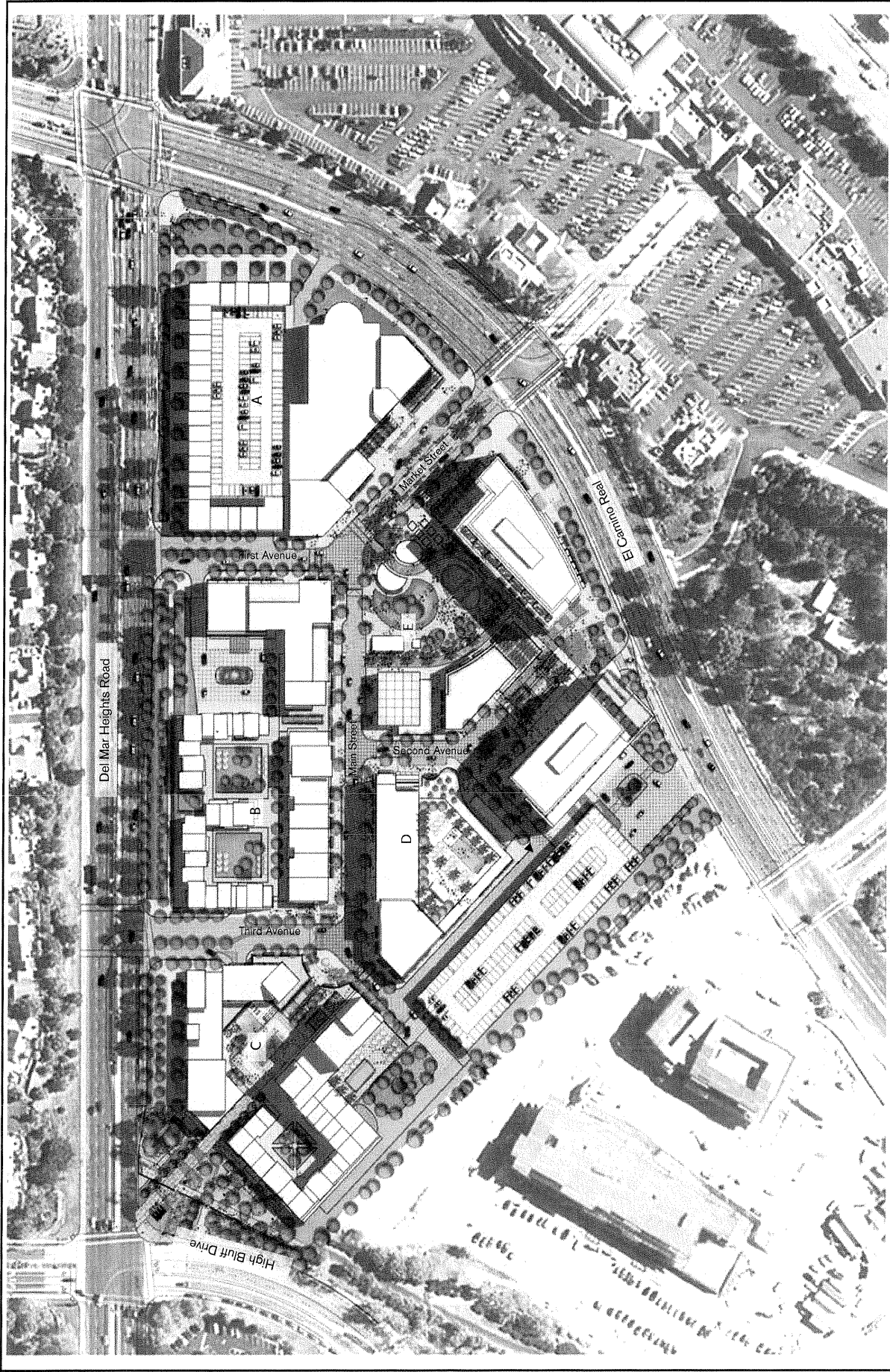
Figure 1



Project Location Map

SAN DIEGO CORPORATE CENTER

Figure 2

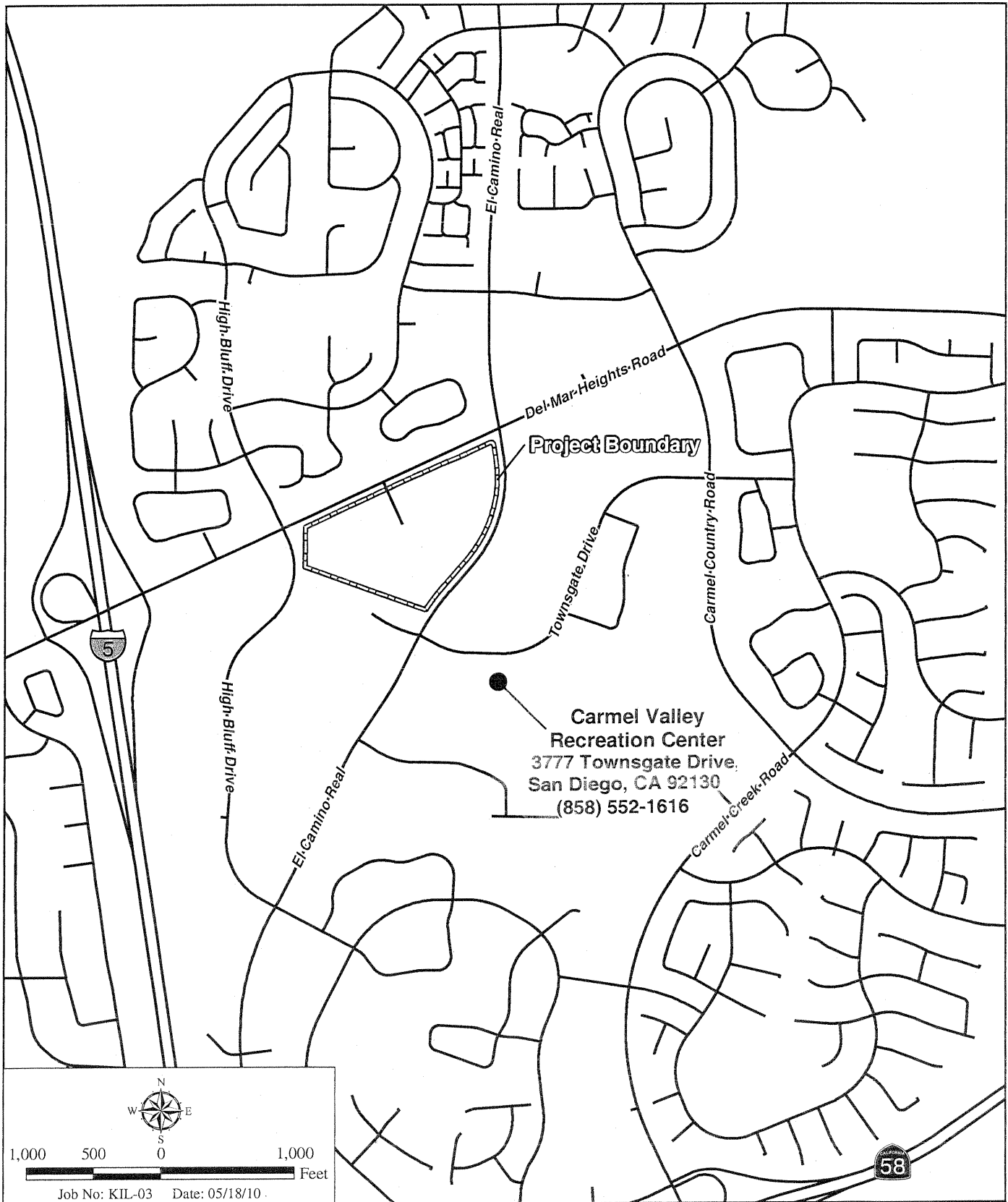


Source: Elkus/Manfredi Architects (2009)
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Conceptual Site Plan

SAN DIEGO CORPORATE CENTER

Figure 3



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Scoping Meeting Location Map

SAN DIEGO CORPORATE CENTER

Figure 4



THE CITY OF SAN DIEGO

May 25, 2010

Mr. Robert Little
Kilroy Realty Corporation
3611 Valley Centre Drive, Suite 550
San Diego, California 92130

Dear Mr. Little:

**SUBJECT: SCOPE OF WORK FOR AN ENVIRONMENTAL IMPACT REPORT FOR
THE SAN DIEGO CORPORATE CENTER PROJECT, PROJECT NO.
193036**

Pursuant to Section 15060 (d) of the California Environmental Quality Act (CEQA), the Environmental Analysis Section (EAS) of the City's Land Development Review (LDR) Division has conducted an Initial Study for the above-referenced project and has determined that the proposed project may have significant effects on the environment, and the preparation of a draft Environmental Impact Report (EIR) is required.

The purpose of this letter is to identify the specific issues to be addressed in the EIR. The EIR should be prepared in accordance with the attached "City of San Diego Technical Report and Environmental Impact Report Guidelines" (Updated May 2005). A Notice of Preparation will be distributed to the Responsible Agencies and others who may have an interest in the project. Changes or additions to the scope of work may be required as a result of input received in response to the Scoping Meeting and Notice of Preparation. In addition, the project may be adjusted over time by the applicant and these changes would be disclosed in the EIR.

Each section/issue area of the EIR should provide a descriptive analysis of the project followed by a comprehensive evaluation of the issue area. The EIR should also include sufficient graphics and tables to provide a complete description of all major project features. Scoping meetings are required by CEQA Section 21083.9 (a) (2) for projects that may have statewide, regional or area-wide environmental impacts. The City's environmental review staff has determined that this project meets this threshold. A scoping meeting will be scheduled.

The project that will be the subject of the EIR is briefly described as follows:

Project Location: The 23.6-acre project site is located in the Carmel Valley community within the City of San Diego, California. The triangular shaped property is located at the southwestern

corner of the Del Mar Heights Road and El Camino Real intersection. High Bluff Drive is located directly west of the project site and Interstate 5 (I-5) is a quarter mile to the west of the project site and the Neurocrine Biosciences site is located along the southern border. The site is located in the North City West Community Plan, the North City West Development Unit Number Two Precise Plan, and Council District 1. The site was previously graded as a part of the North City West Development Unit 2 (i.e., Carmel Valley Employment Center) mass grading under Tentative Parcel Map (TPM) 86-0276, and was planned to be developed with employment center uses. Currently topography on the site ranges from approximately 217 feet above average mean sea level (AMSL) at the northwest corner and 175 AMSL at the southeast corner.

Project Description: The San Diego Corporate Center project proposes several discretionary actions, including a Carmel Valley Community Plan Amendment to change the land use designation from Employment Center to Regional Commercial (Residential Permitted), a Carmel Valley Precise Plan Amendment to allow for the mixed-use project in the Employment Center, and a Carmel Valley Planned District Ordinance Amendment and Rezone from Carmel Valley Planned District – Employment Center (CVPD-EC) to a new zone, Carmel Valley Planned District – Mixed Use Center (CVPD-MUC) which would be similar to the CC-5-5 Zone (Community Commercial 5-5) in the Municipal Code.

Per the Municipal Code, Community Commercial allows a mix of heavy commercial and limited industrial uses and residential uses. Specifically, the CC-5-5 Zone is intended to accommodate development with a high intensity, pedestrian orientation. The proposed zone would change the Carmel Valley PDO to add this type of CC Zone to the PDO and would not add a new City-wide Zone. As stated, the CVPD-MUC Zone would be similar to the CC-5-5 with limited exceptions, such as building height, minimum lot size, and setbacks. Additional details regarding the proposed CVPD-MUC Zone are evolving and would be fully analyzed in the Environmental Impact Report. The greatest possible buildout per the applicable zones would be analyzed for all issue areas in the EIR. The project would also include a Vesting Tentative Map (VTM), Planned Development Permit (PDP), Site Development Permit (SDP), a street vacation, and easement abandonment.

The proposed project would entail the phased construction of mixed-use development broken up into three Districts with a central main street on a 23.6-acre graded and vacant site (22.39 acre net project area). Overall development would consist of a maximum floor to area ratio (FAR) of 1.98 which would be consistent with the CC-5-5 Zone which allows a maximum FAR of 2. The project FAR of 1.8 also includes parking structures as part of the gross floor area.

Maximum development on-site would be a total of 2,044,200 square feet with approximately 1,143,200 square feet of this area consisting of commercial retail, office, and above ground parking area; 150,000 square feet consisting of a 150 room hotel; and 751,000 square feet consisting of 608 residential units. The latter two uses would contain subterranean parking which would not be included in the overall FAR. The project would also feature public spaces, internal roadways, parking facilities, landscape, hardscape treatments, and utility improvements to support the mixed use on site.

Districts. The project would be comprised of three districts connected by a central Main Street, including the Community Plaza District, the Central East District, and the Western District. These districts would be further divided into Blocks A through E. The Districts would

correspond with the anticipated phases of project construction, with the Community Plaza District constructed in Phase 1, the Central East District would be constructed in Phase 2, and the Western District would be developed in Phase 3.

The project would also feature a Main Street that would function as the central organizing and unifying element of the development. Main Street would be lined with a mixture of uses and public spaces along a landscaped parkway. Internal roadways and pedestrian/bicycle paths would connect with Main Street.

The Community Plaza District would be located in the southern portion of the site between El Camino Real and the proposed internal Market and Main Streets. This District would be comprised of Blocks D and E, which would generally be separated by the proposed Second Avenue, and would contain a mixture of commercial uses, offices, public spaces, and parking facilities.

The Central East District would be located south of Del Mar Heights Road, north of proposed Main and Market Streets, east of the proposed Third Avenue and west of El Camino Real. This District would include Blocks A and B, which would be separated by First Avenue. Proposed uses within this District would include retail, restaurants ancillary to a hotel, multi-family residential (townhomes), and parking facilities.

The Western District would be located in the western portion of the site, south of Del Mar Heights Road, east of High Bluff Drive, and west of the proposed Third Avenue. This District comprises Block C and would include primarily residential uses with some retail/restaurant amenity space and related open space areas.

Development Summary. The project would be developed in phases driven by market conditions, proposed areas of these uses may vary per phase, but the total area of each use would not exceed the area or range of area for that use, or the overall project square footage of 2,044,200 with a FAR not to exceed 1.98. Specifically, the project proposes up to 1,143,200 square feet of commercial/retail, and office; a 150,000-square-foot, 150-room hotel, and 751,000 square feet for 608 multi-story, attached, residential units.

Parking. The proposed project would provide a maximum total of 4,177 parking spaces throughout the site where 4,011 are required based on City shared parking requirements. Parking facilities would include underground garages beneath the site and multi-level, above ground parking structures. Shared parking would be provided in accordance with parking requirements in the Municipal Code.

Circulation/Access. Vehicular access to the project site would be provided from Del Mar Heights Road and El Camino Real. The proposed project includes two access roads, First Avenue and Third Avenue that would extend from Del Mar Heights Road, and one access road, Market Street, that would extend from El Camino Real. These three access points would be signalized and identified with signage and streetscaping. In addition, three access points from El Camino Real would be provided to driveways leading to on-site parking structures. Proposed internal roadways include First, Second and Third Avenues, Main Street, and Market Street.

Pedestrian circulation would be provided throughout the site by a network of sidewalks, pathways, plazas, and public spaces. These pedestrian facilities would provide convenient connections between the proposed uses within the project, and also would connect to existing sidewalks along Del Mar Heights Road and El Camino Real. In addition, an internal bicycle route would be provided along Third Avenue, Main Street, First Avenue, and Market Street. This bicycle route would connect to existing bicycle lanes along Del Mar Heights Road and El Camino Real. Bicycle racks also would be provided on site to support bicycle circulation.

Landscape and Hardscape Treatments. The project would include landscape throughout the project site, including along the proposed roadways, plazas, courtyards, pedestrian walkways, and the site perimeter. Each district would be defined and unified through the use of landscape. Proposed hardscape treatments would include concrete or asphalt pavers, enhanced concrete finishes, and natural stone accents. Furnishings would include benches, seat-walls, planters, patio tables, chairs, decorative railings, bollards, tree grates, and trash receptacles. Hardscape treatments and furnishings in each district could vary, but would maintain a consistent, identifiable theme. Signage would also be provided at the project entries and within the site.

Utilities. Utility services would be provided through construction of pipelines/extensions from existing utility infrastructure within surrounding roadways. Water service would be provided to the site by a new on-site 12-inch-diameter loop extending from an existing 16-inch-diameter water main in El Camino Real. Sewer service would be provided by connecting to the existing El Camino Real trunk sewer, which drains into the Carmel Valley trunk sewer and into Pump Station 65 adjacent to Sorrento Valley Road. Electrical, natural gas, and telecommunications services would be provided by connecting to existing infrastructure within Del Mar Heights Road and El Camino Real. The project site is served by an existing storm drain system in El Camino Real. Storm water flows would be collected and treated on-site in proposed storm drain facilities, and then directed to the existing facilities in El Camino Real.

Project Phasing and Construction. The proposed project is anticipated to be developed in three phases. Phase 1 would include development of the Community Plaza District, Phase 2 would include the Central East District, and Phase 3 would include the Western District. Proposed roadways and parking facilities would be constructed commensurate with buildings to accommodate access and parking requirements per the City.

Approximately 23 acres of the 23.6-acre site would be graded. Site grading would require approximately 528,000 cubic yards of cut and approximately 25,000 cubic yards of fill, requiring export of approximately 503,000 cubic yards. The maximum cut depth would be 45 feet, which would be required for the construction of the underground parking garages. Manufactured slopes are proposed in the western and northern portions of the site and would have a maximum gradient of 2:1 with a maximum height of 17 feet. Retaining walls on-site would consist of 500 linear feet with a maximum height of 14 feet.

EIR FORMAT – THE KEY ELEMENTS

Emphasis in the EIR must be on identifying feasible solutions to environmental problems. The objective is not to simply describe and document an impact, but to actively create and suggest

mitigation measures or project alternatives to substantially reduce significant adverse environmental impacts. The adequacy of the EIR will depend greatly on the thoroughness of this effort.

The EIR must be written in an objective, clear, and concise manner, in plain language. Use graphics to replace extensive word descriptions and to assist in clarification. Conclusions must be supported with quantitative, as well as qualitative information, to the extent feasible.

EIR CONTENT

Prior to public review, EAS will prepare Conclusions to be attached at the front of the Draft EIR (DEIR), but these cannot be prepared until an approved draft has been submitted to the City. The EIR shall include a title page including the PTS number and the date of publication. The entire EIR must be left justified and shall include a table of contents and an executive summary of the following sections:

1. INTRODUCTION

Introduce the purpose of the project with a brief discussion of the intended use and purpose of the EIR. Discuss how the EIR may be used as the basis for subsequent approvals and/or subsequent environmental documents, as appropriate; and describe the parameters for such future use of the EIR. Describe and/or incorporate by reference any previously certified environmental documents that address the project site.

2. ENVIRONMENTAL SETTING

Describe the precise location of the project with an emphasis on the physical features of the site and the surrounding area and present it on a detailed topographic map and a regional map. Provide a local and regional description of the environmental setting of the project. Describe any upcoming changes to the area and any cumulative changes that may relate to the project site. Include the existing and planned land uses in the vicinity, on-and off-site resources, the community plan area land use designation(s), whether or not the project is located within the Multi-Habitat Planning Area (MHPA), existing zoning, all utility easements and any required maintenance access, and any overlay zones within this section. Provide a recent aerial photo of the site and surrounding uses, and clearly identify the project location.

3. PROJECT DESCRIPTION

Per CEQA Guideline Section 15124, discuss the goals and objectives and major features of the project. Describe all the discretionary actions involved in the project. List and explain the requirements for permits or approvals from federal, state, and local agencies. Describe the proposed project's components, including the commercial/retail, office, hotel, residential, parking, circulation, public space, landscaping, hardscape treatments, and utility improvements. Project phasing also should be discussed in this section.

4. HISTORY OF PROJECT CHANGES

Chronicle the physical changes that have been made to the project in response to environmental concerns raised during the City's review of the project.

5. ENVIRONMENTAL IMPACT ANALYSIS

This section shall analyze those environmental categories having a potential for adverse environmental impacts, either because of the project's effect on the existing conditions, or the effect of existing conditions on the project. The draft EIR must include a complete discussion of the existing conditions, thresholds, impact analysis, significance, and mitigation for all the environmental issue sections. The EIR must represent the independent analysis of the Lead Agency. The City's current CEQA Significance Determination Thresholds (2007) are to be used to establish significant effect unless otherwise directed by the City.

In general, the EIR should discuss all potential direct and indirect impacts associated with each environmental issue area listed below. These environmental issue areas are listed in order of anticipated magnitude of significance. Lastly, the EIR should summarize each required technical study or survey report within each respective issue section, and all requested technical reports must be included as the appendices to the EIR and summarized in the text of the document.

In each environmental issue section, mitigation measures to avoid or substantially lessen impacts must be clearly identified and discussed. The ultimate outcome after mitigation should also be discussed (i.e., significant but mitigated, significant and unmitigated). If other potentially significant issue areas arise during detailed environmental investigation of the project, consultation with the Development Services Department is required to determine if these areas need to be added to the EIR. As supplementary information is required, the EIR may also need to be expanded.

5.1 Land Use

Issue 1: Would the project be inconsistent/conflict with the environmental goals, objectives, or guidelines of the Carmel Valley Community Plan or City of San Diego General Plan?

Issue 2: Would the project be inconsistent/conflict with an adopted land use designation or intensity and indirect or secondary environmental impacts may occur?

Issue 3: Would the project conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project?

As indicated under Project Description, the proposed project would include a community plan amendment, rezone, and precise plan amendment. The impacts of these land use changes must be addressed in the EIR. In addition, the EIR shall evaluate consistencies/ inconsistencies (including all deviations, variances, etc.) with local, state, and federal regulations (i.e., the City's General Plan [2008], Carmel Valley Community Plan, North City West Development Unit Number Two Precise Plan, and the City of San Diego Land Development Code.

The site is designated Employment Center by the Community Plan, and zoned as Carmel Valley Planned District (CVPD)-Employment Center. The site consists of a vacant lot with four graded pads. The project proposes to change the Community Plan designation to Regional Commercial (Residential Permitted) and rezone the site to a new zone that is proposed as part of this project application titled Carmel Valley Planned District-Mixed Use Center. Describe how the project is in conformance with these designations. If the project is found to be inconsistent with any adopted land use plans, would that inconsistency result in physical affects that could be considered significantly adverse?

The proposed rezone is to a new zone (Carmel Valley Planned District - Mixed Use Center). In this case, the maximum build out limit is based on the CC-5-5 Zone with a FAR of 2. The new zone would vary from the CC-5-5 Zone with regard to building height, minimum lot size, and setbacks; though it may be determined that these exceptions would be project specific. This Project would also have a defined maximum build out of 2,044,200 square feet gross floor area or 836,000 square feet gross leasable area plus a 150-room hotel, and 608 residential units with a maximum FAR of 1.98. Any additional development above the proposed maximum evaluated in the EIR or exceptions not detailed in the EIR would require subsequent environmental review.

The site is not located within or adjacent to any Multi-Habitat Planning area of the Multiple Species Conservation Program (MSCP), therefore no land use conflicts with the MSCP are anticipated. This shall be disclosed and discussed in the Land Use Section.

5.2 Transportation/Circulation

Issue 1. Would the project conflict with an applicable plan, ordinance or policy establishing measures of effectiveness for the performance of the circulation system, taking into account all modes of transportation including mass transit and non-motorized travel and relevant components of the circulation system, including but not limited to intersections, streets, highways and freeways, pedestrian and bicycle paths, and mass transit

Issue 2. Would the project conflict with an applicable congestion management program, including, but not limited to level of service standards and travel demand measures, or other standards established by the county congestion management agency for designated roads or highways?

Issue 3. Would the project result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks?

Issue 4. Would the project substantially increase hazards due to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?

Issue 5. Would the project result in inadequate emergency access?

Issue 6. Would the project conflict with adopted policies, plans, or programs regarding public transit, bicycle, or pedestrian facilities, or otherwise decrease the performance or safety of such facilities?

The proposed project will increase traffic volumes and has the potential to result in direct and/or cumulative impacts on the surrounding local circulation network (segments and intersections) and adjacent I-5 freeway (freeway ramps and mainline). Therefore, a traffic study must be prepared for this project to the satisfaction of the City Engineer.

Describe in this section any required modifications and/or improvements to the existing circulation system, including City streets, intersections, freeways, and interchanges. Discuss any potential traffic impacts on the Carmel Valley community, as well as adjacent communities (if applicable). Also, discuss how the mix of uses would affect the overall traffic generated by the project. Address cumulative traffic impacts, including any future development in the Carmel Valley community. Note the assumption of traffic conditions at build-out. Describe the parking proposal and the walkability and pedestrian connectivity of planned facilities within the project, both internally and externally. Describe the extent that the internal street pattern would circulate vehicles through site without utilizing external roadway system. Describe how any proposed pedestrian and bicycle access would connect with off-site circulation elements.

The EIR shall present mitigation measures that are required to reduce or avoid impacts. Discuss if those measures will mitigate impacts to below a level of significance. If the project results in traffic impacts, which cannot be mitigated to below a level of significance, the Alternatives section of the EIR should include a project alternative that will avoid or further reduce traffic impacts.

5.3 Visual Quality/Neighborhood Character

Issue 1. Would the project have a substantial adverse effect on a scenic vista?

Issue 2. Would the project substantially damage scenic resources, including but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway?

Issue 3. Would the project substantially degrade the existing visual character or quality of the site and its surroundings?

Issue 4. Would the project create a new source of substantial light or glare that would adversely affect day or nighttime views in the area?

This section should evaluate grading associated with the project and potential change in the visual environment based on the proposed development. Provide an evaluation of the Visual Quality/Neighborhood Character (Aesthetics) impacts due to the proposed project. Describe the proposed structures in terms of building mass, bulk, height, and architecture. Describe or state how this complies or is allowed by the City's standards for the zone. Address visual impacts of the proposed project from public vantage points. Visibility of the site from public vantage points should be identified through a photo survey/inventory and/or simulations, and any changes in these views should be described.

Describe how the character of the surrounding area would be affected with development of the project. Describe any unifying theme proposed for the development area, and include a description of the proposed design guidelines. Would the project result in a homogenous style of architecture, or would varied architectural designs be encouraged? Also address any zone deviations (such as height) that could result in substantial impacts to the visual environment.

If significant impacts to Visual Quality/Neighborhood Character are identified, mitigation measures and/or project alternatives that would reduce significant impacts to below a level of significance should be provided. Any and all such deviations/variances relating to visual quality/neighborhood character, and bulk and scale must be discussed in this section.

5.4 Noise

Issue 1: Would the project result or create a significant increase in the existing ambient noise levels?

Issue 2: Would the project result in the exposure of people to noise levels which exceed the City's adopted noise ordinance or are incompatible with the City's Land Use- Noise Compatibility guidelines?

Issue 3: Would the project cause exposure of people to current or future transportation noise levels which exceed standards established in the Transportation Element of the General Plan?

Issue 4. Would the project result in a substantial temporary or periodic increase in ambient noise levels in the project vicinity above existing without the project?

The proposed mixed-use development (which would include residences) would be required to provide outdoor amenities in the form of recreational areas, public open areas, or plazas and some, if not all, would be required to be accessible to the general public; therefore exterior noise attenuation may be required. Some building interiors may also be subject to Title 24 of the California Building Code and/or the City's Noise Ordinance, which could lead to the requirement of interior noise attenuation. The project site is currently subject to traffic noise from adjacent streets (Del Mar Heights Road, High Bluff Drive, and El Camino Real). The proposed project itself would also increase vehicular noise levels in the area which could result in a significant increase in noise levels affecting surrounding sensitive receivers. The site is not located within any Airport Influence Area, thus airport noise is not anticipated to affect the project.

Prepare a noise study in accordance with the City's "Acoustical Report Guidelines." The report must assess the effects of existing and projected transportation noise levels on interior and required exterior usable areas. Where adverse impacts are identified, mitigation measures (i.e., setbacks, use of double-paned glass, noise walls/berms and other noise attenuation techniques) must be provided. Include graphics within the noise study, which show the existing, and future

noise levels of dB(A) and any increased noise levels over dB(A) in 5 dB(A) increments on the conceptual land use plan.

The EIR should discuss how the project would conform to the City of San Diego Municipal Code Noise Abatement and Control Ordinance §59.5.01 and the General Plan. Additionally, construction noise may impact surrounding uses and the EIR should include a discussion regarding this potential impact.

5.5 Air Quality

Issue 1: Would the project conflict with or obstruct implementation of the applicable air quality plan?

Issue 2: Would the project cause a violation of any air quality standard or contribute substantially to an existing or projected air quality violation?

Issue 3: Would the project expose sensitive receptors to substantial pollutant concentrations?

Issue 4: Would the project's construction activities exceed 100 pounds per day of Particulate Matter (dust)?

Issue 5. Would the project result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal or state ambient air quality standard (including releasing emissions which exceed quantitative thresholds for ozone precursors)?

Issue 6. Would the project create objectionable odors affecting a substantial number of people?

The construction and operation phases of the project have potential to affect air quality. Construction can create short-term air quality impacts through equipment use, ground-disturbing activities, architectural coatings, and worker automotive trips. Air quality impacts resulting from the operation of the project would be primarily generated by increases in automotive trips. An air quality analysis must be prepared which discusses the project's impact on the ability to meet state, regional, and local air quality strategies/standards, as well as any health risks associated with construction.

Describe the project's climatological setting within the San Diego Air Basin and the basin's current attainment levels for State and Federal Ambient Air Quality Standards. Discuss short- and long-term and cumulative impacts on regional air quality, including construction and operational-related sources of air pollutants. Discuss the potential impacts from the increase in trips to the Regional Air Quality Standards, and the overall air quality impacts from such trips, and any proposed mitigation measures. Should the project result in a significant decrease in the levels of service of any roadway or intersection, address the potential degradation of air quality, which may result, including the possibility of "hot spots" within the area. Also include a discussion of potential dust generation during construction within this section of the document,

together with any proposed dust suppression measures that would avoid or lessen dust related impacts to sensitive receptors within the area.

5.6 Energy

Issue 1: Would the construction and operation of the proposed project result in the use of excessive amounts of electrical power?

Issue 2: Would the proposed project result in the use of excessive amounts of fuel or other forms of energy (including natural gas, oil, etc.)?

CEQA requires that potentially significant energy implications of a project shall be considered in an EIR to the extent relevant and applicable to the project. Particular emphasis on avoiding or reducing inefficient, wasteful, and unnecessary consumption of energy should be included in this section. Address the estimated energy use for the project and assess whether the project would generate a demand for energy (electricity and/or natural gas) that would exceed the planned capacity of the energy suppliers. A description of any energy and/or water saving project features should also be included in this section (cross reference with Green House Gas section as appropriate). Describe any proposed measures included as part of the project or required as mitigation measures directed at conserving energy and reducing energy consumption. Ensure this section addresses all issues described within Appendix F of the CEQA Guidelines.

5.7 Greenhouse Gas Emissions

Issue 1. Would the project generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment?

Issue 2. Would the project conflict with an applicable plan, policy, or regulation adopted for the purpose of reducing emissions of greenhouse gases?

This section shall present an overview of green house gases (GHG) including the most recent information regarding the current understanding of the mechanisms behind current conditions and trends, and the broad environmental issues related to global climate change. A discussion of current international and domestic legislation, plans, policies, and programs pertinent to global climate change shall also be included. Per General Plan direction, the EIR shall provide details of the project's sustainable features such as pedestrian access and orientation, sustainable design and building features, and others that meet criteria outlined in the Conservation Element of the General Plan.

The EIR shall address the project's contribution to green house gases. A quantitative analysis addressing the project-generated greenhouse gas emissions, as applicable, shall be provided in a GHG emission study and summarized in the EIR.

The City does not currently have adopted thresholds of significance for GHG emissions. The City is utilizing an interim threshold of 900 metric tons of GHG annually to determine a project's potentially significant impacts for GHG emissions.

Based on the scope of the project, GHG emissions resulting from both construction activities related to the project and on-going operation of the project must be analyzed. The analysis should include, but is not limited to, the five primary sources of GHG emissions: vehicular traffic, generation of electricity, natural gas consumption/combustion, solid waste generation, and water usage. The California Air Resources Board (CARB) has developed a year 2020 “business-as-usual” forecast model which represents the GHG emissions that would be expected to occur without any GHG project reducing features or mitigation. To reduce potential impacts to below a level of significance, proposed projects must show a 30 percent reduction to the 2020 business-as-usual model.

5.8 Paleontological Resources

Issue 1: Would the project result in the loss of significant paleontological resources?

The EIR should include a paleontological resources discussion that identifies the underlying soils and formations and the likelihood of the project to uncover paleontological resources during grading activities. The EIR should identify the depth of cut (in feet) and amount of grading (in cubic yards) that would result from any grading activities. The City’s thresholds for monitoring include grading depths of 10 feet or more and excavation of 1,000 or 2,000 cubic yards depending on the respective moderate or high sensitivity of the formational soils on-site. Monitoring may also be required depending on other site conditions such previous grading on-site and depth of exposed formation(s). If the proposed development would impact fossil formations possessing moderate to high potential for significant resources, specific conditions (monitoring and curation) would be required to mitigate impacts to a level below significance.

The project site is underlain by artificial fill and Torrey Sandstone. Torrey Sandstone has a high potential to contain fossils of scientific interest. Site grading would require approximately 528,000 cubic yards of cut to maximum depths of 45 feet on 23 acres of the 23.6 acre site. Given that grading over the City’s thresholds would occur in highly sensitive paleontological areas, monitoring would be required. The EIR would therefore contain a paleontological discussion and current City mitigation requirements would be required in the Mitigation Monitoring and Reporting Program (MMRP) Section.

5.9 Biological Resources

Issue 1: Would the project directly or indirectly impact any species identified as a candidate, sensitive, or special status species in the MSCP or other local or regional plans, policies or regulations, or by the California Department of Fish and Game (CDFG) or U.S. Fish and Wildlife Service (USFWS)

The project site is not within or adjacent to the City’s Multiple Species Conservation Program, Multi-Habitat Planning Area (MSCP/MHPA). Also, the project site is not located adjacent to native habitat or areas preserved as open space and the site does not contain habitat of biological value (Tier I, II, or III Habitats). However, the project site contains mature trees along its perimeter that may be suitable for raptor nesting.

The EIR shall address potential direct and indirect impacts to nesting raptors. If significant impacts are determined to occur, the project shall include mitigation that requires a pre-construction nesting raptor survey if grading/construction would occur during the raptor breeding season. The mitigation shall indicate that if raptors are located within a potential direct or indirect impact area, then an impact avoidance plan shall be developed.

5.10 Hydrology/Water Quality

Issue 1: Would the project cause a substantial increase in impervious surfaces and associated increased runoff?

Issue 2: Would the project cause substantial alteration to on- and off-site drainage patterns due to changes in runoff flow rates or volumes?

Issue 3: Would the project result in an increase in pollutant discharge to receiving waters during construction or operation?

Issue 4. Would the project violate any water quality standards or waste discharge requirements?

Issue 5. Would the project substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted)?

Anticipated changes to existing drainage patterns and runoff volumes should be addressed in the EIR. A preliminary hydrology study must be provided and measures to protect on-site and downstream properties from increased erosion or siltation must be identified.

Water Quality is affected by sedimentation caused by erosion, by urban run-off carrying contaminants, and by direct discharge of pollutants (point-source pollution). As land is developed or redeveloped, the impervious surfaces could send an increased volume of runoff containing oils, heavy metals, pesticides, fertilizers, and other contaminants (non-source pollution) into associated watersheds. Sedimentation can impede stream flow. Compliance with the City's Storm water Standards is generally considered to preclude water quality impacts. The Storm Water Standards are available online at:

<http://www.sandiego.gov/development-services/news/pdf/stormwatermanual.pdf>.

Discuss the project's effect on water quality within the project area and downstream. If the project requires treatment control Best Management Practices (BMPs), submit a Water Quality Technical Report (WQTR) consistent with the City's Storm Water Standards. The report must describe how source control and site design have been incorporated into the project, the selection and calculations regarding the numeric sizing treatment standards, BMP maintenance schedules and maintenance costs, and the responsible party for future maintenance and associated costs. The report must also address water quality, by describing the types of pollutants that would be

generated during post construction, the pollutants to be captured and treated by the BMPs. The findings in this report must be reflected within this section of the EIR. Based on the analysis and conclusions of the WQTR, the EIR shall disclose how the project would comply with local, state, and federal regulations and standards.

Per the Water Quality Control Plan for the San Diego Basin, the project site is included in the Miramar Reservoir Hydrologic Area (No. 906.10) of the Peñasquitos Hydrologic Unit (Basin No. 6). This section shall identify pollutants of concern for the watershed considering the federal CWA Section 303(d) impaired water listings, address potential impacts to the beneficial uses, and address if the project would cause impacts to water quality. Conformance with the National Pollutant Discharge Elimination System (NPDES) requirements shall be discussed.

5.11 Public Utilities

Issue 1: Would the proposed project result in the need for new systems or require substantial alterations to existing utilities including those necessary for water, sewer, storm drains, and solid waste disposal? If so, what physical impacts would result from the construction of these facilities?

The EIR shall include a discussion of potential impacts to public utilities as a result of the project. Identify any conflicts with existing and planned infrastructure, evaluate any need for upgrading infrastructure and describe any impacts resulting from the construction of needed new facilities.

Discuss the project's construction and operational effects on the City's ability to handle solid waste. According to Assembly Bill 939, the City of San Diego is required to divert at least 50 percent of its solid waste from landfill disposal through source reduction, recycling, and composting by 2000. The proposed project meets the City's threshold of development of 40,000 square feet or more and therefore a Waste Management Plan must be prepared by the applicant, approved by the City's Environmental Services Department, and summarized in the EIR. The Plan must address recycling and solid waste disposal, for demolition, construction, and post-construction occupancy phases of the project.

A Sewer and/or Water Study should be performed to determine if appropriate sewer/water facilities are available to serve the development. The analysis and conclusions of the studies shall be included in the EIR.

As the project proposes more than 500 residential units, more than 250,000 square feet of commercial office uses, and includes a VTM application, a Water Supply Assessment (WSA) pursuant to CA Senate Bill (SB) 610 and a Water Supply Verification (WSV) pursuant to SB 221 are required to be prepared. SB 221 applies to the Subdivision Map Act, requiring the verification that a proposed project has sufficient water supply available to serve it, and SB 610 augments the CEQA process to definitively establish water availability.

Senate Bills 610 and 221 require the evaluation of the availability of water to serve the proposed project for a 20-year planning horizon, including single and multiple dry years. The analysis and

conclusions of these reports must be summarized in the EIR.

5.12 Public Services and Facilities/Recreation

Issue 1: Would the proposed project result in the need for new or expanded public facilities, including fire protection, police protection, emergency medical, libraries, schools, and parks? If so, what physical impacts would result from the construction of these facilities?

Issue 2. Would the project increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?

Issue 3. Does the project include recreational facilities or require the construction or expansion of recreational facilities, which might have an adverse physical effect on the environment?

Discuss any intensification of land use on the property and if it would increase demand on existing and planned public services and facilities. Identify fire and police facilities in relation to the project site. Disclose the Fire and Police Department's current response time to the area. Discuss if the site currently receives six-minute response time for fire crews and equipment, eight-minute emergency services response time, and whether the Police Department's goal of a seven-minute response time for priority calls are currently able to be met on-site. Discuss if or how the project would alter any existing or planned response times to the site or surrounding service area.

Since the project includes residential uses, it also could increase the demand for libraries, schools, and parks in the area. Discuss if the schools and parks are adequate to accommodate the increase in residences in the area. If facilities are not adequate, discuss the physical environmental impacts that could result.

5.13 Geologic Conditions

Issue 1: Would the project expose people or structures to geologic potential substantial adverse effects including the risk of loss of life, injury, or death due to hazards such as earthquakes, landslides, mudslides, ground failure, or similar hazards?

Issue 2: Would the project result in a substantial increase in wind or water erosion of soils, either on or off the site?

Issue 3: Would the project be located on a geologic unit or soil that is unstable or that would become unstable as a result of the project, and potentially result in an on- or off-site landslide, lateral spreading, subsidence, liquefaction, or collapse?

The project is located in Hazard Zone 52, other level areas, gently sloping or steep terrain, favorable geologic structure, low risk. A geotechnical report, prepared in accordance with the City's Geotechnical Report Guidelines, is required to address the feasibility and suitability of the

entire site for the proposed development. The EIR should discuss the potential for either short- or long-term erosion impacts to soils on-site. Geological constraints on the project site, including groundshaking, ground failure, landslides, erosion, and geologic instability should be addressed, as well as seismicity and seismic hazards created by faults present in the project site.

5.14 Health and Safety

Issue 1: Would the project result in hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within a quarter-mile of an existing or proposed school?

Issue 2: Would the project be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, create a significant hazard to the public or environment and would the project expose people to potential health hazards?

Issue 3: Would the project expose people to toxic substances?

Issue 4: Would the project impair implementation of, or physically interfere with an adopted emergency response plan?

The project site is located adjacent to industrial and research and development uses, some of which may routinely transport, use, store, and dispose of hazardous materials. The EIR shall identify known contamination sites within the project area and address the potential impact to residents and occupants of the proposed project. This section should also address any hazardous materials that could be utilized and/or stored on site. Please provide the types and quantities of hazardous materials along with the locations of storage areas on the plans.

The EIR shall also discuss project effects on emergency routes and access within the project area during and after project construction.

5.15 Historic Resources

Issue 1: Would the project result in an alteration, including adverse physical or aesthetic effects and/or the destruction of a prehistoric or historic building (including an architecturally significant building), structure, object, or site?

The project site is located within an area of high sensitivity for archaeological resources. The site has been graded under previous entitlements for Neurocrine Biosciences project. The EIR should summarize any previous cultural resources reports prepared for the project site and identify archaeological resources and any previous historic structures or sites associated with the site. As additional grading will occur with the project, discuss the potential that subsurface historic and/or prehistoric archaeological materials could be encountered.

The EIR should discuss the grading that has occurred as part of the approved permits and whether that grading resulted in filling the site or cutting into native soils. Quantify the amount of additional grading that will occur and evaluate the potential that proposed grading will occur

in areas of previous fill and/or cut into areas of native soil where there is a potential to uncover subsurface resources. The EIR should include a requirement for archaeological monitoring for areas where new grading would occur in native soils.

6. CUMULATIVE EFFECTS

When this project is considered with other past, present, and reasonable foreseeable future projects in the project area, implementation could result in significant environmental changes, which are individually limited but cumulatively considerable. Therefore, in accordance with Section 15130 of the CEQA Guidelines, potential cumulative impacts must be discussed in a separate section of the EIR.

Additionally, the Cumulative Impacts section must address the project's contribution to green house gases. Quantify the greenhouse gas emissions associated with the project and the extent to which that contribution is considered significant. Discuss current relevant legislation (AB32, SB97) and how the proposed project's air quality analysis conforms to state requirements. (This discussion may reference and summarize the detailed analysis presented in the Energy and Green House Gas sections of the EIR.)

7. MITIGATION MEASURES

Mitigation measures should be clearly identified and discussed. A Mitigation, Monitoring and Reporting Program (MMRP) for each issue area with significant impacts is mandatory and projected effectiveness must be assessed (i.e., all or some CEQA impacts would be reduced to below a level of significance, etc.). At a minimum, the MMRP should identify: 1) the department responsible for the monitoring; 2) the monitoring and reporting schedule; and 3) the completion requirements. In addition to separate issue area mitigation discussions, a consolidated, stand alone, verbatim, all issue area MMRP should also be included in the EIR in a separate section and a duplicate separate copy must also be provided to EAS.

8. EFFECTS NOT FOUND TO BE SIGNIFICANT

Provide a discussion of the environmental issue areas that were determined not to be significant and describe the reasons for this determination. For the San Diego Corporate Center project, these include Agriculture and Forestry Resources and Mineral Resources. If issues related to these areas or other potentially significant issues areas arise during the detailed environmental investigation of the project, consultation with EAS is recommended to determine if subsequent issues area discussion needs to be added to the EIR. Additionally, as supplementary information is submitted (such as with the technical reports), the EIR may need to be expanded to include these or other additional use areas.

9. NEW INFORMATION/PROJECT AMENDMENTS

If the project description changes, and/or supplementary information becomes available, the EIR may need to be expanded to include additional issue areas. This must be determined in consultation with EAS staff.

10. MANDATORY DISCUSSION AREAS

In accordance with CEQA Section 15126, the EIR must include a discussion of the following issue areas:

- A. Any significant environmental effects that cannot be avoided if the proposed project is implemented. Include impact threshold criteria used. Provide mitigation measures where appropriate; including triggers, details, responsible entities, and a monitoring and report schedule. Include a sentence on the significance of each impact area discussed, with effect of the proposed mitigation if appropriate. Do not include analysis in this sentence.
- B. Any significant irreversible environmental changes that would result from the implementation of the proposed project.
- C. Growth-inducing impacts of the proposed project. The Growth Inducement analysis should conclude: 1) how the project is directly and indirectly growth inducing (i.e., fostering economic or population growth by land use changes, construction of additional housing, etc.), and 2) if the subsequent consequences (i.e., impacts to existing infrastructure, requirement of new facilities, roadways, etc.) of the growth inducing project would create a significant and/or unavoidable impact, and provide for mitigation or avoidance. Address the potential for growth inducement through implementation of the proposed project; accelerated growth could further strain existing community facilities or encourage activities that could significantly affect the environment. This section need not conclude that growth-inducing impacts, if any, are significant unless the project would induce substantial growth or concentration of population that would lead to significant environmental impacts.

11. ALTERNATIVES

The EIR must place major attention on reasonable alternatives that avoid or mitigate the project's significant impacts. These alternatives should be identified and discussed in detail and should address all significant impacts. The alternatives analysis should be conducted in sufficient detail to clearly assess the relative level of impacts and feasibility. See Section 155364 of the CEQA Guidelines for the CEQA definition of "feasible."

Preceding the detailed alternatives analysis, provide a section entitled "Alternatives Considered but Rejected." This section should include a discussion of preliminary alternatives that were considered but not analyzed in detail. The reasons for rejection must be explained in detail and demonstrate to the public the analytical route followed in rejected certain alternatives.

Per Planning Commission Direction, the proposed project and project alternatives should consider the ability of each alternative to meet the project objectives while reducing significant environmental impacts. The following alternatives at a minimum must be considered:

- A. No Project/Development Under Existing Plans

This alternative should describe proposals that would develop the site in accordance with existing zoning and/or existing land use plans. Describe any future development of the site that could occur. Discuss the environmental effects that could increase or decrease as a result of this alternative, such as land use, traffic, air quality, GHG, and noise.

B. No Project/No Development

This alternative would include no changes to the existing site conditions. The site would remain undeveloped and vacant. Describe any environmental effect changes that would occur if the site remained in its current state.

C. Reduced Development Alternative

If the traffic study shows a substantial increase in traffic volumes in the community as a result of build-out of the proposed project, a *Reduced Development Alternative* that reduces the overall traffic impacts should be presented with the Draft EIR. The Applicant should work with the City's EAS and Transportation Development staff to determine the development intensity that should be considered in this alternative.

D. Reduced Use Development Alternative

If the traffic study shows a substantial increase in traffic volumes in the community as a result of build-out of the proposed project, a *Reduced Use Development Alternative* that reduces the overall traffic impacts by eliminating one or more use type (i.e. residential and/or hotel use) should be presented with the Draft EIR. The Applicant should work with the City's EAS and Transportation Development staff to determine the uses that contribute the most to traffic volumes that should be considered in this alternative.

If through the environmental analysis process, other alternatives become apparent which would mitigate potentially significant impacts; these alternatives must be discussed with EAS staff prior to including them in the EIR. It is important to emphasize that the alternatives section of the EIR should constitute a major part of the report. The timely processing of the environmental review will likely be dependent on the thoroughness of effort exhibited in the alternatives analysis.

12. REFERENCES

Material must be reasonably accessible. Use the most up-to-date possible and reference source document.

13. INDIVIDUALS AND AGENCIES CONSULTED

List those consulted in preparation of Draft EIR. Seek out parties who would normally be expected to be a responsible agency or an interest in the project.

14. CERTIFICATION PAGE

Include City and Consulting staff members, titles and affiliations.

15. APPENDICES

Include the Scoping Meeting, NOP, and responses to the Scoping Meeting and Notice (Scoping Meeting verbal transcript). Include all accepted technical studies.

Prior to starting work on the EIR, it is recommended that we meet with your staff to discuss this proposed scope of work and the environmental review process. Please contact Holly Smit-Kicklighter, Environmental Planner, at (619) 446-5378, if you have any questions regarding the CEQA analysis; or Renee Mezo, Project Manager at (619) 446-5001, for general questions regarding the proposed project.

Sincerely,

A handwritten signature in black ink, appearing to read 'Cecilia Gallardo', with a stylized flourish at the end.

Cecilia Gallardo, AICP
Assistant Deputy Director
Development Services Department



ARNOLD SCHWARZENEGGER
GOVERNOR

STATE OF CALIFORNIA
GOVERNOR'S OFFICE *of* PLANNING AND RESEARCH
STATE CLEARINGHOUSE AND PLANNING UNIT



CYNTHIA BRYANT
DIRECTOR

Notice of Preparation

May 26, 2010

To: Reviewing Agencies
Re: San Diego Corporate Center
SCH# 2010051073

Attached for your review and comment is the Notice of Preparation (NOP) for the San Diego Corporate Center draft Environmental Impact Report (EIR).

Responsible agencies must transmit their comments on the scope and content of the NOP, focusing on specific information related to their own statutory responsibility, within 30 days of receipt of the NOP from the Lead Agency. This is a courtesy notice provided by the State Clearinghouse with a reminder for you to comment in a timely manner. We encourage other agencies to also respond to this notice and express their concerns early in the environmental review process.

Please direct your comments to:

Holly Kicklighter
City of San Diego, Development Services
1222 First Avenue, MS-501
San Diego, CA 92101

with a copy to the State Clearinghouse in the Office of Planning and Research. Please refer to the SCH number noted above in all correspondence concerning this project.

If you have any questions about the environmental document review process, please call the State Clearinghouse at (916) 445-0613.

Sincerely,

Scott Morgan
Acting Director

Attachments
cc: Lead Agency

Resources Agency

- ☐ Resources Agency
Nadell Gayou
- ☐ Dept. of Boating & Waterways
Mike Sotelo
- ☐ California Coastal Commission
Elizabeth A. Fuchs
- ☐ Colorado River Board
Gerald R. Zimmerman
- ☐ Dept. of Conservation
Rebecca Salazar
- ☐ California Energy Commission
Eric Knight
- ☐ Cal Fire
Allen Robertson
- ☐ Central Valley Flood Protection Board
James Herola
- ☐ Office of Historic Preservation
Wayne Donaldson
- ☐ Dept of Parks & Recreation
Environmental Stewardship Section
- ☐ California Department of Resources, Recycling & Recovery
Sue O'Leary
- ☐ S.F. Bay Conservation & Dev't. Comm.
Steve McAdam
- ☐ Dept. of Water Resources
Nadell Gayou
- ☐ Conservancy
- ☐ Fish and Game
- ☐ Dept. of Fish & Game
Scott Flint
Environmental Services Division
- ☐ Fish & Game Region 1
Donald Koch

- ☐ Fish & Game Region 1E
Laurie Hamsberger
- ☐ Fish & Game Region 2
Jeff Drongesen
- ☐ Fish & Game Region 3
Charles Armor
- ☐ Fish & Game Region 4
Julie Vance
- ☒ Fish & Game Region 5
Don Chadwick
Habitat Conservation Program
- ☐ Fish & Game Region 6
Gabrina Gatchel
Habitat Conservation Program
- ☐ Fish & Game Region 6 I/M
Brad Henderson
Inyo/Mono, Habitat Conservation Program
- ☐ Dept. of Fish & Game M
George Isaac
Marine Region

Other Departments

- ☐ Food & Agriculture
Steve Shaffer
Dept. of Food and Agriculture
- ☐ Dept. of General Services
Public School Construction
- ☐ Dept. of General Services
Anna Garbelf
Environmental Services Section
- ☐ Dept. of Public Health
Bridgette Blinning
Dept. of Health/Drinking Water
- ☐ Independent Commissions, Boards
- ☐ Delta Protection Commission
Linda Flack
- ☐ Cal EMA (Emergency Management Agency)
Dennis Castrillo
- ☐ Governor's Office of Planning & Research
State Clearinghouse

- ☒ Native American Heritage Comm.
Debbie Treadway
- ☐ Public Utilities Commission
Leo Wong
- ☐ Santa Monica Bay Restoration
Guangyu Wang
- ☐ State Lands Commission
Marina Brand
- ☐ Tahoe Regional Planning Agency (TRPA)
Cherry Jacques

Business, Trans & Housing

- ☐ Caltrans - Division of Aeronautics
Sandy Hesnard
- ☐ Caltrans - Planning
Terri Pencovic
- ☒ California Highway Patrol
Scott Loetscher
Office of Special Projects
- ☐ Housing & Community Development
CEQA Coordinator
Housing Policy Division

Dept. of Transportation

- ☐ Caltrans, District 1
Rex Jackman
- ☐ Caltrans, District 2
Marcelino Gonzalez
- ☐ Caltrans, District 3
Bruce de Terra
- ☐ Caltrans, District 4
Lisa Carboni
- ☐ Caltrans, District 5
David Murray
- ☐ Caltrans, District 6
Michael Navarro
- ☐ Caltrans, District 7
Elmer Alvarez

- ☐ Caltrans, District 8
Dan Kopulsky
- ☐ Caltrans, District 9
Gayle Rosander
- ☐ Caltrans, District 10
Tom Dumas
- ☒ Caltrans, District 11
Jacob Armstrong
- ☐ Caltrans, District 12
Chris Herre

Cal EPA

- ☐ Air Resources Board
- ☐ Airport Projects
Jim Lerner
- ☐ Transportation Projects
Douglas Ito
- ☐ Industrial Projects
Mike Tollstrup

- ☐ State Water Resources Control Board
Regional Programs Unit
Division of Financial Assistance

- ☐ State Water Resources Control Board
Student Intern, 401 Water Quality Certification Unit
Division of Water Quality

- ☐ State Water Resources Control Board
Steven Herrera
Division of Water Rights
- ☐ Dept. of Toxic Substances Control
CEQA Tracking Center
- ☐ Department of Pesticide Regulation
CEQA Coordinator

Regional Water Quality Control Board (RWQCB)

- ☐ RWQCB 1
Cathleen Hudson
North Coast Region (1)
- ☐ RWQCB 2
Environmental Document Coordinator
San Francisco Bay Region (2)
- ☐ RWQCB 3
Central Coast Region (3)
- ☐ RWQCB 4
Teresa Rodgers
Los Angeles Region (4)
- ☐ RWQCB 5S
Central Valley Region (5)
- ☐ RWQCB 5F
Central Valley Region (5)
Fresno Branch Office
- ☐ RWQCB 5R
Central Valley Region (5)
Redding Branch Office
- ☐ RWQCB 6
Lahontan Region (6)
- ☐ RWQCB 6V
Lahontan Region (6)
Victorville Branch Office
- ☐ RWQCB 7
Colorado River Basin Region (7)
- ☐ RWQCB 8
Santa Ana Region (8)
- ☒ RWQCB 9
San Diego Region (9)

☐ Other _____

NATIVE AMERICAN HERITAGE COMMISSION

915 CAPITOL MALL, ROOM 364
SACRAMENTO, CA 95814
(916) 653-6251
Fax (916) 657-5390
Web Site www.nahc.ca.gov
e-mail: ds_nahc@pacbell.net



May 628 2010

Ms. Holly Smit-Kicklighter, Analyst

CITY OF SAN DIEGO DEVELOPMENT SERVICES DEPARTMENT

1222 First Avenue, MS 501
San Diego, CA 92101

Re: SCH# Pending; City of San Diego Project No. 193036 CEQA Notice of Preparation (NOP) for a draft Environmental Impact Report (DEIR) for the SAN DIEGO CORPORATE CENTER Project, a Phased Muxed-Use Development on 23.6 acres; located in the Carmel Valey Community Plan Area; San Diego County, California

Dear Ms. Smit-Kicklighter:

The Native American Heritage Commission (NAHC) is the state 'trustee agency' pursuant to Public Resources Code §21070 for the protection and preservation of California's Native American Cultural Resources.. (Also see *Environmental Protection Information Center v. Johnson* (1985) 170 Cal App. 3rd 604). The California Environmental Quality Act (CEQA - CA Public Resources Code §21000-21177, amended in 2009) requires that any project that causes a substantial adverse change in the significance of an historical resource, that includes archaeological resources, is a 'significant effect' requiring the preparation of an Environmental Impact Report (EIR) per the California Code of Regulations §15064.5(b)(c)(f) CEQA guidelines). Section 15382 of the CEQA Guidelines defines a significant impact on the environment as "a substantial, or potentially substantial, adverse change in any of physical conditions within an area affected by the proposed project, including ...objects of historic or aesthetic significance." In order to comply with this provision, the lead agency is required to assess whether the project will have an adverse impact on these resources within the 'area of potential effect (APE)', and if so, to mitigate that effect. To adequately assess the project-related impacts on historical resources, the Commission recommends the following.

The Native American Heritage Commission did perform a Sacred Lands File (SLF) search in the NAHC SLF Inventory, established by the Legislature pursuant to Public Resources Code §5097.94(a) and Native American Cultural resources were not identified within the APE identified for the project. Early consultation with Native American tribes in your area is the best way to avoid unanticipated discoveries once a project is underway. Enclosed are the names of the nearest tribes and interested Native American individuals that the NAHC recommends as 'consulting parties,' for this purpose, that may have knowledge of the religious and cultural significance of the historic properties in the project area (e.g. APE). We recommend that you contact persons on the attached list of Native American contacts. A Native American Tribe or Tribal Elder may be the only source of information about a cultural resource.. Also, the NAHC recommends that a Native American Monitor or Native American culturally knowledgeable person be employed whenever a professional archaeologist is employed during the 'Initial Study' and in other phases of the environmental planning processes.. Furthermore we suggest that you contact the California Historic Resources Information System (CHRIS) at the Office of

Historic Preservation (OHP) Coordinator's office (at (916) 653-7278, for referral to the nearest OHP Information Center of which there are 11.

Consultation with tribes and interested Native American tribes and interested Native American individuals, as consulting parties, on the NAHC list, should be conducted in compliance with the requirements of federal NEPA (42 U.S.C. 4321-43351) and Section 106 and 4(f) of federal NHPA (16 U.S.C. 470 [f]) *et seq.*, 36 CFR Part 800.3, the President's Council on Environmental Quality (CSQ; 42 U.S.C. 4371 *et seq.*) and NAGPRA (25 U.S.C. 3001-3013), as appropriate. The 1992 *Secretary of the Interior's Standards for the Treatment of Historic Properties* were revised so that they could be applied to all historic resource types included in the National Register of Historic Places and including *cultural landscapes*.

Lead agencies should consider avoidance, as defined in Section 15370 of the California Environmental Quality Act (CEQA) when significant cultural resources could be affected by a project. Also, Public Resources Code Section 5097.98 and Health & Safety Code Section 7050.5 provide for provisions for accidentally discovered archeological resources during construction and mandate the processes to be followed in the event of an accidental discovery of any human remains in a project location other than a 'dedicated cemetery. Discussion of these should be included in your environmental documents, as appropriate.

The authority for the SLF record search of the NAHC Sacred Lands Inventory, established by the California Legislature, is California Public Resources Code §5097.94(a) and is exempt from the CA Public Records Act (c.f. California Government Code §6254.10). The results of the SLF search are confidential. However, Native Americans on the attached contact list are not prohibited from and may wish to reveal the nature of identified cultural resources/historic properties. Confidentiality of 'historic properties of religious and cultural significance' may also be protected under Section 304 of the NHPA or at the Secretary of the Interior's discretion if not eligible for listing on the National Register of Historic Places. The Secretary may also be advised by the federal Indian Religious Freedom Act (cf. 42 U.S.C. 1996) in issuing a decision on whether or not to disclose items of religious and/or cultural significance identified in or near the APE and possibly threatened by proposed project activity.

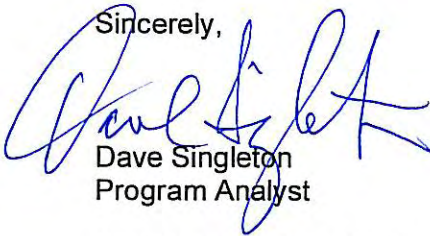
CEQA Guidelines, Section 15064.5(d) requires the lead agency to work with the Native Americans identified by this Commission if the initial Study identifies the presence or likely presence of Native American human remains within the APE. CEQA Guidelines provide for agreements with Native American, identified by the NAHC, to assure the appropriate and dignified treatment of Native American human remains and any associated grave liens. Although tribal consultation under the California Environmental Quality Act (CEQA; CA Public Resources Code Section 21000 – 21177) is 'advisory' rather than mandated, the NAHC does request 'lead agencies' to work with tribes and interested Native American individuals as 'consulting parties,' on the list provided by the NAHC in order that cultural resources will be protected. However, the 2006 SB 1059 the state enabling legislation to the Federal Energy Policy Act of 2005, does mandate tribal consultation for the 'electric transmission corridors. This is codified in the California Public Resources Code, Chapter 4.3, and §25330 to Division 15, requires consultation with California Native American tribes, and identifies both federally recognized and non-federally recognized on a list maintained by the NAHC

Health and Safety Code §7050.5, Public Resources Code §5097.98 and Sec. §15064.5 (d) of the California Code of Regulations (CEQA Guidelines) mandate procedures to be followed, including that construction or excavation be stopped in the event of an accidental discovery of any human remains in a location other than a dedicated cemetery until the county coroner or medical examiner can determine whether the remains are those of a Native American. . Note that §7052 of the Health & Safety Code states that disturbance of Native American cemeteries is a felony.

Again, Lead agencies should consider avoidance, as defined in §15370 of the California Code of Regulations (CEQA Guidelines), when significant cultural resources are discovered during the course of project planning and implementation

Please feel free to contact me at (916) 653-6251 if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Dave Singleton", is written over the typed name and title.

Dave Singleton
Program Analyst

Attachment: List of Native American Contacts

Cc: State Clearinghouse

Native American Contacts
May 28, 2010
San Diego County

Barona Group of the Capitan Grande
Edwin Romero, Chairperson
1095 Barona Road Diegueno
Lakeside , CA 92040
sue@barona-nsn.gov
(619) 443-6612
619-443-0681

Santa Ysabel Band of Diegueno Indians
Johnny Hernandez, Spokesman
PO Box 130 Diegueno
Santa Ysabel, CA 92070
brandietaylor@yahoo.com
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(760) 765-0320 Fax

Ewiiapaay Tribal Office
Robert Pinto, Chairperson
4054 Willows Road Diegueno/Kumeyaay
Alpine , CA 91901
wmicklin@leaningrock.net
(619) 445-6315 - voice
(619) 445-9126 - fax

Sycuan Band of the Kumeyaay Nation
Danny Tucker, Chairperson
5459 Sycuan Road Diegueno/Kumeyaay
El Cajon , CA 92021
ssilva@sycuan-nsn.gov
619 445-2613
619 445-1927 Fax

La Posta Band of Mission Indians
Gwendolyn Parada, Chairperson
PO Box 1120 Diegueno/Kumeyaay
Boulevard , CA 91905
(619) 478-2113
619-478-2125

Viejas Band of Mission Indians
Bobby L. Barrett, Chairperson
PO Box 908 Diegueno/Kumeyaay
Alpine , CA 91903
jrothau@viejas-nsn.gov
(619) 445-3810
(619) 445-5337 Fax

San Pasqual Band of Mission Indians
Allen E. Lawson, Chairperson
PO Box 365 Diegueno
Valley Center, CA 92082
(760) 749-3200
(760) 749-3876 Fax

Kumeyaay Cultural Historic Committee
Ron Christman
56 Viejas Grade Road Diegueno/Kumeyaay
Alpine , CA 92001
(619) 445-0385

This list is current only as of the date of this document.

Distribution of this list does not relieve any person of statutory responsibility as defined in Section 7050.5 of the Health and Safety Code, Section 5097.94 of the Public Resources Code and Section 5097.98 of the Public Resources Code. Also, federal National Environmental Policy Act (NEPA), National Historic Preservation Act, Section 106 and federal NAGPRA. And 36 CFR Part 800.3.

This list is only applicable for contacting local Native Americans with regard to cultural resources for the proposed San Diego Corporate Center Project, a City of San Diego Project No. 193036; located on 23.6-acres at 12910 Del Mar Heights Place with the Carmel Valley Community Plan; Project involves a maximum of 2,044,200 square feet of Building

Native American Contacts
May 28, 2010
San Diego County

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(619) 669-4785
(619) 669-48178 - Fax

Diegueno/Kumeyaay

Inaja Band of Mission Indians
Rebecca Osuna, Spokesperson
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Escondido, CA 92025
(760) 737-7628
(760) 747-8568 Fax

Mesa Grande Band of Mission Indians
Mark Romero, Chairperson
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Santa Ysabel, CA 92070
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(760) 782-9092 Fax

Diegueno

Kumeyaay Cultural Repatriation Committee
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(619) 443-0681 FAX

Kumeyaay Cultural Heritage Preservation
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Campo, CA 91906
chairman@campo-nsn.gov
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(619) 478-9505
(619) 478-5818 Fax

Diegueno/ Kumeyaay

San Pasqual Band of Indians
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(760) 749-3876 Fax

Luiseno

Diegueno

Kwaaymii Laguna Band of Mission Indians
Carmen Lucas
P.O. Box 775
Pine Valley, CA 91962
(619) 709-4207

Diegueno -

Ewiiapaayp Tribal Office
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Alpine, CA 91901
wmicklin@leaningrock.net
(619) 445-6315 - voice
(619) 445-9126 - fax

Diegueno/Kumeyaay

This list is current only as of the date of this document.

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Native American Contacts
May 28, 2010
San Diego County

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(619) 445-9126 - fax

Kumeyaay Diegueno Land Conservancy
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Monique LaChappa, Chairwoman
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Campo, CA 91906
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Manzanita Band of the Kumeyaay Nation
Leroy J. Elliott, Chairperson
P.O. Box 1302 Diegueno/Kumeyaay
Boulevard, CA 91905
(619) 766-4930

This list is current only as of the date of this document.

Distribution of this list does not relieve any person of statutory responsibility as defined in Section 7050.5 of the Health and Safety Code, Section 5097.94 of the Public Resources Code and Section 5097.98 of the Public Resources Code. Also, federal National Environmental Policy Act (NEPA), National Historic Preservation Act, Section 106 and federal NAGPRA. And 36 CFR Part 800.3.

This list is only applicable for contacting local Native Americans with regard to cultural resources for the proposed San Diego Corporate Center Project, a City of San Diego Project No. 193036; located on 23.6-acres at 12910 Del Mar Heights Place with the Carmel Valley Community Plan; Project involves a maximum of 2,044,200 square feet of Building



Torrey Pines Community Planning Board Project Review Committee

BOARD MEMBERS: Dennis E. Ridz, Chair, dennisridz@hotmail.com ; Patti Ashton; Richard Caterina; Roy Davis; Greg Heinzinger; Norman Ratner, Michael Yanicelli, Cathy Kenton

PUBLIC MEMBERS: Bob Lewis; Dan Jensvold; Diana Scheffler,

To: Cecilia Gallardo, Assistant Deputy Director, Development Services for the City of San Diego

June 7, 2010

Subject: San Diego Corporate Center – Project No.: 193036

The Torrey Pines Community Board's Project Review Committee (PRC), as an Interested Agency, would like to take the opportunity to respond to the public notice of an Environmental Impact Report Scoping Meeting to be held on June 9, 2010. As a Interested Agency, we believe it is our obligation to provide feedback, observation, and critical analysis to the City of San Diego on Land Use issues that impact the Torrey Pines Community and citizens of San Diego's First District.

The PRC held a public forum to discuss the Scoping Document provided to the Torrey Pines Community Planning Board (TPCPB). Furthermore, Section B – Transit First, of the City of San Diego General Plan has been reviewed in connection with the concept of "Transit Supportive City Land Use Planning" and the 2030 Regional Transit Plan (RPT). The stated Goal of the Transit First section of the General Plan "is to reduce dependence on the automobile".

As a practical matter, the PRC believes that the **cumulative traffic impacts** foreseen by the development of the San Diego Corporate Center will cause severe congestion along Del Mar Height Road and El Camino Real and radiate outward to impact I-5 and State Route 56. Recent transit ventures such as the MTS bus route along Del Mar Heights Road were abandoned and the Carmel Valley Transit Center on Townsgate Drive never became operational. This project does not support or "reduce dependence on the automobile" but provides for 4,177 parking space. The PRC finds this project **unacceptable until such time as a city mass transit plan(s) are in place, funded and operational**. Until such time as the City in collaboration with other agencies, such as SANDAG, moves from the long range-planning phase to the real world application of the Regional Transit Vision, this project cannot be supported.

Under Section 5.2 Transportation/Circulation, Issue 6 of the Draft Environmental Impact Report, the PRC would suggest that as Alternatives are developed, they include the following:

1. A 15-20 % reduction of parking spaces or elimination of around 800 parking spots.
2. Establishment of a secure off-site employee parking area and a corporate funded Shuttle Bus system to run during peak employment hours.

3. For corporate individual's unwilling to carpool or use the shuttle system, the establishment of a parking pricing policy or consideration of parking as a taxable employee benefit.
4. Provide a linkage between the proposed Transit Center at Pacific Highlands Ranch and the San Diego Corporate Center.
5. Elimination of the 150-room hotel until such time as the mandatory water rationing in San Diego is lifted.
6. Inclusion of SANDAG's commissioned report from Parsons Brinckerhoff for the 2050 Regional Transportation Plan entitled Lessons Learned from Peer Regions. One of the Overarching Themes relates to "Parking requirements in transit-supportive communities are reduced." The Brinckerhoff report on page 28 states that "Abundant and inexpensive parking have proven to be key deterrents to transit use."

We are providing our comments so they may be included as part of the public testimony. The Torrey Pines Community Planning Board intends to respond to the DEIR when it is issued and is willing to assist the City during its Scoping phase.

Dennis E. Ridz, Chair of the Torrey Pines Community Planning Board
Member of the SANDAG Shareholders Working Group on the 2050
Regional Transportation Plan

CC: Councilmember Sherri Lightner, District 1
Chairwoman Pam Slater-Price, San Diego County Board of Supervisors
Senator Christine Kehoe, Thirty-Ninth Senate District



Comments on the Proposed San Diego Corporate Center Project

A public scoping meeting is being held to give the public and interested parties an opportunity to submit comments regarding the potential environmental impacts of the proposed project. This information will be used to develop the scope and content of the proposed Environmental Impact Report (EIR) for the project to be described at the meeting.

Name Bob DiPWI Signature R. DiPWI

Address 14059 Records Dr

Comments: 2 additional stop lites on Del Mar
Heights is a big mistake. This will create
major traffic jams morning, noon & evenings.
This should not be allowed.

Attach additional sheets if necessary. Written comments do not need to use this form.

Comments on the San Diego Corporate Center Project must be received by June 24, 2010.
Comments may be submitted in person at the June 9, 2010 public scoping meeting or mailed using this form.

DEPARTMENT OF TRANSPORTATION

DISTRICT 11

4050 Taylor St., MS 240

SAN DIEGO, CA 92110

PHONE (619) 688-6960

FAX (619) 688-4299

TTY 1-800-735-2929

*Flex your power!
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June 24, 2010

11-SD-5

PM 34.13

NOP SCH 2010051073

Ms. Holly Kicklighter
City of San Diego Development Services
1222 First Avenue, MS 501
San Diego, CA 92101

Dear Ms. Kicklighter:

The California Department of Transportation (Caltrans) appreciates the opportunity to have reviewed the Notice of Preparation (NOP) SCH 2010051073 for the San Diego Corporate Center project located near the Interstate 5 (I-5) and Del Mar Heights Road. Caltrans has the following comments:

A traffic impact study is necessary to determine this proposed project's near-term and long-term impacts to the State facilities – existing and proposed – and to propose appropriate mitigation measures. The study should use as a guideline the *Caltrans Guide for the Preparation of Traffic Impact Studies*. Minimum contents of the traffic impact study are listed in Appendix "A" of the TIS guide.

The LOS for operating State highway facilities is based upon Measures of Effectiveness (MOE) identified in the Highway Capacity Manual (HCM). Caltrans endeavors to maintain a target LOS at the transition between LOS "C" and LOS "D" on State highway facilities; however, Caltrans acknowledges that this may not always be feasible and recommends that the lead agency consult with Caltrans to determine the appropriate target LOS. If an existing State highway facility is operating at less than this target LOS, the existing MOE should be maintained. In general, the region-wide goal for an acceptable LOS on all freeways, roadway segments, and intersections is "D". For undeveloped or not densely developed locations, the goal may be to achieve LOS "C".

All State-owned signalized intersections affected by this project should be analyzed using the intersecting lane vehicle (ILV) procedure from the Caltrans Highway Design Manual, Topic 406, page 400-21.

All freeway entrance and exit ramps where a proposed project will add a significant number of peak-hour trips that may cause any traffic queues to exceed storage capacities should be analyzed. If ramp metering is to occur, a ramp queue analysis for all nearby Caltrans metered on-ramps is required to identify the delay to motorists using the on-ramps and the storage necessary to accommodate the queuing. The effects of ramp metering should be analyzed in the traffic study. For metered freeway ramps, LOS does not apply. However, ramp meter delays above 15 minutes are considered excessive.

The data used in the TIS should not be more than 2 years old.

Caltrans endeavors that any direct and cumulative impacts to the State highway system be eliminated or reduced to a level of insignificance pursuant to the California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA) standards.

Mitigation measures to State facilities should be included in the traffic impact analysis. Mitigation identified in the traffic study, subsequent environmental documents, and mitigation monitoring reports, should be coordinated with Caltrans to identify and implement the appropriate mitigation. This includes the actual implementation and collection of any "fair share" monies, as well as the appropriate timing of the mitigation. Mitigation improvements should be compatible with Caltrans concepts.

The lead agency should monitor impacts to insure that roadway segments and intersections remain at an acceptable Level of Service (LOS). Should the LOS reach unacceptable levels, the lead agency should delay the issuance of building permits for any project until the appropriate impact mitigation is implemented.

Mitigation conditioned as part of a local agency's development approval for improvements to State facilities can be implemented either through a Cooperative Agreement between Caltrans and the lead agency, or by the project proponent entering into an agreement directly with Caltrans for the mitigation. When that occurs, Caltrans will negotiate and execute a Traffic Mitigation Agreement.

Any work performed within Caltrans right-of-way (R/W) will require discretionary review and approval by Caltrans and an encroachment permit will be required for any work within the Caltrans' R/W prior to construction. Current policy allows Highway Improvement Projects costing \$1 million or less to follow the Caltrans Encroachment Permit process. Highway Improvement Projects costing greater than \$1 million but less than \$3 million would be allowed to follow a streamlined project development process similar to the Caltrans Encroachment Permit process. In order to determine the appropriate permit processing of projects funded by others, it is recommended that the concept and project approval for work to be done on the State Highway System be evaluated through the completion of a Permit Engineering Evaluation Report (PEER). A PEER should always be prepared, regardless of the cost of improvements, when new operating improvements are constructed by the permittee that become part of the State Highway System. These include, but are not limited to, signalization, channelization, turn pockets, widening, realignment, public road connections, and bike paths and lanes. After approval of the PEER and necessary application and supporting documentation an encroachment permit can be issued.

Highway Improvement Projects greater than \$3 million, or considered complex projects, would be required to adhere to the full Project Development Process (e.g. Project Initiation Documents, Project Study Reports and Cooperative Agreements). A Caltrans District responsible unit will be notified and a project manager will be assigned to coordinate the project approval.

In order to expedite the process for projects sponsored by a local agency or private developer, it is recommended a PEER be prepared and included in the Lead Agency's CEQA document. This will help expedite the Caltrans Encroachment Permit Review process. The PEER document forms and procedures can be found in the Caltrans Project Development Procedures Manual (PDPM). <http://www.dot.ca.gov/hq/oppd/pdpm/pdpmn.htm>
[http://www.dot.ca.gov/hq/traffops/developserv/permits/pdf/forms/PEER_\(TR-0112\).pdf](http://www.dot.ca.gov/hq/traffops/developserv/permits/pdf/forms/PEER_(TR-0112).pdf)

As part of the encroachment permit process, the applicant must provide an approved final environmental document including the California Environmental Quality Act (CEQA) determination addressing any environmental impacts within the Caltrans' R/W, and any corresponding technical studies. If these materials are not included with the encroachment permit application, the applicant will be required to acquire and provide these to Caltrans before the permit application will be accepted. Identification of avoidance and/or mitigation measures will be a condition of the encroachment permit approval as well as procurement of any necessary regulatory and resource agency permits. Encroachment permit submittals that are incomplete can result in significant delays in permit approval.

Noise
Air Quality
Hazardous Materials
Community Impacts
Visual/Aesthetic Impacts (including any removal of vegetation or trees)
Biological Resources
Cultural Resources
Water Quality
Agricultural/Farmland Impacts

Improvement plans for construction within State Highway R/W must include the appropriate engineering information consistent with the State code and signed and stamped by a professional engineer registered in the State of California. Caltrans Permit Manual contains a listing of typical information required for project plans. All design and construction must be in conformance with the Americans with Disabilities Act (ADA) requirements.

Additional information regarding encroachment permits may be obtained by contacting the Caltrans Permits Office at (619) 688-6158. Early coordination with Caltrans is strongly advised for all encroachment permits.

CEQA requires, under Public Resources Code (PRC) Section 21081.6, the adoption of reporting or monitoring programs when public agencies include environmental impact mitigation as a condition of project approval. Reporting or monitoring takes place after project approval to ensure implementation of the project in accordance with the mitigation adopted during the CEQA review process. According to PRC Section 21081.6, when a project has impacts that are of statewide, regional, or area-wide significance, a reporting or monitoring program shall be submitted to the Department of Transportation (Caltrans). Attached are Caltrans guidelines for

Ms. Holly Kicklighter

June 24, 2010

Page 4

the submittal of reporting or monitoring programs. Please submit the attached information to the Caltrans Inter-Governmental Review/Development Review contact following project approval.

If you have any questions or require further information, please do not hesitate to contact Trent Clark at (619) 688-3140.

Sincerely,

Christian Bushong

signed for
JACOB M. ARMSTRONG, Chief
Development Review Branch



501 West Broadway | 19th Floor | San Diego, CA 92101-3598
619-338-6500 office | 619-234-3815 fax | www.sheppardmullin.com

John E. Ponder
Writer's Direct Line: 619-338-6646
jponder@sheppardmullin.com

June 24, 2010

Our File Number: 15BK-151316

VIA E-MAIL AND U.S. MAIL

Holly Smit-Kicklighter
Associate Planner
City of San Diego Development Services
Department
1222 First Avenue, MS #501
San Diego, CA 92101
E-Mail: hsmit@sandiego.gov;
DSDEAS@sandiego.gov

Re: Notice of Preparation for the Draft Environmental Impact Report for the San Diego Corporate Center (Project No. 193036)

Dear Ms. Smit-Kicklighter:

On behalf of our client, Donahue Schriber, Inc., owner of the Del Mar Highlands Town Center, we appreciate the opportunity to respond to the Notice of Preparation of a Draft Environmental Impact Report for the San Diego Corporate Center project (dated May 25, 2010). The Notice of Preparation ("NOP") announces that the City of San Diego will be the lead agency for preparation of an Environmental Impact Report ("EIR") in connection with a proposed mixed-use development project located at 12910 Del Mar Heights Place in the Carmel Valley community of the City (the "Project"). The EIR is intended to satisfy the requirements of the California Environmental Quality Act ("CEQA").

Since the inception of the Del Mar Highlands Town Center more than 20 years ago, we have strived to be a good neighbor to the community. Our foremost goal is to ensure that Carmel Valley remains a comprehensively planned community with a high quality of life. We have been monitoring the Project closely for over a year and to that end, we submit this letter offering constructive comments that could be used to improve the EIR.

Our primary concern is that the Project's massive density, at over 2 million square feet on a constrained, 23.6-acre site, is inconsistent with Carmel Valley's primary planning objective of providing a balanced community. The Project's proposed land use change will result

Holly Smit-Kicklighter
June 24, 2010
Page 2

in significant impacts on the community's circulation system which was not planned, designed or constructed to accommodate traffic generated from a project of this magnitude.

In addition to traffic, potential environmental impacts that may arise due to the incompatibility of the proposed project with surrounding uses include economic decay, visual quality, noise and air quality.

We look forward to continuing this cooperative dialogue with the City throughout the preparation of the EIR to ensure that the Project does not adversely impact Carmel Valley's high quality of life and distinctive community character.

I. General Comments

A. The Project's Massive Size and Density May Cause Economic Decay

CEQA requires an analysis of the Project's potential to cause economic and urban decay. Changes to the physical environment caused by a project's economic effects are an indirect effect that must be analyzed in an EIR impact if they are significant.¹ The Project would include a very large amount of retail and office square footage in an area already served by substantial retail and office. The City should prepare an Economic Impact and Urban Decay Analysis to identify potential adverse impacts.

The project description in the NOP is inadequate because it states that the Project has 1,143,200 square feet of retail/commercial,² but does not distinguish between the uses or specify gross leasable area. Gross leasable area is relevant to the assessment of environmental impacts such as traffic and urban decay, and is necessary to determine the retail classification of the Project. Because the NOP does not set forth this information, the Project could be classified as anything from a "community shopping center" to a "superregional center."³

The Project could result in economic pressures to nearby and distant retail and office properties, potentially causing those users to go out of business, which could lead to deterioration and blight conditions resulting from vacant buildings and neglect. The City's Community and Economic Development Department has concluded that certain retail centers have the potential to cause urban blight.⁴ Moreover, elimination of the Employment Center land use designation

¹ 14 Cal. Code Regs. §§15064(e), 15131(a).

² NOP, at p. 3.

³ See International Council of Shopping Centers, Shopping Center Definitions, at <http://www.icsc.org/srch/lib/SCDefinitions99.pdf> (defining "community center" as 100,000-350,000 s.f., "regional center" as 400,000-800,000 s.f., and "superregional center" as over 800,000 s.f.)

⁴ Fiscal and Economic Impacts of Large Retail Establishments, City of San Diego Community and Economic Development Department, August 2004.

Holly Smit-Kicklighter
June 24, 2010
Page 3

and construction of new residential units could exacerbate the current decay resulting from unoccupied housing, partially-constructed developments, and foreclosed homes. Likewise, the construction of additional office and commercial square footage could compound the existing decay resulting from the high commercial office vacancy in Carmel Valley and surrounding areas.

To fully analyze these potential economic decay and urban blight impacts, the City should prepare an Economic Impact and Urban Decay Analysis. It should evaluate whether the Project would draw away business from existing retail centers thereby increasing vacancy and deterioration, strain the existing street network, discourage pedestrian travel, and otherwise aggravate traffic congestion and undermine the usability of existing retail centers

The NOP's omission of economic and urban decay as a potentially significant impact appears to summarily dismiss the possibility of urban decay, despite the ongoing and severe economic crisis which has imposed enormous financial constraints on retail, office, and residential users and despite the Project's proposal to drastically exceed the densities proposed in the applicable land use plans. Please ensure that the EIR fully complies with CEQA's requirement to analyze potentially significant impacts to urban decay resulting from economic pressure. Please commission an Economic Impact and Urban Decay Analysis to assess the Project's impacts to economic and urban decay.

B. The EIR Must Fully Address Cumulative Impacts of the Project

The EIR must analyze both the Project's direct and cumulative impacts.⁵ Failing to do so would constitute a form of "piecemealing" which would violate CEQA.⁶ "Under CEQA, the agency must consider the cumulative environmental effects of its action before a project gains irreversible momentum."⁷ The cumulative impacts analysis should also consider the impacts of past projects.⁸ Numerous projects within the Carmel Valley vicinity have already been constructed, approved, or are currently pending, which considered cumulatively, may have substantial environmental impacts. Such projects include the Pacific Highlands Ranch project, Del Mar Fairgrounds Master Plan, University Town Center Revitalization Project, and Black Mountain Ranch North Village project, in addition to the approved 150,000 square foot expansion of the Del Mar Highlands Town Center.

⁵ 14 Cal. Code Regs. §§ 15126.2(a), 15130.

⁶ See *Orinda Ass'n v. Bd. of Supervisors* (1986) 182 Cal.App.3d 1145, 1171; see also *Las Virgenes Homeowners Federation, Inc. v. County of Los Angeles* (1986) 177 Cal.App.3d 300, 306.

⁷ *City of Antioch v. City Counsel* (1986) 187 Cal.App.3d 1325, 1333.

⁸ See *Environmental Protection & Information Center v. California Dept. of Forestry and Fire Protection* (2008) 44 Cal.4th 459, 523.

Holly Smit-Kicklighter
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The Project may not avoid its fair share of mitigation by improperly relying on mitigation measures from approved projects. Several approved projects in the community have provided mitigation measures to offset full impacts from their entitlements, yet have not fully built out. The Project cannot reduce its legally required mitigation by using mitigation measures from approved projects to offset its environmental impacts.

C. The EIR's Study Area Should Be Broadly Defined So As to Fully Consider All Potentially Significant Impacts from Construction of a "Superregional Center" or "Regional Center"

The EIR's study area should be broadly defined because the large size of the Project is likely to draw traffic from far outside the immediate Carmel Valley community and would thus potentially result in environmental impacts to more distant areas. The NOP indicates that the Project will consist of approximately 2,044,200 square feet of which 1,143,200 square feet is proposed for retail/office use, but does not differentiate between the uses or define the gross leasable area.⁹ Disclosure of the gross leasable area is important for a full understanding of the project and to determine the traffic trip generation rate for the project's land uses. If the details of the Project reveal that it is a superregional center, it would primarily draw customers from between 5 and 25 miles away.¹⁰ If the gross leasable area square footage of the Project defined it as a "regional center," it would attract most of its customers from a distance of between 5 and 15 miles away.¹¹

Because most of the customers, employees, and hotel guests may be drawn to the Project from a considerable distance, the EIR's study area should consider a broad area to ensure that all potentially significant environmental impacts, such as traffic, air quality, and land use, are analyzed in accordance with CEQA. For the same reason, the cumulative impacts analysis should also include projects from a broad study area. Because of the large size of the retail/office component of the Project, a narrowly-drawn study area would misleadingly present diminished environmental impacts to the public and decision-makers.

⁹ NOP, at p. 3.

¹⁰ See International Council of Shopping Centers, Shopping Center Definitions, at <http://www.icsc.org/srch/lib/SCDefinitions99.pdf>.

¹¹ *Id.*

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D. The EIR Should Fully Analyze the Project's Indirect and Displacement Impacts

CEQA requires lead agencies to consider indirect impacts from a project.¹² "Direct and indirect significant effects of the project on the environment shall be clearly identified and described, giving due consideration to both the short-term and long-term effects."¹³ An indirect environmental impact is a change in the physical environment that is not immediately related to the project but that is caused indirectly by the project, occurs later in time, or is farther removed in distance than direct effects.¹⁴ Additionally, CEQA requires analysis of whether a lead agency's action results in the displacement of development to other areas.¹⁵

There are several potentially significant indirect or displacement impacts that should be fully analyzed in the EIR. For example, the Project could foster economic or population growth, which could encourage activities that have a significant effect on the environment, either individually or cumulatively. In addition, the Project could draw retail customers from great distances, thus indirectly causing increased greenhouse gas emissions and exacerbating air quality impacts. Changing the zoning designation from Carmel Valley Planned District-Employment Center ("CVPD-EC") to Carmel Valley Planned District-Mixed Use Center ("CVPD-MUC") could displace a commercial or industrial use that will then be sited in another location, with corresponding adverse environmental impacts in that area.

The CEQA Guidelines, Appendix G, provides a list of issues that should be considered in preparation of an EIR, which includes "population and housing."¹⁶ The EIR should analyze whether the additional retail and office uses would induce substantial population growth, or whether eliminating the employment/industrial designation and diverting jobs to other locations would displace substantial population growth to those other areas.¹⁷ Further, decreasing the job base in the City could have significant adverse fiscal, socioeconomic, and physical impacts, and the Project could have a significant impact on affordable housing. The EIR should fully analyze these potential impacts.

¹² *Stanislaus Audubon Soc'y, Inc. v County of Stanislaus* (1995) 33 Cal.App.4th 144 (EIR required for golf course project because adverse impacts would result indirectly from later residential development that might be attracted to area by development of golf course).

¹³ 14 Cal Code Regs § 15126.2(a).

¹⁴ 14 Cal Code Regs §§15064(d)(2), 15358(a)(2).

¹⁵ *Muzzy Ranch Co. v. Solano County Airport Land Use Comm'n* (2007) 41 Cal.4th 372, 383.

¹⁶ 14 Cal. Code Regs. § 15000 et seq, Appendix G, § XII.

¹⁷ *Id.* at § XII.

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E. The EIR Should Not Improperly Defer Analysis of Environmental Impacts

Moreover, to satisfy the informational requirements of CEQA,¹⁸ the EIR must analyze all reasonably foreseeable impacts.¹⁹ Failing to analyze reasonable foreseeable impacts eviscerates one of CEQA's prime purposes, to have, "at the earliest feasible time, project sponsors . . . incorporate environmental considerations into project conceptualization, design, and planning."²⁰ By failing to distinguish between retail and office uses and identify the amount of development for those uses,²¹ and by failing to fully describe the proposed CVPD-MUC designation,²² the NOP appears to avoid analysis of reasonably foreseeable impacts. This mistake should not be made in the EIR. Instead, the EIR should provide more specific information identifying the particular land uses and zoning changes proposed by the Project.

Moreover, analysis of indirect and displacement impacts should not be deferred. If the EIR does not consider the potentially significant impacts induced by, or indirectly caused by, approval of the Project, the EIR would impermissibly segment the whole of the project.²³ Here, the NOP did not specifically identify the amount of residential and other development that would inevitably result from approval the Project, nor did it specify even the most basic characteristics of the Project such as the amount of retail or office or the nature of the proposed land use designation. The EIR must provide more specific information regarding the reasonably foreseeable development that would occur as a consequence of adopting the Project. The EIR cannot defer analysis of potentially significant environmental impacts until some future date or event. "By deferring environmental assessment to a future date, the conditions run counter to that policy of CEQA which requires environmental review at the earliest feasible stage in the planning process."²⁴

¹⁸ It is noteworthy that when the informational requirements of CEQA are not complied with, an agency fails to proceed in a "manner required by law," and has therefore abused its discretion. (Pub. Resources Code, § 21168.5; see also *County of Amador v. El Dorado County Water Agency* (1999) 76 Cal.App.4th 1428.)

¹⁹ 14 Cal. Code Regs. § 15064(d); see also *City of Antioch, supra*, 187 Cal.App.3d 1325.

²⁰ 14 Cal. Code Regs. § 15004(b)(1).

²¹ See NOP, at p. 2.

²² *Id.*

²³ See *Laurel Heights Improvement Assoc. v. Regents of the Univ. of California* (1988) 47 Cal.3d 376, 391 fn. 2.

²⁴ *Sundstrom v. County of Mendocino* (1988) 202 Cal.App.3d 296, 308; see also *Bozung, supra*, 13 Cal.3d at p. 282; see also *Mt. Sutro Defense Committee v. Regents of the Univ. of Cal.* (1978) 77 Cal.App.3d 20, 34 (noting that environmental problems should be considered at a point in the planning process "where general flexibility remains").

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II. Specific Comments

A. Land Use

In the description of discretionary approvals, the NOP lists a Carmel Valley Community Plan (“Community Plan”) amendment and Carmel Valley Precise Plan²⁵ (“Precise Plan”) amendment but does not list a General Plan amendment, implying that the Project is fully consistent with the General Plan. CEQA requires the discussion of the Project’s consistency with existing plans and land uses. Please analyze the Project’s consistency with all existing land use plans including, but not limited to, the General Plan, Community Plan, and Precise Plan.

The Carmel Valley Community Plan and the Precise Plan envision employment and industrial uses on the Project site. These plans carefully located the various components of housing, commercial, and employment in an orderly fashion and was the result of extensive research into the physical, social, and economic elements of Carmel Valley.²⁶ Please analyze the impacts of the Project’s change in use on these thoughtfully developed plans. The Community Plan encourages less density to foster distinctiveness of the community, outside of community centers.²⁷ The Community Plan also states that employment centers, such as the Carmel Valley Employment Center where the Project is sited, “will give residents an opportunity to choose a realistic alternative to the typical commuting burden fostered by urban sprawl” by providing nearby employment areas.²⁸ Yet, the NOP indicates that the Project will replace the “Employment Center” designation with a “Mixed Use Center” designation and adds 608 residential units.²⁹ This would skew the jobs/housing balance that was carefully planned for Carmel Valley. Moreover, the Project proposes to eliminate the employment/industrial designation of the site, which is in conflict with the Community Plan’s description of the Project site as “an industrial-office park which emphasizes the area as a unique and permanent feature...”³⁰ The EIR must consider whether the Project would be consistent with the existing Community Plan.

The EIR’s land use analysis should also consider the “transformation” impacts caused by the Project.³¹ This analysis must address the direct, indirect, and cumulative impacts caused by

²⁵ North City West Employment Center Precise Plan: Development Unit Number 2 (“Precise Plan”).

²⁶ Precise Plan, at Preface p. B.

²⁷ Community Plan, at p. 6; *see also* p. 86 (map depicting Project site as outside of town center).

²⁸ *Id.* at p. 7.

²⁹ NOP, at p. 2.

³⁰ Community Plan, at p. 88-90.

³¹ 14 Cal. Code Regs. § 15355(b); *see also Environmental Protection Center v. Johnson* (1985) 170 Cal.App.3d 604, 624-25.

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adding residential and retail to an area that has been designated for industrial and office uses. Because the Project would eliminate the current employment/industrial designation, the General Plan requires an analysis of whether the property could still feasibly support industrial uses.³² There are potentially significant land use and other environmental impacts resulting from the Project's transformational aspects that should be evaluated in the EIR.

Please address all impacts of the Project on the General Plan including addressing section EP-L-2, which states: "Prepare a Community and Economic Benefit Assessment (CEBA) process focusing on economic and fiscal impact information for significant community plan amendments involving land use or intensity revisions. A determination of whether a CEBA is required for community plan amendments will be made when the community plan is initiated."³³ The Project appears to be a significant land use and intensity revision as defined in the General Plan, requiring preparation of a CEBA.

The NOP states that the EIR should describe how it is in conformance with the new Regional Commercial and CVPD-MUC designations.³⁴ It also states that the proposed CVPD-MUC designation would be similar to the Community Commercial 5-5 ("CC-5-5") zone, but with certain deviations.³⁵ Please describe these deviations in the EIR.

Please also analyze the Project's impacts on existing and proposed nearby land uses. The EIR should analyze whether the project physically divides an established business community by locating substantial retail and residential development in an industrial and commercial area.³⁶ The Project site is located within the Carmel Valley Employment Center, and the proposed land uses could potentially conflict with the surrounding uses. The EIR should evaluate whether the Project would result in the intrusion of sensitive receptors into areas designated for commercial and industrial operations, which could limit the ability of nearby industrial uses to expand.³⁷

Additionally, the Land Use section of the NOP fails to mention whether the EIR will analyze conformity with California's landmark planning law, SB 375.³⁸ It requires that SANDAG prepare a "Sustainable Communities Strategy," which must encourage development that reduces GHG emissions. Although the Project is dense and compact, it appears to be automobile-oriented and aimed at drawing customers from distant areas, which would have an

³² General Plan, at p. EP-8 to EP-9.

³³ *Id.* at p. EP-36.

³⁴ NOP, at p. 7.

³⁵ *Id.* at p. 2.

³⁶ See 14 Cal. Code Regs. § 15000 et seq, Appendix G, § IX(a).

³⁷ General Plan, at p. EP-8 to EP-9.

³⁸ NOP at p. 6-7.

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adverse impact on GHG emissions. Moreover, the legislative intent of SB 375 is to integrate housing and transportation planning, yet the NOP omits discussion of transit connectivity to the Project, which includes housing. Please ensure that the EIR fully analyzes the Project's consistency with the Sustainable Communities Strategy and fully complies with SB 375.

B. Transportation/Circulation/Parking

The NOP states that the Project will increase traffic volumes and has the potential to result in direct or cumulative local circulation network and the I-5 freeway.³⁹ Please ensure that the EIR fully analyze these impacts, as well as impacts to mass transit and parking.

The NOP does not discuss the Project's integration with the mass transit network, despite the requirements of the applicable land use plans to reduce automobile dependence. The General Plan encourages the use of mass transit for compact, mixed-use communities such as the Project.⁴⁰ In addition, the Precise Plan states:

"A convenient system of public transportation serving the Industrial-Office Park is necessary if the goal of a balanced transportation network and therefore reduced automotive traffic is to be achieved."⁴¹

Moreover, the Community Plan states:

"Although it is acknowledged that the automobile will play an important part in providing transportation needs for [Carmel Valley], the major emphasis of the circulation element is to provide an alternative mode of transportation in order to implement a balanced circulation system."⁴²

The Project could potentially increase dependency on the automobile, thus having a deleterious effect on air quality and surrounding neighborhoods. Additionally, the EIR should analyze the impact of the reconstruction of Del Mar Heights Road to provide two traffic signals and the shifting of the median and lanes to accommodate dual left turn lanes on the community and existing business in the area. Please also consider the use of traffic calming features and the impact on surrounding streets caused by direct access of circulation into the Project's parking structures.

³⁹ *Id.* at p. 8.

⁴⁰ General Plan, at SF-3 to SF-5.

⁴¹ Precise Plan, at p. 17.

⁴² Community Plan, at p. 99.

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Because residential uses are incompatible with industrial uses, the Project's EIR needs to analyze the increased hazards posed to both industrial trucking and residential traffic by siting residential in an area with industrial uses. Trucks making deliveries or taking away hazardous materials for disposal, for example, are not accustomed to conducting such operations in areas frequented by residential traffic. Residential drivers are also not accustomed to accommodating the needs of trucks. The potential for accidents to occur involving a truck serving a commercial or industrial facility, as well as the severity of the accident, is increased by the introduction of residential uses to the area.

The NOP does not specify a minimum number of parking spaces proposed.⁴³ The Project must provide appropriate parking for employees, residents, shoppers, and hotel guests. Inadequate parking has the potential to impact transportation and circulation, so the EIR should fully analyze these impacts.

C. Visual Quality/Neighborhood Character

We request that the EIR discuss the implications of altering the existing character of the business area by introducing retail and residential development. Please also discuss whether the height of the proposed buildings adjacent to low-rise buildings would degrade the quality of the skyline, and obscure views of Carmel Valley's signature landforms. In addition, the EIR should discuss the visual impacts from the Project's parking structures on neighboring public viewpoints.

The existing office and industrial character of the surrounding properties is not sensitive to light and glare. The Project would, however, bring residents to the area who could be affected by the existing light and glare generated by the surrounding properties. The EIR must discuss whether residents would be disturbed by the existing light and glare.

The NOP states that the Project will include signage at three access points,⁴⁴ yet discussion of signage is absent from the NOP's description of visual quality impacts.⁴⁵ Please ensure that the EIR analyzes impacts of the proposed signage on community character, in accordance with the General Plan's requirement to design signs to minimize visual impacts and complement the character of the setting.⁴⁶ Please incorporate visual simulations of all potentially significant visual quality impacts in the EIR.

⁴³ NOP at p. 3.

⁴⁴ *Id.*

⁴⁵ *Id.* at p. 8-9.

⁴⁶ General Plan, at UD-A.14.

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D. Air Quality

The EIR should fully analyze emissions resulting from construction and increased traffic. Exhaust emissions from diesel trucks have been identified as toxic air contaminants by the California Air Resources Board and are of particular concern. The EIR should include a health/risk assessment for diesel particulates, including PM₁₀ and PM_{2.5}.

The NOP notes that the Neurocrine Biosciences site is located immediately south of the project.⁴⁷ Also, a school is located near the Project site, which is a sensitive receptor. We request that the EIR thoroughly analyze whether and to what extent the nearby industrial and commercial users emit pollutants that could be potentially harmful, distasteful or cause other concerns to future residents of the Project, including sensitive receptors such as children.

E. Health and Safety

The EIR should carefully consider the impacts of the Project on public health, safety, and welfare, including hazards and hazardous materials. The Project is located near industrial and commercial uses which could potentially expose Project residents, hotel guests, and shoppers to health and safety hazards. Located near the Project are both the Neurocrine Biosciences site and a school, which is a sensitive receptor.⁴⁸ The EIR should include a health risk assessment that analyzes the potential risk of locating residents near existing industrial and commercial uses.

F. Noise

In accordance with the General Plan, please address the noise impacts on the adjacent properties as well as internal to the Project such as truck, restaurant, or bar noises on the residential uses and surrounding area.⁴⁹ We also request that the EIR evaluate the mixed use impacts of noise loading areas and hours of use for certain types of uses and the spatial separation between industrial and residential land uses, as is required by the General Plan.⁵⁰ The EIR must also analyze the relative amount of Project-generated traffic noise compared with existing cumulative traffic noise.⁵¹ To reduce significant impacts, the Project should incorporate feasible mitigation measures such as a sound wall to screen the Project's residential uses from the noise on Del Mar Heights Road.

⁴⁷ NOP, at p. 2.

⁴⁸ NOP, at p. 2.

⁴⁹ General Plan, at p. NE-6, NE-15.

⁵⁰ *Id.* at NE-15 to NE-16.

⁵¹ *Los Angeles Unified Sch. Dist. v City of Los Angeles* (1997) 58 Cal.App.4th 1019. (An EIR's discussion of noise impacts was inadequate for failure to evaluate whether the additional traffic noise should be considered significant in light of the serious existing noise problem).

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G. Alternatives Analysis

The alternatives analysis must fulfill CEQA's mandate to examine a "reasonable range" of alternatives aimed at avoiding or reducing the significant impacts of the proposed project.⁵² Please ensure that the EIR does not improperly constrain the range of alternatives by eliminating options that would provide substantial reductions in the impacts of the Project. For example, the EIR should consider alternative locations for the Project which would substantially lessen the Project's impacts.⁵³ This is particularly warranted because the Project proposes to amend the Community Plan and Precise Plan, and the City should evaluate alternative locations in order to fully consider other planning options.⁵⁴ Thus, the EIR should analyze whether a compact, dense, mixed-use community may be better located in areas with existing mass transit, or whether expansion of existing neighboring uses would have fewer environmental impacts. The Community Plan requires the careful consideration of "locations that can most readily accommodate and support realistic future alternative modes of transit other than the automobile."⁵⁵ When analyzing the Project's alternative locations, the EIR should evaluate a broad study area, because the Project is likely to draw from locations far outside Carmel Valley.

III. Conclusion

Thank you for the opportunity to comment on the NOP. We respectfully request that you review each of these concerns in the EIR and ensure that the Project's impacts do not degrade Carmel Valley's high quality of life and distinctive community character. Donahue Schriber plans to stay involved throughout the Project's planning process to ensure the impacts to the community are thoroughly analyzed, the business of its tenants and center is conducted, and the concerns discussed in this letter are addressed.

⁵² 14 Cal. Code Regs. § 15126.6.

⁵³ Pub. Res. Code § 21001(g); see also *See Laurel Heights Improvement Ass'n v Regents of Univ. of Cal.* (1988) 47 Cal.3d 376, 403 (noting that EIR, which stated that no feasible alternative sites were available for relocation of university facilities other than site it owned, did not assess possibility of expanding or remodeling other facilities or possibility of purchasing or leasing other facilities).

⁵⁴ See *Citizens of Goleta Valley v Board of Supervisors* (1988) 197 Cal.App.3d 1167, 1179.

⁵⁵ Community Plan, at p. 7.

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On behalf of Donahue Schriber, Inc., we look forward to discussing these issues with you further. Please do not hesitate to contact us if you require information regarding the nature and scope of our comments.

Sincerely,

A handwritten signature in black ink that reads "John Ponder". The signature is written in a cursive, slightly stylized font.

John E. Ponder

for SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

CARMEL VALLEY COMMUNITY PLANNING BOARD

c/o Pardee Homes

Attn: Allen Kashani, CVCPB Secretary

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July 2, 2010

Cecilia Gallardo, AICP, Assistant Deputy Director
Holly Smit-Kicklighter, Planner
Development Services Department
City of San Diego
1222 First Ave., MS 501
San Diego, CA, 92101

Subject: Comments on the Scope of Environmental Review for a Draft Environmental Impact Report for:

"San Diego Corporate Center (Kilroy Realty Corp.) Project No. 193036: Vesting Tentative Map; Planned Development Permit; Site Development Permit; Rezone from CVPD-EC to a new Zone entitled CVPD-Mixed Use Center; Community Plan and Precise Plan Amendments, Easement Abandonment, and ROW Vacation for a mixed use development on 23.6 acres at 12910 Del Mar Heights Place.

Dear Ms. Gallardo and Ms. Smit-Kicklighter:

As the elected representatives of this community, we submit the following detailed recommendations on the scope of environmental review for this major community plan amendment proposal. This is the last major commercial parcel in Carmel Valley and the largest single development either proposed initially or proposed as a land use amendment. The CEQA environmental review process should, therefore, be exhaustive in terms of potentially significant impacts on:

- (1) Land Use;
- (2) Transportation/Circulation/Parking;

- (3) Visual Quality/Neighborhood Character;
- (4) Noise;
- (5) Air Quality;
- (6) Hydrology/Water Quality;
- (7) Public Services and Facilities/Recreation;

as well as the other CEQA issues cited in the May 25, 2010 "Public Notice of Preparation (NOP) of a (DEIR)" for this proposal.

Land Use Amendments Proposed

Under "Project Description", the NOP lists the required amendments to the Carmel Valley Community Plan and the Neighborhood 2 Precise Plan in order "to change the land use designation from Employment Center to Regional Commercial (Residential Permitted), a Carmel Valley Precise Plan Amendment to allow for the mixed-use project in the Employment Center, and a Carmel Valley Planned District Ordinance Amendment and Rezone from Carmel Valley Planned District - Employment Center (CVPD-EC) to a new zone, Carmel Valley Planned District - Mixed Use Center (CVPD-MUC) which would be similar to the CC-5-5 Zone (Community Commercial 5-5) in the Municipal Code...with limited exceptions, such as building height, minimum lot size and setbacks."

The DEIR should fully explain why "Regional Commercial" is the appropriate land use designation, why CC-5-5, which allows "a mix of heavy commercial and limited industrial uses and residential uses" is the appropriate zone, and why the apparent mismatch between the "Regional" land use designation and the "Community" zone. If this is a regional amenity, why not use a regional zone? If this is a community amenity, why not use a community land use designation?

Further, the "Regional Commercial" land use designation would allow for "big box" retail and other uses not allowed in community designations. The DEIR should fully analyze the range of land uses contemplated by that designation, not just the potential impacts of this proposal.

The DEIR should describe all feasible other General Plan options for this proposal - "Neighborhood Village", "Community Village", etc. - and analyze the merits of each option, including the merits of "Regional Commercial" for this site and its locale.

All potential uses in a new "CVPD-MUC" mixed use zone should be thoroughly explained and analyzed, including which uses the applicant seeks to build. As "additional details regarding the proposed CVPD-MUC Zone are evolving", we assume that the DEIR will describe the final details of this zone as it applies generally and to Carmel Valley.

Finally, the exact zoning district to be applied should be fully described and reviewed again, and, if changed, should be included in the DEIR for analysis.

5.1 Land Use

The "North City West Community Plan" (1975) emphasized "master planned development". That is, each element of the plan was described as coordinating with all other elements so that office and retail would not negatively impact homes and schools and that shopping was not scattered throughout the community in a random manner:

"...commercial development must be designed and constructed as part of an overall planned commercial development. Through this action the relationship of all individual commercial uses, parking, landscaping and pedestrian pathway systems can be coordinated, rather than become a collection of stores and shops located in a random manner". (Carmel Valley Community Plan, "Commercial Element", p. 80)

The Precise Plan for N 2, "The Employment Center" was clearly designated as a series of office campuses, with restrictions on height, design, setbacks, parking and general architectural character (although this particular site has no height restrictions). Importantly, retail was limited to the "Del Mar Highlands Town Center", to the "Piazza Carmel", and to "Neighborhood Commercial" (small retail within each residential neighborhood), with limited Town Center use allowable in the proposed development area (such as restaurants).

The NOP affirms that the DEIR will address inconsistencies and conflicts with "the environmental goals, objectives, or guidelines of the Carmel Valley Community Plan" as well as with the adopted land use designation or intensity of these plans. (p. 6)

The DEIR should cite the many instances in the Carmel Valley Community Plan in which the "coordination of all elements of the plan" was the basic planning principle of Carmel Valley. A change in use of this magnitude, from basic Commercial/Office to "Regional Commercial", must be examined, not only in terms of intensity of land use or impacts on immediately surrounding uses, but also in terms of the impact on all community facilities. Given the potential regional draw of the project, the DEIR should extensively evaluate impacts on the surrounding communities, as well.

The Community Plan, when submitted for City Council approval, contained strong language against uncoordinated zoning and development:

"Implementation Techniques---LAND USE

In order to accomplish the goals and objectives of the [Carmel Valley] Community Plan, future urbanization must attain the desired development quality indicated by the goal statements...[Ordinances to be developed to achieve this] include the zoning, subdivision, planned development and grading ordinances...most developments tend to adapt to the minimum standards..." (p. 120)

This Community Plan was to assure that "Development within [Carmel Valley]...rise

above these minimum standards" so that:

"It is recommended that zoning and planned development ordinances be used together as a single tool in place of the normal zoning and subdivision map process." (p. 120)

Importantly, in a statement discouraging massive grading, the element emphasizes "higher standards of development" regarding lot yield in general:

"The result of utilizing minimum land development standards is reflected in typical repetitive standardized lot and street patterns with massive land displacement, cutting...in order to produce a greater lot yield." (p. 120)

Similarly, the Precise Plan for Neighborhood 2 makes it very clear that retaining the natural topography is essential:

"The grading of lots is unique to this type of development. Each lot will be graded into multiple pads with only 10' to 15' grade differential between pads. This will create a rolling natural feel to the land forms and encourage multi-level structures that will have a more refined scale than typical industrial parks. The grading will be minimal for a project of this scale and will echo existing land forms." (p. 2)

The proposed MUC/Regional Commercial project is the largest and most significant land use change proposed in Carmel Valley. The DEIR should analyze the inconsistencies in zoning, uses, and size of this development with the overall planning principles of the community plan and with the specific guidelines of the commercial element which thoroughly conveys the balanced coordination of commercial/office with retail and residential uses.

Impacts on community character should be analyzed. The proposed overall development is 2,044,200 Sq. Ft. on 23.6 acres, for a floor area ratio (F.A.R.) of 1.98. Comparisons of this density with other shopping centers would be useful. For example, from our calculations, the proposed retail and office development alone (this does not include the 751,000 sq. ft. of residential, 150,000 sq. ft. of hotel, or 300,000 sq. ft. of parking garage) would be approximately 836,000 sq. ft. on 23.6 acres (35,423 sq. ft. per acre). For comparison, the Del Mar Highlands Town Center (DMHTC) has approximately 270,000 sq. ft. of retail/office on 27.65 ac. (9,765 sq. ft./acre). Similarly, the regional UTC has 1,065,000 SF of retail space on 79 acres (13,481 sq. ft./acre). The proposed retail & office development has 4 times the density of DMHTC and 2.6 times the density of UTC. If the other uses are included, the proposed project would be 9 times the density of DMHTC. Additional comparisons should include the Del Mar Plaza, although it is not surrounded by residences and it is in a strictly urban setting.

Depending on the space provided for meetings and convention use, the proposed hotel could have a significant impact on the community character, hosting large events and requiring significant courtesy transportation. Planned meeting and convention square

footage should be fully disclosed and compared to other local hotels, such as the Marriott Del Mar (in Carmel Valley.) The proposed height is uncharacteristic of this area of Carmel Valley. The SANDAG guide to vehicular generation rates should be researched for hotel categories and matched to the applicant's stated purposes for the hotel.

Specific uses proposed should be examined for potential impacts on community character. For instance, the applicant has indicated that it plans a specialty market such as "Trader Joe's", and the available renderings show this market building to be much larger than nearby "Jimbo's" in the Town Center, and Henry's in Solana Beach. There is no obvious adjacent parking for this market. The DEIR should contain comparisons of the proposal with these existing markets, showing the size of each facility and parking requirements.

Another analysis that would be useful is to cite the total retail depicted in the original community plan and to compare it with the existing and already entitled retail and with the square footage and acreage of this proposal.

A fair analysis of the center, however, also should include any beneficial facilities or services to residents of the proposed 608 dwelling units. For example, if play areas for children (tot-lots) and pets (off-leash areas) are included, this should be analyzed as to the extent the impact on existing parks and other community facilities could be mitigated.

Summary: The DEIR should analyze the proposal not as just an incremental change in land use intensity but as a major land use change from simple Commercial/Office to a regionally drawing intensification of uses and size. Further, it should be analyzed in terms of the community plan's emphasis on coordinated development, i.e., the entire community was "master planned" so that large retail was sited only for the two major retail sites - the "Town Center" and "Piazza Carmel".

5.2 Transportation/Circulation Parking

The "Town Center Precise Plan Criteria" further emphasizes comprehensive planning as the basis of this community:

"Illustrate the complete circulation system including local streets and access, mass transit and further indicate how the system will relate to the total [Carmel Valley] circulation system." (p. 134)

In essence, the community plan "Transportation Element" says 'design the complete circulation system so that it works, given the planned uses throughout the community': "The basic purpose of the circulation system is to provide each member of the community with maximum opportunity for access to goods, services and activities..." (p. 100)

In order to provide answers to the questions posed in the NOP regarding traffic impacts of this proposal, many levels of analysis of past, present, and future traffic throughout the community must be used:

1. Compare the original community plan traffic estimates on all surrounding roadways (Del Mar Heights Rd. both east and west of I-5; El Camino Real throughout the community; etc.) given the original buildout projections and uses to the actual additional traffic from those projects completed today. Then, compare those scenarios to:

- (a) the actual additional traffic from those projects completed today, and
- (b) a scenario in which all of current entitlements (including any additional entitlement available to the Del Mar Highlands Town Center) are built out, and
- (c) the total entitled development if this project were to be built, both from the existing baseline and with all local entitlements built out.

The added traffic of a proposal of this magnitude could, potentially, impact all of Carmel Valley. The "regional commercial" center should, indeed, be looked at as a regional issue with both intended and unintended consequences. How the entire circulation system traffic would fare if this project were to be built should be clearly depicted. Traffic both entering Carmel Valley from the I-5 alternate/Carmel Mountain Rd. exit to the south, from I-5 north heading into or through Carmel Valley, and traffic entering from the north on El Camino Real should be given the same thorough analysis as that of traffic adjacent to the site.

In a comprehensive analysis of traffic in Carmel Valley, traffic from the I-15 corridor and from build out entitlements in Pacific Highlands Ranch should be included. At present, excessive traffic in the peak hours along both SR-56 and Del Mar Heights Rd. heading west (AM) and east (PM) on these roads builds up so that drivers meander through neighborhood streets just to advance to exits that will get them to their destination sooner. These poor levels of service conditions must be described, both in today's conditions and in the future, if this proposal were to go forward, as the increase in traffic burden on the originally planned streets makes it all the more critical to perform a comprehensive traffic analysis.

2. Address historical traffic counts of recent years to correlate actual traffic with the actual occupancy of the existing commercial buildings. This is a critical component of forecasting future levels of traffic our roads must service. Specifically, compare the traffic along El Camino Real and Del Mar Heights Rd. in late 2007 (when the office occupancy in the Employment Center was at its peak):

- (a) with late 2009 (when office occupancy declined by around 480,000 Sq. ft.), and
- (b) with June 2010 (or appropriately later data, if available) when office occupancy has increased by approximately 112,000 sq. ft.

It is imperative to relate the historical differences at peak hours when the levels of service were inadequate for the office occupancy at that time to demonstrate the

sensitivity of the carrying capacity of major thoroughfares precipitated by relatively small changes in occupancy.

3. Thoroughly project traffic impacts from this proposal, realistically considering traffic from outside the community, as well as traffic generated by hotel, office, cinema, and other events and uses. Once projections are done, relate the past and present traffic conditions to projections of this project.

4. Include in the analysis any future entitlements throughout Carmel Valley, such as the 200,000-300,000 additional sq. ft. of the Town Center, the hotel site on El Camino Real and Valley Center Rd., etc.

5. The traffic study should take a new approach to understanding how inadequate levels of service on the major roadways and freeways directly impact neighborhood streets: for example, SR-56 at peak hours is a failed roadway with queues onto I-5 (AM) or from I-5 onto SR-56 (PM) so that drivers are exiting either major roadway prior to their exits and carving through neighborhood streets to get back on the freeway at a more desirable location. In the morning, SR-56 traffic from the I-15 corridor exits before Carmel Valley, meanders through neighborhood streets to get to Del Mar Heights Rd., and finally to I-5 south, all to avoid the stretch of SR-56 within Carmel Valley. The reverse is true in the evening with cars going out of their way to return to SR-56 much farther east.

The same is true of I-5 N. traffic in which cars exit the freeway onto Del Mar Heights Rd. and then head north onto El Camino Real in order to get farther north on I-5 at Via de la Valle.

The study should consider the trip generation from this proposal in a worst-case scenario so that uses (hotel, office, residential, retail) in a project of this size can be evaluated regarding varying traffic scenarios.

6. The DEIR should not consider in its impacts analysis the mitigation of traffic by provision of mass transit or alternate modes of transportation. There is no longer mass transit planned or existing in the community. There is no funding for the full six lanes of SR-56 with a bus lane in the center. The transit center on El Camino Real has never been realized. The community plan assumed that 30% of the workers in the Employment Center would live in Carmel Valley and that has never been proved and probably cannot be. The proposal should stand on its own: whatever traffic impacts it could bring on community roads and major roadways should be reviewed without these phantom mitigations.

7. Environmental review also should cover any traffic reduction resulting from having this center within walking distance from homes north and south of Del Mar Heights Rd. and east of El Camino Real. A central community "space" with additional restaurants and facilities for residents could reduce traffic in the community.

8. Parking ratios should be explained, especially since the applicant has stated that

"shared parking" formulas will be used. For example, parking for office workers will be used later in the day/evening for retail, cinema, restaurant, etc. customers. The DEIR should examine carefully how realistic assumptions of shared parking are and it should include realistic data of regional traffic from regional users. We would like to be assured:

- (1) that overall parking is sufficient for this locale and these uses, and
- (2) that paid parking in commercial/retail lots or restrictive parking in residential lots will not force visitors to the center to seek parking on neighborhood streets or in the parking lots of the Del Mar Highlands Town Center, which already is underparked.

5.3 Visual Quality/Neighborhood Character.

The depiction of the visual character of the proposed development should not only include architectural renderings which tend to present viewpoints from the most glamorous angles, but should show street level photos of the existing site from El Camino Real and Del Mar Heights Rd. with scaled renderings of the proposed buildings superimposed on the photos. Views from the residential units along Del Mar Heights Rd. and El Camino Real are also important, and these existing residents are likely to be most impacted by changes in the community character. In particular, views from adjacent, elevated units should show how mechanical facilities on the roofs of the proposed new development are screened and hidden from view.

Issue 3: "Would the project substantially degrade the existing visual character or quality of the site and its surroundings?" is the most appropriate issue to explore in this setting because there are no scenic vistas on the site or scenic natural resources.

Many of the immediate "surroundings" of the site are retail or Commercial/Office; however, massing of 10-story office buildings and a hotel could cause a general view disturbance to these workers and shoppers since the Del Mar Highlands Town Center and the High Bluff Dr. "Employment Center" buildings are, for the most part, half this height. The Neighborhood 2 Precise Plan specifically discusses siting structures to maintain view corridors.

Even when entitled to larger heights, most buildings were presented to the community with 3 or 4 stories in order to gain community support.

For many residences immediately adjacent to the site the addition of three buildings, 10 floors each massed together, would present a substantial view change. The setting along Del Mar Heights Rd., High Bluff Dr., and El Camino Real was designed to be consistent with the low-key and well-landscaped "parkway" goal of the community plan. The roadway experience here was designed to prevent the experience of UTC drivers who are towered over by tall, monolithic apartment and office buildings. Decreasing heights near the roadways and increasing landscape buffers could soften the impact of this massive development.

We would like to see comparative renderings of the proposed 608 residential units and those of lower heights in order to evaluate the potential view impacts and to study alternatives. It would also be helpful to compare the number, size, and scale of these units to nearby multi-family developments (Pell Place, Signature Point, etc.).

The DEIR should explain if the building heights presented are at the current grade - from "approximately 217 feet above average mean sea level (AMSL)...to...175 AMSL, or if they are presented with fill and therefore even higher.

Building heights, mass, bulk, and architecture also should be fully explored given the proposed development of 2,000,000 sq. ft. on just 23.6 acres. Tall buildings on this site would be viewable from several public vantage points, nearby roads and walking paths, and to several schools to the east.

Construction on this site would be viewable from several public vantage points, nearby roads and walking paths, and to several schools to the east. The DEIR should specifically address construction impacts (visual and noise) on the surrounding areas, and show how the developer will minimize these impacts.

The CVCPB supports energy conservation and alternative energy generation. If the building plans for this proposal include significant solar electric generating equipment, please evaluate all rooftop treatments for potential view impacts on all surrounding uses. The precise plan requires that "The equipment associated with energy related design, i.e., solar collectors, etc., must be incorporated as an integral part of the architectural design."

Lighting from three 10-story edifices should be analyzed because this site is surrounded by residences and by nearby public spaces. Lighting for the DMHTC already has affected the character of Carmel Valley because some tenants have used neon fixtures, which are not allowed in the "Carmel Valley Signage Guidelines". Attempts with the city to remedy this have failed throughout the years. A major "Regional Commercial" center such as the proposal could significantly increase the illumination factor of this area to the extent that it would change a community designed for 'mostly residential but with ancillary commercial uses' to a full-scaled UTC-like development.

The DEIR should reference the "Carmel Valley Signage Guidelines" so that applicant is fully aware of the special restrictions regarding size, placement, illumination, etc. in this City Council-approved document.

5.4 Noise

Issue 4 asks: "Would the project result in a substantial temporary or periodic increase in ambient noise levels in the project vicinity above existing without the project" or in the "existing ambient noise levels?" (Issue 1)

The DEIR should rely heavily on the transportation/circulation/parking CEQA review for

estimates of noise levels. Anticipated stop-and-go traffic on roads leading into this project area, queuing, potential traffic impasses throughout the project area (and beyond, especially at AM and PM traffic levels) and at the occurrence of special events nearby (the County Fair, Polo Field events, etc.)

5.5 Air Quality

We anticipate that the DEIR will follow the procedure of most San Diego development environmental reviews by summarizing that 'San Diego is a non-compliant city for The Clean Air Act but that this is a cumulative impact that is beyond the scope of this proposal and its review'. However, we hope that reviewers will isolate this proposal and try to ascertain how traffic will be impacted by it and what additional air quality impacts can be deduced.

5.10 Hydrology/Water Quality

San Diego is in a critical water shortage crisis. It is our understanding that the State has mandated that water usage should be a major element of analysis of any new development proposal. The DEIR should fully explain to the public all local, state, and federal policies that guide development in this situation. What is the anticipated water usage of a development of this dimension? Water usage should be the key factor analyzed.

The NOP's emphasis on "best management practices" of water runoff is disappointing. Emphasis on pollutants is important---a commercial/retail project of this size is certainly suspect of surfactant pollution---however; we would like City staff to analyze the proposal in terms of water usage, as well, as required by California Senate Bills 610 and 221.

5.12 Public Services and Facilities/Recreation

Issue 1 asks if the proposed project would "result in the need for new or expanded public facilities, including fire protection, police protection, emergency medical, libraries, schools, and parks." Issue 2 asks about the impact on existing neighborhood parks. Finally, Issue 3 asks if the project includes on-site recreational facilities.

This section is an important avenue of environmental review for Carmel Valley, whose parks and playing fields are heavily used by youth and adult sports teams throughout the immediate region. School fields are not adequate in number and size to support the many school uses, and the sheer number of recreational and club team sports has caused an overloading on all fields in both neighborhood and community parks.

The DEIR should analyze the impact of the residential component of this proposal on local parks as well as describe any on-site recreational facilities (picnic areas for workers and residents; tot lots; etc.) needed to supplement existing parks, both active and passive. Especially important to this analysis would be to estimate the additional

youth users generated by the new units, and their impact on the needs of local sports groups and park facilities. If the additional load on youth sports exceeds the capacity of the existing facilities, alternatives should be studied. These alternatives should include making the residential units "adult living", or supplementing the available sports fields with on-site facilities (possibly joint use with office or hotel operations.)

Alternatives

In addition to a "No Project" alternative, alternatives which would reduce impacts in the above key CEQA categories should be seriously considered:

1. An alternative which includes mixed-use retail (restaurants, play areas, entertainment) on a smaller scale and without the three large structures (the 10-story office towers and the 10-story hotel.)
2. An alternative which is compliant with the community plan designation of Commercial/Office (510,000 sq. ft.)
3. A reduced development alternative which includes retail, some housing, restaurants, and entertainment.

Each of these alternatives should be evaluated in each CEQA category so that the public and decisionmakers can adequately compare each alternative's potential impacts and benefits to the community. Reduced development alternatives should be well explored, with traffic analyses of each highlighted.

Conclusion

The "North City West (Carmel Valley) Community Plan" was controversial in its passage, with many nearby communities and even City staff and elected officials concerned about the densities proposed on natural hills and valleys. Even so, the community was "master planned" so that development would occur with predictability. The plan has been amended to relocate schools away from power lines, to allow varying uses in some office buildings, to preserve open space, and to, generally, improve uses within some neighborhoods. However, no proposal this massive and inconsistent with all plans for Carmel Valley has been presented.

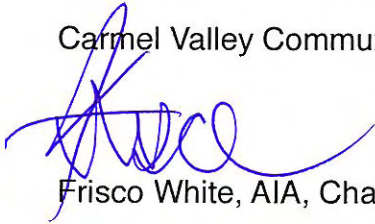
We are concerned that this proposed large-scale change, from simple Commercial/Office use to that of a Regional, mixed-use development will be planned on a local level rather than on a community level. The Draft EIR should take a "big picture" look at how this action diverges from the "master planned development", which is the cornerstone of the building of this community.

A key to the success of the DEIR will be how it addresses the proposal and its alternatives in terms of how they "meet the project objectives while reducing significant environmental impacts" (NOP p. 18), per Planning Commission request. Will significant impacts be the focus or will achieving project objectives be emphasized?

Finally, we urge you to consider the entire community and surrounding areas, not just the proposal's immediate environs, in considering impacts.

Sincerely,

Carmel Valley Community Planning Board



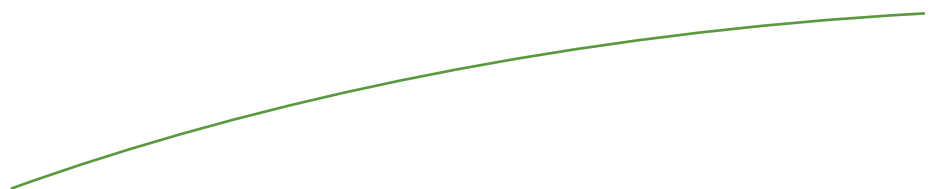
Frisco White, AIA, Chair

cc: Councilwoman Sherri Lightner
Senior Planner, Bernie Turgeon
State Senator Christine Kehoe, Thirty-Ninth Senate District
Supervisor Pam Slater-Price, San Diego County Third District



Appendix B

RETAIL MARKET ANALYSIS



ONE PASEO MIXED USE PROJECT

RETAIL MARKET ANALYSIS

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FEBRUARY 9, 2012



The analyses, projections, assumptions, rates of return, and any examples presented herein are for illustrative purposes and are not a guarantee of actual and/or future results. Project pro forma and tax analyses are projections only. Actual results may differ materially from those expressed in this analysis.

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1.0 Executive Summary

Kilroy Realty Corporation (“Developer” or “Kilroy”) has submitted a proposal to the City of San Diego (“City” or “San Diego”) to develop a 24-acre mixed-use development called One Paseo (“Project” or “One Paseo”) at the southwest corner of Del Mar Heights Road and El Camino Real in the City. Kosmont Companies (“Kosmont” or “Consultant”) was retained to prepare a Retail Market Analysis (“Analysis”) for the Project’s retail components.

As proposed, the Project’s retail component is expected to include apparel, general merchandise, home furnishing and appliance, and a variety of eating and dining establishments. More specifically, the commercial retail components of the Project are expected to total approximately 220,000 square feet wherein approximately 130,000 square feet of the proposed Project’s retail would be comprised of General Merchandise, Apparel, Home Furnishings / Appliances, Other (“GAFO”) retailers with 60,000 square feet made up of Eating and Drinking places and the remaining 30,000 square feet as Food (grocery) users.

The Analysis evaluates the existing and projected demand for the various retail components within a ten mile radius of the proposed Project (“Trade Area”). Within the Trade Area, a primary market area (“PMA”) and a secondary market area (“SMA”) are identified as follows: the PMA consists of the area within a 0-4 mile radius of the Project and the SMA is comprised of an area within a 4-10 mile radius of the Project (exclusive of the PMA). These boundaries were established using industry standard radii measures, certain geographic boundaries such as the Interstate 5 / 805 interchange as well as Kosmont’s experience with consumer retail shopping patterns. The existing and projected retail demand was then compared to the actual volume of sales, thereby establishing a net retail demand. The net retail demand was compared to the retail supply that would be created should the Project be developed.

It is Kosmont’s conclusion that based on the existing and projected retail supply and demand it is unlikely for the Project to have a significant negative impact on the existing retail establishments within the PMA or the overall Trade Area. Kosmont estimates that should the proposed Project be developed in conjunction with other currently-planned retail projects in the Trade Area, the PMA will be underserved and maintain a net demand for additional retail square footage. When net demand exists, market conditions are generally favorable for retail businesses, and as a result retailers will not be forced to close for reasons related to insufficient demand caused by the Project. Should existing businesses close, it would likely occur on an intermittent/site-specific basis, and primarily for reasons unique to those businesses. Further, as market conditions remain favorable based on the net demand for additional retail square footage, it is unlikely the Project will cause significant business closures and long-term vacancies, which would cause property owners to cease maintaining their properties and leave decaying, unoccupied shells.

2.0 Introduction

2.1 Purpose

Kosmont Companies (“Kosmont” or “Consultant”) was retained to undertake a Retail Market Analysis (“Analysis”) for the retail component of a 24-acre mixed-use development known as One Paseo (“Project” or “One Paseo”) in the Carmel Valley community planning area of the City of San Diego (“City”) at the intersection of Del Mar Heights Road and El Camino Real.

The purpose of the Analysis is to examine existing retail market conditions and trends and evaluate the potential for future retail product to be constructed (including the proposed One Paseo Project). For purposes of this Analysis prepared for the Project, Kosmont established the following criteria to determine if the Project’s market impacts would be significant enough to create a lasting physical change in a market area:

- Diversion of sales from existing retail facilities are severe enough to result in a chain reaction of business closures and subsequent long-term vacancies;
- The business closures are significant enough in scale (i.e., in terms of the total square footage affected and/or the loss of key “anchor” tenants) to affect the viability of existing shopping centers or districts; and
- Would such impacted shopping centers or districts deteriorate and lead to a decline in the associated or nearby real estate.

2.2 Sources of Information

The Analysis utilizes information from the following sources:

- Cities of San Diego, Encinitas, Del Mar, Solana Beach, Carlsbad and San Diego County
- Urban Land Institute, Dollars and Cents of Shopping Centers / The SCORE 2008
- ESRI – Demographic and market data for the area surrounding the Project
- Bureau of Labor Statistics, 2008 Consumer Expenditure Report
- Eureka Group, California Retail Survey 2010
- Cassidy Turley BRE Commercial
- Kilroy Realty Corporation
- Colliers International
- Marcus & Millichap
- US Census, 2010

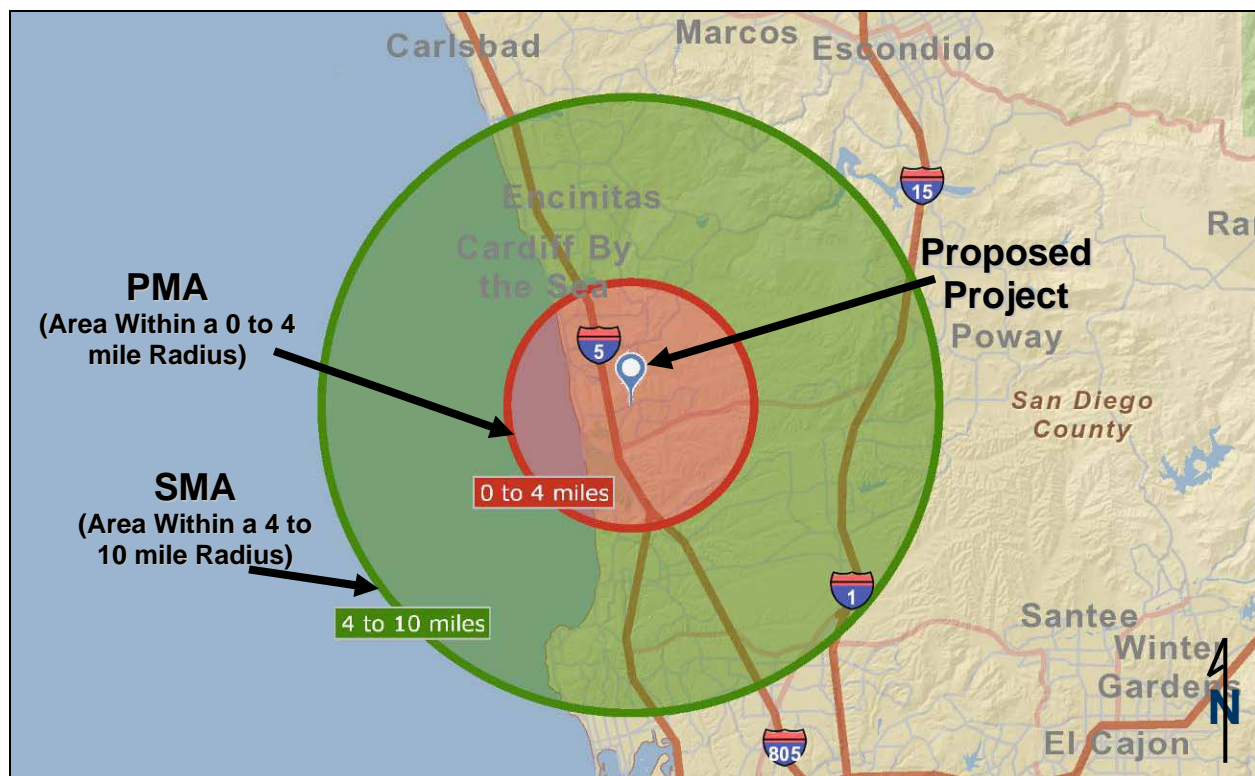
2.3 Summary of Methodology

For this Analysis a primary market area (“PMA”) and a secondary market area (“SMA”) were established based on industry standard radii measures in conjunction with certain geographic boundaries and market specific factors. The PMA consists of the area within a 0-4 mile radius from the Project, delineated based on the location and concentration of retail installations to the north as well as the Interstate 5 / 805 interchange which functions as a natural boundary. Additionally, 0-4 mile PMA considers the travel patterns along State Route 56, which serves as a primary transportation corridor to the Project from the east. The SMA consists of the area within a 4-10 mile radius of the Project (exclusive of the PMA) and was established based on the I-15 as an approximate eastern boundary, yet extended slightly beyond based on the location of existing retail projects to the east and north of the SMA. The total area encompassed by both the PMA and SMA is called the “Trade Area”.

The Analysis includes the following steps:

1. Estimate the potential demand for apparel, general merchandise, home furnishings and appliances, other retail stores and eating and dining establishments based on existing and projected demand based on demographic data within the PMA and SMA;
2. Compare the potential demand to the historical actual sales volume of the applicable retail stores and eating/dining establishments in the PMA and SMA;
3. Evaluate the potential demand for the applicable retail stores and eating/dining establishments based on projected demographics relative to existing sales volume and potential sales volume of the proposed Project and planned/expected retail projects within the PMA and SMA.

Figure 1: Map of Primary & Secondary Market Areas



Source: ESRI; Kosmont Companies, 2011

The PMA and SMA include all of or portions of the following geographic areas:

PMA

- City of San Diego
- Unincorporated San Diego County
- Del Mar
- Solana Beach

SMA

- City of San Diego
- Unincorporated San Diego County
- Carlsbad
- Encinitas

2.4 Retail Classification

The Analysis categorizes retail into three generally accepted primary groups and corresponding subcategories as follows:

1. “Shopper Goods”
 - a. Subcategories include “Apparel”, “General Merchandise”, “Home Furnishings / Appliances”, and “Other”. Collectively the Shopper Goods are commonly referred to as “GAFO” (General Merchandise, Apparel, Home Furnishings / Appliances, Other), and will be commonly referred to as such in this Analysis¹. GAFO is a term commonly utilized in retail analysis to denote the abovementioned retail categories.
2. “Convenience Goods”
 - a. The second primary category, Convenience Goods, is comprised of “Food (Supermarket/Liquor)” and “Eating and Drinking” categories.
3. “Heavy Commercial Goods”.
 - a. The third primary category, Heavy Commercial Goods is comprised of “Building/Hardware/Farm”, “Auto Dealers and Parts”, and “Service Station” categories.²

¹ The GAFO retail square footage (“SF”) of the proposed Project is expected to consist of major retailers whose merchandise mix includes elements of each of the GAFO components and as such, the square footage of these major retailers will be evaluated as GAFO rather than on the individual components of GAFO.

² For reference, depending on the type of retailers included in the Project, Building/Hardware/Farm is often grouped into the GAFO category as many modern building and hardware stores sell GAFO merchandise in addition to strictly building and hardware products. The retail uses described above are for illustrative and analytical purposes. Please consult the Project description section of the EIR for a more detailed description of the retail uses proposed for the Project.

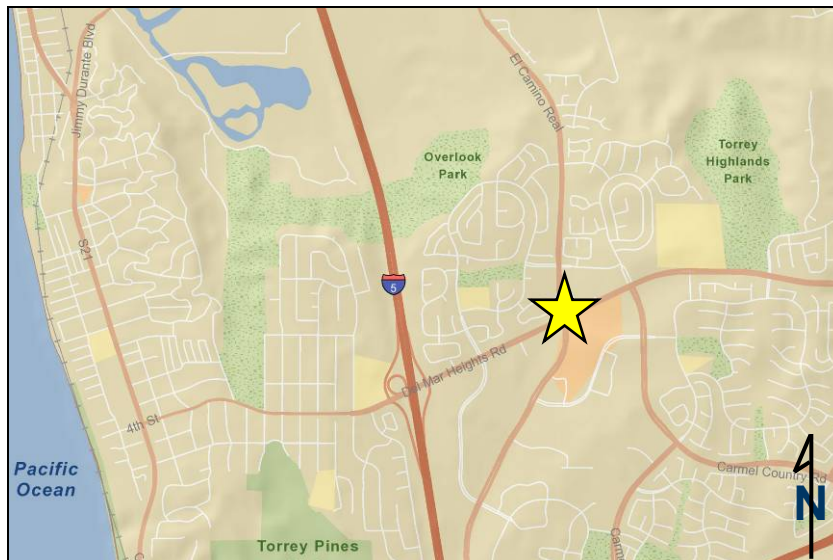
3.0 Project Description

3.1 Location

The Project is located in the Carmel Valley community planning area of the City of San Diego which is located along the western edge of San Diego County. Communities bordering the Project's location include unincorporated San Diego County and the incorporated cities of Solana Beach, Del Mar, Carlsbad and Encinitas. The Project's 24-acre site is located in the northwestern region of the City. The Interstate 5 Freeway ("I-5") is approximately 0.5 miles west of the Project and State Route 56 is approximately 1.0 miles south of the Project.

The Site is currently unimproved and lies within an urbanized area of the City consisting primarily of commercial retail, office and residential uses. The Site is bounded by residential uses to the north and northwest, commercial retail to the east and south east, commercial office to the south and west.

Figure 2: One Paseo Project Location Map (★)



Source: ESRI, 2011; Kosmont Companies, 2011

3.2 Project Components

As proposed, the mixed-use Project is anticipated to include a 220,000 square foot retail component with apparel, general merchandise, home furnishing and appliance, and a variety of eating and dining establishments. Approximately 130,000 square feet of the proposed retail would be medium-box GAFO retailers. Approximately 60,000 square feet will be made up of Eating and Drinking places and remaining 30,000 square feet as Food (grocery) users.

3.3 Project Phasing & Timing

The Project's retail component is expected to be built in three phases with phase one commencing in 2013 (approximately 100,000 square feet), phase 2 commencing in 2014 (approximately 66,000 square feet) and phase 3 commencing in 2015 (approximately 54,000 square feet). Stabilization is estimated to occur between 2014 and 2016.

4.0 Existing & Projected Retail Conditions

4.1 Existing Retail Conditions in the PMA

To examine existing conditions in the PMA, Kosmont analyzed data from the San Diego County Assessor's Office, data gathered from ESRI and from local real estate brokers and augmented these efforts by performing a windshield survey. From this research, Kosmont determined that there is currently approximately 1.90 million square feet of retail space within the PMA. This includes square footage dedicated to each of the primary retail categories (Shopper Goods, Convenience Goods and Heavy Commercial Goods). Based on information provided by Cassidy Turley BRE Commercial, the vacancy rate of core retail space in the Central San Diego County³ area has fluctuated between a low of 0.9% during the 2005 and a high of 4.2% during 2009. Since 2005 the vacancy rate of core retail has increased steadily with a spike in 2009 and slight decline in 2010. A vacancy rate of 5% is considered stable for core retail and therefore the market appears healthy at this time as the current vacancy rate is below industry accepted conditions for levels of vacancy.

Table 1: Core Commercial Vacancy Rates

Central San Diego County Retail Vacancy Rates					
2005	2006	2007	2008	2009	2010
0.9%	1.0%	1.7%	2.0%	4.2%	4.1%

Source: Cassidy Turley BRE Commercial, 2010

4.2 Existing Retail Conditions within the Trade Area

In order to evaluate existing retail conditions in the Trade Area, Kosmont analyzed over 100 retail centers within the Trade Area, representing an estimated 14.00 million square feet⁴ of retail space (1.90 million in the PMA and 12.10 million in the SMA). These retail centers range in total size from a few thousand square feet up to 1.5 million square feet and include centers similar in scale to the proposed Project as well as neighborhood and community centers which are smaller than the proposed Project.

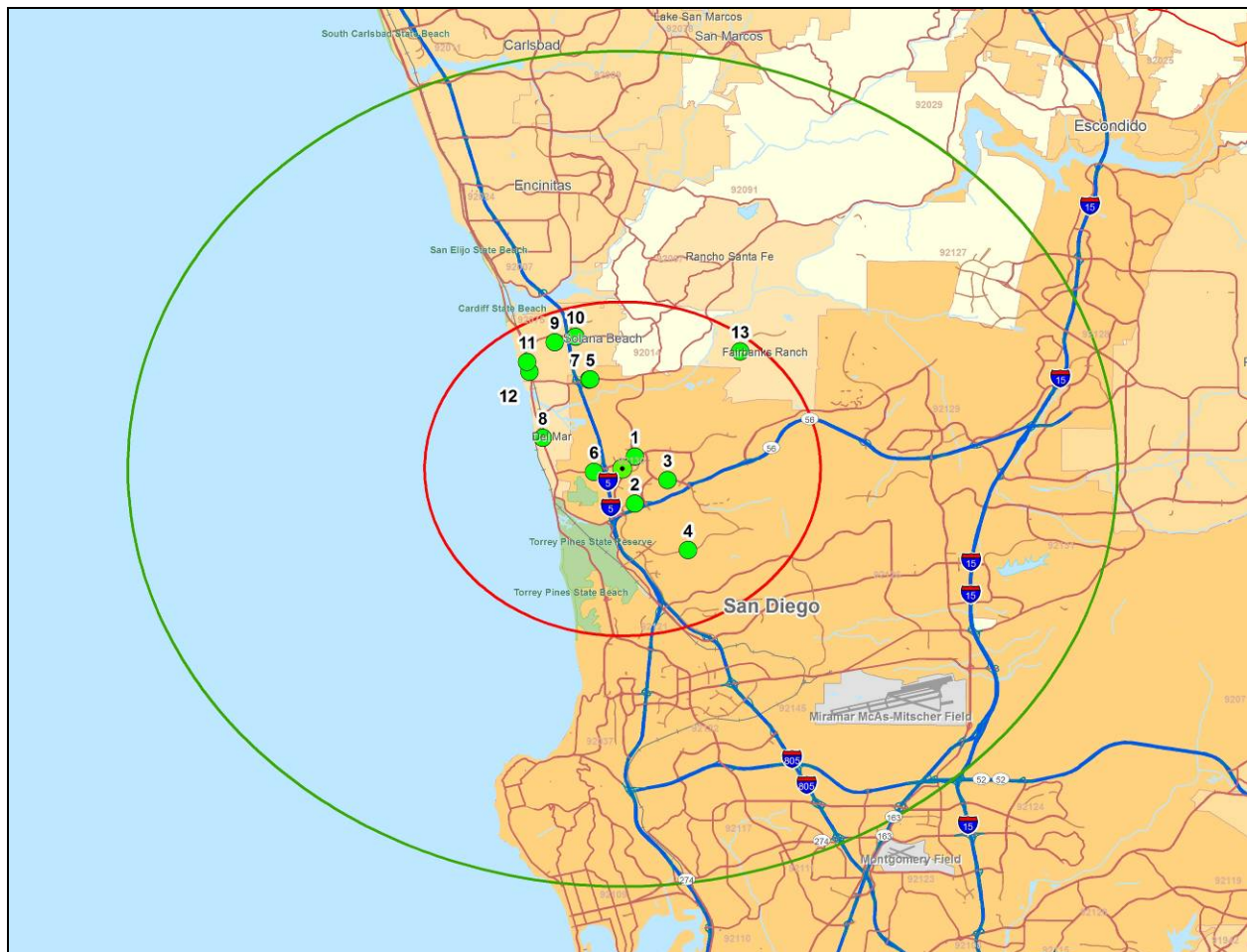
Vacancy Rates

Within the PMA, approximately 63,270 square feet of the 1.90 million square feet was vacant (a vacancy rate of 3.33%). Within the SMA, approximately 515,460 square feet of the 12.10 million square feet was vacant (a vacancy rate of 4.26%). These estimates generally confirm vacancy data as published a number of retail brokerage research reports for the area surrounding the Project.

³ Central San Diego County is a geographic definition established by Cassidy Turley BRE Commercial which is where the One Paseo Project is located.

⁴ Square footage is based on published figures from center operators/industry sources, broker data, and estimates by Kosmont based on aerial images (as needed).

Figure 3: Map of Existing Retail Centers within the PMA⁵



Source: Kosmont Companies, 2011

A corresponding list of existing projects in the PMA can be found in Appendix 4.2.1.

⁵ The PMA and SMA boundary radii appear as ovals due to the projection methodology in the software program (ArcGIS) used to create the maps in this analysis as related to the earth's curved surface. Despite the oval appearance, the PMA and SMA boundaries are in fact circular radii around the Project.

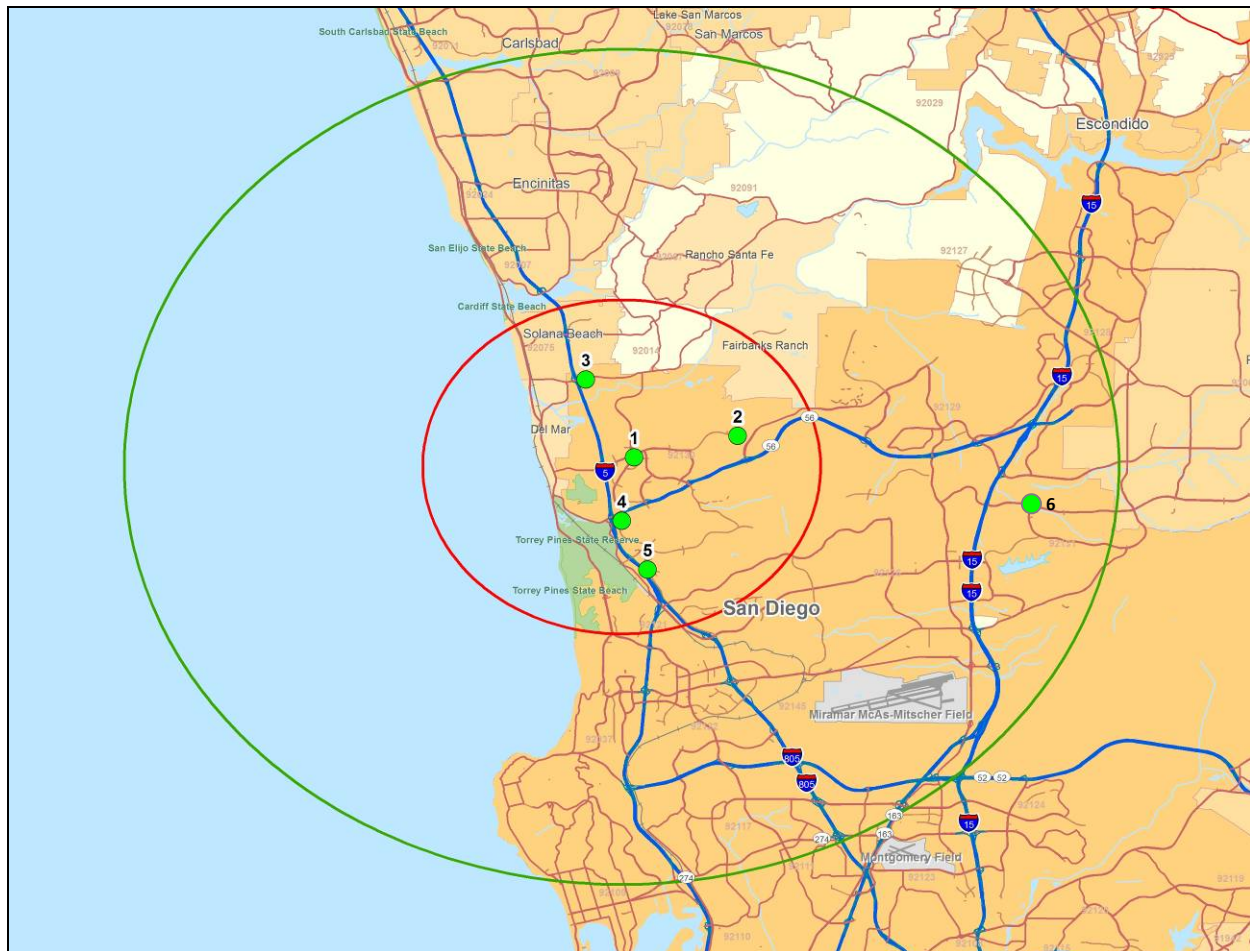
A map of San Diego County, California, showing 82 numbered green dots representing sampling locations. The dots are distributed across the county, with a high concentration in the central and eastern regions. A red circle highlights the central urban area, and a green circle highlights the eastern region. Major roads and geographical features are labeled.

A corresponding list of existing projects in the SMA can be found in Appendix 4.2.2.

4.3 Proposed Retail Developments within the Trade Area

As part of the Analysis, Kosmont surveyed cities and parts of San Diego county to estimate potential future significant retail projects within the Trade Area. Kosmont made direct inquiries with officials in each jurisdiction's planning department to determine the planned commercial retail projects stabilizing between 2014 and 2016. Research indicates that in addition to the One Paseo Project, there could be up six (6) major projects representing approximately 800,000 square feet of retail space developed within the Trade Area within this time period.

Figure 5: Map of Proposed Retail Centers within the Trade Area



Source: Kosmont Companies, 2011

A corresponding list of proposed projects in the Trade Area can be found in Appendix 4.3.1.

5.0 Retail Demand Analysis Summary

Kosmont analyzed the potential for the development of the Project to cause significant negative impacts by studying the existing and projected retail supply and demand. The Analysis includes an evaluation of the type and amount of square footage in the proposed Project relative to the expected demand within the PMA, and the type and amount of square footage of other currently proposed projects within the Trade Area during the approximate timeframe of the Project's development.

5.1 Project Impact on Retail Demand - GAFO Component

It is anticipated that the construction of the Project will result in the creation of approximately 220,000 square feet of retail development within the Trade Area. Of the Project's total retail area, an estimated 130,000 square feet would be for GAFO retail. Based on Kosmont's analysis there is adequate GAFO retail demand to support the creation of the Project's retail square footage.

Table 2: Expected Net Supportable GAFO Retail Space

Expected Net Supportable Retail Space (Square Feet)							
Retail Category	2009	2010	2013	2015	2016	2017	2020
Shopper Goods (GAFO):							
Apparel	-233,480	-165,991	119,980	223,870	244,482	265,646	332,747
General Merchandise	184,650	270,785	289,175	277,586	298,529	320,018	388,083
Home Furnishings/Appliances	-57,711	-34,244	71,972	128,651	138,931	149,481	182,908
Other	510,593	648,501	487,799	451,996	490,355	529,730	654,523
Subtotal	404,051	719,050	968,925	1,082,103	1,172,296	1,264,875	1,558,261

Source: California State Board of Equalization, 2000-09; ESRI, 2011; Kosmont, 2011. An expanded version of this Table, including additional data points, is provided in Appendix 5.1.1.

It is anticipated that construction of the Project's retail components will be completed in 2015 with the first year of fully stabilized operation in 2016. As shown in Table 2, in 2016 it is projected that the PMA will be able to support a net additional 1.17 million square feet of GAFO retail square footage.

5.2 Project Impact on Retail Demand - Eating and Drinking Component

Of the Project's up to 220,000 square feet of retail, an estimated 60,000 square feet is planned for Eating and Drinking retail establishments. Based on the analysis of retail demand (see Section 6 - Retail Demand Analysis Methodology), there is adequate Eating and Drinking retail demand to support the Project's installation of additional retail square footage.

Table 3: Expected Net Supportable Eating and Drinking Retail Space

Expected Net Supportable Retail Space (Square Feet)							
Retail Category	2009	2010	2013	2015	2016	2017	2020
Eating and Drinking	-392,760	-278,153	71,754	350,162	392,365	435,491	572,271

Source: California State Board of Equalization, 2000-09; ESRI, 2010; Kosmont, 2011. An expanded version of this Table, including additional data points, is provided in Appendix 5.2.1.

Upon stabilization in 2016, it is projected that the Trade Area will be able to support a net additional 392,365 square feet of Eating and Drinking retail square footage.

5.3 Cumulative Impact of Projects Planned in the Trade Area

As part of the Analysis, Kosmont analyzed the characteristics and proposed opening dates of six (6) proposed retail projects within the Trade Area. To determine the likely impact of these additional projects on the retail demand at the Project location, the square footage of each of the proposed projects was multiplied by the expected capture rate based on the proposed project's location within either the PMA or SMA. In general, proposed projects within the PMA are assumed to have a much higher capture rate than those in the SMA.

Table 4: PMA & SMA Expected Capture Rates

PMA & SMA Expected Capture Rates		
Retail Category	PMA	SMA
<i>Shopper Goods (GAFO):</i>		
Apparel	65%	10%
General Merchandise	65%	10%
Home Furnishings/Appliances	65%	10%
Other	65%	10%
<i>Convenience Goods:</i>		
Food (Supermarkets/Liquor)	75%	5%
Eating and Drinking	65%	10%
<i>Heavy Commercial Goods:</i>		
Building/Hardware/Farm	65%	10%
Auto Dealers and Parts	25%	5%
Service Stations	65%	5%

Source: Kosmont Companies, 2011

Multiplying the proposed product square footage by the expected capture rate allows for the evaluation of the proposed projects as if they were being built at the Project location. Thus by adjusting the proposed square footage based on the expected capture rate it is possible to compare the expected retail demand at the Project location to the potential retail supply regardless of its location. A summary of the results of this Analysis follow in Tables 5 through 8. These tables are calculated by multiplying the proposed retail project square footage type by the capture rate, and are organized by year of anticipated opening.

Tables 5 through 8 support the conclusion that based on the cumulative demand of the proposed Project and the additional proposed projects within the Trade Area, there remains a net surplus demand in each of the retail categories the Project includes over the period analyzed. Should all GAFO projects proposed within the SMA and PMA be developed, in 2016 there will be a net additional demand for 675,622 GAFO square feet. Should all restaurant projects proposed within the SMA and PMA be developed, in 2016 there will be a net additional

demand for 218,235 square feet of Eating and Drinking retail and net additional demand for 113,043 square feet of Food (grocery).

Supportable Food square footage and supply is shown in Table 8 as some tenants of the Project may include limited square footage allocated to Food sales.

Table 5: Total Retail Square Footage Proposed within the Trade Area

	2014	2015	2016	2017	2018
Total w/o Project	115,831	229,434	171,640	0	0
Project	58,473	46,097	41,431	0	0
Total w/ Project	174,303	275,530	213,071	0	0
Cumulative w/ Project	174,303	449,833	662,904	662,904	662,904

Source: Kosmont Companies, 2011

Table 6: Total GAFO Square Footage Proposed within the Trade Area

	2014	2015	2016	2017	2018
Total w/o Project	74,981	139,750	107,250	0	0
Project	39,423	22,750	22,328	0	0
Total w/ Project	114,403	162,500	129,578	0	0

Net Supportable SF	968,925	994,230	1,082,103	1,172,296	1,264,875
Cumulative SF	114,403	276,903	406,481	406,481	406,481
Surplus Supportable SF	854,522	717,327	675,622	765,815	858,394

Source: Kosmont Companies, 2011

Table 7: Total Eating and Drinking Square Footage Proposed within the Trade Area

	2014	2015	2016	2017	2018
Total w/o Project	2,600	37,937	52,390	0	0
Project	7,800	12,097	19,104	0	0
Total w/ Project	10,400	50,034	71,494	0	0

Net Supportable SF	71,754	308,865	350,162	392,365	435,491
Cumulative SF	10,400	60,434	131,927	131,927	131,927
Surplus Supportable SF	61,354	248,432	218,235	260,438	303,564

Source: Kosmont Companies, 2011

Table 8: Total Food Square Footage Proposed within the Trade Area

	2014	2015	2016	2017	2018
Total w/o Project	38,250	51,746	12,000	0	0
Project	11,250	11,250	0	0	0
Total w/ Project	49,500	62,996	12,000	0	0
Net Supportable SF	219,207	208,618	237,540	267,117	297,363
Cumulative SF	49,500	112,496	124,496	124,496	124,496
Surplus Supportable SF	169,707	96,122	113,043	142,621	172,867

Source: Kosmont Companies, 2011

After considering the impact of the proposed projects within the Trade Area, due to the residual surplus demand for GAFO, Food, and Eating and Drinking retail square footage, Kosmont concludes it is not probable that the Project will have an adverse economic impact on the existing GAFO, Food, or Eating and Drinking retail establishments within the Trade Area.

5.4 Potential for Adverse Impacts

Based on the Analysis herein, it is Kosmont's conclusion that it is unlikely that the Project will have an adverse impact on the existing GAFO, Food, or Eating and Drinking retail establishments within the Trade Area. Further, based on Kosmont's evaluation of the existing and projected retail market, there will in fact be a net demand for these types of retail uses. Additionally, although it is understood the Project's retail will be phased, even if the Project is approved in 2012 and fully built-out in 2013, the Analysis demonstrates there is sufficient net market demand to absorb the entire Project without adverse economic impacts to the Trade Area.

When net demand exists, market conditions are generally favorable for retail businesses, and as a result retailers will not be forced to close for reasons related to insufficient demand caused by the Project. Should existing businesses close, it would likely occur on an intermittent/site-specific basis, and primarily for reasons unique to those businesses. Further, as market conditions remain favorable based on the net demand for additional retail square footage, it is unlikely the Project will cause significant business closures and long-term vacancies, which would cause property owners to cease maintaining their properties and leave decaying, unoccupied shells.

6.0 Retail Demand Analysis Methodology

Retail demand and the resulting potential impact on the Trade Area is based on the number of existing and projected households, the income levels of those households, the percent of income traditionally spend by households of said income levels, the percent of expenditures on retail goods of the various categories, and the level of existing sales. The data related to projected demand rely on information acquired from various jurisdictions as to projects that have currently submitted planning review applications. Additional projects may be proposed during the projected Analysis timeframe horizon subject to market conditions which can fluctuate. The level of retail projects in the pipeline may reflect current recessionary conditions and the number of applications for additional retail could accelerate in future years in response to improving market and general economic conditions.

6.1 Households

The historic and projected number of households within the PMA and SMA is based on data provided by ESRI, a commercially recognized third-party demographic data provider. These data include the historic number of households in 2000 and estimated and projected figures for 2010 and 2015. Kosmont analyzed these data to project household counts for interim and future periods based on the compound annual growth rate ("CAGR") between and beyond the data points provided by ESRI. This estimate represents a CAGR of approximately 2.1% in the PMA and 1.18% in the SMA between 2010 and 2015. Projections beyond 2015 were created by utilizing historical CAGRs between the 1990 and 2010 census. This methodology results in a CAGR of 1.43% in the PMA and 0.897% in the SMA between 2016 and 2020. Approximately 15% of the total trade area households are in the PMA and 85% are in the SMA.

Table 9: PMA & SMA Historic & Projected Households

PMA & SMA Historic & Projected Households							
Area	2000	2005	2010	2015	2016	2017	2020
PMA	23,876	26,429	28,981	31,167	31,610	32,060	33,448
SMA	146,519	155,335	164,150	171,751	173,285	174,832	179,558
Total	170,395	181,764	193,131	202,918	204,895	206,892	213,006

CAGR Base Yr.	2000	2005	2013	2013	2013	2013
CAGR PMA	2.052%	1.861%	1.433%	1.430%	1.428%	1.426%
CAGR SMA	1.175%	1.110%	0.897%	0.896%	0.895%	0.894%

Source: ESRI, 2011, Kosmont Companies, 2011. An expanded version of this Table, including additional data points is provided in Appendix 6.1.1.

6.2 Household Income

The historic and projected average household income within the PMA and SMA are based on data provided by ESRI which is comprised of actual figures from the 2010 census and projections for 2010 and 2015. Based on ESRI's projections, the CAGR between 2000 and 2010 is an estimated 1.15% within the PMA, and 1.53% in the SMA. For the period of 2015 to 2020, the estimated CAGR is 1.64% in the PMA and 1.0% in the SMA. Historic and projected average household income for additional years is provided in Table 10.

Table 10: PMA & SMA Historic & Projected Average Household Income

PMA & SMA Historic & Projected Average Household Income (US Constant \$)							
Area	2000	2005	2010	2015	2016	2017	2020
PMA	129,046	136,670	144,745	156,982	159,551	162,162	170,254
SMA	86,408	93,202	100,530	105,620	106,669	107,728	110,968
Average	92,382	99,522	107,165	113,509	114,827	116,163	120,278

CAGR Base Yr.	2000	2005	2013	2013	2013	2013
CAGR PMA	1.15%	1.15%	1.64%	1.64%	1.64%	1.64%
CAGR SMA	1.53%	1.53%	0.99%	0.99%	0.99%	0.99%

Source: ESRI, 2011, Kosmont Companies, 2011. An expanded version of this Table, including additional data points is provided in Appendix 6.2.1.

6.3 Total Income

In order to determine the historic and projected total income of households within the PMA and SMA the historic and projected number of households was multiplied by the historic and projected average household income for each year analyzed. For reference of scale the total income in the PMA in 2000 was \$3.0 billion and the total income in the SMA in 2000 was \$12.6 billion (total of \$15.7 billion). Data for additional years is provided in Table 11 below.

Table 11: PMA & SMA Historic & Projected Total Income

PMA & SMA Historic & Projected Total Income (US Constant \$000's)							
Area	2000	2005	2010	2015	2016	2017	2020
PMA	3,081,102	3,611,990	4,194,854	4,892,658	5,043,470	5,198,930	5,694,657
SMA	12,660,414	14,477,536	16,502,039	18,140,405	18,484,100	18,834,307	19,925,243
Total Income:	15,741,516	18,089,526	20,696,893	23,033,063	23,527,570	24,033,237	25,619,901

Source: ESRI, 2011, Kosmont Companies, 2011. An expanded version of this table, including additional data points is provided in Appendix 6.3.1.

6.4 Percentage of Income Spent on Retail Goods

Households will spend a certain percentage of their total income on retail goods. This percentage varies by region and by income level. Households within Carmel Valley and the PMA, maintain some of the highest income levels within San Diego County and spend a considerable amount on retail purchases. Through analysis of consumer expenditures documented by the U.S. Department of Labor and the U.S. Bureau of Labor Statistics, and historical income levels from Census data, Kosmont estimates that 30.95% of total income within the PMA and SMA is available for the purchase of retail goods as well as approximately 15% of purchases which will be made by visitor and business spending.

6.5 Expected Retail Sales

By multiplying the total income for the PMA and SMA by the percent of income spent on retail goods it is possible to calculate the expected quantity of retail sales within the PMA and SMA. For reference and scale based on this methodology, it is estimated that approximately \$1.4 billion was spent on retail sales within the PMA in 2000 and \$6.3 billion was spent on retail sales within the SMA in 2000. Expected retail sales for additional years are in Table 12 below.

Table 12: PMA & SMA Historic & Projected Expected Retail Sales

PMA & SMA Historic & Projected Expected Retail Sales (US Constant \$000's)							
Area	2000	2005	2010	2015	2016	2017	2020
PMA	1,415,767	1,659,709	1,927,535	2,248,176	2,317,474	2,388,908	3,068,631
SMA	6,299,822	7,204,022	8,211,415	9,026,666	9,197,688	9,371,951	6,926,015
Total Expected Sales	7,715,588	8,863,731	10,138,950	11,274,842	11,515,162	11,760,859	9,994,646

Source: ESRI, 2011, Kosmont Companies, 2011, California State Board of Equalization, 2010. An expanded version of this table, including additional data points is provided in Appendix 6.5.1.

6.6 Sales by Retail Store Type

The next step in the Analysis is to distribute the expected taxable sales amongst the various categories of retail stores⁶. This is performed by considering the historic distribution for both the PMA and the SMA. Figures for the PMA are reported by the California State Board of Equalization ("CSBE"). As the Trade Area is based on radii from a certain point rather than municipal boundaries, information is not directly available from CSBE for the distribution of retail sales exclusive to the PMA and SMA. In order to estimate these actual sales, Kosmont determined which jurisdictions fell within the PMA and SMA boundaries and aggregated total actual sales from CSBE from those areas. To extrapolate sales figures to the PMA and SMA boundaries, Kosmont estimated the amount of land area from each municipality within the PMA and SMA and pro-rated CSBE's total actual sales figures accordingly. For example, if actual sales reported for the City of San Diego were \$1.2 billion for a given retail category and year, to estimate the amount of sales within the PMA from City of San Diego, it was determined that approximately 7.37% of San Diego's land area was within the PMA and accordingly, \$1.2 billion was multiplied by this percentage to determine their pro rata contribution of sales to the PMA. The percentage of each jurisdiction's land area attributed to the PMA and SMA is summarized as follows:

Jurisdiction	PMA	SMA
County of San Diego	0.13%	0.77%
City of San Diego	7.37%	26.51%
City of Solana Beach	100%	0%
City of Del Mar	100%	0%
City of Carlsbad	0%	18.28%
City of Encinitas	0%	100%

⁶ Adjusted to account for non-taxable sales (i.e. grocery and drug users)

The data from CSBE are broken down into the following categories: “Apparel Stores”, “General Merchandise Stores”, “Food Stores”, “Eating and Drinking Places”, “Home Furnishing and Appliances”, “Building Material and Farm Implements”, “Auto Dealers and Auto Suppliers”, “Service Stations”, and “Other Retail Stores”. In some retail categories and years, information was unavailable from the CSBE’s Annual Taxable Sales report since inclusion of the information could result in the disclosure of confidential information. To augment this data, Kosmont took averages of available years before and after to estimate actual sales data.

Table 13: Percent of Total Retail Sales by Store Type - PMA

Percent of Total Retail Sales by Store Type							PMA Avg
Retail Stores	2000	2005	2006	2007	2008	2009	'05 - '09
Apparel Stores	5.0%	4.9%	5.1%	5.3%	6.1%	8.9%	6.1%
General Merchandise Stores	11.2%	9.7%	9.8%	9.9%	9.3%	8.6%	9.5%
Food Stores	14.4%	18.4%	18.5%	19.2%	19.3%	17.6%	18.6%
Eating and Drinking Places	15.0%	14.4%	14.8%	15.5%	16.4%	19.8%	16.2%
Home Furnishings and Appliances	4.9%	4.2%	3.8%	3.7%	4.1%	5.7%	4.3%
Bldg. Material and Farm Implements	6.4%	6.4%	6.4%	5.2%	4.5%	4.7%	5.4%
Auto Dealers and Auto Supplies	11.7%	11.5%	10.9%	11.3%	10.2%	10.2%	10.8%
Service Stations	7.0%	7.5%	8.0%	8.3%	9.4%	8.2%	8.3%
Other Retail Stores	24.5%	22.8%	22.8%	21.5%	20.7%	16.3%	20.8%
Retail Stores Totals	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: California State Board of Equalization, 2000-2009; Kosmont Companies, 2011.

The projected distribution of sales between 2009 and 2020 in the SMA is based on the average historical distribution of sales in 2000 and between 2005 and 2009 as shown below in Table 14.

Table 14: Percent of Total Retail Sales by Store Type – SMA

Percent of Total Retail Sales by Store Type							SMA Avg
Retail Stores	2000	2005	2006	2007	2008	2009	'05 - '09
Apparel Stores	4.0%	4.7%	4.9%	5.1%	6.1%	8.1%	5.8%
General Merchandise Stores	12.2%	11.5%	11.6%	12.0%	11.3%	9.7%	11.2%
Food Stores	17.0%	15.7%	16.0%	16.6%	16.7%	19.5%	16.9%
Eating and Drinking Places	12.0%	12.2%	12.7%	13.6%	14.7%	15.6%	13.7%
Home Furnishings and Appliances	4.7%	4.6%	4.3%	4.0%	4.5%	6.1%	4.7%
Bldg. Material and Farm Implements	6.9%	7.4%	7.3%	6.0%	5.2%	5.1%	6.2%
Auto Dealers and Auto Supplies	14.6%	14.2%	12.8%	13.1%	11.4%	11.0%	12.5%
Service Stations	6.5%	7.6%	8.3%	8.8%	10.5%	8.7%	8.8%
Other Retail Stores	22.2%	22.2%	22.2%	20.8%	19.6%	16.2%	20.2%
Retail Stores Totals	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: California State Board of Equalization, 2000-2009; Kosmont Companies, 2011.

6.7 Expected Retail Sales by Retail Category

In order to calculate the expected retail sales by the retail categories identified above, the total expected retail sales for each market area was multiplied by the average percentage of total retail sales by store type for each respective market area. The result is the expected retail sales volume by retail category. Below, Table 15 illustrates the expected retail sales by retail category for the PMA through 2020 and Table 16 illustrates the expected retail sales for the SMA.

Table 15: Historic & Projected Expected Retail Sales by Retail Category - PMA

Historic & Projected Expected Retail Sales by Retail Category - PMA (US Constant \$000's)							
Retail Category	2000	2005	2010	2015	2016	2017	2020
Shopper Goods (GAFO):							
Apparel	70,263	81,641	101,964	201,165	207,366	213,757	234,140
General Merchandise	158,601	161,436	191,779	192,663	198,601	204,723	224,244
Home Furnishings/Appliances	69,446	70,322	71,582	128,462	132,422	136,504	149,520
Other	346,962	379,214	414,907	366,080	377,364	388,996	426,087
Subtotal	645,272	692,612	780,232	888,370	915,753	943,980	1,033,990
Convenience Goods:							
Food (Supermarkets/Liquor)	203,327	305,607	369,363	395,991	408,197	420,779	460,901
Eating and Drinking	212,368	238,879	298,082	444,024	457,711	471,819	516,808
Subtotal	415,695	544,485	667,445	840,015	865,908	892,599	977,710
Heavy Commercial Goods:							
Building/Hardware/Farm	90,048	106,907	100,531	105,134	108,375	111,715	122,368
Auto Dealers and Parts	166,066	191,130	218,521	230,369	237,470	244,790	268,131
Service Stations	98,686	124,574	160,807	184,288	189,969	195,824	214,496
Subtotal	354,800	422,612	479,859	519,792	535,814	552,330	604,995
Total Potential Retail Sales	1,415,767	1,659,709	1,927,535	2,248,176	2,317,474	2,388,908	2,616,695

Source: California State Board of Equalization, 2000-2009; ESRI, 2011; Kosmont Companies, 2011. An expanded version of this Table, including additional data points is provided in Appendix 6.7.1.

Table 16: Historic & Projected Expected Retail Sales by Retail Category - SMA

Historic & Projected Expected Retail Sales by Retail Category - SMA (US Constant \$000's)							
Retail Category	2000	2005	2010	2015	2016	2017	2020
Shopper Goods (GAFO):							
Apparel	250,871	335,473	418,583	734,823	748,745	762,931	807,122
General Merchandise	767,279	830,597	982,436	874,895	891,471	908,362	960,976
Home Furnishings/Appliances	294,959	329,595	326,728	546,649	557,006	567,559	600,433
Other	1,399,241	1,599,447	1,710,605	1,458,033	1,485,657	1,513,805	1,601,489
Subtotal	2,712,350	3,095,111	3,438,353	3,614,399	3,682,879	3,752,656	3,970,021
Convenience Goods:							
Food (Supermarkets/Liquor)	1,071,901	1,128,551	1,366,521	1,763,577	1,796,991	1,831,037	1,937,096
Eating and Drinking	754,183	880,838	1,114,996	1,409,071	1,435,767	1,462,970	1,547,709
Subtotal	1,826,083	2,009,389	2,481,516	3,172,648	3,232,758	3,294,007	3,484,805
Heavy Commercial Goods:							
Building/Hardware/Farm	431,649	532,481	491,296	459,371	468,074	476,942	504,568
Auto Dealers and Parts	917,470	1,020,990	1,076,993	995,503	1,014,365	1,033,583	1,093,451
Service Stations	412,270	546,052	723,257	784,744	799,612	814,762	861,956
Subtotal	1,761,389	2,099,522	2,291,546	2,239,619	2,282,051	2,325,288	2,459,975
Total Potential Retail Sales	6,299,822	7,204,022	8,211,415	9,026,666	9,197,688	9,371,951	9,914,801

Source: California State Board of Equalization, 2000-2009; ESRI, 2011; Kosmont Companies, 2011. An expanded version of this Table, including additional data points is provided in Appendix 6.7.2.

6.8 Expected Capture Rate of Retail Demand

The next portion of the Analysis projects the percentage of each of the retail sales categories that will likely be captured by retail outlets within the PMA and SMA.

Capture rates were formulated based on several varying factors, including the base of existing retailers in the market by category, competitiveness of existing retailers, size of existing retail base, projected location of new households and current retail patterns of existing households based on interviews with commercial real estate brokers. For new developments, including planned retail projects, the capture rates also take into consideration the anticipated mix and nature of the planned retailers and the degree to which they may present retailers new to the Trade Area.

A capture rate of 65% for a particular retail category within the PMA assumes that 65% of retail demand for that retail category for individuals within the PMA will be satisfied within the PMA. A capture rate of 65% for a particular retail category within the PMA also assumes that individuals within the PMA will spend 35% of their total expenditures for that retail category at retail stores outside of the PMA. The balance of the expected capture rate not expected to be captured in the PMA or SMA is assumed to flow to other markets. The assumed percentage of sales captured for each retail category for the PMA and SMA are illustrated below in Table 17.

Table 17: PMA & SMA Expected Capture Rates

PMA & SMA Expected Capture Rates		
Retail Category	PMA	SMA
Shopper Goods (GAFO):		
Apparel	65%	10%
General Merchandise	65%	10%
Home Furnishings/Appliances	65%	10%
Other	65%	10%
Convenience Goods:		
Food (Supermarkets/Liquor)	75%	5%
Eating and Drinking	65%	10%
Heavy Commercial Goods:		
Building/Hardware/Farm	65%	10%
Auto Dealers and Parts	25%	5%
Service Stations	65%	5%

Source: Kosmont Companies, 2011

As shown in Table 17 above, it is assumed that approximately 65% of PMA retail demand for Shopper Goods and Eating and Drinking will be accommodated within the PMA, and that approximated 10% of the SMA demand for the same retail categories will be accommodated within the PMA. These assumptions dictate that approximately 35% of PMA demand for Shopper Goods and Eating and Drinking will be accommodated outside of the PMA, and approximately 90% of the SMA demand for the same retail categories will be accommodated outside of the Trade Area.

6.9 Expected Sales Capture

In order to calculate the expected capture of sales within the PMA the expected sales for each retail category of each market area is multiplied by the expected capture rates for each retail category and market area. The results of the calculation are shown below for the PMA, SMA, and PMA & SMA combined in Tables 18 through 20, respectively.

Table 18: Expected Sales Capture – PMA

Expected Sales Capture - PMA (US Constant \$000's)						
Retail Category	2009	2010	2015	2016	2017	2020
Shopper Goods (GAFO):						
Apparel	57,131	66,276	130,757	134,788	138,942	152,191
General Merchandise	108,518	124,657	125,231	129,091	133,070	145,759
Home Furnishings/Appliances	41,830	46,528	83,500	86,074	88,727	97,188
Other	253,734	269,689	237,952	245,286	252,847	276,957
Subtotal	461,213	507,151	577,440	595,239	613,587	672,094
Convenience Goods:						
Food (Supermarkets/Liquor)	152,495	229,205	279,441	288,112	296,993	325,312
Eating and Drinking	138,039	155,271	271,558	279,986	288,616	316,136
Subtotal	290,534	384,476	550,999	568,098	585,609	641,448
Heavy Commercial Goods:						
Building/Hardware/Farm	58,531	69,490	64,298	66,294	68,337	74,853
Auto Dealers and Parts	41,516	47,783	54,189	55,870	57,592	63,084
Service Stations	64,146	80,973	112,708	116,205	119,787	131,209
Subtotal	164,194	198,245	231,195	238,369	245,717	269,146
Total Potential Retail Sales	915,940	1,089,872	1,359,634	1,401,706	1,444,913	1,582,688

Source: California State Board of Equalization, 2000-2009; ESRI, 2011; Kosmont Companies, 2011. An expanded version of this Table, including additional data points is provided in Appendix 6.9.1.

Table 19: Expected Sales Capture – SMA

Expected Sales Capture - SMA (US Constant \$000's)						
Retail Category	2009	2010	2015	2016	2017	2020
Shopper Goods (GAFO):						
Apparel	25,087	33,547	70,769	72,116	73,482	77,739
General Merchandise	76,728	83,060	84,259	85,863	87,490	92,557
Home Furnishings/Appliances	29,496	32,959	52,647	53,648	54,665	57,831
Other	139,924	159,945	140,420	143,092	145,803	154,249
Subtotal	271,235	309,511	348,096	354,719	361,440	382,376
Convenience Goods:						
Food (Supermarkets/Liquor)	53,595	56,428	84,923	86,539	88,179	93,286
Eating and Drinking	75,418	88,084	135,705	138,287	140,907	149,069
Subtotal	129,013	144,511	220,628	224,826	229,086	242,355
Heavy Commercial Goods:						
Building/Hardware/Farm	43,165	53,248	44,241	45,083	45,937	48,598
Auto Dealers and Parts	45,873	51,049	47,938	48,850	49,775	52,658
Service Stations	20,614	27,303	37,789	38,508	39,237	41,510
Subtotal	109,652	131,600	129,967	132,440	134,949	142,766
Total Potential Retail Sales	509,900	585,623	698,691	711,986	725,475	767,497

Source: California State Board of Equalization, 2000-2009; ESRI, 2011; Kosmont Companies, 2011. An expanded version of this Table, including additional data points is provided in Appendix 6.9.2.

Table 20: Expected Sales Capture – PMA & SMA

Expected Sales Capture - PMA & SMA (US Constant \$000's)						
Retail Category	2009	2010	2015	2016	2017	2020
Shopper Goods (GAFO):						
Apparel	82,218	99,824	201,527	206,904	212,425	229,929
General Merchandise	185,246	207,716	209,490	214,954	220,560	238,316
Home Furnishings/Appliances	71,325	79,488	136,147	139,723	143,392	155,019
Other	393,658	429,634	378,372	388,379	398,650	431,205
Subtotal	732,448	816,662	925,536	949,959	975,027	1,054,469
Convenience Goods:						
Food (Supermarkets/Liquor)	206,090	285,632	364,364	374,652	385,172	418,598
Eating and Drinking	213,457	243,355	407,263	418,273	429,523	465,205
Subtotal	419,548	528,987	771,627	792,924	814,695	883,803
Heavy Commercial Goods:						
Building/Hardware/Farm	101,696	122,738	108,539	111,377	114,274	123,451
Auto Dealers and Parts	87,390	98,832	102,126	104,720	107,367	115,742
Service Stations	84,760	108,276	150,496	154,713	159,025	172,719
Subtotal	273,845	329,846	361,162	370,809	380,666	411,912
Total Potential Retail Sales	1,425,840	1,675,495	2,058,325	2,113,692	2,170,388	2,350,185

Source: California State Board of Equalization, 2000-2009; ESRI, 2011; Kosmont Companies, 2011. An expanded version of this Table, including additional data points is provided in Appendix 6.9.3.

6.10 Retail Sales Leakage Analysis

Sales leakage is a phenomenon related primarily to the retail industry wherein a defined geographic area may lack certain retail categories of shopping amenities as reflected by number of outlets and corresponding gross leaseable area ("GLA") per category (e.g. durable goods), sufficient to retain its residents' spending dollars. Sales leakage is calculated as the amount of total "sales" within a defined geographic area minus the amount of "spending" by residents from that same area. "Sales" is defined by the total dollar amount which has been transacted annually within a geographic area (by both residents and non-residents) and "spending" is defined by total annual dollar purchases made by residents of and within that same geographic area.

Leakage occurs if residents' buying activity "leaks" to outside areas, typically indicating that the trade area is underserved in certain retail sales categories. By comparison, an area that is not leaking sales is likely attracting outside sales dollars. For example, if in a city, overall resident spending in the Grocery sector reached \$1,000 per household and sales within the city are tolled at \$250 per household, this would imply that as much as \$750 per household is leaking to outside areas providing outlets in that category. Alternatively, if household spending on groceries was lower, at \$500 and sales from the same resident pool were higher at \$1,000, then the difference of \$500 is being attracted from outside areas to the city.

The leakage analysis compares the expected retail sales volume based on the combined expected sales capture to the actual sales volume of the PMA. The most recent data for comparison available from the CSBE is for 2009, and as such, the leakage analysis was performed for that year as shown in Table 21.

Table 21: Expected Demand vs. Actual Sales (Leakage Analysis)

Expected Demand vs. Actual Sales (Leakage Analysis) - (US Constant \$000's)				
Retail Category	Expected 2009 Demand	2009 Actual Sales	Expected Minus Actual	Percent Actual/Expected
Shopper Goods (GAFO):				
Apparel	82,218	143,126	-60,908	174%
General Merchandise	185,246	137,077	48,170	74%
Home Furnishings/Appliances	71,325	91,399	-20,073	128%
Other	393,658	260,460	133,198	66%
Subtotal	732,448	632,061	100,386	86%
Convenience Goods:				
Food (Supermarkets/Liquor)	206,090	281,741	-75,651	137%
Eating and Drinking	213,457	315,916	-102,459	148%
Subtotal	419,548	597,658	-178,110	142%
Heavy Commercial Goods:				
Building/Hardware/Farm	101,696	74,801	26,895	74%
Auto Dealers and Parts	87,390	163,904	-76,514	188%
Service Stations	84,760	131,118	-46,359	155%
Subtotal	273,845	369,824	-95,978	135%
Total Potential Retail Sales	1,425,840	1,599,543	-173,702	112%

Source: California State Board of Equalization, 2000-2009; ESRI, 2011; Kosmont Companies, 2011.

6.11 Net Retail Demand

The net retail demand within the PMA is the difference between the expected demand and actual sales. To project future years the expected demand for future years is compared to the actual sales volume for 2009. The expected net retail demand for 2009 through 2020 is shown in Table 22.

Table 22: Expected Net Retail Demand

Expected Net Retail Demand (US Constant \$000's)						
Retail Category	2009	2010	2015	2016	2017	2020
Shopper Goods (GAFO):						
Apparel	(60,908)	(43,302)	58,401	63,778	69,299	86,804
General Merchandise	48,170	70,640	72,414	77,877	83,483	101,239
Home Furnishings/Appliances	(20,073)	(11,911)	44,748	48,324	51,993	63,620
Other	133,198	169,174	117,912	127,919	138,190	170,745
Subtotal	100,386	184,601	293,475	317,897	342,966	422,408
Convenience Goods:						
Food (Supermarkets/Liquor)	(75,651)	3,891	82,623	92,910	103,431	136,857
Eating and Drinking	(102,459)	(72,562)	91,347	102,356	113,606	149,288
Subtotal	(178,110)	(68,671)	173,969	195,266	217,037	286,145
Heavy Commercial Goods:						
Building/Hardware/Farm	26,895	47,937	33,738	36,575	39,473	48,650
Auto Dealers and Parts	(76,514)	(65,072)	(61,778)	(59,184)	(56,537)	(48,162)
Service Stations	(46,359)	(22,842)	19,378	23,595	27,906	41,601
Subtotal	(95,978)	(39,978)	(8,662)	986	10,843	42,089
Total Potential Retail Sales	(173,702)	75,952	458,782	514,149	570,845	750,642

Source: California State Board of Equalization, 2000-2009; ESRI, 2011; Kosmont Companies, 2011. An expanded version of this Table, including additional data points is provided in Appendix 6.11.1.

6.12 Net Supportable Retail Square Footage

The final step in this portion of the Analysis is to determine the amount of retail square footage supportable by the expected net retail demand for each category. In order to calculate the supportable square footage, the average sales per square foot must be determined. Estimates of sales per square foot for each retail category utilized in this analysis are based on data from Dollars and Cents of Shopping Centers/The SCORE 2008 in addition to market data and Kosmont's review of retail sales data levels from various industry sources and/or projects. These estimates are listed in Table 23.

Table 23: Expected Sales per Square Foot

Expected Sales Per Square Foot	
Retail Category	Sales/SF
Shopper Goods (GAFO):	
Apparel	\$300
General Merchandise	\$300
Home Furnishings/Appliances	\$400
Other	\$300
Convenience Goods:	
Food (Supermarkets/Liquor)	\$400
Eating and Drinking	\$300
Heavy Commercial Goods:	
Building/Hardware/Farm	\$300
Auto Dealers and Parts	\$600
Service Stations	\$1,200

Source: Dollars and Cents of Shopping Centers/The SCORE, 2008; Kosmont Companies, 2011

The expected net (additional incremental) supportable retail space is then calculated by dividing the expected net retail demand by the expected sales per square foot. For the purposes of this Analysis it is assumed that expected sales per square foot will not escalate with time. This assumption is sound as the household income is also assumed to be constant as discussed in Section 6.2: Household Income. Finally, the figures below include a 5% increase in square footage as a vacancy factor, and a 10% increase for ancillary/support space. The expected net supportable retail space is shown in Table 24.

Table 24: Net Supportable Retail Space

Expected Net Supportable Retail Space (Square Feet)						
Retail Category	2009	2010	2015	2016	2017	2020
Shopper Goods (GAFO):						
Apparel	-233,480	-165,991	223,870	244,482	265,646	332,747
General Merchandise	184,650	270,785	277,586	298,529	320,018	388,083
Home Furnishings/Appliances	-57,711	-34,244	128,651	138,931	149,481	182,908
Other	510,593	648,501	451,996	490,355	529,730	654,523
Subtotal	404,051	719,050	1,082,103	1,172,296	1,264,875	1,558,261
Convenience Goods:						
Food (Supermarkets/Liquor)	-217,497	11,187	237,540	267,117	297,363	393,464
Eating and Drinking	-392,760	-278,153	350,162	392,365	435,491	572,271
Subtotal	-610,257	-266,966	587,702	659,482	732,854	965,735
Heavy Commercial Goods:						
Building/Hardware/Farm	103,096	183,757	129,330	140,205	151,313	186,491
Auto Dealers and Parts	-146,652	-124,722	-118,408	-113,437	-108,362	-92,311
Service Stations	-44,427	-21,891	18,571	22,612	26,744	39,868
Subtotal	-87,983	37,144	29,492	49,380	69,695	134,048
Net Supportable Retail SF	-294,190	489,229	1,699,297	1,881,158	2,067,423	2,658,044

Source: California State Board of Equalization, 2000-2009; ESRI, 2011; Kosmont Companies, 2011. An expanded version of this Table, including additional data points is provided in Appendix 6.12.1.

6.13 Conclusion

Based on the foregoing Analysis, Kosmont concludes that should the proposed Project be developed, there is sufficient retail demand within the Trade Area to support the Project without having an adverse economic impact on the existing retail establishments within the Trade Area.

7.0 Definitions & Assumptions

Compound Annual Growth Rate: (“CAGR”) The year-over-year growth rate over a specified period of time.

Household (or Consumer Unit): A Household is a consumer unit defined as either (1) all members of a particular household who are related by blood, marriage, adoption, or other legal arrangements; (2) a person living alone or sharing a household with others or living as a roomer in a private home or lodging house or in permanent living quarters in a hotel or motel, but who is financially independent; or (3) two or more persons living together who pool their income to make joint expenditure decisions. Financial independence is determined by the three major expense categories: housing, food, and other living expenses. To be considered financially independent, a respondent must provide at least two of the three major expense categories.

Household Growth: The growth in number of households as projected by available technical/professional or government data.

Household Income: Household income is the sum of money income received in the calendar year by all household members 15 years old and over, including household members not related to the householder, people living alone, and other nonfamily household members. Included in the total are amounts reported separately for wage or salary income; net self-employment income; interest, dividends, or net rental or royalty income or income from estates and trusts; Social Security or Railroad Retirement income; Supplemental Security Income (SSI); public assistance or welfare payments; retirement, survivor, or disability pensions; and all other income.

Sales Leakage: Sales leakage is calculated as the amount of total “sales” within a defined geographic area minus the amount of “spending” by residents from that same area. “Sales” is defined by the total dollar amount which has been transacted annually within a geographic area (by both residents and non-residents) and “spending” is defined by total dollar purchases made by residents of and within that same geographic area.

Trade Area: The Trade Area is defined by a ten mile radius around the Project. This Trade Area is broken up into two Market Areas: the Primary Market Area (“PMA”) and Secondary Market Area (“SMA”). The PMA is defined as a 0-4 mile radius from the Project. The SMA is defined as a 4-10 mile radius from the Project (exclusive of the PMA).

Appendices

Appendix 4.2.1

Existing Retail Centers within the PMA					
Project Name	Location	Description	Square Feet	Primary Retail Types	Vacancy Rate
City of San Diego (PMA)					
1 Del Mar Highlands Town Center	3433 Del Mar Heights Rd	Community Center: Ralphs, Ultra Star Cinemas, Rite Aid, Barnes & Noble	269,606	GAFO, Food, Eating and Drinking	5.56%
2 Piazza Carmel	3804 Valley Centre Dr	Neighborhood Center: Vons, Ace Hardware	215,096	GAFO, Food, Eating and Drinking, Building/Hardware	1.05%
3 Carmel Country Plaza	12750 Carmel Country Rd	Neighborhood Center	93,754	GAFO, Eating and Drinking	0.00%
4 Torrey Hills Marketplace	4639 Carmel Mountain Rd	Neighborhood Center: Vons	85,834	Food, Eating and Drinking	2.33%
Del Mar (PMA)					
5 Del Mar Center	2707 Via De La Valle	Neighborhood Center: Albertsons, PETCO, Dunn-Edwards Paints, Pier 1 Imports	164,034	GAFO, Food, Eating and Drinking, Building/Hardware	2.73%
6 Del Mar Heights Village	2602 Del Mar Heights Rd	Neighborhood Center: Vons, CVS Pharmacy	161,590	GAFO, Food, Eating and Drinking	0.00%
7 Flower Hill Promenade	2610 Via De La Valle	Neighborhood Center: UltraStar Cinemas	108,020	GAFO, Food, Eating and Drinking	5.95%
8 Del Mar Plaza	1555 Camino Del Mar	Neighborhood Center: Harvest Ranch Market	74,631	GAFO, Food, Eating and Drinking	9.53%
Solana Beach (PMA)					
9 Solana Beach Town Centre	622 San Rodolfo Dr	Community Center: Dixieline ProBuild, Marshalls, Discount Tire Company, Inc., CVS Pharmacy, Henry's Farmers Market	256,728	GAFO, Food, Eating and Drinking, Building/Hardware	1.99%
10 Lomas Santa Fe Plaza & Gardens	911 Lomas Santa Fe Dr	Community Center: Vons, Ross Dress for Less, We-R-Fabrics, Inc.	239,422	GAFO, Eating and Drinking	4.60%
11 BeachWalk Shopping Center	437 S Highway 101	Strip Center	53,636	GAFO, Eating and Drinking	8.74%
12 Mercado Del Sol	731 S Hwy 101	Neighborhood Center	39,745	GAFO, Food, Eating and Drinking	0.00%
Unincorporated San Diego County (PMA)					
13 Del Rayo Village	16089 San Dieguito Rd	Neighborhood Center	69,422	GAFO, Eating and Drinking	0.00%

Source: Kosmont Companies; Colliers International, 2011

Appendix 4.2.2

	Existing Retail Centers within the SMA					
	Project Name	Location	Description	Square Feet	Primary Retail Types	Vacancy Rate
	Carlsbad (SMA)					
1	La Costa Towne Center	7720 El Camino Real	Neighborhood Center	195,844	GAFO, Food, Eating and Drinking	6.64%
2	La Costa Plaza	1980 La Costa Ave	Neighborhood Center: Albertsons	80,739	Food, Eating and Drinking	0.00%
2.1	The Forum at Carlsbad	1901 Calle Barcelona	Lifestyle Center	264,586	GAFO, Food, Eating and Drinking	N/A
	Encinitas (SMA)					
3	Encinitas Ranch Town Center	1006 N El Camino Real	Power Center: Target, Stater Bros., Sports Authority, Best Buy, Office Depot, Ross Dress for Less, PetSmart, Barnes & Noble	795,033	GAFO, Food, Eating and Drinking	4.72%
4	El Camino Commons	141 S El Camino Real	Community Center: 99 Cents Only Store, Kelly Paper	252,083	GAFO, Food, Eating and Drinking	1.64%
5	Camino Village Plaza	256 El Camino Real	Community Center: Vons, HomeGoods, Pep Boys	238,363	GAFO, Food, Eating and Drinking, Building/Hardware	1.17%
6	Encinitas Village	105 N El Camino Real	Community Center: Ralphs, CVS Pharmacy, Trader Joe's	183,675	GAFO, Food, Eating and Drinking	20.82%
7	The Plaza Encinitas Ranch	1550 Leucadia Blvd	Power Center	177,995	GAFO, Food, Eating and Drinking	0.00%
8	El Camino Promenade	204 N El Camino Real	Community Center: Golf Galaxy, BevMo! Staples, Dollar Tree	140,594	GAFO, Food	2.31%
9	Encinitas Marketplace	118 N El Camino Real	Neighborhood Center	135,455	GAFO, Eating and Drinking	5.11%
10	Santa Fe Plaza	415 Santa Fe Dr	Neighborhood Center: Rite Aid	103,875	GAFO, Eating and Drinking	3.99%
11	No Name	331 El Camino Real	Community Center: Michaels	96,043	GAFO, Eating and Drinking	N.A
12	Encinitas Town & Country Shopping Center	407 Encinitas Blvd	Neighborhood Center: CVS Pharmacy	88,977	GAFO, Eating and Drinking	0.00%
13	Henry's Marketplace Center	1271 Encinitas Blvd	Neighborhood Center: Henry's Farmers Market	88,734	GAFO, Food	5.75%
14	The Lumberyard	701 S Coast Hwy 101	Neighborhood Center: Billabong Store	81,398	GAFO, Eating and Drinking	7.21%
15	Rancho Santa Fe Plaza	162 S Rancho Santa Fe Rd	Neighborhood Center	70,629	GAFO	1.51%
16	Big Bear Encinitas Center	154 Encinitas Blvd	Neighborhood Center: PETCO, Smart & Final	55,672	GAFO	0.00%

(Continued)

17	Encinitas Village Square I & II	1500 Encinitas Blvd	Neighborhood Center	47,263	GAFO, Eating and Drinking	15.93%
18	251-277 N El Camino Real	247 N El Camino Real	Neighborhood Center	45,139	GAFO, Eating and Drinking	2.44%
19	Camino Encinitas Plaza	318 N El Camino Real	Theme/Festival Center	44,099	GAFO, Eating and Drinking	0.00%
20	Little Oaks Plaza	362 N El Camino Real	Neighborhood Center	35,250	GAFO, Eating and Drinking	3.67%
21	Encinitas Village Square I	1446 Encinitas Blvd	Neighborhood Center	31,479	GAFO, Eating and Drinking	8.10%
22	El Camino Square	191 N El Camino Real	Strip Center	28,999	GAFO, Eating and Drinking	7.10%
23	No Name	538 Santa Fe Dr	Strip Center	25,000	GAFO, Eating and Drinking	0.00%
City of San Diego (SMA)						
24	Westfield UTC	4545 La Jolla Village Dr	Super Regional Mall: Macy's, Nordstrom, Sears, Crate & Barrel	1,500,190	GAFO, Food, Eating and Drinking	0.00%
25	Genesee Plaza	4203 Genesee Ave	Community Center: Home Depot, Marshalls, Ralphs, Walgreens	523,260	GAFO, Food, Eating and Drinking, Building/Hardware	0.95%
26	Clairemont Town Square	3802 Clairemont Mesa Blvd	Power Center: Burlington Coat Factory, Pacific Theatres, Ace Hardware, Vons, PETCO, CVS Pharmacy, T.J. Maxx, Michaels	513,906	GAFO, Food, Eating and Drinking, Building/Hardware	10.56%
27	Mira Mesa Market Center	10604 Westview Pky	Power Center: Home Depot, Regal Cinemas, Ross Dress for Less, Barnes & Noble, Old Navy, Longs Drugs	487,959	GAFO, Food, Eating and Drinking, Building/Hardware	0.00%
28	Mira Mesa Mall	8110 Mira Mesa Blvd	Power Center: Kohl's, Vons, CVS Pharmacy, Bed Bath & Beyond, Marshalls, PETCO	410,326	GAFO, Food, Eating and Drinking	2.59%
29	Mira Mesa Shopping Center West	8251 Mira Mesa Blvd	Community Center: Big 5 Sporting Goods, Babies "R" Us, Kragen Auto Parts, Smart & Final, Target	309,151	GAFO, Food, Eating and Drinking, Building/Hardware	0.00%
30	4S Commons	10525 4S Commons Dr.	Community Center: Ralphs, CVS Pharmacy, Cost Plus World Market, Blockbuster	273,201	GAFO, Food, Eating and Drinking	3.99%
31	McGrath Court Retail Ctr	4840 Shawline St	Community Center: Walmart	226,321	GAFO, Food, Eating and Drinking	2.60%

(Continued)

32	Rancho Penasquitos Town Centre	13161 Black Mountain Rd	Community Center: Vons, Rite Aid	198,587	GAFO, Food, Eating and Drinking	3.24%
33	Metroplex Shopping Center	7310 Miramar Rd	Theme/Festival Center	190,823	GAFO, Food, Eating and Drinking	2.37%
34	Balboa Mesa Shopping Center	5401 Balboa Ave	Community Center: Kohl's, Vons, Longs Drugs, CVS Pharmacy	190,785	GAFO, Food, Eating and Drinking, Building/Hardware	0.94%
35	Mesa Town Center	8915 Mira Mesa Blvd	Community Center: Seafood City, Rite Aid	188,803	GAFO, Food, Eating and Drinking	8.08%
36	Costa Verde Center	8510 Genesee Ave	Community Center: Bristol Farms, Barnes & Noble	178,619	GAFO, Food, Eating and Drinking	8.52%
37	Scripps Ranch Marketplace	10531 Scripps Poway Pky	Neighborhood Center: Vons, Sav-on Pharmacy, CVS Pharmacy	175,989	GAFO, Food, Eating and Drinking	1.70%
38	Oak Tree Plaza	9313 Mira Mesa Blvd	Neighborhood Center: Big Lots	174,939	GAFO, Food, Eating and Drinking	0.00%
39	Plaza Rancho Penasquitos	9821 Carmel Mountain Rd	Neighborhood Center: Stater Bros., 24 Hour Fitness	167,441	GAFO, Food, Eating and Drinking	6.30%
40	Carmel Mountain Center	11875 Carmel Mountain Rd	Community Center: Ralphs, Rite Aid, Trader Joe's	165,990	GAFO, Food, Eating and Drinking	1.81%
41	Bernardo Heights Center	15731 Bernardo Heights Pkwy	Neighborhood Center: Henry's Farmers Market, Beauty Kliniek, Tuesday Morning	151,515	GAFO, Food, Eating and Drinking	2.86%
42	Home Depot	12185 Carmel Mountain Rd	Neighborhood Center: Home Depot	145,860	Building/Hardware	2.19%
43	Miramar Furniture Market	8990 Miramar Rd	Community Center: Plummers, Copenhagen Interiors, Comfort Furniture Galleries	130,980	GAFO, Food, Eating and Drinking, Building/Hardware	18.45%
44	Sears Essentials	7655 Clairemont Mesa Blvd	Neighborhood Center: Sears Essentials	121,464	GAFO	0.00%
45	Independence Square	7305 Clairemont Mesa Blvd	Neighborhood Center: Ethan Allen, Saddleback Furniture	118,327	GAFO, Building/Hardware	7.05%
46	Mira Mesa Shopping Center	9400 Mira Mesa Blvd	Neighborhood Center: Ralphs	114,936	GAFO, Food, Eating and Drinking, Building/Hardware	8.87%
47	Miramar Home Fair	7550 Miramar Rd	Neighborhood Center	112,417	GAFO, Food, Eating and Drinking, Building/Hardware	42.23%
48	Plaza Sorrento	6705 Mira Mesa Blvd	Neighborhood Center: Fresh & Easy Neighborhood Market, BevMo!	106,522	Food, Eating and Drinking	0.00%
49	Highland Village	7895 Highland Village Place	Neighborhood Center: Albertsons	89,990	Food, Eating and Drinking	6.38%

(Continued)

50	Miramar Square	9212 Miramar Rd	Neighborhood Center: Decor Furniture	83,734	Building/Hardware	11.40%
51	Von's Center	3883 Governor Dr	Neighborhood Center: Vons, Rite Aid	78,235	GAFO, Food	0.00%
52	Miramar Plaza	8220 Miramar Rd	Neighborhood Center	75,188	GAFO	0.00%
53	La Jolla Colony	7708 Regents Rd	Neighborhood Center: Vons	72,669	GAFO, Food	0.00%
54	SR Ranch Shopping Center	9838 Hibert St	Neighborhood Center: Trader Joe's	71,241	Food	14.08%
55	Renaissance Towne Center	8895 Towne Centre Dr	Neighborhood Center: Longs Drugs, CVS Pharmacy	67,553	GAFO, Food	0.00%
56	Diane Shopping Center	4760 Clairemont Mesa Blvd	Neighborhood Center	62,132	GAFO	11.27%
57	Sorrento Court	9420 Scranton Rd	Neighborhood Center: Staples	59,485	GAFO	2.66%
58	Balboa Plaza	4411 Genesee Ave	Neighborhood Center: Henry's Farmers Market, Pep Boys	57,723	Food, Building/Hardware	0.00%
59	Madison Square Shopping Center	5487 Clairemont Mesa Blvd	Strip Center	52,188	GAFO, Eating and Drinking	2.30%
60	Penasquitos Point	12788 Rancho Penasquitos Blvd	Neighborhood Center	50,404	GAFO, Eating and Drinking	0.00%
61	Black Mountain Village	9152 Mira Mesa Blvd	Neighborhood Center	49,080	GAFO, Eating and Drinking	1.63%
62	Liberty Park Plaza	4310 Genesee Ave	Strip Center	48,616	GAFO, Eating and Drinking	21.66%
63	Sabre Springs Marketplace	126008 Sabre Springs Pky	Neighborhood Center	44,915	GAFO, Eating and Drinking	0.00%
64	4S Ranch Village	16611 Dove Canyon Rd	Neighborhood Center	44,893	GAFO, Eating and Drinking	2.60%
65	Miramar Crossings	7030 Miramar Rd	Neighborhood Center	42,475	GAFO, Eating and Drinking	21.37%
66	Balboa Crest	6133 Balboa	Strip Center	40,481	GAFO, Eating and Drinking	3.51%
67	Miramar Empire Plaza	7920 Miramar Rd	Neighborhood Center	40,000	GAFO, Eating and Drinking	14.90%
68	Little India Center	9474 Black Mountain Rd	Strip Center	38,175	GAFO, Eating and Drinking	20.69%
69	Miramar Galleria	7122 Miramar Rd	Strip Center	37,209	GAFO, Eating and Drinking	7.26%
70	Miramar Center	6904 Miramar Rd	Strip Center	36,601	GAFO, Eating and Drinking	0.00%
71	Clairemont Mesa Center	5145 Clairemont Mesa Blvd	Strip Center: Smart & Final	34,006	GAFO, Food, Eating and Drinking	0.00%
72	Crossroads Center	7404 Clairemont Mesa Blvd	Neighborhood Center	33,802	GAFO, Eating and Drinking	5.64%

(Continued)

73	Miramar Plaza	7092 Miramar Rd	Strip Center	33,176	GAFO, Eating and Drinking	16.51%
74	The Northgate Plaza	8650 Miramar Rd	Strip Center	32,319	GAFO, Eating and Drinking	0.00%
75	Mira Mesa Commercial Cntr	9175 Mira Mesa Blvd	Strip Center	32,263	GAFO, Eating and Drinking	0.00%
76	Balboa Mesa Center	5939 Balboa Ave	Strip Center	31,376	GAFO, Eating and Drinking	13.48%
77	Sorrento Mesa Crossroads	10066 Pacific Heights Blvd	Strip Center	28,166	GAFO, Eating and Drinking	6.80%
78	Camino Village Shopping	11255 Camino Ruiz	Strip Center	27,511	GAFO, Eating and Drinking	10.47%
79	Diane Village	4676 Clairemont Mesa Blvd	Strip Center	26,444	GAFO, Eating and Drinking	14.49%
80	Miracrest Plaza	6780 Miramar Rd	Strip Center	26,272	GAFO, Eating and Drinking	0.00%
81	No Name	9801 Mira Mesa Blvd	Strip Center	25,796	GAFO, Eating and Drinking	3.49%
82	7180-7190 Miramar Road	7180 Miramar Rd	Strip Center	25,317	GAFO, Eating and Drinking	15.74%

Source: Kosmont Companies; Colliers International, 2011

Appendix 4.2.3

Existing Retail Centers within the Trade Area (Evaluated) [LESS THAN 25,000 SQ FT]					
	Project Name	Location	Description	Square Feet	Primary Retail Types Vacancy Rate
City of San Diego (PMA)					
1	Torrey Corners Shopping Ctr.	11120 E. Ocean Air Dr.	Strip Center	18,345	Shop retail 6.54%
2	Sorrento Valley Plaza Center	10920 Roselle St.	Strip Center	10,636	Shop retail 7.47%
Del Mar (PMA)					
None Identified					
Solana Beach (PMA)					
3	No Name	146 S. Cedros Ave.	Strip Center	16,900	Shop retail 0.00%
4	Solana Beach Plaza	120 Lomas Santa Fe Dr.	Strip Center	12,478	Shop retail 0.00%
5	No Name	342 Cedros Ave.	Strip Center	5,869	Shop retail 0.00%
6	No Name	137 Lomas Santa Fe Dr.	Strip Center	5,015	Shop retail 18.00%
Unincorporated San Diego County (PMA)					
None Identified					

Source: Kosmont Companies; Colliers International, 2011

Appendix 4.2.4

Existing Retail Centers within the Trade Area (Evaluated) [LESS THAN 25,000 SQ FT]						
Project Name		Location	Description	Square Feet	Primary Retail Types	Vacancy Rate
1	Carlsbad (SMA)					
	None Identified					
	Encinitas (SMA)					
2	Mountain Vista Plaza	229 N El Camino Real	Strip Center	18,777	Shop Retail	11.64%
3	Moonlight Plaza	345 S Coast Highway 101	Strip Center	15,440	Shop Retail	0.00%
4	No Name	1465 Encinitas Blvd	Strip Center	15,165	Shop Retail	0.00%
5	Hacienda Plaza	2146 Encinitas Blvd	Strip Center	11,115	Shop Retail	0.00%
6	No Name	315 1st St	Strip Center	9,732	Shop Retail	0.00%
7	No Name	580 Santa Fe Dr	Strip Center	8,337	Shop Retail	0.00%
8	No Name	102 Leucadia Blvd	Strip Center	7,251	Shop Retail	0.00%
9	No Name	574 Santa Fe Dr	Strip Center	4,822	Shop Retail	0.00%
10	No Name	466 N Coast Hwy 101	Strip Center	3,726	Shop Retail	0.00%
11	The Small Mall	603 S Coast Highway 101	Strip Center	2,507	Shop Retail	0.00%
City of San Diego (SMA)						
12	No Name	4445 Clairemont Mesa Blvd	Strip Center	23,825	Shop Retail	0.00%
13	Bayview Plaza	4384 Moraga	Strip Center	23,640	Shop Retail	0.00%
14	Aventine Restaurant Row	8960 University Center Ln	Strip Center	23,000	Shop Retail	0.00%
15			Strip Center	22,318	Shop Retail	2.82%
16	Scripps Mesa Village	9906 Mira Mesa Blvd	Strip Center	21,929	Shop Retail	30.74%
17	Scripps Gateway	12036 Scripps Highland Dr	Strip Center	21,701	Shop Retail	0.00%
18	No Name	10200 Scripps Poway Pky	Strip Center	21,148	Shop Retail	0.00%
19	Via Miramar Center	9522 Miramar Rd	Strip Center	19,636	Shop Retail	0.00%
20	No Name	7475 Clairemont Mesa Blvd	Strip Center	18,000	Shop Retail	25.00%
21	No Name	2910 Damon Ave	Strip Center	17,768	Shop Retail	0.00%
22	Miramar Village West	7140 Miramar Rd	Strip Center	15,599	Shop Retail	12.26%
23	Garfield Plaza	4217 Balboa Ave	Strip Center	15,285	Shop Retail	23.39%
24	Camino Ruiz Plaza	11229 Camino Ruiz	Strip Center	13,956	Shop Retail	0.00%

(Continued)

25	Eucalyptus Square	9821 Carroll Canyon Rd	Strip Center	13,812	Shop Retail	5.24%
26	Bay Ho Shopping Center	4011 Avati Dr	Strip Center	11,734	Shop Retail	0.00%
27	Scripps Hill Center	9969 Mira Mesa Blvd	Strip Center	10,912	Shop Retail	0.00%
28	Town Center	6906 Miramar Rd	Strip Center	10,100	Shop Retail	26.73%
29	No Name	9550 Black Mountain Rd	Strip Center	9,970	Shop Retail	0.00%
30	No Name	930 Turquoise St	Strip Center	6,708	Shop Retail	0.00%
31	No Name	4089 Genesee Ave	Strip Center	6,200	Shop Retail	0.00%
32	Via Miramar Center	9465 Black Mountain Rd	Strip Center	5,271	Shop Retail	0.00%
33	No Name	841 Turquoise St	Strip Center	5,236	Shop Retail	0.00%
34	Clairemont Plaza	4504 Clairemont Mesa Blvd	Strip Center	4,800	Shop Retail	30.00%
35	Village Center North	12010 Scripps Summit Ct	Strip Center	3,770	Shop Retail	0.00%

Source: Kosmont Companies; Colliers International, 2011

Appendix 4.3.1 ⁷

Proposed Projects within the Trade Area					
Project Name	Location	Description	Expected Open Year	Square Feet	Primary Retail Types
PMA					
1 Del Mar Highlands Town Center Expansion	3433 Del Mar Heights Rd	Existing Community Center with Ralphs, Ultra Star Cinemas, Rite Aid, Barnes & Noble. Expansion is planned with exterior renovation on existing retail buildings and new planned retail.	2013-2015	275,000	GAFO, Food, Eating and Drinking
2 Pacific Highlands Ranch Village	Corner of Del Mar Heights Road and Village Center Loop	Neighborhood Center expected to be developed by Pardee Homes as part of the larger Pacific Highlands Ranch residential development.	2013-2014	195,000	GAFO, Food, Eating and Drinking, Building/Hardware
3 Flower Hill Promenade Expansion	12750 Carmel Country Rd	Existing Neighborhood Center. Plans are to add approximately 61,000 square feet of new retail including a 35,000 square foot Whole Foods Market.	2013	61,000	GAFO, Eating and Drinking
4 Torrey Reserve Phase IV	El Camino Real approximately 1.3 miles south of Carmel Valley Road	Multi-use development with commercial office, retail, restaurant and bank.	2013-2014	19,965	GAFO, Food and Eating and Drinking
5 Torrey Hills Residential/Retail	Ocean Air Drive at Calle Mar De Mariposa. East of the I-5 Freeway, just south of Carmel Mountain Road	Proposed 484 residential condominium units and approximately 4,000 square feet of commercial retail space.	2013	4,000	GAFO
SMA					
6 Sudbury Watermark Scripps	Approximately the I-15 freeway and Scripps Poway Parkway.	Multi-use development with commercial office, retail, restaurant and hotel	2013-2014	235,000	GAFO, Food and Eating and Drinking

Source: Kosmont Companies; City of San Diego, City of Encinitas, City of Carlsbad, City of Solana Beach, City of Del Mar and San Diego County, 2011

⁷ As of the date of this Analysis, Del Mar Highlands Town Center has developed approximately 275,000 square feet of retail product. While there are no stated plans for additional development or significant expansion, Del Mar Highlands is entitled for up to 550,000 square feet of retail under its original approvals through the City of San Diego. The Analysis assumes the Project will be built out to its fullest between 2013 and 2016.

Appendix 5.1.1

Expected Net Supportable Retail Space (Square Feet)											
Retail Category	Sales/SF	2009	2010	2011	2012	2013	2014	2015	2016	2017	2020
Shopper Goods (GAFO):											
Apparel	\$300 PSF	-233,480	-165,991	-110,361	69,130	119,980	203,795	223,870	244,482	265,646	332,747
General Merchandise	\$300 PSF	184,650	270,785	262,869	289,134	289,175	257,174	277,586	298,529	320,018	388,083
Home Furnishings/Appliances	\$400 PSF	-57,711	-34,244	-17,197	50,194	71,972	118,634	128,651	138,931	149,481	182,908
Other	\$300 PSF	510,593	648,501	655,820	489,536	487,799	414,627	451,996	490,355	529,730	654,523
Subtotal		404,051	719,050	791,132	897,994	968,925	994,230	1,082,103	1,172,296	1,264,875	1,558,261

Source: California State Board of Equalization, 2000-2009; ESRI, 2011; Kosmont, 2011

Appendix 5.2.1

Expected Net Supportable Retail Space (Square Feet)											
Retail Category	Sales/SF	2009	2010	2011	2012	2013	2014	2015	2016	2017	2020
Eating and Drinking	\$300 PSF	-392,760	-278,153	-222,186	-40,878	71,754	308,865	350,162	392,365	435,491	572,271
Subtotal		-610,257	-266,966	-177,640	141,992	290,961	517,483	587,702	659,482	732,854	965,735

Source: California State Board of Equalization, 2000-2009; ESRI, 2011; Kosmont, 2011

Appendix 6.1.1

PMA & SMA Historic & Projected Households								
Area	2000	2005	2009	2010	2015	2016	2017	2020
PMA	23,876	26,429	26,939	28,981	31,167	31,610	32,060	33,448
SMA	146,519	155,335	157,098	164,150	171,751	173,285	174,832	179,558
Total	170,395	181,764	184,037	193,131	202,918	204,895	206,892	213,006

CAGR Base Yr.	2000	2005	2005	2013	2013	2013	2013
CAGR PMA	2.052%	0.479%	1.861%	1.433%	1.430%	1.428%	1.426%
CAGR SMA	1.175%	0.283%	1.110%	0.897%	0.896%	0.895%	0.894%

Source: ESRI, 2010; Kosmont Companies, 2011

Appendix 6.2.1

PMA & SMA Historic & Projected Average Household Income (US Constant \$)							
Area	2000	2005	2010	2015	2016	2017	2020
PMA	129,046	136,670	144,745	156,982	159,551	162,162	170,254
SMA	86,408	93,202	100,530	105,620	106,669	107,728	110,968
Average	92,382	99,522	107,165	113,509	114,827	116,163	120,278

CAGR Base Yr.	2000	2005	2013	2013	2013	2013
CAGR PMA	1.15%	1.15%	1.64%	1.64%	1.64%	1.64%
CAGR SMA	1.53%	1.53%	0.99%	0.99%	0.99%	0.99%

Source: ESRI, 2010; Kosmont Companies 2011

Appendix 6.3.1

PMA & SMA Historic & Projected Total Income (US Constant \$000's)							
Area	2000	2005	2010	2015	2016	2017	2020
PMA	3,081,102	3,611,990	4,194,854	4,892,658	5,043,470	5,198,930	5,694,657
SMA	12,660,414	14,477,536	16,502,039	18,140,405	18,484,100	18,834,307	19,925,243
Total Income:	15,741,516	18,089,526	20,696,893	23,033,063	23,527,570	24,033,237	25,619,901

Source: ESRI, 2010; Kosmont Companies 2011

Appendix 6.5.1

PMA & SMA Historic & Projected Expected Retail Sales (US Constant \$000's)							
Area	2000	2005	2010	2015	2016	2017	2020
PMA	1,415,767	1,659,709	1,927,535	2,248,176	2,317,474	2,388,908	3,068,631
SMA	6,299,822	7,204,022	8,211,415	9,026,666	9,197,688	9,371,951	6,926,015
Total Expected Sales	7,715,588	8,863,731	10,138,950	11,274,842	11,515,162	11,760,859	9,994,646

Source: ESRI, 2010; Kosmont Companies 2011

Appendix 6.7.1

Historic & Projected Expected Retail Sales by Retail Category - PMA (US Constant \$000's)								
Retail Category	2000	2005	2009	2010	2015	2016	2017	2020
<i>Shopper Goods (GAFO):</i>								
Apparel	70,263	81,641	87,893	101,964	201,165	207,366	213,757	234,140
General Merchandise	158,601	161,436	166,951	191,779	192,663	198,601	204,723	224,244
Home Furnishings/Appliances	69,446	70,322	64,353	71,582	128,462	132,422	136,504	149,520
Other	346,962	379,214	390,360	414,907	366,080	377,364	388,996	426,087
Subtotal	645,272	692,612	709,558	780,232	888,370	915,753	943,980	1,033,990
<i>Convenience Goods:</i>								
Food (Supermarkets/Liquor)	203,327	305,607	317,397	369,363	395,991	408,197	420,779	460,901
Eating and Drinking	212,368	238,879	252,668	298,082	444,024	457,711	471,819	516,808
Subtotal	415,695	544,485	570,065	667,445	840,015	865,908	892,599	977,710
<i>Heavy Commercial Goods:</i>								
Building/Hardware/Farm	90,048	106,907	109,636	100,531	105,134	108,375	111,715	122,368
Auto Dealers and Parts	166,066	191,130	186,293	218,521	230,369	237,470	244,790	268,131
Service Stations	98,686	124,574	136,208	160,807	184,288	189,969	195,824	214,496
Subtotal	354,800	422,612	432,137	479,859	519,792	535,814	552,330	604,995
Total Potential Retail Sales	1,415,767	1,659,709	1,711,759	1,927,535	2,248,176	2,317,474	2,388,908	2,616,695

Source: California State Board of Equalization, 2000-2009; ESRI, 2011; Kosmont, 2011

Appendix 6.7.2

Historic & Projected Expected Retail Sales by Retail Category - SMA (US Constant \$000's)								
Retail Category	2000	2005	2010	2015	2016	2017	2020	
<i>Shopper Goods (GAFO):</i>								
Apparel	250,871	335,473	418,583	734,823	748,745	762,931	807,122	
General Merchandise	767,279	830,597	982,436	874,895	891,471	908,362	960,976	
Home Furnishings/Appliances	294,959	329,595	326,728	546,649	557,006	567,559	600,433	
Other	1,399,241	1,599,447	1,710,605	1,458,033	1,485,657	1,513,805	1,601,489	
Subtotal	2,712,350	3,095,111	3,438,353	3,614,399	3,682,879	3,752,656	3,970,021	
<i>Convenience Goods:</i>								
Food (Supermarkets/Liquor)	1,071,901	1,128,551	1,366,521	1,763,577	1,796,991	1,831,037	1,937,096	
Eating and Drinking	754,183	880,838	1,114,996	1,409,071	1,435,767	1,462,970	1,547,709	
Subtotal	1,826,083	2,009,389	2,481,516	3,172,648	3,232,758	3,294,007	3,484,805	
<i>Heavy Commercial Goods:</i>								
Building/Hardware/Farm	431,649	532,481	491,296	459,371	468,074	476,942	504,568	
Auto Dealers and Parts	917,470	1,020,990	1,076,993	995,503	1,014,365	1,033,583	1,093,451	
Service Stations	412,270	546,052	723,257	784,744	799,612	814,762	861,956	
Subtotal	1,761,389	2,099,522	2,291,546	2,239,619	2,282,051	2,325,288	2,459,975	
Total Potential Retail Sales	6,299,822	7,204,022	8,211,415	9,026,666	9,197,688	9,371,951	9,914,801	

Source: California State Board of Equalization, 2000-2009; ESRI, 2011; Kosmont, 2011

Appendix 6.9.1

Expected Sales Capture - PMA (US Constant \$000's)										
Retail Category	2009	2010	2011	2012	2013	2014	2015	2016	2017	2020
Shopper Goods (GAFO):										
Apparel	57,131	66,276	78,405	119,301	123,029	126,847	130,757	134,788	138,942	152,191
General Merchandise	108,518	124,657	119,583	114,259	117,830	121,486	125,231	129,091	133,070	145,759
Home Furnishings/Appliances	41,830	46,528	53,470	76,185	78,566	81,004	83,500	86,074	88,727	97,188
Other	253,734	269,689	267,468	217,105	223,889	230,836	237,952	245,286	252,847	276,957
Subtotal	461,213	507,151	518,925	526,850	543,313	560,173	577,440	595,239	613,587	672,094
Convenience Goods:										
Food (Supermarkets/Liquor)	152,495	229,205	238,048	277,022	288,300	270,973	279,441	288,112	296,993	325,312
Eating and Drinking	138,039	155,271	164,234	193,753	211,897	263,330	271,558	279,986	288,616	316,136
Subtotal	290,534	384,476	402,282	470,775	500,197	534,303	550,999	568,098	585,609	641,448
Heavy Commercial Goods:										
Building/Hardware/Farm	58,531	69,490	71,263	65,345	58,003	62,350	64,298	66,294	68,337	74,853
Auto Dealers and Parts	41,516	47,783	46,573	54,630	50,868	52,547	54,189	55,870	57,592	63,084
Service Stations	64,146	80,973	88,535	104,524	121,668	109,293	112,708	116,205	119,787	131,209
Subtotal	164,194	198,245	206,371	224,500	230,539	224,189	231,195	238,369	245,717	269,146
Total Potential Retail Sales	915,940	1,089,872	1,127,578	1,222,125	1,274,049	1,318,666	1,359,634	1,401,706	1,444,913	1,582,688

Source: California State Board of Equalization, 2000-2009; ESRI, 2011; Kosmont, 2011

Appendix 6.9.2

Expected Sales Capture - SMA (US Constant \$000's)										
Retail Category	2009	2010	2011	2012	2013	2014	2015	2016	2017	2020
Shopper Goods (GAFO):										
Apparel	25,087	33,547	35,931	41,858	51,396	69,442	70,769	72,116	73,482	77,739
General Merchandise	76,728	83,060	86,068	98,244	94,684	82,679	84,259	85,863	87,490	92,557
Home Furnishings/Appliances	29,496	32,959	31,948	32,673	37,867	51,659	52,647	53,648	54,665	57,831
Other	139,924	159,945	164,075	171,060	163,823	137,787	140,420	143,092	145,803	154,249
Subtotal	271,235	309,511	318,023	343,835	347,770	341,568	348,096	354,719	361,440	382,376
Convenience Goods:										
Food (Supermarkets/Liquor)	53,595	56,428	59,188	68,326	69,687	83,331	84,923	86,539	88,179	93,286
Eating and Drinking	75,418	88,084	93,721	111,500	122,738	133,160	135,705	138,287	140,907	149,069
Subtotal	129,013	144,511	152,909	179,826	192,425	216,491	220,628	224,826	229,086	242,355
Heavy Commercial Goods:										
Building/Hardware/Farm	43,165	53,248	54,098	49,130	43,721	43,411	44,241	45,083	45,937	48,598
Auto Dealers and Parts	45,873	51,049	47,380	53,850	47,545	47,039	47,938	48,850	49,775	52,658
Service Stations	20,614	27,303	30,529	36,163	44,141	37,080	37,789	38,508	39,237	41,510
Subtotal	109,652	131,600	132,007	139,142	135,406	127,530	129,967	132,440	134,949	142,766
Total Potential Retail Sales	509,900	585,623	602,939	662,803	675,601	685,589	698,691	711,986	725,475	767,497

Source: California State Board of Equalization, 2000-2009; ESRI, 2011; Kosmont, 2011

Appendix 6.9.3

Expected Sales Capture - PMA & SMA (US Constant \$000's)										
Retail Category	2009	2010	2011	2012	2013	2014	2015	2016	2017	2020
Shopper Goods (GAFO):										
Apparel	82,218	99,824	114,336	161,160	174,425	196,290	201,527	206,904	212,425	229,929
General Merchandise	185,246	207,716	205,651	212,503	212,514	204,166	209,490	214,954	220,560	238,316
Home Furnishings/Appliances	71,325	79,488	85,417	108,858	116,433	132,663	136,147	139,723	143,392	155,019
Other	393,658	429,634	431,544	388,165	387,712	368,624	378,372	388,379	398,650	431,205
Subtotal	732,448	816,662	836,948	870,685	891,083	901,742	925,536	949,959	975,027	1,054,469
Convenience Goods:										
Food (Supermarkets/Liquor)	206,090	285,632	297,236	345,348	357,987	354,304	364,364	374,652	385,172	418,598
Eating and Drinking	213,457	243,355	257,955	305,253	334,635	396,490	407,263	418,273	429,523	465,205
Subtotal	419,548	528,987	555,191	650,601	692,622	750,794	771,627	792,924	814,695	883,803
Heavy Commercial Goods:										
Building/Hardware/Farm	101,696	122,738	125,362	114,475	101,723	105,762	108,539	111,377	114,274	123,451
Auto Dealers and Parts	87,390	98,832	93,953	108,480	98,413	99,585	102,126	104,720	107,367	115,742
Service Stations	84,760	108,276	119,064	140,687	165,808	146,373	150,496	154,713	159,025	172,719
Subtotal	273,845	329,846	338,378	363,642	365,945	351,719	361,162	370,809	380,666	411,912
Total Potential Retail Sales	1,425,840	1,675,495	1,730,517	1,884,928	1,949,650	2,004,255	2,058,325	2,113,692	2,170,388	2,350,185

Source: California State Board of Equalization, 2000-2009; ESRI, 2011; Kosmont, 2011

Appendix 6.11.1

Expected Net Retail Demand (US Constant \$000's)										
Retail Category	2009	2010	2011	2012	2013	2014	2015	2016	2017	2020
Shopper Goods (GAFO):										
Apparel	(60,908)	(43,302)	(28,790)	18,034	31,299	53,164	58,401	63,778	69,299	86,804
General Merchandise	48,170	70,640	68,575	75,426	75,437	67,089	72,414	77,877	83,483	101,239
Home Furnishings/Appliances	(20,073)	(11,911)	(5,981)	17,459	25,034	41,264	44,748	48,324	51,993	63,620
Other	133,198	169,174	171,084	127,705	127,252	108,164	117,912	127,919	138,190	170,745
Subtotal	100,386	184,601	204,887	238,624	259,022	269,680	293,475	317,897	342,966	422,408
Convenience Goods:										
Food (Supermarkets/Liquor)	(75,651)	3,891	15,494	63,607	76,246	72,563	82,623	92,910	103,431	136,857
Eating and Drinking	(102,459)	(72,562)	(57,962)	(10,664)	18,718	80,574	91,347	102,356	113,606	149,288
Subtotal	(178,110)	(68,671)	(42,467)	52,943	94,964	153,136	173,969	195,266	217,037	286,145
Heavy Commercial Goods:										
Building/Hardware/Farm	26,895	47,937	50,560	39,673	26,922	30,960	33,738	36,575	39,473	48,650
Auto Dealers and Parts	(76,514)	(65,072)	(69,951)	(55,424)	(65,491)	(64,319)	(61,778)	(59,184)	(56,537)	(48,162)
Service Stations	(46,359)	(22,842)	(12,054)	9,569	34,690	15,254	19,378	23,595	27,906	41,601
Subtotal	(95,978)	(39,978)	(31,445)	(6,182)	(3,879)	(18,104)	(8,662)	986	10,843	42,089
Total Potential Retail Sales	(173,702)	75,952	130,974	285,385	350,107	404,712	458,782	514,149	570,845	750,642

Source: California State Board of Equalization, 2000-2009; ESRI, 2011; Kosmont, 2011

Appendix 6.12.1

Expected Net Supportable Retail Space (Square Feet)										
Retail Category	2009	2010	2011	2012	2013	2014	2015	2016	2017	2020
Eating and Drinking	-392,760	-278,153	-222,186	-40,878	71,754	308,865	350,162	392,365	435,491	572,271
Subtotal	-610,257	-266,966	-177,640	141,992	290,961	517,483	587,702	659,482	732,854	965,735
<i>Heavy Commercial Goods:</i>										
Building/Hardware/Farm	103,096	183,757	193,814	152,081	103,200	118,681	129,330	140,205	151,313	186,491
Auto Dealers and Parts	-146,652	-124,722	-134,073	-106,230	-125,524	-123,278	-118,408	-113,437	-108,362	-92,311
Service Stations	-44,427	-21,891	-11,552	9,170	33,245	14,619	18,571	22,612	26,744	39,868
Subtotal	-87,983	37,144	48,189	55,022	10,921	10,022	29,492	49,380	69,695	134,048
Net Supportable Retail SF	-294,190	489,229	661,682	1,095,008	1,270,807	1,521,735	1,699,297	1,881,158	2,067,423	2,658,044

Source: California State Board of Equalization, 2000-2009; ESRI, 2011; Kosmont, 2011