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VIA EMAIL & US MAIL

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Re: Revised Independent Analysis of Zoning Regulations, Constraints and Development Potential of Newland Owned Commercial Parcels Report prepared by Delane Engineering

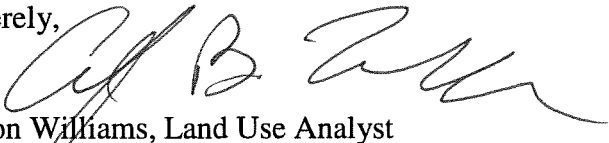
Dear Ms. Smith

Please find enclosed a revised report by Delane Engineering regarding the "Independent Analysis of Zoning Regulations, Constraints and Development Potential of Newland Owned Commercial Parcels." Our office previously submitted the report with our comment letter on the Draft Environmental Impact Report for the Newland Sierra Project. The previously submitted report incorrectly showed that Newland Sierra owned land currently occupied by the AM/PM gas station at Mesa Rock Road. This has been corrected, and the exhibits to the report have also been revised to reflect this change.

The revision, however, does not change the conclusion of the report which finds that due to regulatory and environmental constraints on the site a maximum of 618,000 square feet of office professional uses, and 77,000 square feet of general commercial uses could be built on the portions of the Newland Sierra Project site currently designated for office commercial and general commercial, for a total of 695,000 square feet. Therefore, the report finds that the site would not accommodate the 2 million square feet of commercial retail space including "big box" retail, claimed by Newland Sierra and repeated often by Newland Sierra in media reports and at community meetings.

If you have any questions, please do not hesitate to contact me.

Sincerely,


Clifton Williams, Land Use Analyst
LATHAM & WATKINS LLP

Enclosure

TECHNICAL MEMORANDUM

DATE	August 4, 2017 Rev. March 29, 2018 (revised developable area removing parcels not owned by Newland)
TO	Andrew Yancey – Latham and Watkins, LLP
FOR	Kathy Van Ness – COO/GM Golden Door Resort
FROM	John Prince, PE, PMP – DELANE Engineering, Inc.
SUBJECT	Independent Analysis of Zoning Regulations, Constraints, and Development Potential of Newland Owned Commercial Parcels

According to the June 2017 Draft Environmental Impact Report (DEIR) prepared for the Newland Sierra Development, the entire project area is currently zoned for 99 dwelling units and 58.2 acres of commercial office space (53.6 acres of C30, Office Professional, and 4.6 acres of C36, General Commercial). The Newland project proposes amending the General Plan and zoning to allow for the project's proposed 2,135 dwelling units and 81,000 square feet (SF) of commercial retail (C-5). See **Figure 1** for a land use breakdown from the Project Description section of the Newland DEIR.

The Newland DEIR claims that the 58.2 acres of currently zoned commercial property yields 2,008,116 SF of potential development under the Existing General Plan and that the proposed zoning changes result in similar or fewer overall land use and traffic impacts. The Newland DEIR also concludes that 2,008,116 SF of commercial development is feasible on the project site, and marketing material distributed by Newland at public meetings suggests the commercial parcels could include “big box” retail stores.

The Newland DEIR does not provide any detail on how the parcels would support over 2 million SF of development and does not own all the parcels. Per the County Zoning ordinance, development on the parcels is limited to two-stories and 35-ft in total height, with setbacks up to 60-ft. In addition, much of the property lies on “steep slopes”. Per the County Resource Protection Ordinance (RPO), steep slopes are defined as those natural slopes exceeding 25% in slope gradient and are a protected resource. Over 30% of the area of the commercial parcels qualifies as steep slopes per the RPO. As shown in **Figure 2**, the percent of steep slope area in several of the parcels exceeds 10% of the parcel area and requires an open space easement on the area of steep slopes (the yellow and red colored areas of Figure 2). Proposed development is not allowed to encroach more than 10% into an open space easement. In addition to steep slopes as a protected resource, the entire site consists of significant sloping that increases development costs and reduces development potential.

As shown in **Figure 3**, deducting for area of steep slopes and parking (at County ordinance rate of 4 stalls per thousand SF) yields a total developable building area available of 309,000 SF for C30 Office Professional and 38,500 SF for C36 General Commercial for a total of 347,500 SF. At 2 story height

restriction, the total building square footage feasible is 618,000 SF for C30 Office Professional and 77,000 SF of C36 General Commercial, for a total building square footage of 695,000 SF¹. Note that there are additional potential constraints not taken into account that may further reduce feasible building square footage, including slope grading and earthwork, views, cost, economic viability, and other environmental factors.

The C30 zone does not allow “big box” retail stores. Section 2300 of the County Zoning Ordinance states that the intent of the C30 zone is as follows: “The C30 Use Regulations are intended to create and enhance areas where administrative, office and professional services are the principal and dominant use. It is also intended that uses involving high volumes of vehicular traffic be excluded from the C30 Use Regulations. Typically, the C30 Use Regulations would be applied near residential areas, have a scale and appearance compatible with and complementary to the adjacent residential use, and have pedestrian as well as vehicular access.”

The C36 General Commercial Zone does allow General Retail Sales which would include “big box” retail. However, as noted approximately 77,000 SF of retail would be allowed, which is smaller than the typical Costco (144,500 SF), Home Depot (105,000 SF), or Wal-Mart supercenter store (182,000 SF).² The 4.6 acres zoned C36 is bisected by Mesa Rock Road, further diminishing the ability for the property to develop in a single block, as would be required for any type of large format retail. Small convenience store retail, akin to the existing AM/PM minimart is more likely.

The Newland DEIR claims that the trip generation and distribution of the proposed residential development would be similar to and offset by the current commercial property. However, while the commercial parcels are limited to the far southeast corner of the entire project site, the Newland Sierra project as proposed sprawls out far across the hillsides northwest of the commercial parcels. Proposed project trip distribution is then spread out through three project access roads (Mesa Rock Road, Sarver Lane, and Twin Oaks Valley Road) causing further travel to and from the freeway and increased traffic on Deer Springs Road. However, when current land use is compared to proposed land use, it is apparent that trip distribution for the commercial parcels (if fully developed to current general plan) would result in differing trip distribution, with all traffic required to access the parcels from Mesa Rock Road. This is not addressed in the Newland project documents.

Finally, any development of only the commercial properties would not result in the environmental impacts and earth moving, blasting, noise, and other construction related impacts of the proposed Newland development across its nearly 2,000 acre site.

¹ The high level conceptual footprint designs provided in this memorandum are for the purpose of approximating the buildable area on the Newland Sierra project site under the existing General Plan and are not to be construed as a development proposal or design-level engineering.

² http://investor.costco.com/phoenix.zhtml?c=83830&p=irol-homeprofile_pf; <https://corporate.homedepot.com/about>; <http://stock.walmart.com/investors/investor-resources/faqs/default.aspx>;

Figure 1 – Existing Land Use (per Newland DEIR)

Commercial and Residential Yield Analysis (Existing Land Use Regulations)

Land Use	Acres	Allowable Density per General Plan	Number of Units/Square Feet
SR-10 (0%–25% slope)	19.6	1 dwelling unit/10 acres	5*
SR-10 (25%+)	0.0	1 dwelling unit/20 acres	0
RL-20	1,907.8	1 dwelling unit/20 acres	94
C-1	4.6	0.70 floor area ratio	140,263 square feet
C-2	53.6	0.80 floor area ratio	1,867,853 square feet
Total	1,985 acres	–	99 dwelling units and 2,008,116 square feet

Source: Appendix C

* One dwelling unit per parcel per existing legal lot

SR-10 = Semi-Rural 10; RL-20 = Rural Land; C-1 = General Commercial; C-2 = Office Professional

FIGURE 2 - STEEP SLOPES

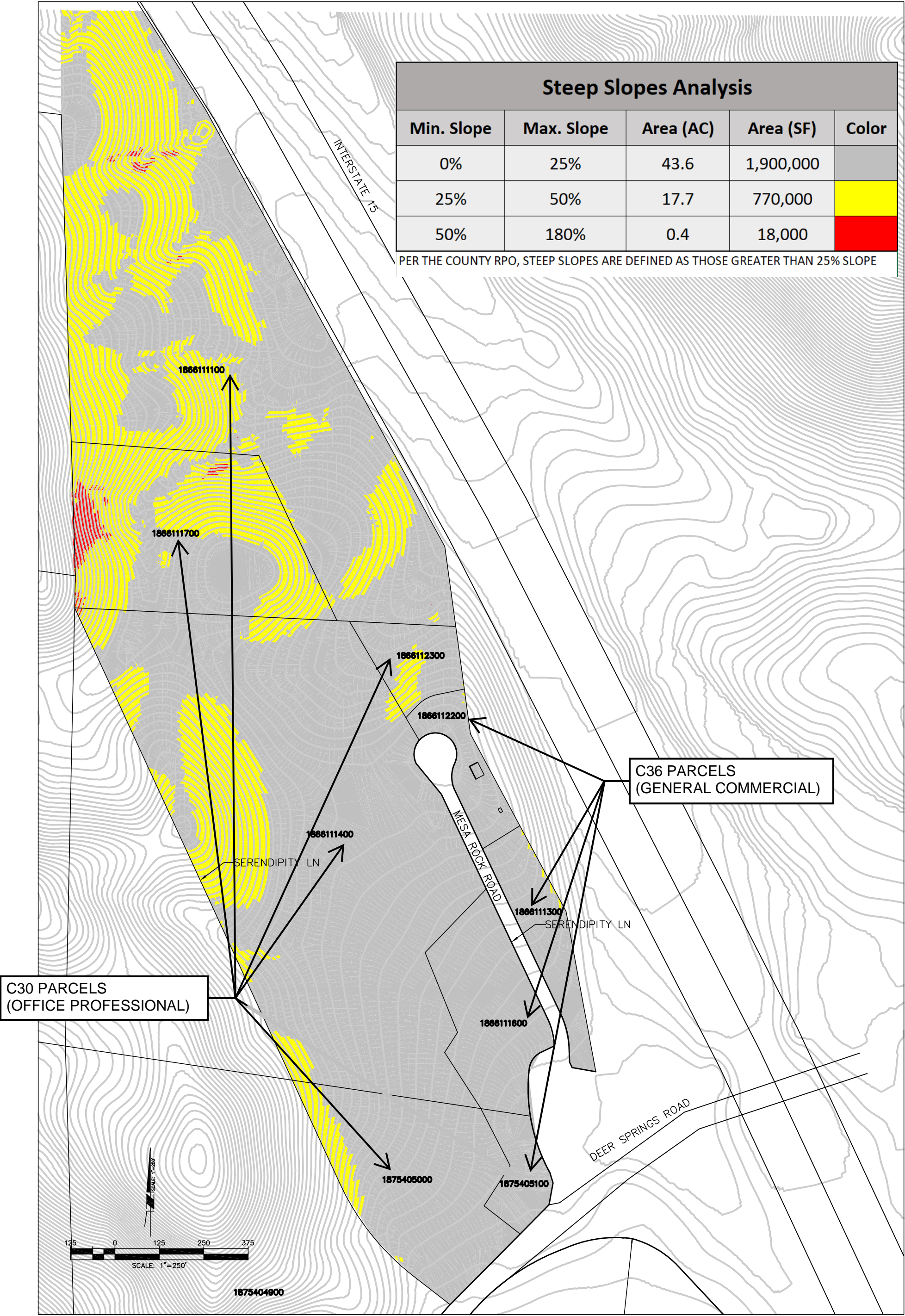


FIGURE 3 - DEVELOPABLE AREA

