CHIQUITA RIDGE

RANCHO SANTA MARGARITA, CALIFORNIA

Urban Land Institute
Orange County/Inland Empire

TECHNICAL ASSISTANCE PANEL
MAY 27, 2015

“ULI’s mission is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide.”

Guiding Principle

The final outcome of every ULI Technical Assistance Panel (TAP) is objectivity, transparency and replicability.

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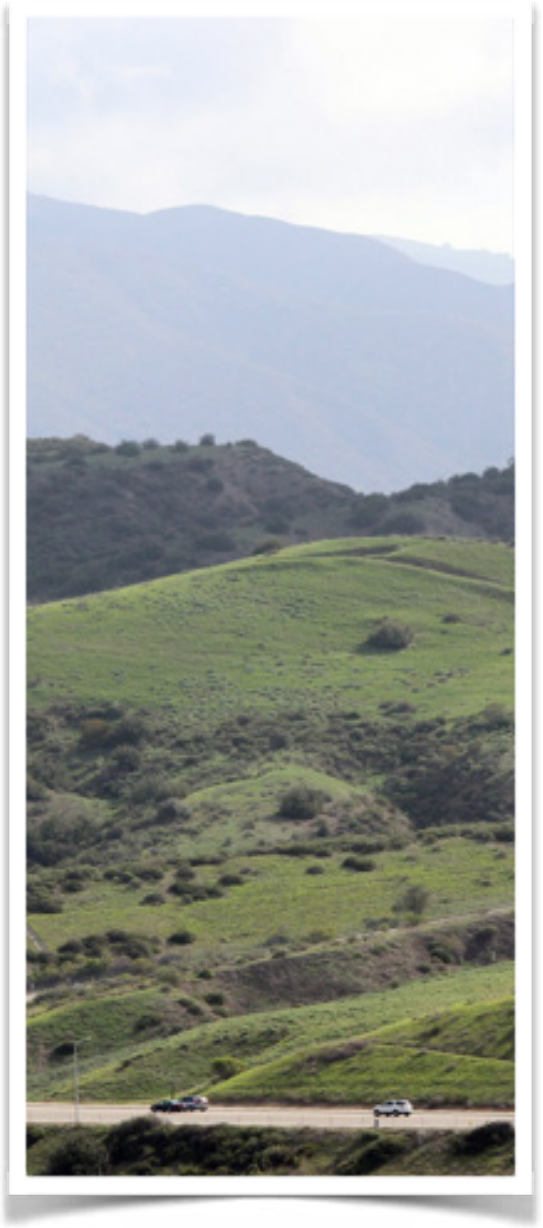


The Urban Land Institute

The Urban Land Institute is an international, non- profit research and education organization that serves to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide. The ULI is based out of Washington, D.C. and is connected throughout the Americas, Europe and Asia by a network of district councils.

ULI has grown from seven regional district councils in 1983 to more than 60 global district councils today. In North America, there are currently 51 district councils, and in Europe, there are currently 13 district councils. The ULI Orange County/Inland Empire is one of the ten largest district councils worldwide, with over 900 members.

The ULI is funded by sponsors, programs, and its members. Over 30,000 members are active in the research and education of land use planning and development issues. ULI members have access to information such as publications, case studies, and community catalyst reports.

The ULI also organizes special workshops and programs geared toward people who develop and redevelop neighborhoods, business districts and communities across the U.S. and around the world. Networking is one of the primary reasons to join the ULI as professionals seek to be connected and share best practices.

The members of ULI Orange County/Inland Empire are community builders. They represent a range of professions from academicians to economic development officials and designers to property managers.

The activities of the ULI Orange County/ Inland Empire are geared specifically toward local land use issues, but also towards issues that affect the Southern California region and California statewide. In an effort to create a forum where professionals under 35 years old could network with their colleagues or meet seasoned professionals in the industry, in 2003, the Young Leaders Group was formed.

The mission and the principles of the ULI have withstood the test of time for over 75 years. Founded in 1936, by J.C. Nichols, the ULI has been bringing together leaders from the private and public sectors in an open exchange of ideas and experiences to improve the quality of real estate and development decisions in regions throughout the world and in the Orange County/ Inland Empire region.

Technical Assistant Panel (TAP)

The Urban Land Institute is a leader in conducting research and education and providing information on all aspects of real estate development and land use policy. In order to maintain its status as a valued and objective source in the private and public sectors, the ULI seeks to bring together leaders from across the fields of real estate and land use policy to exchange best practices and serve community needs; foster collaboration within and beyond ULI's membership through mentoring, dialogue and problem-solving; explore issues of urbanization, conservation, regeneration, land use, capital formation, and sustainable development; advance land use policies and design practices that respect the uniqueness of both built and natural environments; share knowledge through education, applied research, publishing, and electronic media; and, sustain a diverse global network of local practice and advisory efforts that address current and future challenges.

Since 1947, ULI's Advisory Services Program has been assisting communities by bringing together panels of seasoned real estate, planning, financing, marketing, and development experts to provide unbiased, pragmatic advice on complex land use and development issues. At the local level, the ULI Orange County/Inland Empire District Council provides advisory services on specific issues, which are addressed in one or two days.

To ensure objectivity, members of a District Council TAP cannot be involved in matters pending before or be working for the sponsor of a TAP, and cannot solicit work from the sponsor during the panel's assignment period.

The panel consists of professionals, who are ULI Orange County/Inland Empire members, with expertise to participate. Sponsors request TAPs and the District Council assists the sponsor in refining the scope of the assignment and in organizing the panel's efforts. At the conclusion of the TAP, the panel issues a report with findings and recommendations to the sponsor. A fee is paid to the ULI Orange County/Inland Empire for the TAP, which is used by the District Council to further the Institute's mission to share best practices and provide educational services in local land use planning and real estate development.

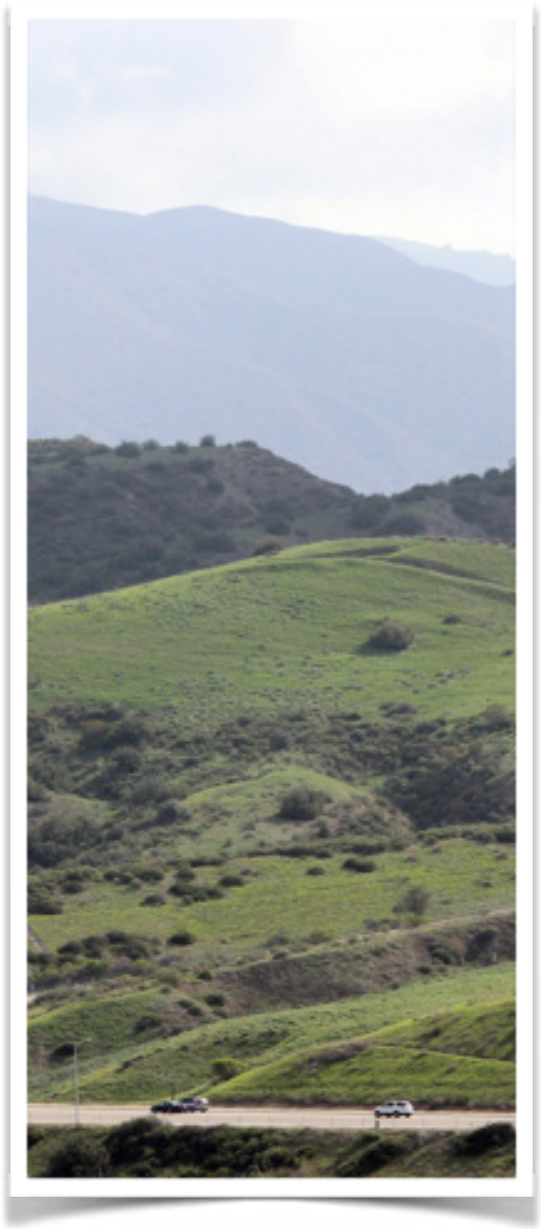
Chiquita Ridge

Chiquita Ridge is a 92 acre property owned by the City of Rancho Santa Margarita. Subject to the terms of the Settlement Agreement which transferred the property to City ownership, 55 acres of the property may be developed. If developed, 23 acres must be utilized for an active sports park, leaving 32 acres for other uses.

During 2012 and 2013 five preliminary land use scenarios were developed and a fiscal analysis was run to determine the financial feasibility of future development on the Chiquita Ridge property. Based on this analysis, it was determined that there is sufficient value in the land to support development.

At the conclusion of the financial feasibility analysis, the City Council identified two conceptual preferred scenarios for further study: (a) a 32 acre large anchor/warehouse retail shopping center with gas station coupled with a 23 acre active sports park; and (b) a 32 acre mixed use scenario allowing for a large anchor/warehouse center and a low-density single-family detached residential development coupled with a 23 acre active sports park. While these scenarios were identified as preferred from among the alternatives studied, the City is open to a broader discussion of potential uses.

The City of Rancho Santa Margarita has asked ULI to study ways in which the City may facilitate future development of the site into an economically sustainable asset to the community. Furthermore, the City is seeking the ULI's input on development of an implementation strategy for the Chiquita Ridge property which takes into account the physical constraints of the site, as well as constraints related to the Settlement Agreement.



The City of Rancho Santa Margarita asked ULI to study ways in which the City may facilitate future development of Chiquita Ridge into an economically sustainable asset for the community.

Scope of Work

The scope of work provided to the TAP identified the key issues to be addressed, as well as a specific list of questions.

Key Issues:

- ULI was asked to study ways in which the City may facilitate future development of the site into an economically sustainable asset to the community.
- The City is seeking ULI's input on the development of an implementation strategy for the property which takes into account the physical constraints of the site, as well as constraints related to the Settlement Agreement. The following questions were provided to the TAP.

Key Questions:

- How do you plan for new development on a unique site such as Chiquita Ridge in a Master Planned Community?
- How can the site be connected to other parts of the community? How can we integrate physical connectivity as well as more perceptual connections to the heart of the community?
- What are the appropriate steps to undertake to determine the preferred land uses? What information should be included in future requests for proposals to ensure a good response?
- What is the appropriate mix of land uses given the constraints and location of the site?
- Would the long-term financial and site planning benefits gained from relocating the water tank outweigh the up-front cost?

Executive Summary

On May 27, 2015 The Urban Land Institute (ULI) Orange County/Inland Empire District Council conducted a Technical Assistance Panel (TAP) for the City of Rancho Santa Margarita, California. The City enlisted the expertise of members of the ULI to review the development opportunities and constraints of the Chiquita Ridge property in order to suggest implementation strategies for future development of the 92-acre site located at the southern end of the City.

ULI TAP Panel

In April, the ULI Orange County/Inland Empire assembled a group of seven professionals based upon the technical expertise needed to assess the property's potential. John Shumway, from the Concord Group, chaired the panel which included experts in market research, civil engineering, environmental planning, physical site planning, sports complex planning, retail development, and residential development.

Each TAP member received a binder prepared by the City which contained background information on the site, including the Settlement Agreement, aerial maps, photographs, and all of the background studies that had been presented to the City Council over the past several years.

Meeting with City Staff

On April 28, 2015, the TAP met with City Staff, including Jennifer M. Cervantez, City Manager and Cheryl Kuta, Development Services Director, to review the scope of work and to answer any questions based on the background material the City had provided. The panelists also received a special historical briefing from Don Smith, who worked with Richard Reese, the City's chief assistant in 1979.

Site Visit

The meeting was followed by a site visit to Chiquita Ridge. Members of the ULI panel had the opportunity to see the size and scope of the property, assess its unique physical characteristics, and its relationship to the surrounding environment.

Weekly meetings & stakeholder interviews

In the following weeks, the TAP discussed the project on weekly conference calls. Several TAP members contacted key stakeholders identified by City Staff. These conversations, along with the City Staff meeting and the site visit, helped the panel to clearly understand the issues, vision, and objectives of the project. The next step was to maximize ULI's land use experience to provide recommendations.

SWOT Analysis

On May 22, 2015, the TAP met to brainstorm and conduct a SWOT analysis of the potential land uses for the site. During this session, the panel evaluated the strengths, weaknesses, opportunities, and threats (SWOT) for each potential land use independently of each other. These potential uses included: Retail, Mixed Use, Hotel, Office, Sports Park, Stadium, Recreation Open Space, Assisted Living, Family Entertainment, Medical Office, Multifamily Apartments, and Mitigation Bank/ Habitat.

TAP Day
Review of Collected Information

On May 27, 2015, the panel's day-long session began with a review of the background information, conversations, and analysis that the group had conducted over the previous month. The panel also met briefly with City staff to answer any remaining questions.

Executive Summary (continued)

TAP Day (continued)
Opportunities and constraints
The panel reviewed the history of the site, its physical characteristics, its use restrictions, constraints and opportunities. Working from the initial land use SWOT analysis, the panel ranked potential land uses against each other to determine which had the highest potential for success. Success was defined by the panel as those uses that offered the best combination of revenue generation potential and community support.

Concept plans
Three alternative concept plans were developed, ranging from the least intense to the most intense, as a demonstration of potential layouts for the site. These alternatives allow the City to consider a range of low-intensity use (with more habitat preservation) to high-intensity use (full utilization of the site within development constraints).

Development process
The panel also outlined its recommendations for how the City should move forward in the development process. The first recommendation was to conduct more community outreach. The panel felt that the City needs to further evaluate the community's preferred uses for the site.

Once the City has identified the preferred uses, the City should start the entitlement process. A zone change/general plan amendment will be needed to develop the site. The panel thinks that this site is unique enough to consider preparation of a specific plan. The City would have a lot of control through that process to further determine what happens at the site. An environmental document will also be needed to analyze the project per the requirements of CEQA, and ultimately, regulatory permits will be needed.

The panel offered two options for the development process. The first option is to have the City issue an Request for Proposal (RFP) for a development agreement with an option to purchase, and sell the land to a developer. The second option is to take on the role of developer, hiring a consultant to guide and represent the City through the process. These are just two of many different approaches the City could take.

Presentation to City Council
The panel's full recommendations were developed into a presentation and presented to the City Council at a Council study session that evening; the recommendations are detailed in this report.

Summary
It is important to note that this TAP report is not proposing a specific development alternative, nor is it designed to be a comprehensive study of every aspect of Chiquita Ridge. While the TAP members did reach out to key stakeholders, the outreach was limited and targeted in nature to augment the written materials provided by the City.

Therefore, the ULI is not recommending a specific development type or layout of the site. Rather, its observations and findings are being provided for the City to consider as it makes future policy and development decisions for the site.

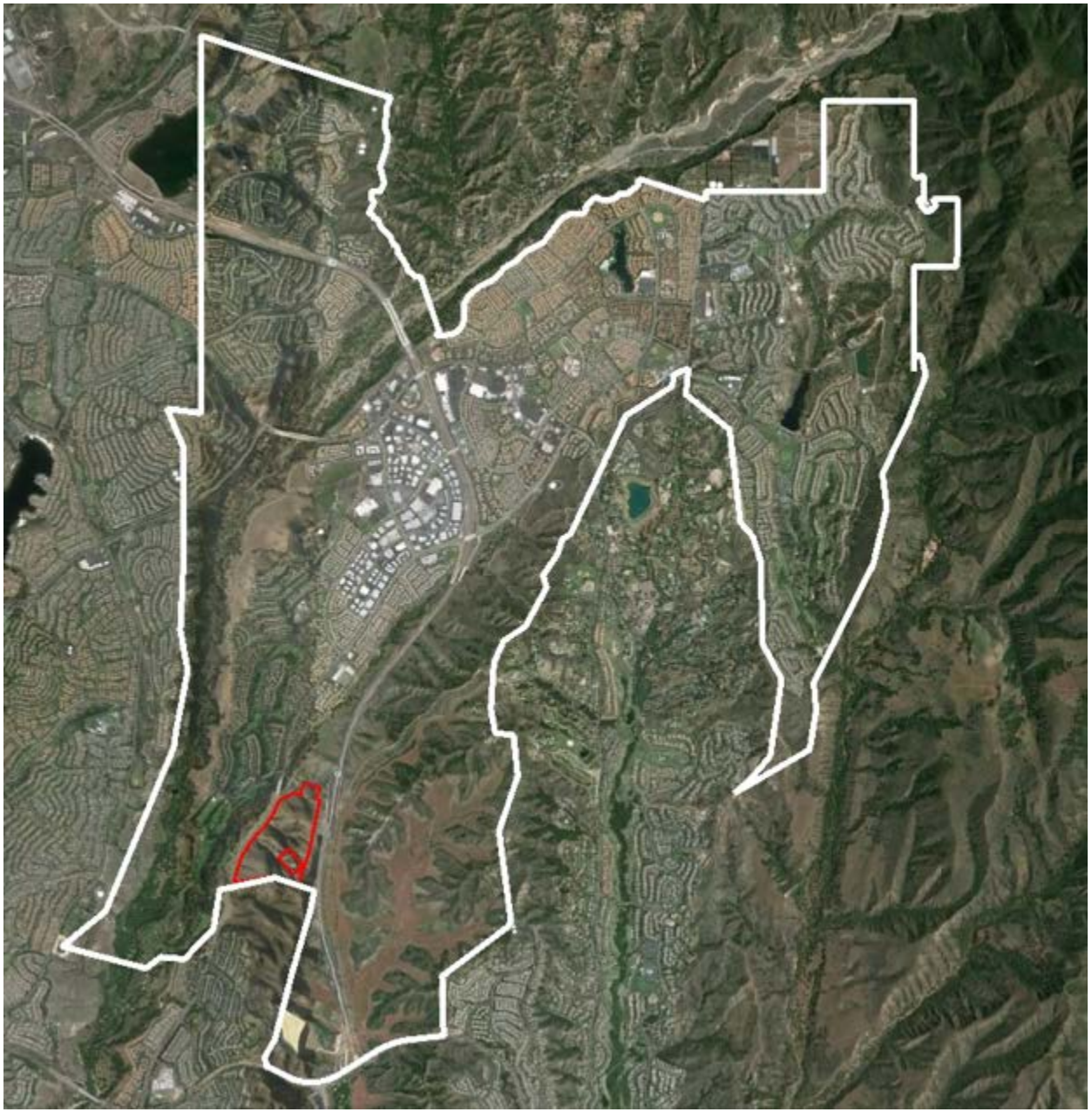
Next Steps
City Staff will evaluate the observations, findings, and recommendations contained in this report and will schedule future workshops with the City Council, as appropriate. It is also anticipated that the observations and findings of the TAP may be included in the development of an RFP for detailed site evaluation and preliminary planning.

The primary task of the TAP was for a collective group of diverse experts to provide an objective review of the site, the major issues and the work that has been done thus far.

Vicinity Map

The TAP panel began its effort by looking at the proximity of the Chiquita Ridge site within the context of the entire City of Rancho Santa Margarita. The Vicinity Map attached shows the City boundary outlined in white with the site outlined in red. Interestingly, the site is located at the very southern end of the City.

Rancho Santa Margarita is a master planned community. The plan for the City located commercial uses in the core of the City with residential uses surrounding it. The Chiquita Ridge site is clearly disconnected geographically, located approximately 5 miles south of the City's central core. Still, there are opportunities to connect complimentary uses, such as recreational open space and commercial development to other areas of the City.



Site Location

The site is comprised of steep natural terrain. There is a water tank located within the boundary and the site is divided into several parcels. Antonio Parkway is adjacent to the west, the 241 Toll Road is adjacent to the east, and Canada Vista Park is adjacent to the north; Tijeras Creek and O'Neill Regional Park are located just across Antonio Parkway.

General Land Use

Currently, the City's General Plan designates the site as open space. The land use designation would need to be revised in order to develop the property. From a land use compatibility point of view, residential development along Antonio Parkway and in Coto de Caza and O'Neill Regional Park are not contiguous. However, potential conflicts with a new land use designation would have to be evaluated with these nearby land uses.

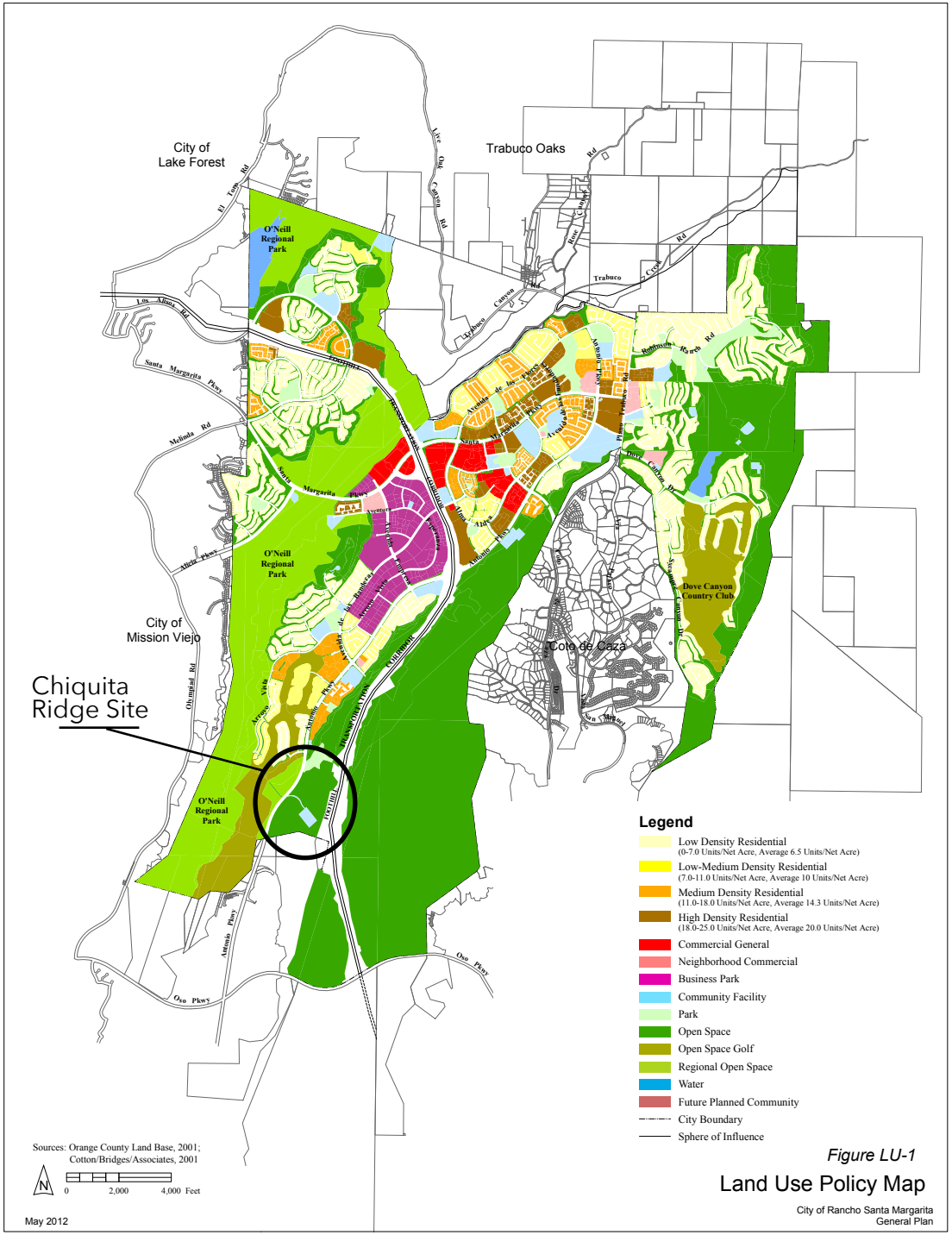


Figure LU-1

Land Use Policy Map

City of Rancho Santa Margarita General Plan

Settlement Agreement

As part of the due diligence, the panel carefully reviewed the Settlement Agreement. The site ownership was previously in dispute between the City and the County; the settlement awarded the property to the City with certain requirements and restrictions on any future development.

Usable Acres: 55 acres

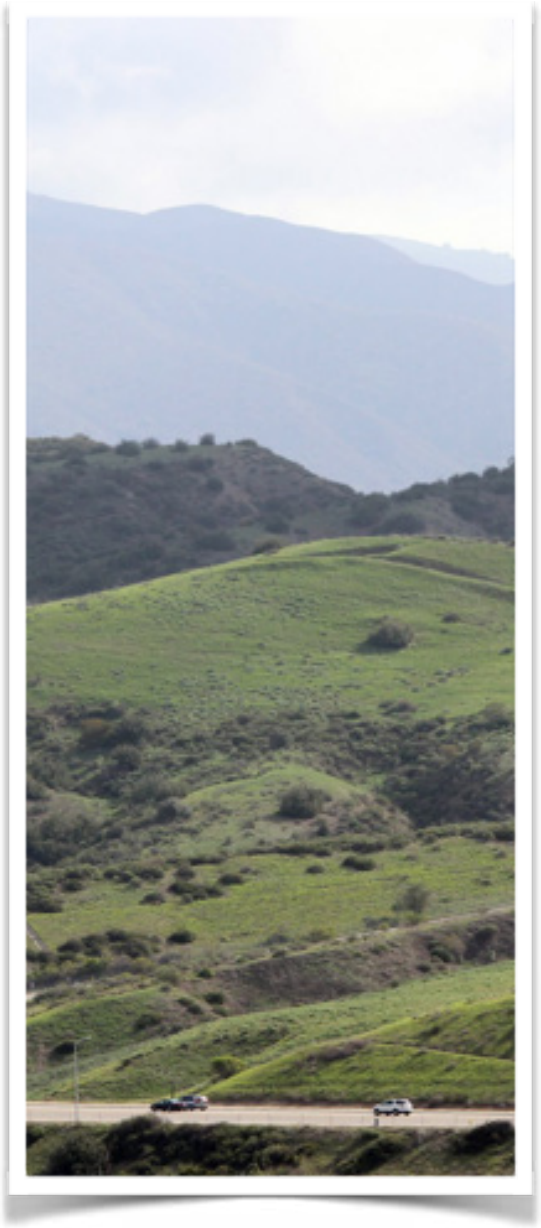
The total site is 92 acres; 55 acres are defined by the Settlement Agreement as "usable acres" that can be developed. Of the 55 usable acres, 23 acres are required to be dedicated to an active sports park; the 23 acres can include parking to accommodate the sports park. The remaining 32 acres have no use restrictions. The development of the 55 usable acres should also include fuel modification for the development. Any permanent impacts to the site over the 55 usable acres would require a 2:1 off site mitigation for additional habitat impacts. The settlement agreement specifies that development should be consolidated to the extent possible and should be located adjacent to existing infrastructure (i.e., Antonio Parkway) and existing land uses. It also specifies that the development plan should minimize indirect impacts from human activity, noise, night lighting, water quality, non-native species, and increased fire risk.

Disturbed Acres: No specific limit

Additional area may need to be temporarily disturbed in order to construct the 55 usable acres. The settlement agreement allows additional areas to be temporarily impacted by construction; however, following construction, the City would be responsible for restoring these areas back to their original habitat conditions. Additionally, the City would be responsible for managing and maintaining the restored habitat in perpetuity.

Preserved Areas: 37 Acres

Preserved areas are any lands not within the usable or disturbed areas. Per the settlement agreement, the City is required to preserve and protect the habitat value of the preserved acres.



Natural Habitat Opportunities and Constraints

After reviewing the Settlement Agreement, the panel assessed the natural habitat opportunities and constraints that the site presented.

The California Gnatcatcher

The California gnatcatcher (Polioptila californica californica) is a federally Threatened species and a California Species of Special Concern; a major population of this species is located near the site. "Major populations" of species are considered sufficiently large to be self-sustaining with a minimum of active or intensive management intervention or that support enough breeding individuals to contribute reliably to the overall population stability of the species.

Any impact on the California gnatcatcher or its habitat, coastal sage scrub, would be considered significant under the California Environmental Quality Act (CEQA) and would require permitting in accordance with the Federal Endangered Species Act (i.e., Section 7 or 10). The Settlement Agreement required 80 acres of offsite coastal sage scrub mitigation; the City recently began implementation of the offsite mitigation. The TAP expects that the offsite coastal sage scrub will compensate for impacts on the California gnatcatcher on the project site that result from development of the 55 acres; however, it should be noted that the language in the Settlement Agreement does not explicitly state that additional mitigation will not be required to comply with the FESA. Thus, it is possible that the U.S. Fish and Wildlife Service (USFWS) could require additional mitigation. This is identified as a constraint due to the unknown requirement and related cost.

Because of the inherent value of the California gnatcatcher and the potential for additional mitigation to be required, development should try to avoid and minimize impacts on coastal sage scrub habitat to the extent practicable. Additionally, as specified by the Settlement Agreement, the development should also minimize indirect impacts (e.g., night lighting, human activity, etc) on remaining habitat.

The pink and green polygons on the aerial show coastal sage scrub habitat (i.e., California sagebrush-California buckwheat scrub and California sagebrush-California buckwheat scrub/southern coastal needlegrass grassland) as mapped by ICF (Chiquita Ridge Biological Assessment and Constraints 2011).

Photos provided by BonTerra Psomas

Exhibit provided by Fuscoe Engineering

Natural Habitat Opportunities and Constraints (continued)

Jurisdictional Resources

The Clean Water Act and California Fish and Game Code protect lakes, rivers, streams and their tributaries, and wetlands. Drainages that occur onsite are tributary to Tijeras Creek and the Arroyo Trabuco; therefore, they would be under the jurisdiction of the U.S. Army Corps of Engineers (USACE), California Department of Fish and Wildlife (CDFW), and Regional Water Quality Control Board (RWQCB) and any impact on them would require permitting with these agencies. In order to obtain permits from these agencies, permanent impacts on jurisdictional drainages would need to be mitigated at a minimum 1:1 ratio (a higher ratio is likely).

Therefore, impacts on jurisdictional drainages should be avoided and minimized to the extent practicable. Additionally, the resource agencies will require that the development does not indirectly affect the hydrology and water quality of areas downstream of the site.

There are two drainages on the site, one on either side of the water tank. The blue lines on the aerial show the areas that are expected to be under the jurisdiction of the USACE, CDFW, and RWQCB.

Photo provided by BonTerra Psomas

Exhibit provided by Fuscoe Engineering

Natural Habitat Opportunities and Constraints (continued)

Opportunities

Tijeras Creek is across Antonio Parkway to the west side of the site, and connects the site to larger areas of open space in O'Neill Regional Park. Tijeras Creek is a tributary to the Arroyo Trabuco; both streams are considered wildlife corridors. Tijeras Creek and the hiking trail along it cross under Antonio Parkway and provide a connection for wildlife and recreational activities. Additionally, ridgeline areas also provide for wildlife movement to areas of open space to the north and south. The Transportation Corridor Agency has a mitigation site adjacent to the site on the east side of the tollroad.

Much of the vegetation on the ridgelines on the site currently consist of degraded habitat dominated by invasive artichoke thistle (Cynara cardunculus). These areas could potentially be restored to coastal sage scrub habitat to provide onsite habitat for California gnatcatcher. These areas could compensate for direct impacts that the development may have on existing coastal sage scrub habitat on the site (i.e., onsite mitigation).

Exhibit provided by Fuscoe Engineering

Constraints

As described above, direct impacts on coastal sage scrub vegetation types and drainages should be avoided or minimized to the extent practicable in order to minimize mitigation that would result from permitting requirements. The project should also be designed to minimize indirect impacts (e.g., night lighting, noise from human activity, changes in hydrology, and changes in water quality) to minimize impacts on habitat that would be remaining adjacent to the development.

Topographic and Geological Opportunities and Constraints

The physical characteristics of site, specifically topographical and geological opportunities and constraints, were evaluated.

Opportunities

There is a 200-foot rise on the property from Antonio Parkway on the west to the ridgeline on the east; this provides excellent views that are a valuable aspect of the site development.

As discussed above, there is a connection to regional open space via the Tijeras Creek Trail that connects with O'Neill Regional Park. There is also a trail system that extends under the 241 Toll Road just east of Canada Vista Park to other areas of open space. Access to this latter trail should be confirmed with the TCA. This is a great opportunity given that one of the objectives, outlined in the settlement agreement, is to provide recreational activity. The trails could be used for hiking, mountain biking, and potentially equestrian uses.

Constraints

The steep change in topography (i.e., 15% on average) means that the property would need to be leveled in order to provide a development footprint; whether you are building a sports field or a building, you would need to provide a level area. For every square foot of level space you propose to build, you would be creating one to two square feet of slopes. The steep topography is a substantial constraint.

There are multiple drainages on the site, Not only is this a constraint with regards to permitting from the resource agencies discussed above, but drainages are precipitous and hard to grade. When you grade a drainage, you have to excavate to 10 to20 feet below the stream bed to remove the alluvium, re-compact the soils, and build the footprint so that it is a strong foundation for a development; it is typically very expensive.

Access from Antonio Parkway will also have its issues due to the topography. Any entrance into the property from Antonio Parkway is going to be steep. The panel recommends trying to keep the drive lanes at 6-7% grade, so that they are comfortable and safe for the average driver. Potential access points are shown as blue circles on the graphic.

As described in the Settlement Agreement, you can develop 55 acres, but because of the topographic constraints, the panel thinks that a more realistic number would be about 35 usable, flat acres. The remaining areas would consist of slopes and other disturbed areas that you need to create the development pads.

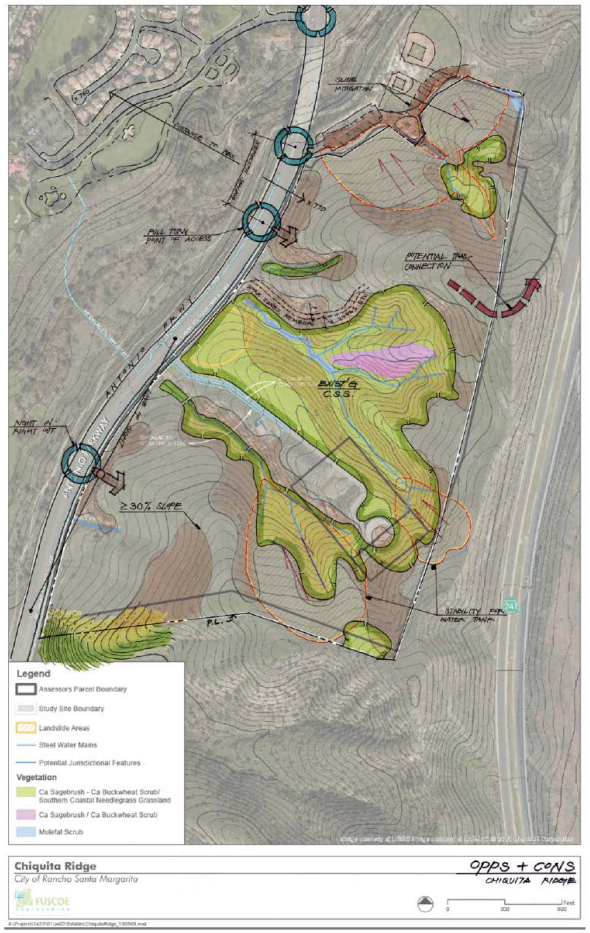


Exhibit provided by Fuscoe Engineering

Grading Plan Study

The next two exhibits are conceptual grading schemes developed by the TAP. The alternative plans shown do not present land use options, but rather, were intended to evaluate various configurations to determine the extent of grading necessary due to the terrain.

Grading Alternative 1

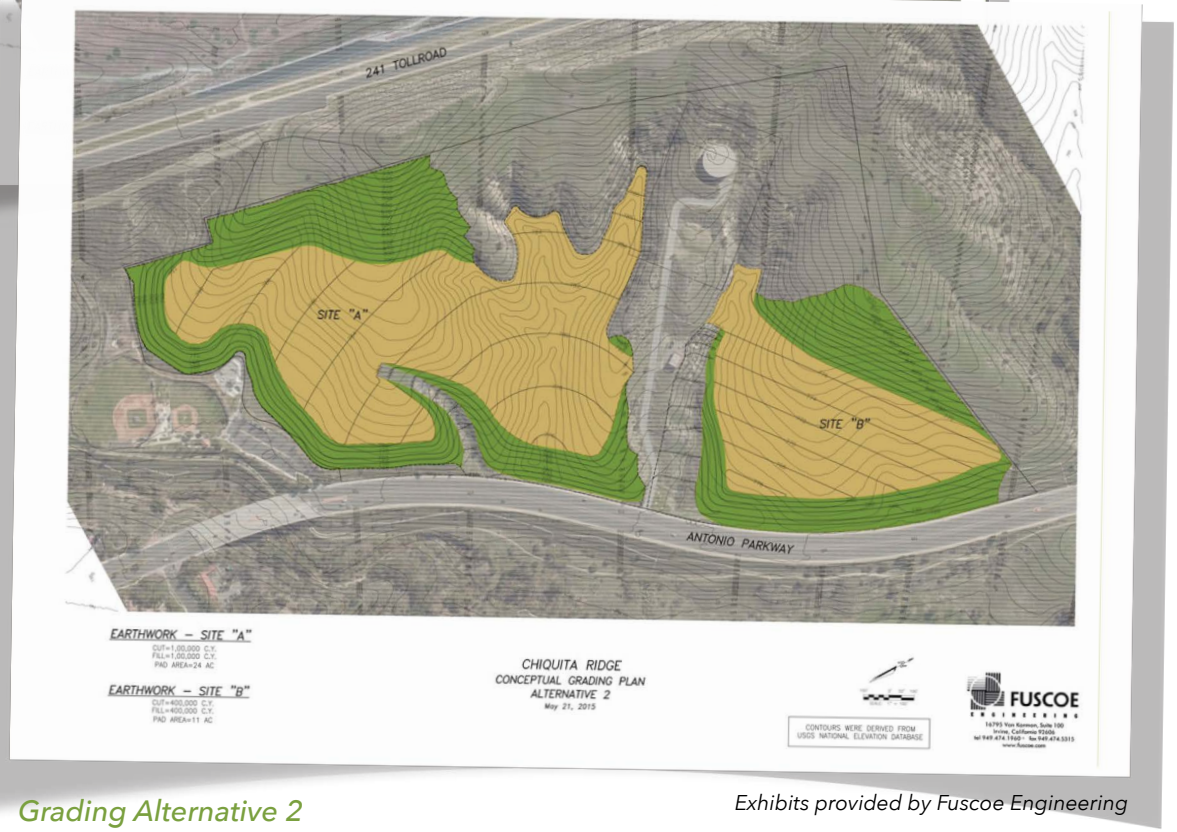
The yellow colored areas are the buildable development pads. In this particular scheme, the study generated a 13-acre flat, usable area in the northern portion of the site and an 11-acre area in the southern portion of the site. The green polygons show the slopes that have to be created to build the usable flat area; roads to access the development pads are shown as black lines.*

Grading Alternative 2

This second grading alternative is a more aggressive plan that fills in the large drainage. Note that the irregular shape of the yellow development pad is due to the difficulty that the terrain imposes; it is difficult to efficiently use all 24-acres when you have these irregular edges and further reduces the useable space on the pad.

**Larger versions of these grading exhibits can be found on the next two pages.*

Grading Alternative 1



Grading Alternative 2

Exhibits provided by Fuscoe Engineering

EARTHWORK – SITE "A"

CUT=550,000 C.Y.
FILL=550,000 C.Y.
PAD AREA=13 AC

EARTHWORK – SITE "B"

CUT=400,000 C.Y.
FILL=400,000 C.Y.
PAD AREA=11 AC

CHIQUITA RIDGE

CONCEPTUAL GRADING PLAN

ALTERNATIVE 1

May 21, 2015

100' 0' 50' 100'
SCALE: 1" = 100'

CONTOURS WERE DERIVED FROM USGS NATIONAL ELEVATION DATABASE

FUSCOE ENGINEERING
16795 Von Karman, Suite 100
Irvine, California 92606
tel 949.474.1960 ◦ fax 949.474.5315
www.fuscoe.com

EARTHWORK – SITE "A"

CUT=1,00,000 C.Y.
FILL=1,00,000 C.Y.
PAD AREA=24 AC

EARTHWORK – SITE "B"

CUT=400,000 C.Y.
FILL=400,000 C.Y.
PAD AREA=11 AC

CHIQUITA RIDGE

CONCEPTUAL GRADING PLAN

ALTERNATIVE 2

May 21, 2015

SCALE: 1" = 100'

CONTOURS WERE DERIVED FROM USGS NATIONAL ELEVATION DATABASE

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Topography and Geology

Landslides

The pink shaded polygons on this exhibit show known landslides on the site. Even if they are "good" landslides, which means they are thin and can be excavated easily, they require additional grading. It's possible that they are not the best-case scenario and could be the worst-case scenario and could be require even more grading; landslides are constraints that need to be considered. The good news is that grading can mitigate the landslides by removing them as part of the grading; it is not particularly difficult but does require additional work. The landslide in the southern portion of the site looked more extensive so our conceptual plans avoided it.

Drainage

Because some portion of the buildable area will be paved, the project will increase the amount of stormwater that runs off the site. Development causes water to run off rather than to infiltrate into the ground as it currently does; it could run off faster and stronger (i.e., more concentrated) than it naturally would and could cause erosion. In this graphic, an existing blueline stream (i.e., drainage) is shown as a yellow polygon. As described above, this drainage and those downstream of it are regulated by the RWQCB. In order to maintain water quality and minimize erosion and changes to offsite hydrology, runoff from the site will have to be kept in a basin before it leaves the site. This is not a unique requirement for this site. Hydro modification requirements apply to all development. What it means is that about 10% of the development pad will need to be used for basins, water quality facilities, and other stormwater-related features. In addition, the development plan will need to demonstrate that it is not modifying the hydrology of the Tijeras Creek drainage in order to obtain a permit from the USACE, CDFW, and RWQCB.

Reservoir Tank

In order to move the reservoir tank, it would need to be moved to another location at the same topographic height along with all of the associated pipelines. The cost of moving the tank was estimated at four to five million dollars. The TAP panel believes that the benefits of relocating the reservoir tank do not outweigh the high cost of moving it; the development/grading can be planned around the tank.

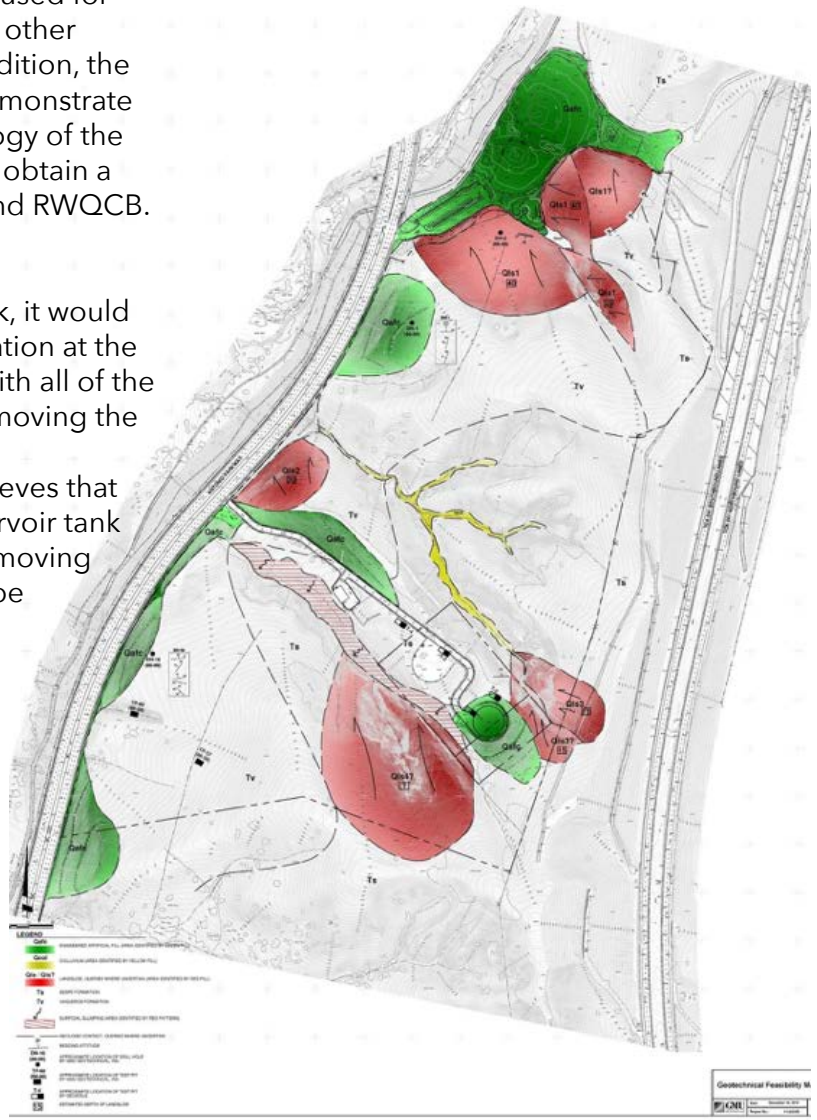


Exhibit provided by Fuscoe Engineering

SWOT Analysis of potential uses

After looking at the big picture opportunities and constraints, the TAP moved its focus to potential land uses for site.

SWOT of individual land uses

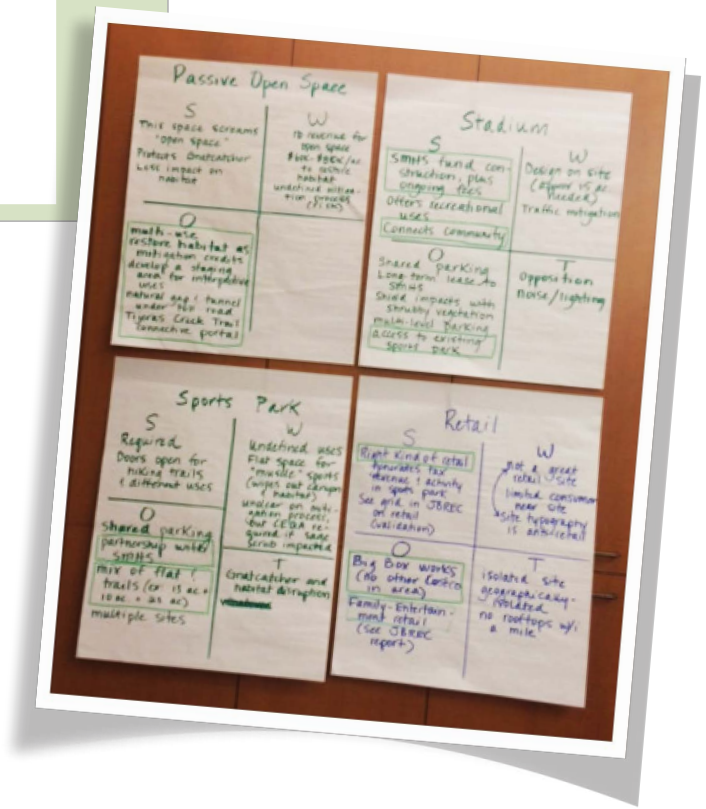
SWOT stands for strengths, weaknesses, opportunities, and threats. The panel conducted SWOT analysis for each of these individual land uses:

- Passive Open Space
- Sports Park
- Stadium
- Retail
- Hotel
- Office
- Mixed Use
- Mitigation Bank
- Relocate Tank
- Density Transfer to alternate location

Some of the use candidates came from conversations with the City during the initial kickoff meeting, and some came from dialog with the stakeholders who were contacted.

Passive Open Space

• This space screams open space • Protects Gnatcatcher • Less of an impact on habitat • Multi-use facility	• Little revenue for open space • Undefined risk mitigation • $60K to $80K to restore habitat per acre
• Develop staging area for trails/interpretive uses to educate • Natural gap and tunnel under TCA • Tijeras Creek Trail connection portal • Restore habitat for mitigation credits	• None



SWOT Analysis of potential uses

Sports Park

Strengths	Weaknesses
• Required • Door is open for hiking trails & different uses • Less mitigation (13-15 acres) • Keep youth active • Additional amenities foster community	• Unidentified uses • Flat space required for muscle sports (All 23 acres wipes out canyon & habitat) • Unclear on mitigation (CEQA required)
Opportunities	**Threats**
• Partnerships • Partnership with SMHS • Mix of flat & trails (13 acre flat, 10 acre other) • All 23 acres (multiple locations) • All 23 acres (single location	• Gnatcatcher & habitat disruption • Whatever we do impacts habitat

Stadium

Strengths	Weaknesses
• Shared parking • SMHS Partnership • Offers recreational use • Connects with community • Gives City a Brand	• Design on site (15 acres) • Traffic mitigation
Opportunities	**Threats**
• Shield impacts with shrub vegetation • Parking doesn't need to be on same level • Access to existing sports park • Long term lease of land	• Lights of stadium affects • Noise • Residential opposition

Retail

Strengths	Weaknesses
• Right kind of retail will generate revenue and activity in sports park	• Not a great retail site • Limited market demand • Transitory • Ease of access in/out
Opportunities	**Threats**
• Big Box • No Costco in region • Family entertainment	• Isolated site • No rooftops within a mile • Visually and geographically isolated

Hotel

Strengths	Weaknesses
• Bed tax • City support	• No market • South County is a competitive market • Isolated site
Opportunities	**Threats**
• Bed tax revenue • Extended stay	• No long-term vision • Limited / No growth in context of site

Office

Strengths	Weaknesses
• None	• High vacancy
Opportunities	**Threats**
• Shared parking with sports park or stadium • Medical Office	• Limited demand

Vertical Mixed Use (Residential & Retail)

Strengths	Weaknesses
• Maximum land value • $16-$25M to build sports park	• Need 250-400 units to sustain retail • Expensive to build
Opportunities	**Threats**
• Housing with service commercial • Assisted Living	• City not interested in multifamily housing

SWOT Analysis Summary

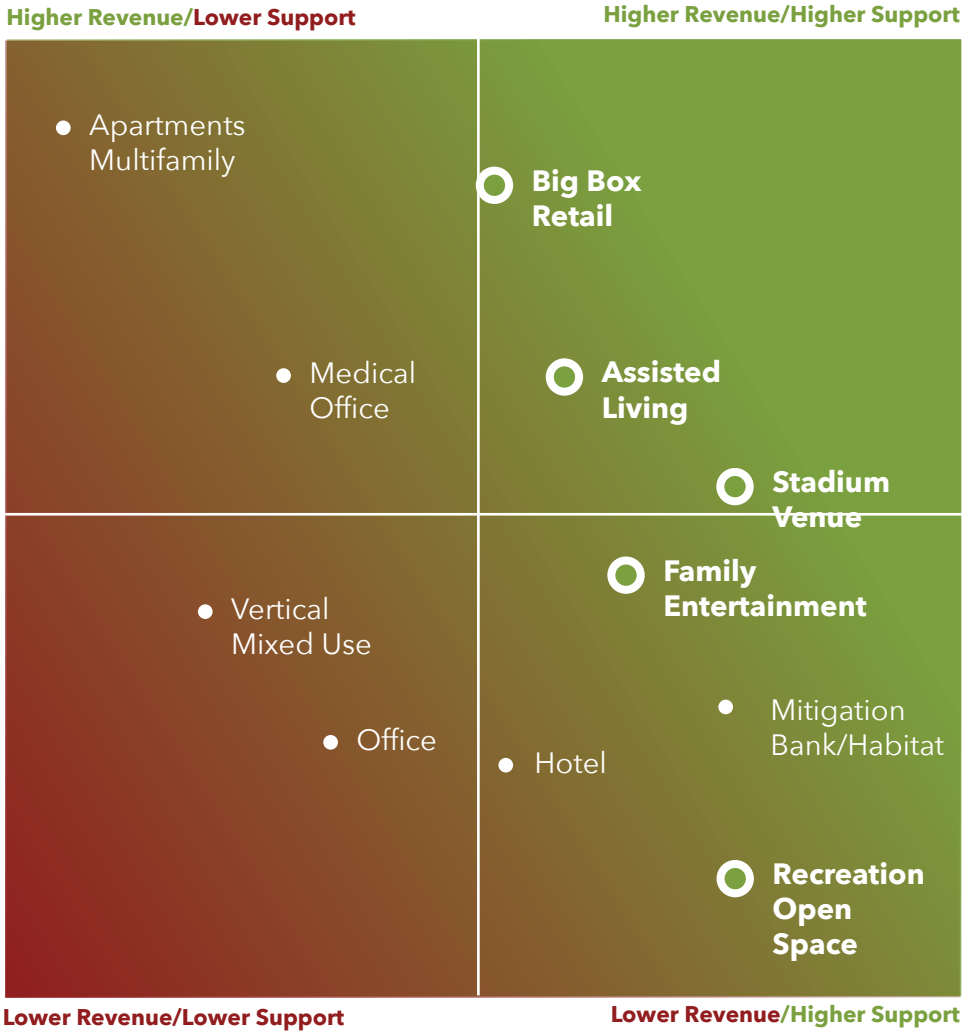
Ranking potential uses

After each use consideration was given an individual SWOT analysis, they were collectively aggregated into a single matrix to create a qualitative comparison of the strengths of all land uses in one graphic.

"Community support" is shown on the horizontal axis, with the right side representing a high level of expected community support for the land use, and the left side representing a low level of expected community support. This is one aspect of the analysis that we were asked to address in our scope from the City.

This parcel represents the largest remaining piece of potentially developable open space that the City has the opportunity to develop and they would like to create a development that would be considered a legacy. Because of that, it's very important for the community to support the proposed development. Thus, the panel wanted to be very thoughtful in insuring that the options presented took community support into consideration.

"Revenue" is shown on the vertical axis, with revenue-generating uses in the upper portion of the matrix and revenue-using uses in the lower portion of the matrix. The Settlement Agreement required a 23-acre sports park; its construction, operation, and maintenance will need to be funded. The City has stated that they do not have the funds necessary to build and operate the sports park; thus, the other development on the site will need to generate revenue that will pay for the sports park.



The optimal development types are in the upper right quadrant; these uses would be revenue-generating and would be expected to have community support. The uses that are highlighted with a green bullet are the uses that the panel considers viable options.

Land Forms

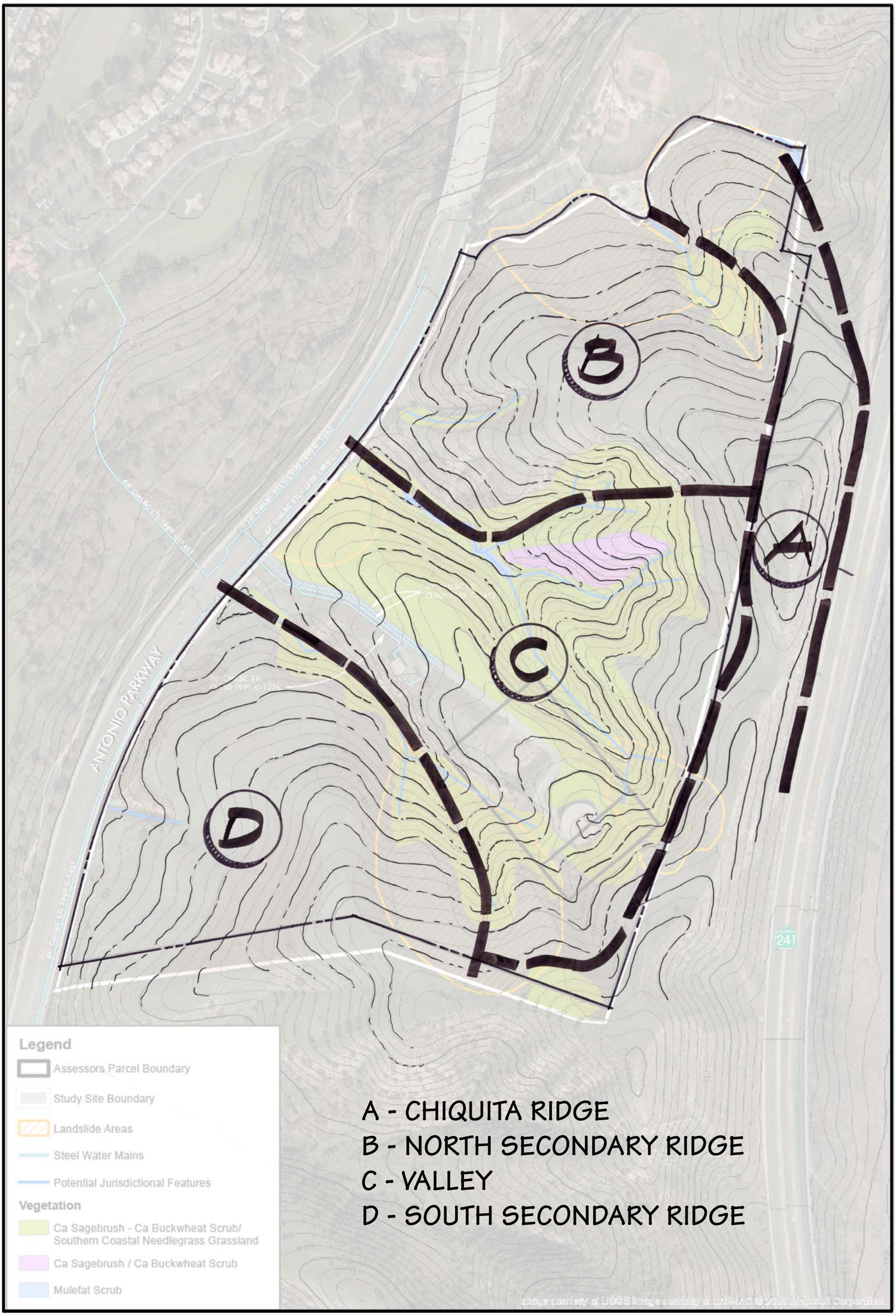
While the Chiquita Ridge site is a complicated piece of ground, it is not an impossible piece of ground. There are many different ways that development can work with the opportunities and constraints. The TAP panel wanted to vet a series of alternatives that allow the City to consider both the preservation of some of the site, and also the full utilization of the site within certain parameters.

The panel presented three conceptual alternatives, from the least-intense to the most-intense development, as a demonstration of potential development options. Within all of three concepts, the panel thinks that the City has great opportunities geographically for trail connections. Not only could this project include active sports fields, but it could also include other alternative active uses, such as trails with interpretive elements, that could contribute towards the 23-acre sports park requirement. There is an enormous amount of effort that goes into preserving habitat, processing permits, and providing mitigation; the majority of the public does not understand this. Interpretive elements would educate the public on the efforts that the City has done to preserve the local habitat, plant and wildlife species.

This graphic shows the regions of the site as considered by the panel to generally understand how the land forms would function.

The northern portion of the site, labeled Zone A, is the ridge. The ridge in Zone A is not within the City's property, but it is an important component as it provides the backdrop for the development. It also provides an opportunity for scenic vistas and trail connections.

Within the City's property there are three distinct land forms. Zone B is a north secondary ridge, Zone C is a valley area, and Zone D is a south secondary ridge.



Chiquita Ridge

City of Rancho Santa Margarita

TRG Land

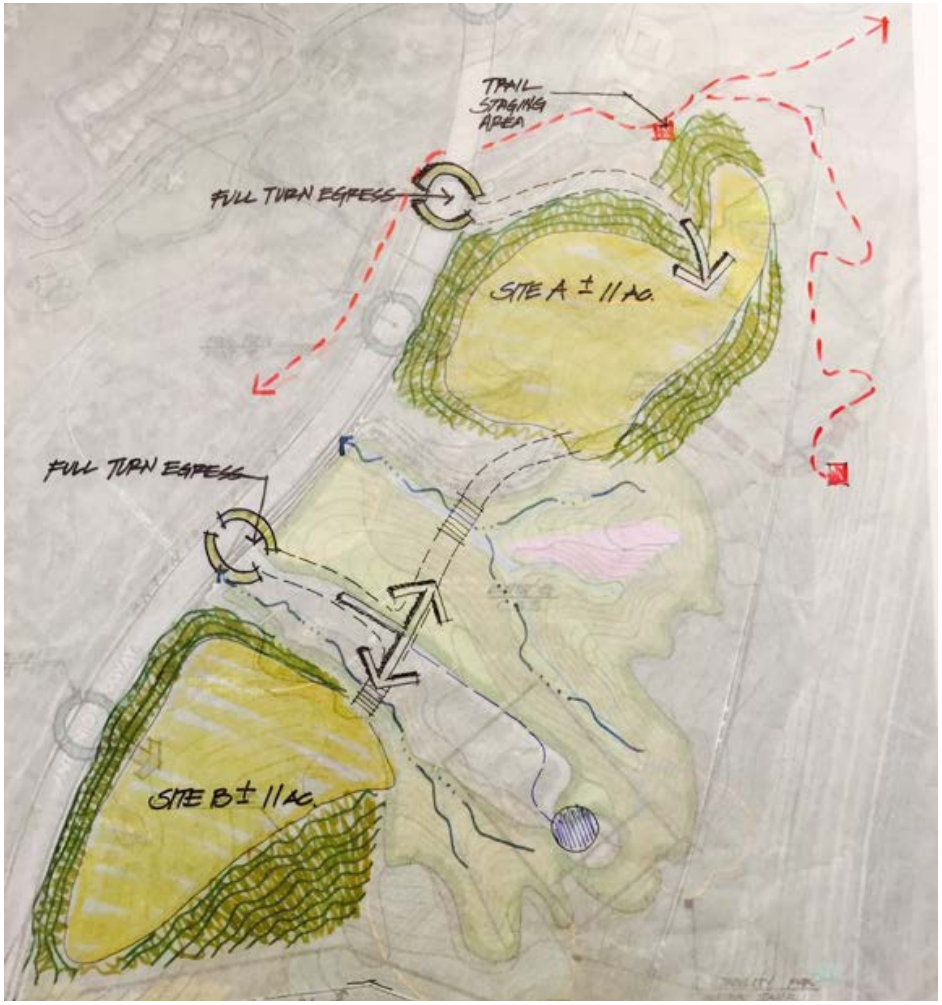
LANDFORMS

Concept A

Concept A looks at the retention of all of the drainages that exist on the property; these areas have both constraints on grading and additional permitting. Under the shaded area, you can see where the majority of the coastal sage scrub habitat is located; thus, these are the areas that should be preserved for the California gnatcatcher if possible. The drainages are in the valley area designated as "Zone C". This is an alternative that endeavors to preserve existing habitat and minimizes impacts to mitigation and engineering cost that would likely result from developing this area.

Two major points of access are shown in this concept. One point of access is located at the north end, coincidental with the existing curb cut that exists there, and one point of access is south of the drainage that allows access near the midpoint in the project. Two 11-acre development pads are shown; bridges or culverts would be used to preserve the drainages to minimize disturbance to them. Access to the southern development pad would be from the southern access point while access to the northern development pad would be from both the northern access point and the southern access point via the bridge over the drainage.

If you are going to preserve the habitat areas, an important component to this alternative may be an interpretive center to educate the community on local species, conservation, environmental issues, and other recreational



opportunities available to the community in the City. There is a great network of trails in the City and surrounding County park lands; this interpretive center could be the gateway to these trails.

The panel notes a chance to double-up the opportunity for recreation, not only for field sports that would be built on a portion of the development pad, but also with a trail system that could utilize the slopes and existing natural habitat areas.

TRAIL STAGING AREA

INTERSECTION

SITE A
± 13 AC.

INTERSECTION

LOOKOUT POINT

ANTONIO PARKWAY

SITE B
± 9 AC.

241

Legend

- Assessors Parcel Boundary
- Study Site Boundary
- Landslide Areas
- Steel Water Mains
- Potential Jurisdictional Features

Vegetation

- Ca Sagebrush - Ca Buckwheat Scrub/ Southern Coastal Needlegrass Grassland
- Ca Sagebrush / Ca Buckwheat Scrub
- Mulefat Scrub

Chiquita Ridge

City of Rancho Santa Margarita

TRG Land

CONCEPT A

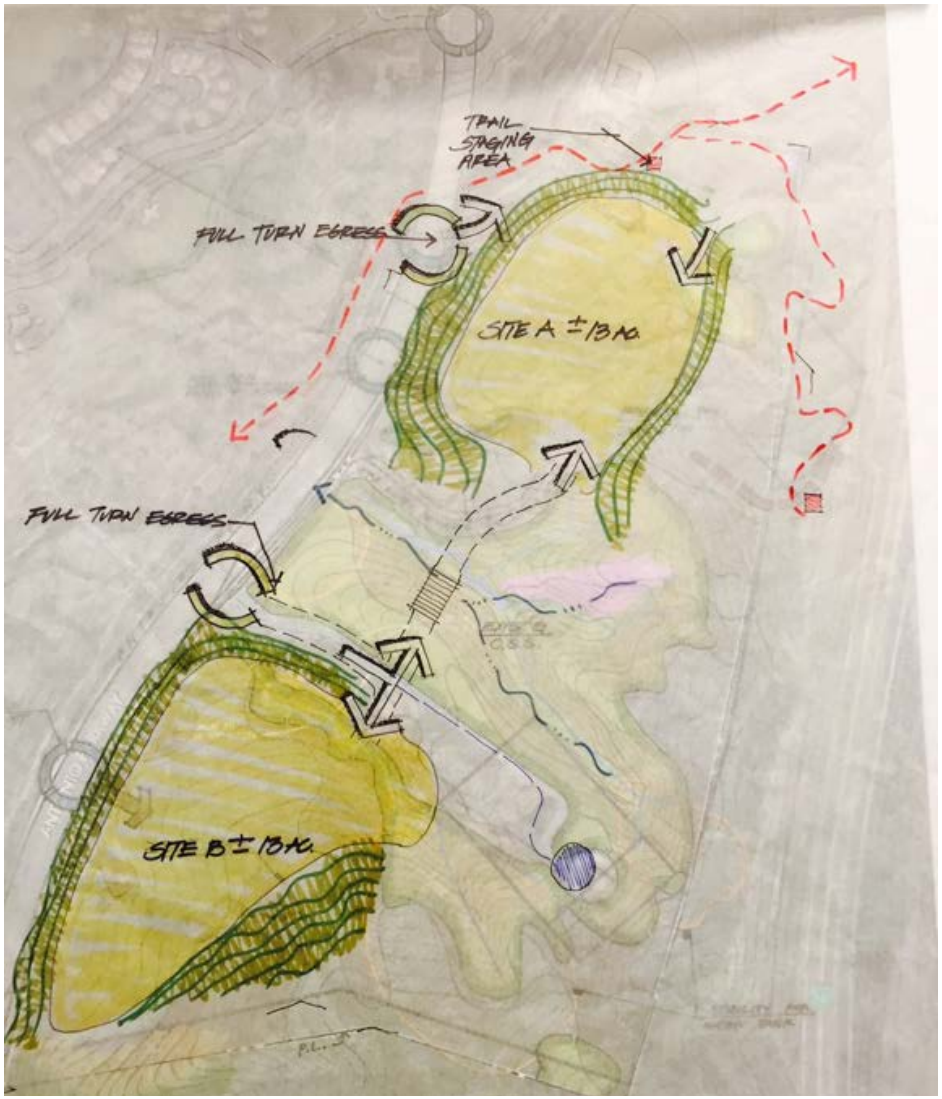
0 100 200 400

Concept B

Concept B would develop one of the drainages and expand the development pads a little more. This concept would obviously have a greater impact and would require more mitigation than Concept A, but some of the same principals apply.

Concept B includes two 13-acre pads with the same type of access that were discussed in Concept A. Concept B also avoids impacting the larger drainage and associated habitat. It also includes trails to supplement the active sports park and an interpretive center as described for Concept A.

This concept would place the sports park on the northern pad, adjacent to Canada Vista Park, and a revenue-generating development on the southern development pad.



TRAIL STAGING AREA

INTERSECTION

SITE A
± 12 AC.

INTERSECTION

LOOKOUT POINT

ANTONIO PARKWAY

SITE B
± 13 AC.

241

Legend

- Assessors Parcel Boundary
- Study Site Boundary
- Landslide Areas
- Steel Water Mains
- Potential Jurisdictional Features

Vegetation

- Ca Sagebrush - Ca Buckwheat Scrub/ Southern Coastal Needlegrass Grassland
- Ca Sagebrush / Ca Buckwheat Scrub
- Mulefat Scrub

Chiquita Ridge

City of Rancho Santa Margarita

TRG Land

CONCEPT B

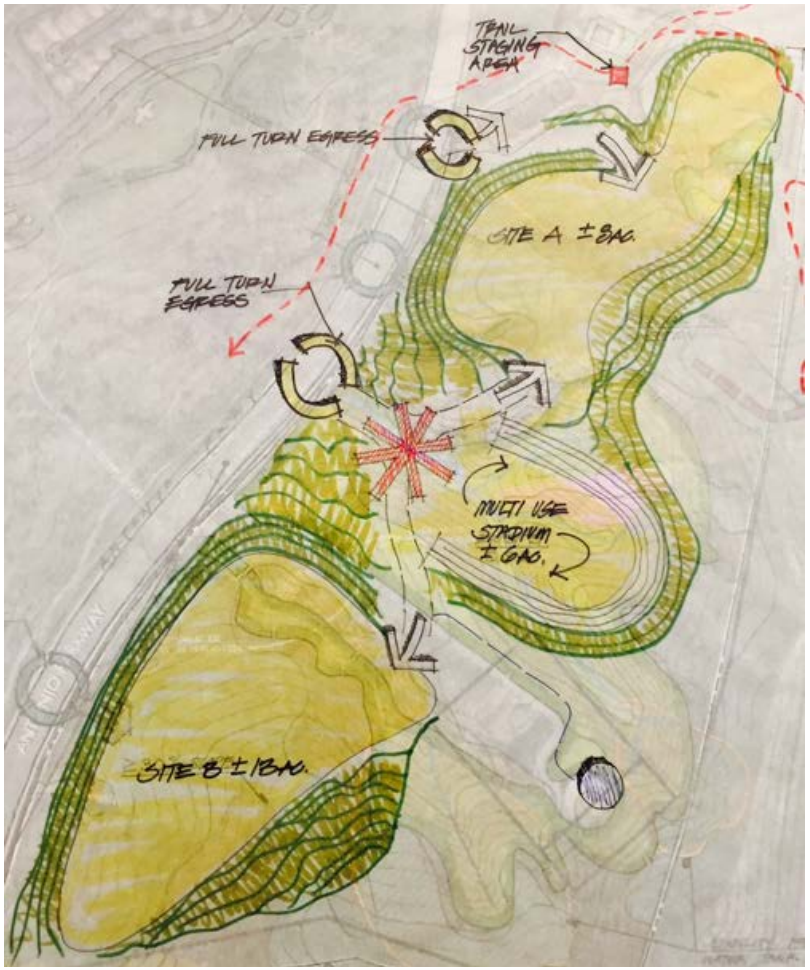
0 100 200 400

Concept C

Concept C is the most intense development plan; it seeks to take advantage of most of the property. This concept maximizes the development footprint and for impacts on species and jurisdictional drainages, if not through the existing 80-acre mitigation bank, additional mitigation to provide the City with the widest array of land use choices.

This concept includes a multi-purpose stadium venue that would allow for both sports activities and community activities (e.g., an amphitheater for community theater). In this concept, the stadium is placed where the drainages are currently located. Residences are located about 800 feet to the north; located the stadium at a lower elevation could reduce night lighting and noise on the residences.

In addition to the stadium, Concept C includes an 8-acre development pad on the north that would provide sports fields and parking for the multi-purpose stadium and a 13-acre development pad in the south for a revenue-generating source. In Concept C, the southern access point is located a little further north than in Concepts A and B, but it still provides access to both the northern and southern development pads.. In this concept, parking would be an integral feature in order to support the multi-purpose stadium. If one of the development pads was used for a revenue-generating source (e.g., big box development), the multi-purpose stadium could use the parking during off-peak times.



In addition to shared onsite parking, off-site shared parking would likely also be needed.

Concept C presents an opportunity to provide some of the elements that are missing in the community today. Again, common to this and all of the concepts are the trail connections. With Concept C, the trails could be located on the surrounding ridgelines after habitat is restored; however, the interpretive center has been removed since the habitat area is not a central feature of the site.

TRAIL STAGING AREA

INTERSECTION

INTERSECTION

SITE A
± 10 AC.

MULTI-USE STADIUM
± 8 AC.

SITE B
± 19 AC.

LOOKOUT POINT

ANTONIO PARKWAY

241

Legend

- Assessors Parcel Boundary
- Study Site Boundary
- Landslide Areas
- Steel Water Mains
- Potential Jurisdictional Features

Vegetation

- Ca Sagebrush - Ca Buckwheat Scrub/ Southern Coastal Needlegrass Grassland
- Ca Sagebrush / Ca Buckwheat Scrub
- Mulefat Scrub

Chiquita Ridge

City of Rancho Santa Margarita

TRG Land

CONCEPT C

0 100 200 400

The Development Process

In this report, a variety of concepts have been presented. We've done a SWOT analysis of uses; this site can yield a wide variety and combination of those uses. The panel has also been asked to give the City some insight as to how the development process should proceed.

What does the City do now?

The City is already in information gathering mode. The panel understands that the City is doing some geotechnical work now. The City should continue to do studies to further understand the geologic constraints of site.

Community outreach

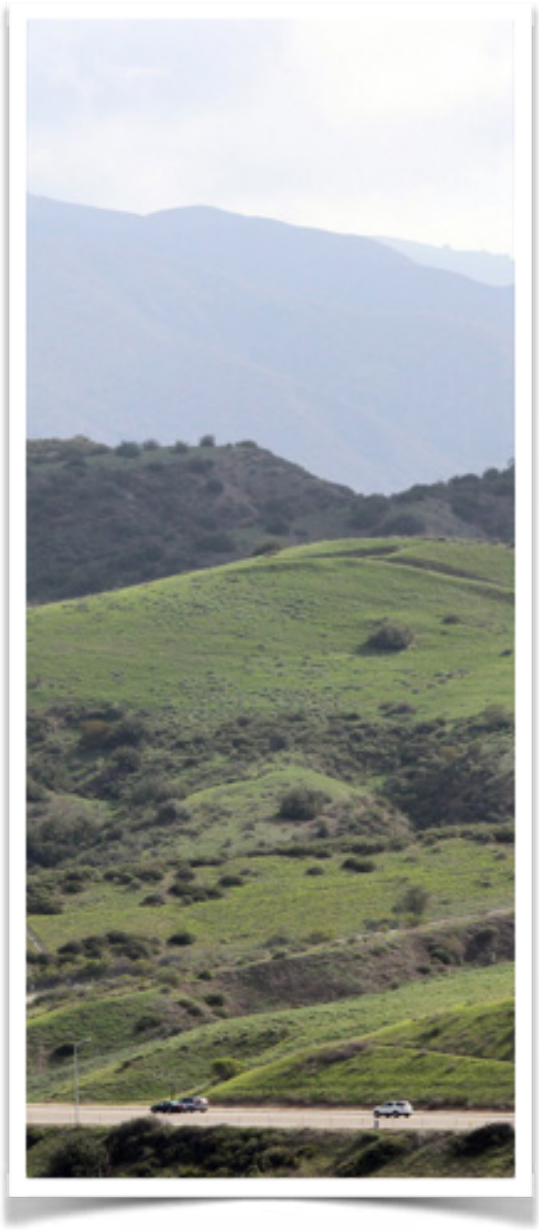
The panel recommends that the next big step for the City is to conduct extensive community outreach. This can be done in a number of ways. One option is to form a stakeholder task force or community committee that includes representatives from various facets of the larger community. The City could also host workshops to gather community input. The City has already completed a satisfaction survey. This and additional reach will help the City to understand the values and priorities of the community; this will assist the City in determining the community's preferred uses for the site.

Additional analysis

The City has already done some work with Developer's Research. The City may want to do some additional costs and budgeting analysis, which may include market studies, appraisals, and pro formas. The City should also meet with regulatory agencies to get closure on what is included in their pre-mitigation. This would help answer whether the drainages are truly avoidable given their requirements, and if there are any additional costs (surveys, mitigation, permits, etc).

Entitlements

Once the City has identified the preferred uses, the City should start the entitlement process. A zone change/general plan amendment will be needed to develop the site. The panel thinks that this site is unique enough to consider preparation of a specific plan. The City would have a lot of control through that process to further determine what happens at the site. An environmental document will also be needed to analyze that the project per the requirements of CEQA, and ultimately, regulatory permits will be needed. The City will also need to prepare construction documents, construction mitigation, and will ultimately need to conduct operation and maintenance of the project. How should the City approach this process? The panel presents two options.



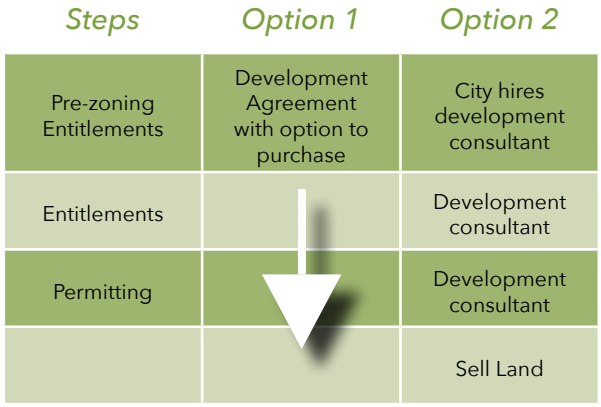
The Development Process (continued)

Moving through the Process
Option 1

After the City has narrowed down or selected the land uses, the City could release an Request for Proposal (RFP) for a development agreement with an option to purchase and sell the land to a developer. The developer would go through that entitlement process with the City in lockstep; the developer would front the costs of all that work. The City would be the lead agency; the developer would act as the ultimate owner. In this scenario, the City would have control over what happens as the lead agency.

Moving through the Process
Option 2

After the City has narrowed down or selected the land uses, the City itself could take on the role of the developer by hiring a consultant to represent them and guide the City through each process. The City would go through the entitlement process, leading the charge with the consultant team. Ultimately, once the City has completed the entitlement and the expectation for the development is set, then the City could sell the land to a developer to complete the remaining steps of the process.



There are many other options on ways to proceed, but the community outreach and information gathering is where the focus should be at this stage in the process. Those steps will bring clarity to how the City should proceed and the structure of the RFP.

Other considerations

In this process, the panel considered, "could the sports park be located elsewhere?" There are three reasons that the panel felt that the sports park should occur at the Chiquita Ridge site.

First, locating the park elsewhere would not be in the spirit of the Settlement Agreement; this was the overriding consideration for the panel. Second, locating the sports park elsewhere would not be in the spirit of the General Plan, which designates the site as Open Space. Finally, in order to locate the sports park elsewhere, an alternative location would need to be available, and although an extensive review was not conducted, no alternative location were found during a cursory review. Therefore, the panel recommends that the sports park be developed on the Chiquita Ridge site.

Panelist Bios

Blaine Bush

Blaine is a senior retail commercial real estate broker for Strategic Realty Advisors. He specializes in the Southern California marketplace focusing on creating successful projects and implementing winning store strategies for retailers.

He provides consultation and brokerage services on all aspects of shopping center operations including site planning, site evaluations, creating successful merchandising mixes, leasing strategies, property management strategies, major tenant negotiations, lease reviews, value analysis, exit strategies, reposition strategies, competitive intrusion studies, demographic profiles, traffic analysis, trade area trend analysis, sales volume analysis, market positioning strategies and creating store strategies for retailers.

Patrick Fuscoe

As founder and lead manager of Fuscoe Engineering, Inc., Pat has over thirty years of experience focused in Southern California. He has received the ASCE-OC distinguished Engineer of the Year award. He also has the distinction of being one of three finalists in the Real Estate, Hospitality & Construction category of the National Ernst & Young Entrepreneur of the Year® 2006 Awards and was also given an "Entrepreneur on the Year® Award" by Ernst & Young.

Additionally, Pat was presented with an "Excellence in Entrepreneurship Award" by the OC Business Journal. Pat is involved with the Building Industry Association and Urban Land Institute, and for the past three years has served as chairman of the board of Miocean, a non-profit organization.

Pat supports many student and community activities and organizations, has provided Pro-bono services for Habitat for Humanity, HomeAid, and the Boy Scouts of America, and is an annual sponsor of the Ocean Institute's Adopt-A-Class Program.

Amber Heredia

Amber is a Senior Project Manager in BonTerra Psomas' Resource Management Department with over 17 years of experience in environmental planning. She specializes in biological resources, preparing technical reports to meet the requirements of the California Environmental Quality Act, National Environmental Policy Act, federal and California Endangered Species Acts, Clean Water Act, Multispecies Habitat Conservation Plans, and various City/County plans. She is also a Senior Biologist with permits and experience to conduct focused surveys for the California gnatcatcher, least Bell's vireo, southwestern willow flycatcher, yellow-billed cuckoo, burrowing owl, and special status plants. Ms. Heredia has worked throughout Southern California and has managed a wide variety of project types including transportation, dam/reservoir, flood control, utility, and private development projects. Ms. Heredia is an active member of ULI and has served on the Infrastructure Council since 2009. She is also the Chair of the Science Committee for the local Audubon Society and administers their grant program for ecological research.

Panelist Bios

Mark S. Rogers

Mark is Principal and Owner of TRG Land, Inc, a Land Planning firm that specializes in community and master planning in the western U.S. As Principal and Owner, Mr. Rogers governs all phases of land planning from site acquisition, conceptual design, and working drawings for architecture and landscape architecture, building permit acquisition, site construction and marketing assignments. Mr. Roger's planning and landscape architectural work encompasses both municipal and private sector work, which is recognized as creative and innovative while being practical and capable of being implemented to final map detail.

Over the past 33 years, Mr. Rogers has developed a unique skill for working within hillside environments as well as several areas of land planning & landscape architecture including: entitlement processing/specific plans, master plans, hillside planning and design, subdivision entitlement and design, commercial/industrial site design, ordinance writing/public planning, and school district property management.

John Shumway

John is a principal with The Concord Group. John has over 30 years' of experience in market feasibility analysis for both residential and commercial properties. He has managed numerous engagements focused on strategic planning and highest and best use analysis. These engagements have ranged from large master planned communities to higher density mixed-use developments in urban areas.

Mr. Shumway's professional affiliations include the National Association of Home Builders (NAHB), the Building Industry Association (BIA), the National Association of Industrial and Office Parks (NAIOP) and the Urban Land Institute (ULI).

Mr. Shumway was selected by ULI to participate on the panel that initially developed and published the Ten Principles for Successful Development Around Transit. He currently serves as Vice-Chair of Technical Assistance Panels (TAPs) and TOD Marketplace for ULI Orange County/Inland Empire.

Oscar Uranga

Oscar Uranga has over 15 years of planning and entitlement experience working in public and private sectors, as staffer, consultant, owner's representative and applicant. He has a very technical background in Geographic Information System (GIS), graphic design, database and web development.

His current role of Development Manager at Shopoff Realty Investments includes a wide range of responsibilities including: project management, entitlement processing, community & political outreach, permitting, marketing / branding, consultant management, acquisition, disposition, property management, risk management, underwriting, planning and more. Oscar is currently managing 4 infill Residential and Mixed-Use projects in north county San Diego and another big box Industrial project in Eastern Riverside County. He is a certified Project Management Professional (PMP), member of ULI and proud husband and father.

Panelist Bios

Irene Lee Wyatt

Irene works for FPL and Associates, Inc., a company founded by her father in 1988. Headquartered in Irvine, California, FPL is a traffic and civil engineering firm with a growing portfolio of sports-oriented development projects, including L.A. LIVE, the StubHub Center in Carson, 1200 Fig in Downtown Los Angeles, and sports complex projects for Marshall Secondary School in Pasadena and Valley High School in Santa Ana.

At FPL, she is responsible for business development, contract management, and major project delivery. Representative projects include Oceanwide Plaza in Downtown Los Angeles, the 91 Express Lanes Extension in Riverside County, and the Mid-Coast Trolley in San Diego. Before joining FPL, she received her law degree from USC and her undergraduate degree in business from UC Berkeley - Haas.

Contributors Bios

Phyllis Alzamora

Phyllis Alzamora was appointed as the first-ever Executive Director of the Urban Land Institute (ULI) Orange County/Inland Empire District Council in November 2005. Phyllis has over 30 years of experience in the communications, government affairs and community relations fields, working for Fortune 100 companies and international trade associations. She also has a strong background in public affairs, including developing grassroots advocacy campaigns for corporations and non-profit organizations and significant experience in managing media relations, print and Internet communications, and philanthropic and civic involvement.

Phyllis has deep community roots in SoCal, a descendant of the Jeffrey family, who were early 20th century land owners located in east Irvine. Phyllis has a bachelor's degree in communications from California State University, Chico, and completed her master's degree in business communications with an emphasis on leadership from the first fully online, accredited Internet University, Jones International.

Bill Nevell

Bill is a marketing, communications, and business development expert who specializes in revenue generation activities for the architectural, engineering, and construction (A/E/C) community. He has over twenty five years of experience assisting companies and governmental agencies in planning, development, and implementation of business development and strategic plans.

Bill has been engaged by architects, engineers, developers, contractors, suppliers, manufacturers, governmental groups, economic development agencies, private consultants, and trade organizations to develop successful strategic plans.

He has also worked on a number of international programs including the United Nations, the U.S. Department of Commerce, the U.S. Trade & Development Agency, and the Berne Economic Development Agency, Switzerland.

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