ATTACHMENT B

COMMISSION STAFF REPORT
(APRIL 6, 2005)

Staff Report City of Loma Linda

From the Department of Community Development

PLANNING COMMISSION MEETING OF APRIL 6, 2005

TO: PLANNING COMMISSION

FROM: DEBORAH WOLDRUFF, AICP, DIRECTOR,
COMMUNITY DEVELOPMENT DEPARTMENT

SUBJECT: GENERAL PLAN UPDATE PROJECT – The project is a comprehensive update to the City's General Plan document (text and maps) that will set policy and guide the City's development over the next twenty years. Areas directly affected by the update project include all properties located within the City's corporate limits, and properties within the City's Sphere of Influence in the County unincorporated areas generally east and south of the City limits to the Redlands City limits and Riverside County Line.

SUMMARY

Staff requests that the Planning Commission review the draft Hillside Designation (text), open the public hearing and take public testimony, advise staff of any changes or revisions that are needed, and forward it to the City Council. Copies of the Draft Hillside Designation were previously distributed to the Commission and referenced herein as Attachment 1.

RECOMMENDATION

The recommendation is for the Planning Commission to complete the review of the Draft Hillside Designation and forward it to the City Council with a recommendation for approval and adoption as part of the Land Use Element of the Draft General Plan.

BACKGROUND

On August 25, 2004, the Planning Commission forwarded the bulk of the Draft General Plan to the City Council for approval and adoption. The Commission retained the Special Planning Areas (formerly referred to as Mixed-Use Designations), and the Hillside Designation. The Special Planning Areas were forwarded to the City Council on November 10, 2004.

Due to the complexity of the hillside issues and public controversy, staff requested that the City Council and Planning Commission conduct a joint public hearing and workshop on January 11, 2005. Staff and the General Plan Consultant, Mr. Lloyd Zola made a

brief presentation and explained that the previous draft and alternative designations for the hillside area had been discarded. Staff did not have a recommendation and in fact, was hoping to get enough input from the City Council, Planning Commission, and public to prepare a new draft document. Mr. Jonathan Zirkle of the Loma Linda Conservation Society (LLCS) made a presentation that highlighted their concerns about preservation of the South Hills Area. At some point during his presentation, the City Council decided that the item should be continued to February 8, 2005, at which time the LLCS could conclude their presentation.

On February 1, 2005, the discussion of the hillside area continued and Mr. Zirkle recapped his key points from the previous meeting. Dr. Kathy Glendrange continued and concluded the LLCS presentation. Mr. Glenn Elssmann, Mission Development/Deer Park, LLC also made a presentation about the Conceptual Master Plan that he has prepared for his properties, the City's properties, and other properties in the South Hills. The Mayor opened the public hearing and received testimony from a number of individuals regarding their concerns about, and what they would like to see in, the South Hills Area. After the public hearing was closed, the City Council and Planning Commission discussed the issues and adjourned the meeting. No decisions were made or actions taken because the Draft Hillside Designation technically was still at the Planning Commission level.

Following the joint public hearing and workshop meetings, staff was asked by several members of the City Council to prepare a history and comparison table of land use designations in the hillside area. On March 22, 2005, staff and the Consultant completed the newest version of the Draft Hillside Designation and distributed it to the Planning Commission along with a Draft Comparison Table (History of the Hillside General Plan Densities and Present Recommendations). The documents were also released via email to the City's Email Distribution List.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) STATUS

On October 30, 2003, staff released the Notice Of Preparation (NOP) Of A Program Environmental Impact Report (EIR). The mandatory thirty-day public review period for the NOP began on November 3, 2003 and ended on December 3, 2003. An EIR Public Scoping Meeting was held on November 12, 2003 to receive input from local residents, businesses, and other interested parties. Staff anticipates that the Draft EIR will be available for public review sometime in early March 2004. At that time, a Notice of Completion and Availability (NOC) will be released and a mandatory forty-five-day public review period will commence for the Draft EIR. The Planning Commission already has completed their review of the Draft EIR and it has been forwarded to the City Council for adoption and certification (pending their review).

ANALYSIS

The new version of the Draft Hillside Designation is based on public input received during the two joint meetings that were held on January 11, 2005 and February 1, 2005. Staff and the Consultant strived hard to prepare a document that balances the public's concerns with the development rights of the South Hills property owners. This draft does

not rely on a slope density ratio to determine density yields. Rather, the document proposes to establish density at one dwelling unit per 2.5 acres in areas not subject to the Hillside Initiative. Areas within the Hillside Initiative retain the allowable density of one dwelling unit per 10 acres or five dwelling units per acre for clustered development. The City's land is designated as Public Open Space with a density of zero dwelling units per acre. This information is contained in Table 2.B: Anticipated Maximum Residential Build Out of the Draft Hillside Designation. The document includes goals and policies that would encourage the acquisition of additional public open space. Other policies in the document address the conservation of hillsides and limit grading and other development related activities. (See Attachment A, 2.2.3 Hillside Designation)

The Draft Table that was released to the public on March 22, 2005 has been revised and the new version is contained in Attachment B, [History of Hillside General Plan Densities and Present Recommendation (Revised based on City Attorney's 3/31 determination regarding the status of Resolution 1744)]. The revisions to the table include a correction to the resolution number (Resolution No. 1508 is relabeled as Resolution No. 1744), recalculations of the acreage and density yields in several of the columns, and revisions to the assumptions. For purposes of clarification, a map that depicts the Hillside Conservation Area, Hillside Initiative Area, and Public Open Space accompanies the Draft Table.

One of staff's intentions in revising the table was to make it more user-friendly than the previous version. Staff and the Consultant will go over the table and its implications as part of the presentation to the Planning Commission on April 6th. Please note that the purpose of the table (either version) is to provide a history of the land use designations in the south hills since the early 1990s and a comparison of potential density yields.

During the preparation of the table, it was discovered that in April 1993, the City Council had adopted a Hillside Conservation Designation through Resolution No. 1744. According to the resolution, the Hillside Conservation Designation covered all of the South Hills properties within the City and the City's Sphere of Influence. The voter approved Hillside Initiative (Ordinance No. 495, adopted later in 1993) and Amendment to the Hillside Initiative (Ordinance No. 541, adopted in 1996) both were codified and incorporated into the General Plan. However, neither Ordinance contained language that would specifically repeal Resolution No. 1744 and it appeared that the Hillside Conservation Designation was still effective in the areas outside of the Hillside Initiative. Staff consulted the City Attorney was consulted and his determination is that Hillside Initiatives added and replaced so many provisions in the General Plan that the Hillside Conservation Designation was been negated.

Upon further study of related General Plan resolutions and ordinances, staff and the Consultant found that the records of actions taken on the General Plan are very muddled and confused. Even more troubling is that the land use designations shown on the existing General Plan for the South Hills Area may not correctly depict what has been adopted over the years. Based on the preceding, staff strongly encourages the adoption of a new General Plan to remedy the situation.

CONCLUSION

The Draft Hillside Designation is based on public input that was received at two joint City Council and Planning Commission meetings. The document strives to conserve and preserve the South Hills Area and allow residential development at appropriate densities that respect the rights of property owners. Staff and the Consultant prepared a Draft Table that provides a history of land use designations in the South Hills Area since the early 1990s and comparison of potential density yields. During the preparation of the Draft Table, staff and the Consultant found that the records of General Plan resolutions and ordinances are confusing and that the land use designations for the South Hills Area that are shown on the existing General Plan may not be correctly depicted. For this reason, the Planning Commission and City Council are strongly encouraged to adopt a new General Plan to remedy the situation.

Staff's recommendation to the Planning Commission is to recommend approval and adoption of the Draft Hillside Designation to the City Council (pending their review).

ATTACHMENTS ***(Not Included)***

A. Draft Hillside Designation (Section 2.2.3 of the Draft General Plan)
B. History of Hillside General Plan Densities and Present Recommendation (Revised based on City Attorney's 3/31 determination regarding the status of Resolution 1744

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ATTACHMENT C

LETTERS OF REQUEST FOR SPECIFIC LAND USE DESIGNATIONS

W & M
WELEBIR & McCUNE
A Professional Law Corporation

www.wmtrial-law.com

DOUGLAS F. WELEBIR*
RICHARD D. MCCUNE, JR.
CURT W. JURE*
MELISSA J. WELEBIR-KUHN
JAMES F. TIERNEY, III
DAVID C. WRIGHT
CORY R. WECK
KRISTY M. AREVALO
RANDOLPH L. LEVIN*
K. MAXWELL NUYEN

* *Also Admitted in the District of Columbia*
* *Of Counsel and A Professional Law Corporation*

April 15, 2004

City Council of the City of Loma Linda
Planning Commission of the City of Loma Linda
25541 Barton Road
Loma Linda, California 92354

Honorable City Council and Planning Commission:

It is my understanding from the Notices you have so kindly sent me that a General Plan Update Workshop is scheduled for Monday evening, April 19, 2004. I thought I would take this opportunity to express my concerns about my property located in the southwestern corner of the City and beginning at the eastern terminus of Oakwood Drive near the Granite Homes development and adjacent to land owned by Montecito Memorial Park. It is also accessed by Sierra Vista, which is my property, from the north off Barton Road.

Our property is juxtaposed between the existing Loma Linda Springs, senior apartment development, designated "High Density Residential" and the south hills. We have always perceived this property as a transitional residential land use, buffering the hillside areas from the apartment development. In addition, our property is the key for the logical extension of Oakwood Drive into the South Hills to provide primary access to whatever project or use is ultimately developed in the hills of Loma Linda. Previous City Councils have acknowledged this fact by specifically excluding our property from the Hillside Conservation Areas. A review of Chapter 20.12 (HILLSIDE AREAS PRESERVATION, Exhibit "A", will confirm that our property is not included within the Hillside Conservation Area.

Our review of the proposed General Plan Land Use Map appears to place our property improperly within the Hillside Initiative Area and the Hillside Conservation/Mixed Use area. We hereby respectfully request that the City reaffirm previous land use policies

regarding our property, and place our property into the Low Density Residential designation.

I will be in attendance at the workshop on Monday evening and look forward to discussing our concerns with the City. Thank you in advance for your thoughtful consideration.

Very truly yours,

Douglas F. Welebir

Ted S. Miller
6222 N. Walnut Avenue
San Bernardino, CA 92407
(909) 725-1772

Deborah Woldruff, AICP
Community Development Director
City of Loma Linda
25541 Barton Road
Loma Linda, CA 92354

RECEIVED
AUG - 4 2004

08/04/04

Dear Deborah:

Thank you for meeting with me the other day (7/27), to discuss my concerns regarding the effect the proposed changes in the General Plan will have on my properties in Loma Linda.

I currently own three contiguous residences (comprising 7 lots, and over 1.3 acres), at 24190, 24200, and 24208 Barton Road. These properties carried an "R-3" zone designation when I purchased them early this year. Now, the City of Loma Linda is proposing to change this area to "Office." As I mentioned in our meeting (and at the board meeting on 7/21), in principle, I have no problem with the City wanting to include commercial use for this area, however, the more I study this issue, the more I've come to realize that the "Office" designation is inappropriate.

It excludes many other suitable business uses, and prohibits any expansion of existing residences. Most notably, this zone change will effectively prevent the resale of our homes as residences. This will occur because a buyer will not be able to get a new residential loan on the property because the Zone designation does not allow for it. The same restriction also applies for residential insurance coverage. This will effectively eliminate the possibility of resale of these homes as residences, including residential income properties. Therefore, values will undoubtedly plummet.

You may feel that "Office" use will keep values up. But, how realistic is a new office construction for this area. Consider the cost to an investor/developer. Demolition costs to remove homes is a big expense that they would not have if they were to build on raw land, or just have to remove orange groves. Since the city chose not to continue the sewer line down Barton Road past University Avenue/ Oakwood Drive, there would now be a huge expense for the developer to reach the city sewer lines. Power and communication lines are currently brought overhead by telephone poles. There would be a tremendous expense to redo these services, especially to bring communication systems up to today's standards. Access to east bound traffic is nonexistent due to the island meridian that travels the full length of Barton Road in front of this area. As you can see, the expense, demand and simple logistics of converting this area to new offices (up to 5 stories, per this zone designation) are extremely remote. Especially, when considering that the city is providing better areas for the investor/developer to consider building offices in this new general plan.

As you can see, the "Office" designation would have a devastating effect on our properties. They'd no

longer be able to be sold as residences, and they'd be undesirable for new development. And, without large offices, there would be no point in having the other businesses allowed under this designation that are designed to support them. Since these existing homes would no longer appreciate in value due to these circumstances, the current owners would be foolish to continue to invest any money in there upkeep. Instead of growing, this area would further degrade. I don't believe a slum is not what the city has in mind with this particular zone designation, but it will most likely be the result.

The City Council has the power (according to the commissioners at the meeting on 7/21), to remedy this problem by selecting a designation more suitable for this area. Currently, the proposed General Plan designates most new commercial areas as "Mixed Use." In fact, areas A, C, D, F, G, H, I, and J of the "Mixed Use" zone allows for both commercial office and residential use to coexist. Therefore, "Mixed Use," would clearly be more appropriate for our area. It would encourage revitalization and investment without being a detriment to the current property owners.

I fail to understand why our small section of the city has almost been singled out as an exclusive/restrictive "Office" zone, when the "Mixed Use" designation is certainly more appropriate. I understand that one resident requested that there be a use that allowed for a day care center. But, a day care center doesn't preclude the "Mixed Use" designation. Nor does traffic and noise concerns, as was suggested. In fact, all the more reason why residential use should continue, and smaller low-intensity businesses be allowed. They would certainly provide less congestion than a 5 story commercial office building.

Reasonable people would agree, that the rights of the city, versus the constitutional rights of property owners, require a strong justification before making a change in zoning designations. It must be compelling and advantageous to both the public and the owners, or it should not be altered. As I said before, I'm not opposed to change and growth if it can be shown realistically that it will make things better, rather than likely make things worse. If you can't come up with a better zone designation than strictly "Office," then we'd all be better off if you just left this particular area alone and removed it from the proposed changes in the new general plan.

In closing, I want to thank you again for giving me your time and consideration. I am forwarding a copy of this letter to my nieghbors, since they will likely share my concerns, as well as the members of the City Council. You can reach me anytime at (909) 725-1772 (cell), or (909) 880-3619 (home).

Sincerely,

Ted S. Miller, MBA
Real Estate Broker
Loma Linda Property Owner

cc

Mayor and Council Memebers:
Karen L. Gaio Hansberger
Floyd Peterson
Stan Brauer
Robert H. Christman
Robert Ziprick

Affected Property Owners:

Marcella Lopez	24182 Barton Road
Marcella Ramirez	24186 Barton Road
Jose and Kimberly-Rose Fuentes	24224, 24230 Barton Road
Allan and Janet Handysides	24254 Barton road
Florence Otto, JANLAN, LLC	24280 Barton Road

specialty shops, and stand-alone commercial uses. The Commercial land use designation also allows office uses and religious assembly uses to be incorporated into commercial development (e.g., offices in small storefronts, a cluster of office suites within a larger shopping center, or religious assembly uses in buildings originally designed for commercial uses) if the dominant character of the overall development remains commercial. The maximum allowable density for the Commercial designation is 0.5 FAR.

(See also the text descriptions, policies, and photo examples of appropriate commercial design for Loma Linda, which are contained in the Community Design Element of this General Plan. The Community Design Element addresses a variety of commercial types of development, including auto-oriented commercial, "big box" development, hospitality development [e.g., hotels and extended-stay suites], and "convenience" development [e.g., car washes, service stations].)

Proposed Designation

2.2.4.2 Office (Maximum 0.5 FAR)

This land use category provides primarily for professional or medical office uses, but also allows for commercial uses that support the office uses or office workers (e.g., office supply stores, copy services, pharmacies, day care, restaurants, dry cleaners, sundry stores, etc.). Buildings may range from low to high-rise (one to five stories). (This designation is distinct from the Business Park category, since the latter may include a mix of office and light industrial uses.) The maximum allowable density for the Office designation is 0.5 FAR (Floor Area Ratio).

(See also the text descriptions, policies, and photo examples of appropriate Auto Oriented Commercial and Small Office Development design for Loma Linda, which are contained in the Community Design Element of this General Plan.)

2.2.4.3 Business Park (Maximum 0.5 FAR)

The Business Park designation allows for professional offices, research and development activities, and light industrial uses in low to high-rise developments (one to five stories). Limited retail or service uses designed to meet the business needs of offices or the personal needs of office workers are also permitted. Buildings may be stand-alone or be a series of buildings that are coordinated in terms of site layout, architectural design, and landscaping to form a "campus." The maximum allowable density for the Business Park designation is 0.5 FAR (Floor Area Ratio).

The community seeks to expand these types of uses by attracting firms that are related to the medical technology field or that would benefit from the medical advances of LLUMC/CH and the VA Medical Center. The Loma Linda community would also be a good location for the corporate headquarters of firms that are related to physical, mental, and spiritual health products or services, since the location of a firm's headquarters can be important to company image and marketing.

(See also the text descriptions, policies, and photo examples of appropriate Business Park/ Research and Development design for Loma Linda, which are contained in the Community Design Element of this General Plan.)

2.2.4.4 Health Care (Maximum 1.0 FAR)

The Health Care designation is intended for hospitals, medical clinics, medical research facilities, rehabilitation centers, and residential facilities that provide a high degree of medical care and

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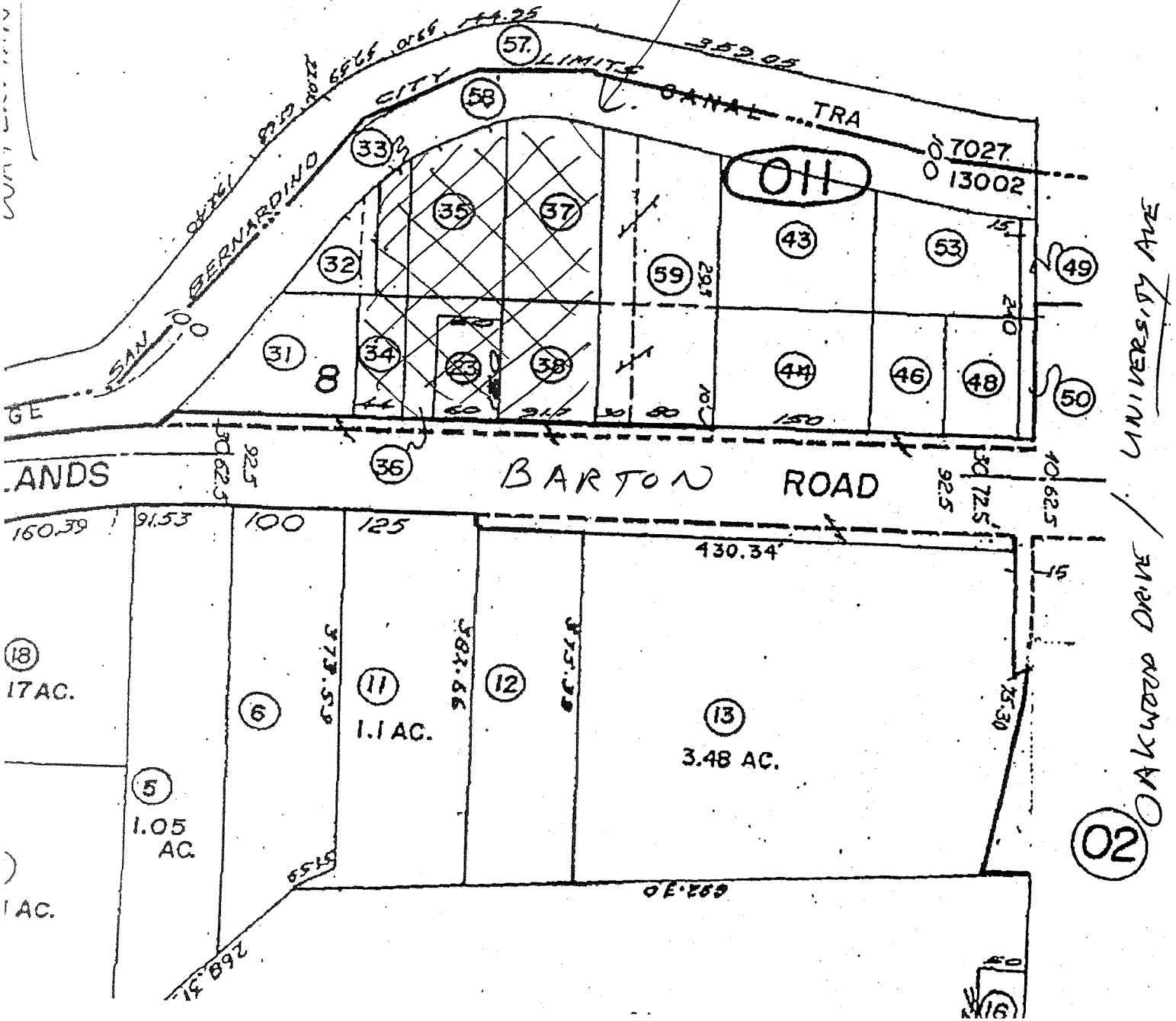
(SHADED AREA SHOWS MY PROPERTY)



Por. Rancho San Bernardino
M.B. 7/2

Ted S. Miller
6222 N. Walnut Avenue
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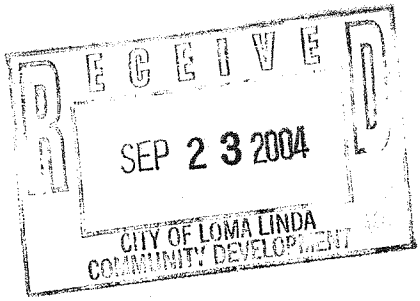
(909) 725-1772

City of Loma Linda
25541 Barton Road
Loma Linda, CA 92354



09/23/04

RE: City Council meeting, set for 09-28-04.

Dear City Council members:

I own three residences at 24190, 24200, and 24208 Barton Road. Commonly referred to as the "North side of Barton," located midway between University Avenue/Oakwood Drive and Waterman Avenue.

The Planning Commission has recommended that the City Council adopt an R-3, High Density zoning designation for the areas on both the North and South sides of Barton Road. Although, this change would be beneficial to the city, it will likely meet with strong opposition from the new residents off of Oakwood Drive.

To help facilitate this process, the City Council should recognize that the North and South sides of Barton Road are really separate issues. The North side is already zoned R-3, High Density (see public documents enclosed), and currently has multi-unit developments in place. However, the South side is Zoned R-1, with single family residences. So, the "changes" the City Council needs to consider is for the South side of Barton, not the North.

The only reason that the North side was made part of this proposal was because the new General Plan considered changing the North side to Commercial use. But, since the Planning Commissioners rejected that proposal they felt it necessary to reaffirm its status as R-3, High Density.

The new residents off Oakwood Drive lack any grounds to debate the affirmation of the North side zoning, since this area was already zoned R-3, High Density, prior to their purchases. However, since the South side is currently zoned R-1, any change there should be discussed.

If the City Council clarified this issue at the onset of the public meeting on September 28th, then the Council could simplify the process and rule on the North side portion. This would encourage the residents in opposition to focus their discussion on the area they're really concerned about, the adjacent properties to their new homes at the South side of Barton Road.

Sincerely,

Ted Miller

cc: Mayor, Council Members & Community Development Dept.:

Karen L. Gaio Hansberger	Stan Brauer	Robert Ziprick
Floyd Peterson	Robert H. Christman	Deborah Woldruff

CITY OF LOMA LINDA
INTERCOMMUNICATING MEMORANDUM

DATE: October 7, 2004

TO: Deborah Woldruff, Community Development Director

FROM: Pamela Byrnes-O'Camb, City Clerk/Agency Secretary

SUBJECT: General Plan Designation Poplar Street Area, North Central Neighborhood

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As you know, the Redevelopment Agency has been aggressive in acquiring parcels on both the east and west sides of Poplar Street between the San Timoteo Creek Channel and just north of Van Leuven Street in the North Central Neighborhood.

The purpose of the acquisition is to facilitate development of affordable housing in the area to address the affordable housing shortage in the City, thus providing safe, sanitary, and affordable housing for those whose incomes fall within the very-low and low-income categories. Market (moderate) housing will also be provided, as will capital improvements such as streets, sidewalks, curb/gutter; in other words, new neighborhoods that the City, Agency and residents can be proud of. A mix of multi-family, single-family attached, and single-family detached is anticipated.

In order to feasibly accomplish this, density is an issue. Affordable housing requires density to pencil economically.

From what I understand, the Draft General Plan designation for the subject area is Medium Density Residential, 5.1-9 units per acre.

The designation needed for the area in order to accomplish the housing projects is High Density Residential 13.1-20 units per acre.

Please consider this a request to modify the Draft General Plan designation from Medium Density Residential 5.1-9 units per acre to High Density Residential 13.1-20 units per acre, with the recommendation that the City Council adopt.

ATTACHMENT D

RESPONSES TO LETTERS OF COMMENT ON THE DRAFT GENERAL PLAN (SEPTEMBER 2003 – MARCH 2005)

ATTACHMENT D

GENERAL PLAN UPDATE PROJECT

RESPONSES TO LETTERS OF COMMENT ON THE DRAFT GENERAL PLAN (September 2003 – March 2005)

The responses below are lettered to correspond with the lettering on the Letters of Comment.

a. Mary Lynn Cooke, Budget Committee (no date) – Based on this correspondence, revisions to the Draft General Plan were been made, as appropriate.

b. Mary Lynn Cooke, Senior Center Board (no date) – Based on this correspondence, revisions to the Draft General Plan were been made, as appropriate.

c. Mary Lynn Cooke, Trails Development Committee (no date) – Based on this correspondence, revisions to the Draft General Plan were been made, as appropriate.

d. Paul Hsu, ADR Development, Inc. (October 27, 2003) – The map change (from Business Park to Mixed Use) requested in this letter is no longer necessary. The change to the Proposed General Plan Land Use Map had previously been made during the public workshops on Land Use and is reflected in the Draft General Plan (June 2004).

e. Eric Ray, San Bernardino International Airport Authority (December 26, 2003) – The Airport Influence Area Map has been added to the Draft General Plan (June 2004) as requested by the author, and as required by State law.

f. Jeanette (Golly) Gilbert, Resident (February 5, 2004) – The author's concerns have been noted and copies of the letter will be provided to the Planning Commission and City Council. The Draft General Plan (June 2004) re-designates the Rosewood Drive, Spade Avenue, and Sun Avenue area to a Commercial land use designation. The residential uses are isolated from other residential neighborhoods in the City and are butted up against the I-10 Freeway. It has long been envisioned that this area would transition to commercial uses.

g. Robert M. Stewart, Resident (February 10, 2004) – The author's comments have been noted and considered in the more recent version of the draft document. Copies of the letter will be provided to the Planning Commission and City Council.

h. Glenn Elssmann, Mission Development Company, LLC (February 10, 2004) - The author's comments have been noted and considered in the more recent version of the draft document. Copies of the letter will be provided to the Planning Commission and City Council.

i. Donald G. Pursley, DBA, Loma Linda University Adventist Health Sciences Center (February 20, 2004) – Staff reviewed the letter and determined that the proposed goal cannot be included in the Draft Transportation and Circulation Element. Because Anderson Street is a public street, the City cannot reduce, eliminate, or control non-institutional vehicular use of the roadway. Changes to the design and configuration of Anderson Street may be considered at a later date if the future Evans Street corridor and related freeway off-ramps are constructed, and it is appropriate or necessary to alter the circulation patterns in the area.

j. John N. Jaquess, City of Redlands (February 23, 2004) – The land use patterns in the areas in and around the common boundaries of Redlands and Loma Linda are changing. The proposed Mixed Use land use designation will allow the City of Loma Linda and the affected landowners some flexibility to meet market needs. The Planning Commission and other City committees, commissions, and boards have expressed their interest in following the concepts of Livable/Walkable Neighborhoods, Healthy Cities and neo-traditional neighborhood design. The Mixed Use designation is divided into ten planning areas with policies that have been tailored to ensure that future land uses will be compatible with existing uses located nearby. As always (and as required), the City of Loma Linda will route to the City of Redlands all proposed development projects that could potentially affect properties and circulation patterns.

k. Leroy Hansberger, H & E La Cresta (March 3, 2004) – The comments in this letter relate to the Hillside Mixed-Use land use designation. The public workshop that was held on April 19, 2004 resulted in revisions to the Hillside Mixed-Use policies. Many of the issues raised in this letter have been addressed in the Draft General Plan (June 2004).

l. Peter Cowley, Property Owner (March 3, 2004) – The area identified as Mixed Use Area C (generally in the vicinity of Prospect Avenue and Starr Street between Anderson and Benton Streets) discussed at length during several of the public workshops on Land Use. The discussions indicated that the workshop participants felt the area is a logical place for a "downtown" area because of its central location in the City within easy walking distance of many destinations and services. The draft policies have been designed to allow for vertical mixed use (i.e., commercial, office, and/or services on the ground floor with residential above). The author's comments of opposition have been noted and copies of the letter will be provided to the Planning Commission and City Council.

m. David Cohen, Caltrans Division of Aeronautics (April 1, 2004) – An Airport Land Use Plan has not been adopted for the San Bernardino International Airport. The author's other comments have been noted.

n. Douglas F. Welebir, Property Owner, (April 15, 2004) – The comments in this letter relate to the inclusion of the author's property in the Hillside Initiative Area on the Proposed General Plan Land Use Map. Several years ago, the property was removed from the Hillside Initiative Area because the majority of it is relatively flat. For this reason the Proposed Map has been revised to reflect the change.

o. Glenn Elssmann, Deer Park, LLC (April 19, 2004) - See the response to Letter k., above.

p. Anwar Wagdy, City of San Bernardino (April 20, 2004) – The letter is directed to the Draft General Plan Update and the TIA; however, the comments are directly related to the TIA and as such, revisions have been made to that document.

q. Daniel E. Kopulsky, Caltrans District 8 (May 6, 2004) - Changes to TIA will not affect GP and EIR. The General Plan represents the vision and establishes goals and policies of the City and not intended to be an implementation document. Information was correct when plan was initially prepared.

r. Thomas and Carol Zirkle, Residents (May 9, 2004) – Staff and the Consultant have reviewed the requests (Letters R, S, T, and U) for higher density for the four properties located at the southwest corner of Barton Road and Oakwood Drive. Approving the request would result in a small island of high density on the General Plan. On a zoning map, this type of rezoning would be considered a "spot" zoning, which is generally discouraged in several sections of the State Government Code. Allowing higher density on these properties would also result in additional traffic from multi-family residential development on Barton Road and Oakwood Drive. For these reasons, staff does not recommend approval of this request through the General Plan Update Project.

s. Jonathan Zirkle, Resident (May 9, 2004) – See the response to Letter r., above.

t. Jim and Kay Jesse, Residents (May 9, 2004) – See the response to Letter r., above.

u. James and Asia Pang, Property Owners (May 9, 2004) – See the response to Letter r., above.

v. Kathy Glendrange, JD, DVM, Property Owner (May 19, 2004) – The City of Loma Linda has been diligently working on the General Plan Update Project for over three years. During that time, there have been 18 public workshops, six Planning Commission study sessions, one EIR public scoping meeting, and nine public hearings (thus far). These meetings have been advertised and posted to meet state law requirements. In addition, a banner was placed at Barton Road and

Loma Linda Drive for each of the workshops. A mailing list was established for all of the City's committee members and residents who attended the meetings or requested to be included on the list.

Many of the comments in this letter appear to be focused on the DEIR rather than on the Draft General Plan. The author is concerned about impacts to habitat, biological resources, and conservation. The Draft General Plan Land Use Plan and Map was developed with community input that was received at the various workshops. It should also be noted that all of these issues and the potential environmental impacts have been addressed in the DEIR.

The remaining comments related to the role of the Planning Commission are noted.

w. Elizabeth Wright, SCANPH (May 19, 2004) – Issue #1: A policy has been added to evaluate the parking requirements for affordable housing projects as part of the Development Code update process. Issue #2: The City's Housing Element is currently under review by the State Housing and Community Development Department (HCD) and they will make the determination whether or not to approve the Draft Housing Element. Issue #3. Any further changes to land use densities will require additional analysis in EIR. Specific revisions to development standards would need to be considered as part of the Development Code update process. Issue #4. The policy has been changed to delete the requirement for a conditional use permit. Specific implementing language will be considered as part of Development Code update process.

x. Concerned Citizen of Loma Linda, unsigned (June 3, 2004) - This is an editorial comment. The General Plan proposes a variety of residential densities and it is not uncommon to have medium densities of up to nine dwelling units per acre.

y. Eric Ray, SBIA Operations (June 9, 2004) – The letter requests that Airport Influence Area Map required by Assembly Bill 2776 be placed in the City's General Plan. The request was granted and the map is included in the draft plan.

z. Dr. Kathy Glendrange, Loma Linda Conservation Society (July 19, 2004) – The letter outlines the Conservation Society's concerns regarding staff's urgency in completing the General Plan Update Project. In late 2000, the City received letters from the California Department of Justice, Governor's Office of Planning And Research, and California Housing and Community Development Department. The letters, which obviously had been coordinated between the three agencies, all served to chastise the City because the General Plan was several decades out of date. In addition, the agencies reminded the City of its' legal obligation to regularly update the General Plan. Staff was asked to keep all

three agencies informed of the City's progress in moving the Draft General Plan through the preparation, environmental, and review processes.

aa. Georgia E. Hodgkin, Resident (July 20, 2004) – The letter outlines her concerns regarding a previous draft of the Hillside Designation (formerly referred to as Hillside Mixed-Use). The majority of these issues have been addressed through subsequent revisions to the draft Hillside Designation text.

bb. Loma Linda Conservation Society (July 20, 2004) – The letter addresses concerns that the Society has with the Draft EIR, which was received outside of the CEQA mandatory 45-day public review period. For this reason, the letter was not included in the Draft Response to Comments document. The Society is concerned that the DEIR does not appear to address certain issues. The DEIR is a program document that addresses the potential environmental impacts of the General Plan Update Project from a broad perspective; the document is not intended to address issues at a development project level.

cc. Residents of Loma Linda, Community Petition (September 1, 2004) – The petitioners protest a proposal from the property owners on the southwest corner of Barton Road and Oakwood Drive (Zirkle, Pang, Jesse) to re-designate their properties for High Density Residential (13.1 to 20 du/ac). The majority of petition signers are residents in the Laurel Heights Development (Granite Homes). They are concerned about the potential establishment of multi-family residential housing adjacent to their new, single-family residential neighborhood. The issue has been addressed in that all three property owners have withdrawn the proposal.

dd. Mr. & Mrs. James Fonseca, Residents (September 1, 2004) – This letter also protests the proposal to re-designate the property on the southwest corner of Barton Road and Oakwood Drive to High Density Residential (13.1 to 20 du/ac). As stated, the three property owners have withdrawn the proposal.

ee. Teri Shira, Redlands Unified School District (RUSD) (September 20, 2004) – The RUSD letter requests that the City's General Plan include information regarding the District's facility needs. The letter was forwarded to the General Plan consultant for incorporation into the Draft General Plan.

ff. Gale R. Revel, Resident (no date – submitted in March 2005) – The letter provides an in-depth description of Mr. Revel's concerns about impacts to the City's traffic and circulation system. A copy of the letter has been forwarded to the Public Works Department for their review.

(a.)

To: Deborah Woldruff, Director
Community Development Dept.

From: Mary Lynn Cooke, Member
Budget Committee

Subject: Draft General Plan Review

Per your request here are comments and suggestions.

1.1 Community Profile
1.1.1 Historical Perspective
Fifth line down, "...Drainage to the site of platted community cottages..."
Question; is it "platted" or "plotted"?

1.2 Community Vision
1.2.1 Context for Planning Loma Linda's Future
. A Growing Statewide Population
Suggestion; It would be helpful to the reader to identify the source(s) of the following information/data through to 1.2.2 Vision of Loma Linda's Future. Identified sources are needed to lend creditability to the informational base being established for development of the General Plan Elements.

First paragraph, last sentence; "This growth will be greatest in households without children, either seniors, older adults, or young adults without children." How is this supported by the following; Last line, second paragraph, "Forecasters agree on several points: ... International migration will continue to contribute to the State's growth" ... "The largest source of growth will be from natural increases (births exceeding deaths)?

. Technological Advances and a Changing Economy.
Second sentence; ..."Demand for land for traditional development will decrease, while demand for land for service commercial, office, and transportation-related development will grow."
Suggestion; If this is the same as "transit-oriented development" in the previous paragraphs then continuing with the same term is helpful to the reader. If "transportation-related development" is a new term and has a different defined meaning then it would be helpful to introduce the term here using i.e. or such as;....

(b.)

To: Deborah Woldruff, Director
Community Development Dept.

From: Mary Lynn Cooke, Member
~~Senior Center Board~~

Subject: Draft General Plan Review

Per your request here are comments and suggestions.

4.1 Economic Development And Fiscal Condition Concepts
First paragraph last line, "consider in choosing where to establish operations."
Suggestion; insert " their business" operations.

4.2.3 The Retail Sector
Nine lines up from the end of the paragraph, "food store categories"
Question; is categories needed or is the meaning classification?

4.5 Identified Issues And Opportunities
Last paragraph, "One retail opportunity ..."
Suggestion; Insert "Two retail opportunities"

..."As the roots of the community are associated with Loma Linda University, the downtown could be located near the University at Anderson and Prospect Street."
Suggestion; As the roots...LL University, insert "another retail downtown village market could be located near the University." Delete naming Anderson and Prospect Streets as the location so as to not limit the area or ideas.

4.6.2 Implementing Policies for Commercial and Industrial Land
e. "Development" of ...
Suggestion; "Promote the development" of ...

4.6.4 Guiding Policy for Maintaining and Improving Fiscal Health
Implementing Policies for Maintaining and Improving Fiscal Health
a. Require ...
. "Unless the City provides..., new development "shall" construct"
. " New development "shall" incorporate...
Suggestion; these both sound as if they already exist in law as a shall, should, or may. If they do the source should be quoted.

g. "Encourage and assist the development of hotels, motels, and long-term stay facilities along Redlands Boulevard."
Suggestion; "Encourage .... along Redlands Boulevard West of Anderson and Tippecanoe to encourage and support a walkable community and to

provide access to the University Campus and Loma Linda University Medical Center and Conference Center.

(c.)

To: Deborah Woldruff, Director
Community Development Dept.

From: Mary Lynn Cooke, Member
Trails Development Committee

Subject: Draft General Plan Review

Per your request here are comments and suggestions.

9.2 Natural And Visual Open Space Resources

9.2.1 Natural Open Space
It might be helpful if the "one-third" was defined as acres . LL is only about 8miles square so further definition might help .

"significant open resource" might also be described as; und efined,undeveloped and or unmaintained open resource.

9.2.3 Parks and Open Space
"a number of public schools and parks" does not relate to h ow these increase the amount of available usable open space. Givi ng
the number of schools and parks would create a mental pictu re of how this is accomplished.

9.2.5 Utility/Drainage Easement
" Completeion of this linked tail system will (replace woul d) contribute to the quality of life in the Inland Valley."

9.2.6 Hazard Setbacks
" This channel is also a designated section ..." Has this b een been finanlized by the City Council that; it "is" or is it "i s to
to be" a designated section?

9.2.7 Hillside Conservation Area
" Other consistent uses, should be limited to riding..." Wo uld it help to identify the types of riding i.e. horse, bike or m otor or
would this create a problem later?

9.2.9.2 Guiding Policy for Open Space
f. Preserve the San Jacinto Fault Zone area as open space ... etc.

g. Preserve creeks and their natural habitat for open spa ce through limiting culverts or the channeling of creeks to only those

situations ... etc.

i. Require through development standards,... in all multi ple-family and multi-family residential projects. Multiple family can be residential homes in a housing development but multi-f amily identifies those families in multiplt units i.e. apartments , duplexes. Identifying the two as different residential projects would meet the need of both.

9.2.6.3 Guiding Policy for Trails
Implementing Policies
a. "Adopt...Plan. And, include an implementation plan (de lete program) ..."

b. " Coordinate with public and private entitles to link open spaces with the network of paths and trails to create a syst em of connecting open space." Questions; Is the network of p aths and trails the County Riding and Hiking Trails Plan? Or a Ci ty (to be) hiking and riding trails plan? Is " to create a system of connecting open space and implementing policy of its own?

d. "Work with ...other channels and creeks and within the City." Because channels and creeks are plural it would be helpfu l to identify by name the channels and creeks.

9.3 Air Quality
The SCAQMD has goals, objectives, implementing policies etc. for the area and certainly it would help to identify some of them for our area.

RECEIVED
OCT 28 2003
CITY OF LOMA LINDA
COMMUNITY DEVELOPMENT
d.

ADR DEVELOPMENT, INC.
20151 Sealpoint Lane, Unit 109
Huntington Beach, CA 92646

October 27, 2003

Ms. Deborah Woldruff, AICP
Community Development Director
CITY OF LOMA LINDA
25541 Barton Road
Loma Linda, CA 92354

RE: ***ANNEXATION AND PREDETERMINED ZONING***
34.33 Acres at or near the intersections of Orange Avenue and New Jersey Street,

APN# 0292-161-02	*12.20 Acres*	
APN# 0292-161-03	*5.98 Acres*	
	18.18 Acres	***SITE 1***
APN# 0292-163-08	*8.47 Acres*	***SITE 2***
APN# 0292-164-03	*7.68 Acres*	***SITE 3***

Dear Ms. Woldruff:

It was a pleasure meeting with you and Lori Ludi Lamson on October 21, 2003 to discuss our development proposal for the subject parcels. As we understand from our discussion, the City of Loma Linda is in the process of updating their General Plan Update and EIR with final hearings scheduled for Spring 2004.

As we discussed, Paul Hsu, ADR Development, Inc. is pursuing a multifamily development on the subject parcels. The parcels are currently in the County of San Bernardino, but within the Sphere of Influence for City of Loma Linda (see enclosed Assessor Parcel Map). Based on discussions with the County as well as the City, it appears that the most desirable approach is to process the entitlements through the City, along with a Pre-Annexation Agreement with a Pre-Determined Zoning and an Annexation Application through LAFCO. Mr. Allen Dangermond owner of the mentioned parcels has been informed of the above intended proceeding by Paul Hsu.

As according to the City of Loma Linda General Plan Land Use (Proposed General Plan) the Site 1 and Site 2 are in the Business Park designation and Site 3 is in the Mixed Use designation. To this end, we respectfully request the subject Site 1 and Site 2 be designated in the General Plan Update to allow multifamily development in the 25-28 du/ac range and Site 3 be allowed in the General Plan Update for townhouse condominium in the 11-12 du/ac range. It is our understanding that this can be accomplished with either a straight multifamily designation or a mixed-use district. We would like these changes made prior to the completion of the General Plan Update and EIR.

We look forward to working with you and your staff on this exciting project. We currently anticipate a full application submittal to the City in conjunction with the City's General Plan Update and EIR, and Hearings scheduled to be completed by December, 2003 and February, 2004 respectively.

Again, I thank you for your time to meet with me. Please contact me if there are any questions or you required addition information regarding our request. You can reach me at (714) 960-9743 ph & fax.

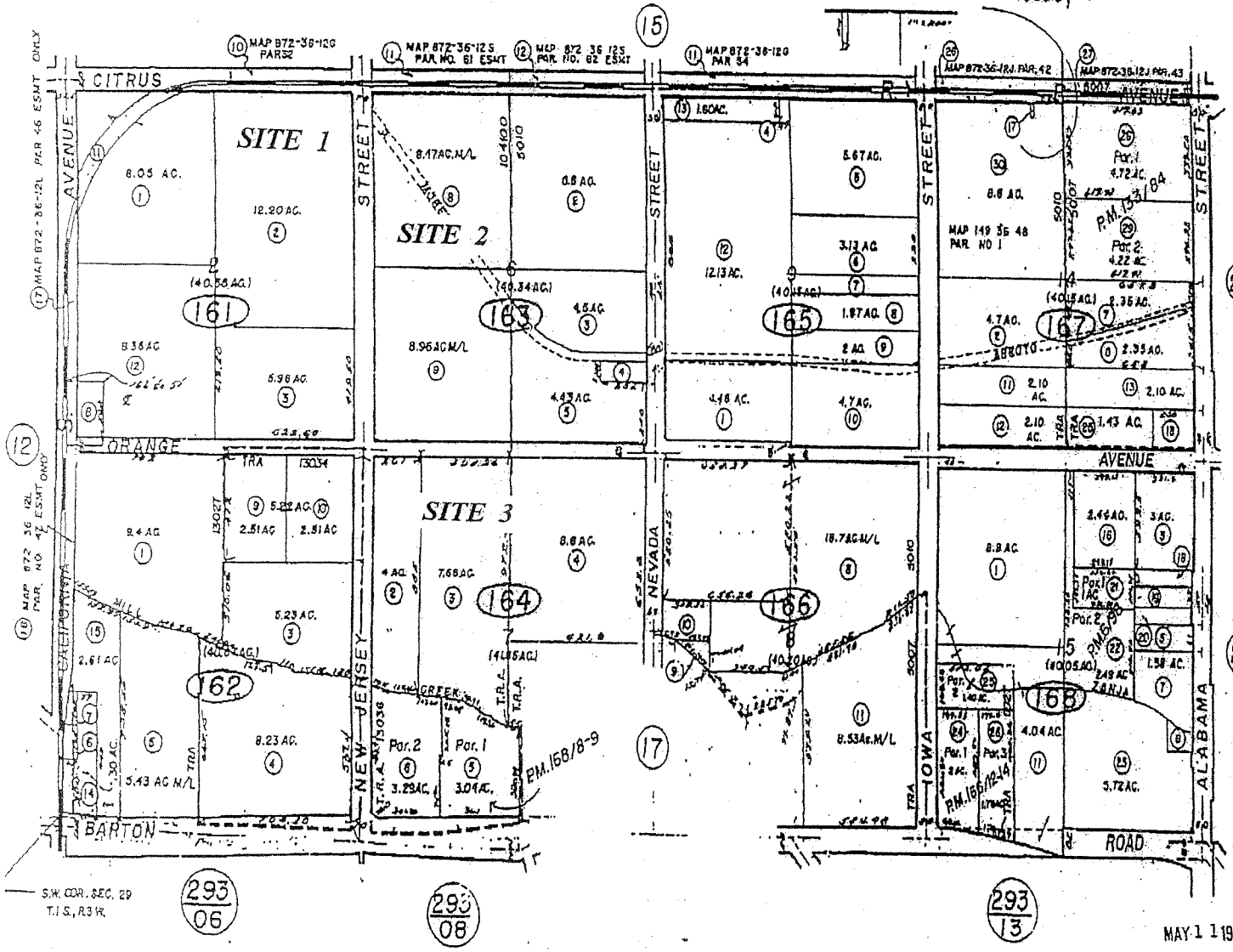
Yours truly,

Paul Hsu
President

Cc to: Ms. Lori Ludi Lamson, Senior Planner
Ms. Susan Stoltenberg, Project Manager, AEI-CASC

M.B. 6/19

Redlands Unified
Tax Rate Area
104100, 5007, 13034
5010, 13027,
13036,



Parcel Map No. 12568, P.M. 168/8-9
Parcel Map No. 13966, P.M. 166/12-14
Parcel Map No. 10126, P.M. 133/84
Parcel Map No. 736, P.M. 6/98

Assessor's Map
Book 292 Page 16
San Bernardino County

Save/View in TIF format

http://www.niteowl.net/content/profile/PlatView.asp?PROP=982609576

e.

San Bernardino International Airport

December 26, 2003

Ms. Deborah Woldruff
25541 Barton Road
Loma Linda CA 92354

RE: AIRPORT INFLUENCE AREA MAP

Dear Deborah,

Assembly Bill 2776, which is now state law, amended Section 11010 of the Business and Professions Code and Sections 1102.6, 1103.4, and 1353 of the Civil Code, relating to aviation, changed buyer notification requirements for lands around airports. According to the new law, any person who intends to offer land for sale or lease within an *airport influence area* is required to disclose the fact that the land is within an "Airport Influence Area" to any person buying or leasing the property. This requirement is similar to what is currently required for areas such as a flood zone.

According to the Airport Land Use Planning Handbook published by Caltrans, an Airport Influence Area is defined as an area in which current or future airport-related noise, overflight, safety, and/or airspace protection factors may significantly affect land uses or necessitate restrictions on those uses. In most circumstances, the airport influence area is designated by the local Airport Land Use Commission (ALUC). Since an ALUC does not exist for San Bernardino County, an alternate method must be implemented. Therefore, the Airport's staff worked with the Caltrans and City of San Bernardino Planning Departments to create the attached Airport Influence Area map. The Commission of the San Bernardino International Airport Authority approved the Airport Influence Area map at its regularly scheduled meeting on December 10, 2003. Caltrans suggested that each individual municipality affected by the airport's influence include the Airport Influence Area requirements and the associated map in its General Plan in order to satisfy their legal requirements.

Please contact me at (909) 382-4100 extension 223 in the event you have any questions.

Sincerely,

SAN BERNARDINO INTERNATIONAL AIRPORT AUTHORITY

Eric Ray

Eric Ray
Senior Airport Operations Officer

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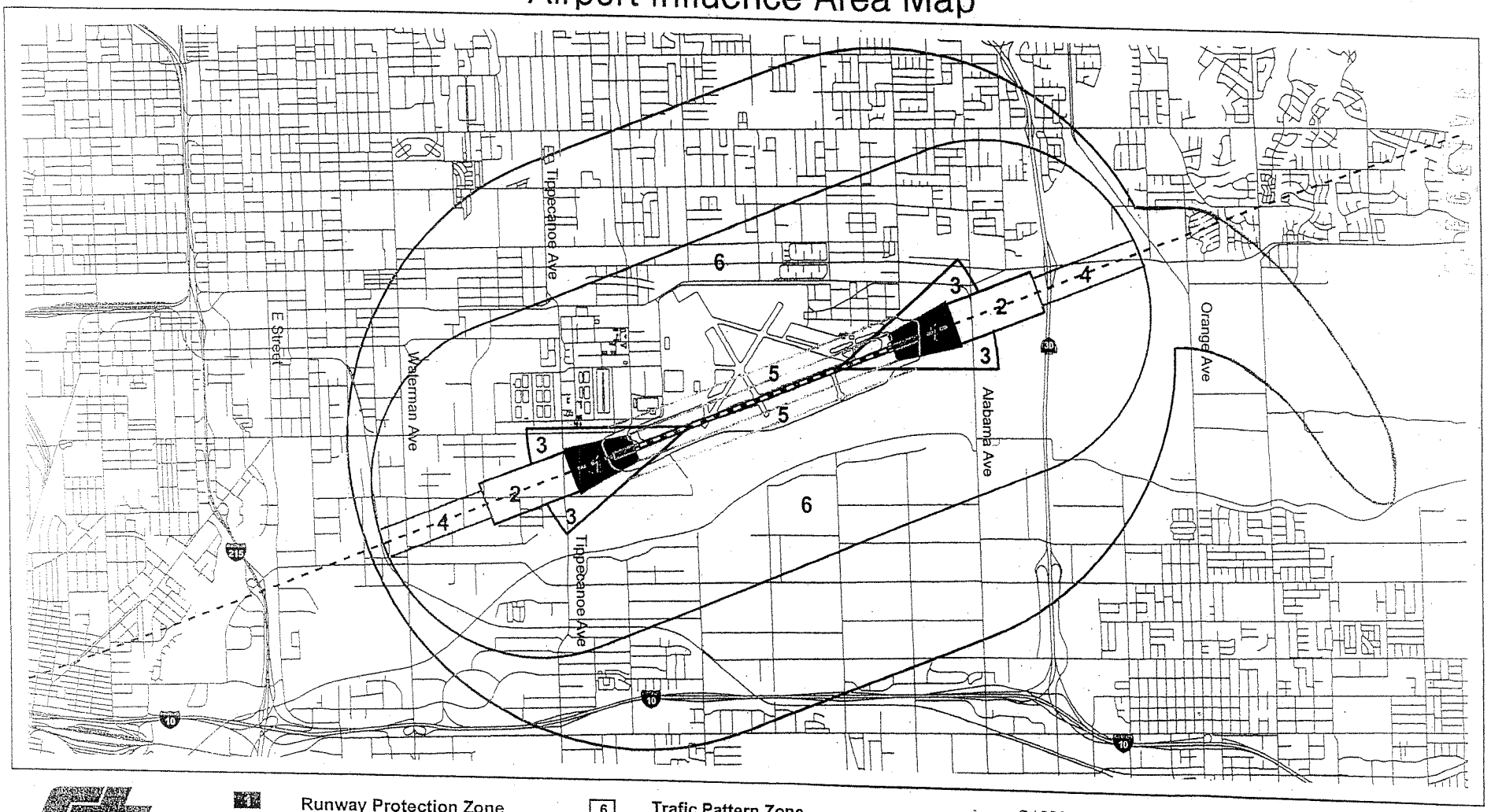
DEC 29 2003

J:Data/SBIAA/Worddoc/Dec03/006L.Woldruff.doc

294 S. Leland Norton Way, Suite #1 • San Bernardino, CA 92408-0131 • (909) 382-4100 • FAX (909) 382-4106
email:ivda@sbdairport.com • http://www.sbdairport.com

Airport Influence Area Map



Caltrans

N
W E
S

1	Runway Protection Zone	6	Trafic Pattern Zone
2	Inner Safety Zone		Runway
3	Inner Turning Zone	- - -	Runway Centerline
4	Outer Safety Zone		Airport Influence Area
5	Sideline Safety Zone		Airport Buildings and Surfaces

SAN BERNARDINO INTERNATIONAL AIRPORT

Long General Aviation Runway (24/6) Category D-VI

California Department of Transportation
Division of Aeronautics
Copyright Thomas Bros. Maps (roads, airport buildings & surfaces)

December 4, 2003

0 2,500 5,000

DEC 2 9 2008

(f.)

RECEIVED
FEB 9 2004

Deborah Woldruff, AICP
Community Development Director
25541 Barton Road
Loma Linda, CA 92354

February 5, 2004

Dear Deborah

As you noticed, I was at the Planning Commission Meeting. I am going to "go the punch" As I was walking out, one of the people from the audience said that the Alto Camino Mobile Home Park was going to be bulldozed. I was not surprised to hear that after the gentleman got and presented his case about his grandchildren. He stated something about given 1 year to relocate. Is this really happening.

I know that there is concern by all the residents in the area where I live. What steps have been taken regarding the properties of Rosewood, Spade Drive and Sun Avenue? Where does my property stand at the present time and in the future. Is there some immediate plans that I should be aware of? The houses in this little area are kept up fairly well but would this eventually go to eminent domain?

I haven't been at all the meetings but try to attend when I can. This gives me great concern because I am a widow and I have very limited money if I have to relocate.

I would appreciate any information that you can give me. You folks are busy with all the redevelopment but I would like some answers. Thank you for your time and response. .

Sincerely,

Golly Gilbert

Jeanette (Golly) Gilbert
25636 Sun Avenue
Loma Linda, CA 92354

Phone: (909) 796-2924

(9.)

February 10, 2004

Robert M. Stewart
11695 Largo Ct.
Loma Linda, CA 92354

City of Loma Linda
Community Development Department

Subject: Loma Linda Draft General Plan, January 2004

Dear Planning Commission Members and City Staff:

Thank you for making the draft document available for review. Having participated in many of the workshops and meeting, the size of the document was never expected. The level of the detail in the document needs more time to review. I have a few general concerns and a few specific comments to date.

In reading the General Plan I encountered criteria I would expect in a zoning ordinance and discussions I would expect to find in a staff report. I did not discover a community vision. Mixed use on most of the undeveloped land did not create a vision.

Further more I have some specific comments.

Section 2, community vision, page 1-5: An Evolving Housing Market
This discuses the pressure on housing to remain affordable for seniors and family's. There is tremendous discussion for the housing requirements for low and moderate residents. Then on page 5-35 minimum unit sizes are established potentially creating an inability for low mod housing. *A general plan should not dictate dwelling unit sizes.*

My parcel at the south east corner of Mt. View and Barton Road has always been commercial and I am just starting a project. The draft general plan comes out and it is now mixed use. Mixed use has never been intended or advised. I believe the mixed use designation has been excessively applied.

Page 2-32, Policy for mixed use town center "I" policy "C" Provides for a pedestrian bridge and then Page 4-11, Economic element commercial industrial land section "D", says Reduces commercial infrastructure strain by putting the burden on residential. *The trails and bridge should be requirements of residential.*

Page 140 restated zoning code which creates a problem for any modifications or changes. I thought this was a general plan.

Circulation element: Section "E" on page 6-16 requires transportation for only 50 units. There is a projected enrollment for over 1,600 students at the Loma Linda Academy. It is noted that lack of bus service for the Loma Linda Academy results in heave peak hour traffic. Will 32 transportation services be provided to eliminate un needed peak hour traffic?

It is respectfully requested that further comments be considered after further review of the plan.

Sincerely,

Robert M. Stewart

RECEIVED
FEB 11 2004

h.

Mission Development Company, LLC

"Creating Communities of Value"
24949 Prospect Avenue
Loma Linda, CA 92354

February 10,2004

Deborah Woldruff
Community Development Director
City of Loma Linda
25541 Barton Road
Loma Linda, CA 92354

Dear Ms. Woldruff,

I would like to start by thanking you and your staff for your outstanding and tireless working in regards to the hurculian task of updating the general plan. Having reviewed the complete document I would like to address some issues and provided some feedback and observations. Thank you for providing me the opportunity to address my concerns.

Land Use Element

Proposed General Plan Land Use Map

1. Hillside Conservation/Mixed Use-There really are 3 areas to the south Hills. The two initiative areas and the land within the Sphere of Influence. Could three designations be given.
   - Hillside Conservation/Initiative Area 1unit/10 acres
   - (2nd initative area 1 unit/xxacres
   - Hillside Mixed Use

   Each would retain a different color. The current map suggest that all of the south hills which represent over 40% of the Cities boundary will be in a conservation area.

2. University Avenue west of the campus west of San Juan North of University Given the proximity to the university and it being up against Medium High Density Residential could the Medium Density be changed to Medium High Density.

3. Mission Lane project TTM 16323 Two types of zoning are proposed along the area Medium Density Residential on the North side of Van Leuven and Medium High Density on the South side. We have propose a PC Zoning Medium Density (Based on Gross Acreage) or Medium High Density Based on Net acreage.

Land Use Element Text

2.2.3 Hillside Mixed-Use Designation

1.. In the opening paragraphs could there be language that acknowledges the City's desire to have high end/upscale housing as part of a comprehensive master planned community that seeks a balance of preserving open space, trails, trail enhancement while creating ideal neighborhoods that optimize some of the vista opportunties.

2.2.3.1

Grading is not specifically addressed. Given the fact that all natural terrain, where on flat land or sloped land must be rebuilt. This process involves over excavation and removal and recompaction of material. The result will be a more stable building areas that may be viewed as mass grading.

2.2.2.8.4 k Could 3 story building add character and value to the area.

2.2.8.5 Mixed-Use Area E

e. Heritage Park. Is this in addition to the Heritage Park that is comtempated on the City's land on the north side of Mission Road?

2.2.8.6 Mixed Use Area F (San timoteo Creek at Barton Road

Could mini storage be considered a commercial use if other commercial uses are placed in front of the storage areas.

could more residential be place on barton outside of the spanos project

Elaborage on adaptative reuse. of historic homes

2.2.8.8 Mixed Use Area H (east Barton Road)

Given the location of property to the mass transportation corridor along Barton Road. Would it be a value to have Medium High to High Density in this area.

2.2.8.9 Mixed-Use Area I (Town Center

f. Could a four of five story building be allowed as part of an overall comprehensive package that achieves the other goals In addition, would a hotel or extended stay hotel be an included use.

Table 2E. General Plan Build out.

It appears that the Hillside Mixed Use within the City area would be able to build 2,733 home and the sphere area would be able to build 911 homes.

RECEIVED
MAR 1 2004
i

LOMA LINDA UNIVERSITY ADVENTIST HEALTH SCIENCES CENTER

Office of the Executive Vice President
& Chief Financial Officer

Loma Linda, California 92350
(909) 558-4543
FAX: (909) 558-0355

February 20, 2004

Debra Woldrupp, Director
Community Development
City of Loma Linda
25541 Barton Road
Loma Linda, CA 92354

Re: New General Plan

Dear Ms. Woldrupp:

As you know, Loma Linda University, Loma Linda University Medical Center and its various related organizations have been reviewing the City's proposed new General Plan. Incidentally, it appears to be comprehensive and well suited to the future.

There are some sections dealing with the Land Use for University property North of the railroad tracks which we think can be improved. However, those suggestions will be submitted to you informally rather than in this letter.

The purpose of this letter is to propose a long term goal for the new General Plan which has never been specifically declared by either the City nor the University and its entities. That goal can be stated as follows:

> "The reduction, elimination and/or control of non-institutional vehicle traffic on portions of Anderson Street between Barton Road and the railroad tracks."

The ever increasing institutional activity on the University "Campus" indicates that Anderson Street cannot forever be a wide open public thoroughfare. In fact, the anticipated construction of the "West Road/Evans Street" from the Freeway/Redlands Boulevard to Barton Road is designed as an alternate to Anderson Street. When that traffic link is actually built, the Anderson Street non-institutional vehicle traffic can be managed. However, the time to plan for that future implementation is now.

Please consider the above stated goal for inclusion in the new General Plan. We will be willing, and eager, to meet with you to discuss this concept in depth.

Sincerely,

Donald G. Pursley

Donald G. Pursley, DBA
Executive Vice President &
Chief Financial Officer

DGP:k

Cc: B. Lyn Behrens
Kenneth J. Breyer
Gerald A. Ellis
Ruthita J. Fike
Robert W. Frost
H. Roger Hadley
Kent A. Hansen
Richard H. Hart
Michael H. Jackson
David Saunders
Verlon W. Stauss
Derrill Yaeger

FEB 2 4 2004

(j.)

City of Redlands

February 23, 2004

Deborah Woldruff
Community Development Director
City of Loma Linda
25541 Barton Road
Loma Linda, Ca 92354

Dear Ms. Woldruff

The City of Redlands is in receipt of your notice that you are in the process of updating your City General Plan. We have downloaded and reviewed a copy of the document and, based on that review, offer the following comments.

LAND USE

Our concerns are primarily oriented to the area where the City of Redlands and City of Loma Linda General Plans abut one another along the east side of your City. In reviewing your plan, it appears that you are proposing Mixed Use along most of the City Boundary/Sphere line between Redlands Boulevard and just south of Beaumont Avenue. South of the Mixed Use area, your Plan shows Hillside Conservation/Mixed Use. Our comments will be broken down by various subareas to make our input more clear. From an overall perspective, with a few exceptions, it appears that your plan is consistent and compatible with the City of Redlands' General Plan and future land uses anticipated by City of Redlands for the area between Redlands Boulevard and Barton Road, The Mixed Use land use category is generally compatible with the Industrial Commercial land use adopted as part of the East Valley Corridor Specific Plan in Redlands.

There are three areas of specific concern in the above referenced area. There are existing condominiums located on the south side of Redlands Boulevard east of the Mission Zanja. The City of Loma Linda Plan appears to show the adjacent use as Office. This is a fairly intense land use which allows buildings up to five stories and a maximum FAR of 0.5. While the proposed FAR is fairly low, a five story office adjacent to the existing condominium project would not be compatible. This particular area should have a maximum height of two stories on the east side of California Street.

A second area of concern is between the Morey Arroyo and Barton Road. In particular, the land along both sides of Orange Avenue is planned for Medium High Density Residential

uses. Care should be taken to ensure that no commercial/industrial traffic is directed down Orange Avenue east of New Jersey Street. This area is currently developed with residential uses and a small charter high school. A future heritage park is also planned along that street. The Barton Road frontage is planned for office use which is consistent with the existing medical uses in the area. We would like to see the area east of California Street developed in a manner that would be compatible with this professional office environment and avoid the strip commercial look that has occurred along Redlands Boulevard.

The City's third area of concern is the potential conflict that may occur between the industrial uses allowed in Redlands, east of the Morey Arroyo, and potentially residential uses in Loma Linda, west of the Morey Arroyo. It is recommended that policies be included that would provide for a buffer along this "edge". One potential buffer could be use of a trail system that should be coordinated between jurisdictions as it goes along the arroyo.

South of Barton Road, down to just south of Beaumont Avenue, your Plan shows Mixed Use as well referred to as sub-area H. The introduction to this sub-area accurately portrays it as a rural residential/agricultural area. However, your General Plan anticipates a mix of commercial, industrial, institutional, and residential uses for the entire area from Barton Road down to the railroad tracks. On the City of Redlands side of the line, Office is anticipated for the parcel facing Barton Road. The remainder of the area down to where San Timoteo Canyon Road turns east is Very Low Density Residential which allows a maximum of 2.7 dwelling units per acre. This area would not be compatible with your planned commercial/industrial land uses and special care should be taken to buffer any higher density residential uses along the east side of your City. Clearly, traffic from future development in this area is of significant concern to the City of Redlands and its residents.

South of the east/west block of San Timoteo Canyon Road the City of Redlands land use category is Resource Preservation. This land use category was adopted as part of the approval of a local voter initiative known as Measure U. It has a maximum density of one dwelling unit per acre and cannot be amended except by a vote of the people of Redlands. This use is clearly incompatible with Mixed Use Category, Sub-Area H. South of your proposed Mixed Use Category, your land use map reflects a proposed land use referred to as Hillside Conservation/Mixed Use. In concept, this sounds like a good idea, however, in reading the text of the General Plan, a density of five (5) dwelling units per acre would be permitted on land less than 10% slope and 2 dwelling units per acre on land from 10% to 25% slope. These densities seem fairly high for the area adjacent to the City of Redlands. It is recommended that a lower density buffer be required for an area at least one-quarter mile from the Redlands City Limit boundary. The recommended densities in this buffer area would be a maximum of 2 dwelling units per acre for land up to 10% slope and a maximum of 1 dwelling unit per acre for land between 10% and 25% slope. This would allow the area to be developed in a manner that would be more compatible with the anticipated land uses in the City of Redlands.

CIRCULATION

There are a number of items in the Circulation Element that are of interest to the City of Redlands. These are discussed below by street. It should be noted that we were unable to find any road cross-sections in the Draft General Plan to compare with those in the City of Redlands.

Barton Road

Barton Road is shown as a six-lane divided roadway in the City of Loma Linda. The City of Redlands shows this as a four lane divided roadway with a trail on one side. The street also has special landscaping standards. This area needs further coordination to resolve potential problems where the two roads meet.

California Street

The City of Loma Linda shows California Street to be a six-lane divided roadway extended from the I-10 Freeway to Orange Avenue. South of Orange Avenue (Mission Road) to Barton Road, the roadway narrows to four-lanes divided. The City of Redlands is concerned about this for the following reasons:

1. It does not make sense to reduce California Street to four lanes for the short distance from Orange Avenue to Barton Road. It would make more sense to finish the street as a six-lane roadway connecting Barton Road to the I-10 Freeway. The City of Redlands General Plan shows this as a Major Arterial and the East Valley Corridor Specific Plan proposes the street to be six-lane divided all the way to Barton Road. Our current General Plan also shows California Street being extended to the south of Barton Road to provide a direct freeway link to San Timoteo Canyon Road. The Loma Linda draft General Plan does not reflect that linkage.

2. California Street is seen as a critical element of the future proposed North/South Corridor that will connect Riverside County to the east valley portion of San Bernardino County and provide an alternative to the projected major traffic congestion impacts to the I-215 Freeway to the west. The City would note that we have a major concern that the City of Loma Linda is not addressing or providing for the North/South Corridor in its Circulation Element. This is a major policy issue that warrants some discussion and review in a coordinated fashion with the City of Redlands and SanBAG.

Mission Road

The City of Loma Linda proposes to realign Mission Road (a four-lane divided roadway)

to connect with Orange Avenue which is planned to be a two-lane Collector Street. While this will definitely improve the intersection with California Street, the City of Redlands is concerned that it will increase traffic on Orange Avenue beyond that which it was designed to accommodate. Further coordination is necessary on this issue.

Beaumont Avenue

The last concern is with Beaumont Avenue. It is shown as a two-lane undivided roadway. It is not clear what the standard is for this roadway, however, it is presumed to be a collector standard roadway. It is not clear what this roadway is intended to serve since it is a local street in the City of Redlands. Some clarification on the intent of extending this roadway into the City of Redlands would be helpful.

Thank you for the opportunity to review and comment on your draft General Plan. We look forward to working with you during the next few months to resolve our concerns and ensure our two General Plans are properly coordinated. If you have any questions, please give me a call at (909) 798 7555.

Sincerely,

Jeffrey L. Shaw, AICP
Community Development Director

John N. Jaquess

John N. Jaquess
Assistant Community Development Director

cc: Mayor and Council Members
John Davidson
Ron Mutter
Jeff Shaw

(k.)

H & E LA CRESTA
555 Cajon St., Suite "F" - P.O. Box 386, Redlands, California 92373 (909) 793-2428 PHONE ~ (909) 792-6179 FAX
(909) 314-1325 Cell

March 3, 2004

RECEIVED
MAR 3 2004

Debra Woldruff
Community Development Director
City of Loma Linda

Dear Ms. Woldruff:

H & E La Cresta presents the following issues for consideration as the public hearings on the Draft General Plan for the City of Loma Linda proceed:

1. H & E La Cresta, owner of approximately 400 acres in the South Hills of Loma Linda, believes landowners' investment and property value should have a high degree of consideration when government regulations, which control development, are being imposed on private land.

2. Principals of H & E development annexed approximately 1100 acres of land to Loma Linda in 1989, including the land the City of Loma Linda now owns in the South Hills. The City of Loma Linda was chosen to the exclusion of Colton because the Loma Linda Council, at that time, agreed that the property was appropriate for residential development with a gross density of two units per acre. This gross density would be available for transfer, as required for effective and economical use of the land.

3. In 1996 a conservation initiative was passed by the Loma Linda citizens, which had an objective of protecting the Northern slopes of the South Hills from dense tract type development. It imposed a maximum density of one residence per 5 acres, with a minimum lot size of 2 ½ acres on the land Northerly of the San Jacinto fault. The area Southerly of the fault line was not included in the initiative "Conservation Area"; it's use is regulated by the city's Hillside Ordinance.

4. The Draft General Plan regulations as approved 2/10/04 will impose grading restrictions which are incompatible with the efficient use of the land for development purposes. This severe regulation is unnecessary and was not a required or intended consequence of the citizens' initiative.

   H & E La Cresta requests a modification of the existing language, which will permit an efficient and profitable use of the land, as intended by the citizens initiative.

5. H & E La Cresta believes the Draft language is an unnecessary and theoretical restriction, which destroys the creativity and flexibility of development design, that is essential to the creation of a plan for the efficient and esthetic use of the land.

6. H & E La Cresta believes the present language degrades the use of the property to the extent that it prohibits economical development and destroys the property value.

7. H & E La Cresta requests that the usable density in the South Hills be determined on a project by project basis. That creativity of design and good utilization of land be the guiding factors, rather

than the rigid formulas and restrictions that are now proposed in the "Draft" General Plan.

8. We believe the above stated issues can, and should, be resolved by mutual consideration and that the policy objectives of the Initiative and the landowners can be achieved. We look forward to achieving mutually acceptable goals, within the present General Plan public hearings.

We will be available and willing to provide any additional information to support our request that you may need or consider appropriate.

H & E LA CRESTA

by Leroy Hansberger
Leroy Hansberger, President

LH/mwh

cc: Randy Allen Neff
MaryLee Rosenbaum
Eric Essex
Shakil Paten
Mike Christianson
Dennis Halloway

L.

3rd March 2004

Re: Update to General Plan City of Loma Linda

Dear Planning Commisioners,

I am opposed to the rezoning of my neighborhood to Mixed-Use "C". This is obviously a residential neighborhood. Starr St. is a nice cluster of older homes. This area provides much needed housing near the medical center for students and employees. I have been unable to find out what this will do to this area. I do not want to see a homes torn down for office space. Who would want to have a large building go up next door to their property and cut into the "daylight plane". There is a critical parking problem in this area and changing the zoning to a possible business use would only make it worse.

Starr street is a nice cluster of homes and needs to stay that way. Please do not change the current Zoning. Thank-you.

Sincerely.

Peter Cowley

Peter Cowley

DEPARTMENT OF TRANSPORTATION
DIVISION OF AERONAUTICS – M.S.#40
1120 N STREET
P. O. BOX 942873
SACRAMENTO, CA 94273-0001
PHONE (916) 654-4959
FAX (916) 653-9531
TTY (916) 651-6827

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APR 5 2004

Flex your power
Be energy efficient

April 1, 2004

Ms. Deborah Woldruff
City of Loma Linda
Community Development Department
25541 Barton Road
Loma Linda, CA 92354

Dear Ms. Woldruff:

Re: City of Loma Linda General Plan and Draft Program Environmental Impact Report
SCH# 2003101159

Thank you for including the California Department of Transportation (Department), Division of Aeronautics, in the environmental review process for the above-referenced project. We have reviewed the Program Environmental Impact Report (PEIR), dated March 2004, and offer the following comments relative to airport land use compatibility planning.

1. The project is the comprehensive revision and update of the Loma Linda General Plan. The General Plan is the City's most important guidance document regarding its ultimate physical, economic, and cultural development, and will by used by officials and citizens to guide decisions for the development and management of human and natural resources. The General Plan uses text, maps, and illustrations to document the organization of physical, environmental, economic, and social activities desired by the City's residents in order to maintain a healthy, functional, and desirable community. The General Plan addresses both immediate and long-term issues including traffic, expansion of the local housing base, provision of public services, and environmental constraints. Airport land use compatibility planning issues are discussed in the Land Use and Transportation sections of the PEIR. The San Bernardino International Airport is located 1.5 miles north of the City.

2. The San Bernardino International Airport (SBD) is a commercial airport with an instrument landing system, and a 10,001-foot runway. The airport provides numerous economic benefits to the region, and provides mobility for both passengers and cargo.

3. The recently enacted legislation Assembly Bill 2776 amended Section 11010 of the Business and Professions Code and Sections 1102.6, 1103.4, and 1353 of the Civil Code relating to aviation. This bill changed buyer notification requirements for lands around airports. According to the new law, any person who intends to offer land for sale or lease within an *airport influence area* (AIA) is required to disclose this fact to the person buying the property. As discussed on Page 4.9-31 of the PEIR, according to the City's definition of the AIA, a small portion of the City is located in the AIA for SBD. The Figure 4.9.3 reveals that the City has chosen to use the default application for the definition of an AIA. That is, the City has adopted our diagram of a 2-mile radius around SBD's Runway 6/24 as the AIA.

consideration when designating open space, habitats that attract birds, and landfills in the areas covered by the General Plan.

9. The need for compatible land uses around airports in California is both a local and a State issue. We strongly feel that the protection of aviation facilities from incompatible land uses is vital to the safety of airport operations, to the well being of the communities surrounding aviation facilities, and to California's economic future.

These comments reflect the areas of concern to the Department's Division of Aeronautics with respect to airport-related impacts and airport land use compatibility planning. We advise you to contact our District 8 office concerning surface transportation issues.

We appreciate the opportunity to review and comment on this environmental document. If you have any questions, please call me at (916) 654-5253.

Sincerely,

D. Cohen

DAVID COHEN
Associate Environmental Planner

c: State Clearinghouse
San Bernardino International Airport

consideration when designating open space, habitats that attract birds, and landfills in the areas covered by the General Plan.

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Sincerely,

D. Cohen

DAVID COHEN
Associate Environmental Planner

c: State Clearinghouse
San Bernardino International Airport

(n.)

W & M

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www.wmtrial-law.com

DOUGLAS F. WELEBIR*
RICHARD D. MCCUNE, JR.
CURT W. JURE#
MELISSA J. WELEBIR-KUHN
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RANDOLPH L. LEVIN#
K. MAXWELL NUYEN

* *Also Admitted in the District of Columbia*
# *Of Counsel and A Professional Law Corporation*

April 15, 2004

City Council of the City of Loma Linda
Planning Commission of the City of Loma Linda
25541 Barton Road
Loma Linda, California 92354

Honorable City Council and Planning Commission:

It is my understanding from the Notices you have so kindly sent me that a General Plan Update Workshop is scheduled for Monday evening, April 19, 2004. I thought I would take this opportunity to express my concerns about my property located in the southwestern corner of the City and beginning at the eastern terminus of Oakwood Drive near the Granite Homes development and adjacent to land owned by Montecito Memorial Park. It is also accessed by Sierra Vista, which is my property, from the north off Barton Road.

Our property is juxtaposed between the existing Loma Linda Springs, senior apartment development, designated "High Density Residential" and the south hills. We have always perceived this property as a transitional residential land use, buffering the hillside areas from the apartment development. In addition, our property is the key for the logical extension of Oakwood Drive into the South Hills to provide primary access to whatever project or use is ultimately developed in the hills of Loma Linda. Previous City Councils have acknowledged this fact by specifically excluding our property from the Hillside Conservation Areas. A review of Chapter 20.12 (HILLSIDE AREAS PRESERVATION, Exhibit "A", will confirm that our property is not included within the Hillside Conservation Area.

Our review of the proposed General Plan Land Use Map appears to place our property improperly within the Hillside Initiative Area and the Hillside Conservation/Mixed Use area. We hereby respectfully request that the City reaffirm previous land use policies

regarding our property, and place our property into the Low Density Residential designation.

I will be in attendance at the workshop on Monday evening and look forward to discussing our concerns with the City. Thank you in advance for your thoughtful consideration.

Very truly yours,

Douglas F. Welebir

(0.)

Deer Park, LLC

"Creating Communities of Value"
24949 Prospect Avenue
Loma Linda, CA 92354

April 19, 2004

Deborah Woodruff
Community Development Director
City of Loma Linda
25541 Barton Road
Loma Linda, CA 92354

RECEIVED
APR 19 2004
CITY OF LOMA LINDA
COMMUNITY DEVELOPMENT

Dear Ms. Woldruff,

In anticipation of the workshop on April 19, 2004 we have prepared the following written comments for the meeting. These are related to the key areas of concern. Thank you for all you effort and attention to providing a solid document that will ensure that Loma Linda will create quality communities.

Land Use Element

Proposed General Plan Land Use Map

- Hillside Conservation/Mixed Use-There really are 2 areas to the south Hills. The initiative area and the land within the City and the land within the Sphere of Influence.

  Could three designations be given.
  - Hillside Conservation/Initiative Area 1unit/10 acres
  - Hillside Mixed Use(south of north toe of slope) 2 units/acre
  - Hillside Mixed Use (north of toe of slope) 5 units/acre
  -

Each would retain a different color. The current map suggest that all of the south hills which represent over 40% of the Cities boundary will be in a conservation area.

Land Use Element Text

2.2.3 Hillside Mixed-Use Designation

1.. In the opening paragraphs could there be language that acknowledges the City's desire to have high end/upscale housing as part of a comprehensive master planned community that seeks a balance of preserving open space, trails, trail

enhancement while creating ideal neighborhoods that optimize some of the vista opportunities.

2.2.3.1

Some other possible bullet points to consider could be:

- Preserve and enhance open space to provide linkage and transitions between neighborhoods.
- Provide accessibility to open space and prominent features and vists
- Insure integration of quality design and amenities within a community
- Consumption of land can be minimized by providing opportunity for clustered more compact development in certain areas and density transfers.

2.2.3.1

a. Creating a slope analysis with anticipated build out creates severe design and neighborhood challenges. In essence it handcuffs the process of creating innovative and dynamic communities. The general goals that are provided would be sufficient given the need for a project to be evaluated on it merit vs. a slope analysis. Would it make sense to remove that chart?

c. Could the following language be added to the last sentence; Clustering is not to be used to increase the overall density of an area beyond that which is otherwise permitted by the General Plan, ***unless exceptional design or amenity warrants such a plan. Clustering may result in urban density in areas that might otherwise have rural densities.***

f. Could the maximum development intensity for commercial development not have maximum for area ratio?

g. Removing G allow more creativity and flexibility.

h. Retain the following sentences:
The visual intrusiveness of new development shall be minimized. Development should consist of distinctive cluster within a natural setting.

i. Remove the 35% definition.

Grading is not specifically addressed. Given the fact that all-natural terrain, wether on flat land or sloped land must be rebuilt. This process involves over excavation and removal and recompaction of material. The result will be a more stable building areas that may be viewed as mass grading.

Table 2E. General Plan Build out.

It appears that the Hillside Mixed Use within the City area would be able to build 2,733 home and the sphere area would be able to build 911 homes. This table will likely need to be updated.

Chapter 3 Community Design Element

Implementing Policies for Hillside Mixed Use

a. Could the language be modified to show to ensure that areas that are seen from the valley are created as an enhancement to the view from the valley?

f and g Why the difference between eastern and western. Would a cohesive approach be more desirable?

j. Allow vs. encourage retaining walls.

Access to Southern Hills

Would other access points such as Mt. View and Whitter also make sense.

Section 9 Conservation of Open Space

Within this section of the General Plan the language implies that because the south hills are in a natural state it should stay that way as a resource to the City residents. Further there doesn't seem to be a statement regarding the City's purchase of 800 plus acres of land and how this represent a significant resources that represents nearly 1/3 of the south hills area. Language that encourages preservation and enhancement seems appropriate. It currently reads that the entire hills should be preserved.

9.2.9.1 Guiding Policy for Visual Resources

a. Could enhance be added

b. In order to create outstanding communities this should be eliminated

9.2.9.2 Guiding Policy for Open Space

a. Could it be a better value to ensure that proposed developments set aside open space as part of their communities that are created.

Thank you for the opportunity to share our thoughts with the City Council, Planning Commission, Staff and the community at large. We look forward to this meeting.

Glenn Elssmann

RECEIVED
APR 2 2 2004
CITY OF LOMA LINDA

P.

CITY OF
San Bernardino

DEVELOPMENT SERVICES DEPARTMENT

300 North "D" Street • San Bernardino • CA 92418-0001
Planning & Building **909.384.5057** • Fax: 909.384.5080
Public Works/Engineering **909.384.5111** • Fax: 909.384.5155
www.ci.san-bernardino.ca.us

Deborah Woldruff, Director
City of Loma Linda/Department of Community Development
25541 Barton Road
Loma Linda, CA. 92354-3160

April 20, 2004
File No. 13.47

Re: Review of Draft General Plan Update / Transportation Impact Analysis (TIA) Report

Dear Deborah:

The City of San Bernardino/ Development Services Department appreciates the opportunity to review and provide comments on the referenced Draft TIA, prepared by LSA & Associates. The City considers these comments as preliminary, based on our technical review of the Study Area Intersections (Table A) that are located within or partially within the City of San Bernardino.

- Staff is requesting that "Table A" be revised to reflect joint jurisdiction at **Waterman Avenue at Washington Street** (City of San Bernardino 50% and City of Colton 50%); **Hunts Lane at Washington Street** (City of San Bernardino NEC 25% and City of Colton 75%); **Del Rosa Drive at 3rd Street** (City of San Bernardino 50% and City of Highland 50%)

- In **Appendix D; Level of Service Calculation Worksheets**: Staff notes that all level of service analysis for City of San Bernardino traffic signals are consistently modeled using a cycle length of 100 seconds. The traffic signals on Waterman Avenue (Table A numbers 5,6,68-70) are currently synchronized and operate on AM/PM cycle lengths of 80/90 seconds respectively. The traffic signals on Tippecanoe Avenue (numbers 72-74) are also synchronized and operate on AM/PM cycle lengths of 80/90 seconds. Sterling Avenue signals (77,78) operate on a cycle length of 70 seconds. The **Existing Conditions** scenarios should reflect existing field conditions. The City has also never implemented optimum cycle lengths of 180 seconds.

- Staff noted erroneous traffic signal phase sequences coded at intersections # 68,69,77. There are no existing protected left-turn signals on 3rd Street or 5th Street at Waterman Avenue. There are also no left-turn signals at Sterling Avenue/ 5th Street.

- **Table M Improvement Costs**: Needs to be expanded to identify location and fair share cost per each jurisdiction. Please revise the I-10 Freeway Interchange improvement costs of $28,000,000 (each) at Tippecanoe Avenue and Mt. View Avenue with revised project contributions (per CMP guidelines estimation). Please provide the analysis/justification and proposed discussion strategy with local agencies to support the build-out mitigation narrative (pages 41-43) and subsequent Table M Improvement Costs for the following locations:

1) **Waterman Ave./Hospitality Lane**: There is no justification for an additional southbound left-turn lane based on the numbers shown in build out scenarios.

2) **Waterman Avenue at Rerdlands Blvd.**: There are two existing westbound through lanes with a shared right turn lane. Staff agrees with the need for a southbound right-turn overlap.

3) **Waterman Ave/ Washington Street**: An additional eastbound left turn lane is presently being built as part of a CMAQ Project and there is an existing exclusive southbound right turn lane.
4) **Waterman Ave./ 3rd and 5th Streets**: The City proposes to install protected-permissive left-turn signals on 3rd and 5th Streets.
5) **Tippecanoe Avenue/ San Bernardino Avenue**: There are existing left-turn lanes with protected-permissive left-turn signals in all directions. Staff agrees with the need for an exclusive westbound right turn only lane with overlap capability.

Deborah, thank you once again for providing our office with the opportunity to review and comment on the TIA. Any information that can be provided by LSA on these inquiries would be appreciated. Please contact Mr. Tim Porter of my staff at (909) 384-5253 if clarification is required.

Sincerely,

Anwar Wagdy
Traffic Engineer

Cc: James Funk, Director of Development Services
Valerie Ross, Deputy Director/ City Planner

(9.)

DEPARTMENT OF TRANSPORTATION
DISTRICT 8
464 W Fourth Street, 6th Floor MS 726
San Bernardino, CA 92401-1400

RECEIVED
MAY 11 2004
CITY OF LOMA LINDA
COMMUNITY DEVELOPMENT

May 6, 2004

Ms. Deborah Woldruff, AICP
Community Development Director
Community Development Department
City of Loma Linda
25541 Barton Road
Loma Linda, CA 92354

Comments for the Draft Transportation Impact Analysis (TIA), and the Transportation and Circulation Element of the City's General Plan Update Project

Dear Ms. Woldruff:

We have completed the review of the Draft Transportation Impact Analysis (TIA), and the Transportation and Circulation Element of the City's General Plan update and have the following comments:

Transportation Impact Analysis (TIA):

1. Consider the impact on the connect street systems that are designed to balance auto, pedestrian and bicycle movement.
2. The TIA is thorough and in compliance with the CMP and CEQA guidelines.
3. Specify the general plan build-out year.

Transportation and Circulation Element:

1. Indicate volumes on the mainline (i.e. freeway).
2. Under item 6.8 on page 6-7, it should be six years as opposed to seven years as ISTEA was approved for only six years of which CMP was a part.
3. Describe briefly Tier I and Tier II traffic signal coordination.
4. Do any multimodal transportation systems currently exist in the City? The word "Multimodal" was used many times without properly describing or giving any examples.
5. The intersection of Redlands Boulevard/California Street is signalized at present. Then why to install as indicated in the middle of page 6-8.
6. The last sentence of the paragraph under 6.9 on page 6-8 is not clear.
7. Was the protected left turn lane at Anderson Street/Tippecanoe Avenue Interchange constructed in 2003 as indicated on page 6-8 at the bottom?
8. Any future plans to run trolley bus in the City similar to the City of Redlands?
9. Transit on page 6-16 should include other modes of transit beyond buses. Development of Park-n-Ride lots and "Intermodal Transit Centers should be considered to provide future linkage between neighborhoods and commercial areas, and from bus stops to rail facilities.
10. Future interchange at I-10 and Evans Street does not appear to meet Current State and Federal guidelines for spacing.

The Caltrans Office of Community Planning was established to address a statewide need for community-sensitive approaches to transportation decision-making. Our primary goal is to enhance Caltrans leadership role in the development of community based transportation planning which leads in economic growth, job and housing balance, and consistency with community values.

Thank you for providing us the opportunity to review this proposed project and provides comments. If you have any questions regarding this letter, please contact John Chiu of the Office of Community Planning at (909) 388-7139, Dr. Ramakrishna Tadi of the Office of Forecasting/Traffic Analysis at (909) 383-5904, or Rosa Clark of the IGR/CEQA Review at (909) 383-6908 for assistance.

Sincerely,

Daniel E. Kopulsky, Chief
Office of Transportation and Community Planning

RECEIVED
MAY 10 2004
r.
City of Loma Linda

Thomas and Carol Zirkle
P.O. Box 224
Loma Linda, CA 92354
May 9, 2004

Planning Commission
c/o Deborah Woodruff
City of Loma Linda
25541 Barton Road
Loma Linda, CA 92354

RE: General Plan

Dear Planning Commissioners,

As you are considering the General plan, I and my neighbors request that you increase the housing density of our lots on the south side of Barton Road, between Oakwood and the cemetery. We believe that due to the nature of the land, high density residential zoning (up to 20 units per acre) is appropriate. We believe that it is appropriate for a number of reasons.

1. Loma Linda Springs, which is adjacent to the property, is being used at a similar, very high density;
2. Barton is a high traffic road, not ideally situated for low density housing;
3. there are limited and poor options for creating roads commonly found in lower density housing;
4. the adjacent land across Barton is zoned commercial;
5. the neighborhood catercorner to our properties is zoned residential trailer park;

For all of these reasons, we believe that our request is compatible with the surrounding properties, and will result in the highest use of the land, providing a valuable asset to the community.

Thank you for your consideration of this matter.

Sincerely,

Thomas J. Zirkle, M.D.

Thomas Zirkle, M. D.

RECEIVED
MAY 10 2004
5.

Jonathan Zirkle
24247 Barton Rd
Loma Linda, CA 92354
May 9, 2004

Planning Commission
c/o Deborah Woodruff
City of Loma Linda
25541 Barton Road
Loma Linda, CA 92354

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Thank you for your consideration of this matter.

Sincerely,

Jonathan Zirkle

RECEIVED
MAY 10 2004
CITY OF LOMA LINDA
COMMUNITY DEVELOPMENT
t.

Jim & Kay Jesse
24163 Barton Rd
Loma Linda, CA 92354
May 9, 2004

Planning Commision
c/o Deborah Woodruf
City of Loma Linda
25541 Barton Road
Loma Linda, CA 92354

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Thank you for your consideration of this matter.

Sincerely,

Jim Jesse

Jim Jesse

RECEIVED
MAY 10 2004
CITY OF LOMA LINDA
COMMUNITY DEVELOPMENT

James & Asia Pang
P.O. Box 224
Loma Linda, CA 92354
May 9, 2004

Planning Commission
c/o Deborah Woodruff
City of Loma Linda
25541 Barton Road
Loma Linda, CA 92354

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Thank you for your consideration of this matter.

Sincerely,

James Pang

V.

Kathy Glendrange, JD, DVM
26551 Beaumont Ave
Redlands, CA 92373
(909) 799-1731

May 19, 2004

RECEIVED
MAY 19 2004
CITY OF LOMA LINDA

City of Loma Linda Planning Commission
25541 Barton Rd
Loma Linda, CA 92354

Dear Commissioners,

I am writing this letter in regard to your proposed update of the Loma Linda General Plan. Our property is located within the sphere of influence of Loma Linda. I ask that you kindly consider the following:

1. **There should be more public workshops regarding the Proposed General Plan.** Section 6.1 of the proposed Plan states that "the objective of the proposed General Plan is to **achieve the vision of the City residents** in conformance with State planning law." The vast majority of Loma Linda residents are completely unaware that the City is updating the Plan. The vast majority who are aware are opposed to the proposed Plan.

2. **The Loma Linda Residents have a right to be informed and to express their views regarding the proposed drastic changes in land use which would commit future generations.** As you are aware, the proposed Plan lists the following **"significant and unavoidable" adverse impacts:**

- Loss of Open Space and Aesthetic Resources
- Increase in Vehicular Emissions Which May Exceed SCAQMD Air Quality Standards
- Loss of Critical Habitat
- No Mitigation Measures Which Can Assure the Availability of Water Resources in the Future; and an
- Increase in Traffic Volume and Congestion

Further, the proposed Plan lists a number of adverse impacts that are characterized as **"less than significant"** after mitigation. I strongly disagree with that characterization in a number of instances. A few examples follow:

- Alteration/Blocking of Public Views and View Corridors as a Result of Loss of Open Space and Aesthetic Resources
- Increased Residential Densities, Mixed-Use Developments, and Business Park Developments Which May Be Incongruous with the City's Existing Character and Visual Qualities

- Adverse Impact on Sensitive Species and Loss of Habitat
- Fragmentation of Habitat that Constricts, Inhibits, or Eliminates Wildlife Movement
- Possible Destruction or Loss of Historical Resources
- Changes to Existing Land Use Designations Which Could Negatively Affect the Existing Pattern of Development as well as the Surrounding Uses
- Excessive Traffic-related Noise Levels; and a
- Substantial Increase in Population, Residential and Non-Residential Structures and Associated Infrastructure

3. **WHY WOULD YOU ESSENTIALLY ELIMINATE ANY CONSERVATION AREA - reducing the total acres from 743.62 to 40.67?!** The concept of allowing clustering in exchange for preservation of open space is not adequately defined to provide any real conservation (e.g. what density is allowed in exchange for how many acres of open space?). The views expressed at workshops, hearings and "on the street" are that **the majority of residents want a more conservative approach to development**. They want to be able to enjoy the beauty of the hills. They want to be able to walk, ride and hike in the hills. They like that Loma Linda is a small town. **Those things will be irreversibly lost if the proposed Plan is passed.** Why are you in favor of that and why are the residents' views being ignored?

4. **The Draft EIR states that habitat exists in the San Timoteo Wash and/or the hillsides for a number of plants and animals. The San Timoteo Wash is currently being filled with concrete! Secondly, all of the remaining vacant hillsides will be designated Hillside Conservation/Mixed Use under the proposed Plan.** How will these habitats be preserved? Further, the Draft EIR does not even address the adverse impacts on many species' habitats, e.g. mountain lions, bobcats, deer, coyote, hawks, etc.

5. **It is not your role or concern to maximize the developers' profits - you are representatives of the residents of Loma Linda!** I have heard the developers repeatedly express that it is not economically "feasible" or "profitable" to develop the hillsides unless you update the Plan according to their wishes. I have worked as legal counsel for developers. I assure you that if you pass the proposed Plan, the developers will be laughing all the way to the bank and the residents of Loma Linda will be paying the price for generations to come.

I respectfully request that upon further review of the proposed Plan, you give serious consideration to the wishes of the majority of City residents rather than to the wishes of a few (many of whom will be greatly financially enriched if the proposed Plan is adopted). Thank you for your time and attention.

Sincerely,

Kathy Glendrange

Kathy Glendrange, JD, DVM

(W.)

SCANPH

Southern California Association of Non-Profit Housing
3345 Wilshire Boulevard ♦ Suite 1005 ♦ Los Angeles, CA 90010 ♦ PH: 213.480.1249 ♦ FAX: 213.480.1788 ♦ www.scanph.org

The Southern California Association of Non-Profit Housing (SCANPH) convened a number of local affordable housing developers and interested agencies to review and comment on Loma Linda's existing housing element with the intent to suggest improvements during the City's revision process. Our suggestions follow on four separate issues: parking, the multi-family site inventory, developmental standards and second units.

Issue #1: Parking

Several Southern California cities either have low standard minimum parking requirements or alternative minimum requirements for special populations. Cathedral City is a small, low density city in Riverside County with lower requirements than Loma Linda. The city of Ventura has implemented alternative minimum parking for low income and senior housing in recognition that standard requirements may not be fitting for every population. Lower income households of any size are less likely to own two or more vehicles.

Loma Linda's current single-family parking requirements are:

- Single family detached: 2 spaces w/garage
- Single family attached: 1 garage space + .25 spaces/bdrm

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COMMUNITY DEVELOPMENT

Loma Linda's current multi-family requirements are:

- Studio: 1 space/unit
- One - bedroom: 1.5 spaces/unit
- Two - bedroom: 2 spaces
- Three -bedroom: 2.5 spaces

anuary 2004 General Plan Update: Parking Requirements are the same

CANPH's Parking Recommendations:

- For single-family and multifamily parking, do not require enclosed parking. Enclosed parking is an unnecessary requirement which increases the cost of housing.

- For multi-family, create alternative minimum parking requirements for affordable housing. The city of Ventura's standards are an excellent model to adopt: (a) studio: 1 space/unit; (b) one - bedroom: 1 spaces/unit; (c) two - bedroom: 1.5 spaces; and (d) three -bedroom: 2 spaces.

ssue #2: Site Inventory Available for Multi-family Residential

ccording to state law, cities' housing elements must identify sites appropriate for affordable housing, and include es zoned for multi-family units. The Loma Linda housing element has identified 17.41 acres zoned MFR with a pacity for 348 units. Yet the Loma Linda's RHNA goal is 646 units for low- and very-low income households.

CANPH recommends that Loma Linda double the amount of land zoned MFR to 35 acres in order to commodate the goal of 646 low-and very-low income units.

January 2004 General Plan Update: Increased mixed use zoning capacity for low-very low income housing by 322 units rather than increasing acreage of high density multifamily zoning.

Issue #3: Density, Set-backs, Coverage, and Height

Minimizing development restrictions will maximize the use of land and encourage the development of affordable housing. In addition, development standards generally cannot make it impossible to build at the density provided by the state's density bonus law (i.e. AB 1866, codified in Gov. Code Section 65915). These recommendations for density, set backs and parcel coverage are based on zoning codes from other Southern California cities, such as Irvine, Ventura, Cathedral City, Rancho Cucamonga, and South Pasadena.

Loma Linda's Existing Standards

Maximum Units/Acre

Zoning	R-1	R-2	R-3
Units/acre	6	12	15

Set-backs (ft)

Zoning	R-1	R-2	R-3
Front	25	25	25
Rear	15	15	20
Side	15	5	10

Parcel Coverage

Zoning	R-1	R-2	R-3
Parcel Coverage	40%	50%	60%

Maximum Building Height (feet)

Zoning	R-1	R-2	R-3
Parcel Coverage	35	35	35

SCANPH's Recommended Standards

Maximum Units/Acre

Zoning	R-1	R-2	R-3
Units/acre	6	15	25-40

Set-backs (ft)

Zoning	R-1	R-2	R-3
Front	25	15	15
Rear	15	5	5
Side	15	5	5

Parcel Coverage

Zoning	R-1	R-2	R-3
Parcel Coverage	40%	60%	70%

Maximum Building Height (feet)

Zoning	R-1	R-2	R-3
Parcel Coverage	35	35	50

uary 2004 General Plan Update: All development standards are the same, except maximum dwelling ts per acre for R-3 zones has increase to 20 dwelling units/acre

sue #4: Second Units

cent legislation AB 1866 (codified in Gov. Code Section 65852.2), provides that after July 1, 2003, the mit process for second units is ministerial. Loma Linda's existing housing element requires a ditional Use Permit for second units.

ANPH recommends that Loma Linda implement a process for second units in which the applicant is tled by-right to the permit if he or she complies with existing local standards.

uary 2004 General Plan Update: A CUP is still required for second units.

(X.)

June 3, 2004

Planning Commissioners
City of Loma Linda
Loma Linda, CA 92354

Dear Sirs and Madam:

I am writing in regard to the planned developments along Mission Road. My concern has to do with the proposed density of these two subdivisions.

As a concerned citizen of the City of Loma Linda, I have a long-standing interest in preserving the character of our town. The city has its roots in the citrus industry; thus a semblance of the peace and tranquility of that heritage needs to be maintained. Beginning in 1905, the City became a center for healthcare and education in the health sciences. Thus, the character of a university with its professional and student population should be reflected in further development.

The proposed subdivisions have taken the limitations of the draft General Plan to the maximum and beyond. The Plan allows from 5.1 to 9 single-family residencies per acre. Building 93 homes on less than 10 acres is an affront to the heritage of Loma Linda, to the visual impact along Barton Road, and to the potential congeniality of the proposed neighborhood. Of particular concern is the visual impact along a major entrance from the east to Loma Linda. Furthermore, architectural literature shows the results of building homes so close together is for those neighborhoods to have a greater potential for decay and crime.

I urge the Planning Commissioners to insist that the developers reduce the number of homes to five per acre. Loma Linda is best served by building homes attractive to the citizens who are employed here. It ought not be the City's role to provide housing for low-end wage earners from surrounding areas.

Sincerely,

(y.)

San Bernardino International Airport

June 9, 2004

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JUN 10 2004
CITY OF LOMA LINDA

Ms. Deborah Woldruff
25541 Barton Road
Loma Linda CA 92354

RE: AIRPORT INFLUENCE AREA MAP

Dear Deborah,

Assembly Bill 2776, which is now state law, amended Section 11010 of the Business and Professions Code and Sections 1102.6, 1103.4, and 1353 of the Civil Code, relating to aviation, changed buyer notification requirements for lands around airports. According to the new law, any person who intends to offer land for sale or lease within an *airport influence area* is required to disclose the fact that the land is within an "Airport Influence Area" to any person buying or leasing the property. This requirement is similar to what is currently required for areas such as a flood zone.

The Commission of the San Bernardino International Airport Authority approved the Airport Influence Area map at its regularly scheduled meeting on December 10, 2003. Caltrans suggested that each individual municipality affected by the airport's influence include the Airport Influence Area requirements and the associated map in its General Plan in order to satisfy their legal requirements. On December 26, 2003, all affected municipalities were sent a copy of the map. For the purpose of clarification, the attached map was revised to include all street names within and around the Airport Influence Area boundary.

Please contact me at (909) 382-4100 extension 223 in the event you have any questions.

Sincerely,

SAN BERNARDINO INTERNATIONAL AIRPORT AUTHORITY

Eric Ray

Eric Ray
Senior Airport Operations Officer

Enc: Airport Influence Area Map

cc: Don Rogers
Penny Chua

J:data/sbiaa/worddoc/2004/jun04/011.woldruff influence area map update.doc

294 S. Leland Norton Way, Suite #1 • San Bernardino, CA 92408-0131 • (909) 382-4100 • FAX (909) 382-4106
email:ivda@sbdairport.com • http://www.sbdairport.com
A PROJECT OF THE INLAND VALLEY DEVELOPMENT AGENCY AND SAN BERNARDINO INTERNATIONAL AIRPORT AUTHORITY

(2.)

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CITY OF LOMA LINDA

Loma Linda Conservation Society
24360 Lawton Ave
Loma Linda, CA 92354

Kathy Glendrange, JD, DVM
Secretary
(909) 799-1731

July 19, 2004

Mayor Karen Gaio-Hansberger
City of Loma Linda
25541 Barton Rd
Loma Linda,CA 92354

RE: Time Pressure for the Adoption of the Proposed General Plan and Environmental Impact Report

Dear Madam Mayor:

As you and the members of the Council are aware, the city is currently creating a new General Plan. At most of the meetings I have attended regarding this matter, and in informal discussions with city staff and Council Members, there has been a sense of urgency in adopting the new Plan. This sense of urgency has been created, in part, because our current Plan is 30 years old and the city has received a letter from the state Attorney General telling us this. Jonathan Zirkle and I have researched the state laws governing General Plans, and we have discovered that the California Office of Planning and Research (OPR) is responsible for overseeing that cities have valid, legal General Plans. OPR is charged with the duty of informing the state Attorney General of cities that are not in compliance. Mr. Zirkle and I decided to research where Loma Linda stood in the process.

Last week, I spoke with Erin Larsen, a project manager at OPR. Ms. Larsen's duties include compiling and forwarding to the Attorney General the list of cities in California with out-of-date General Plans. She explained that after she forwards the list to the Attorney General, the Attorney General then sends a letter to each city urging them to update their General Plan. Ms. Larsen stated that of the 478 cities which have General Plans, over 300 of them are out-of-date. She stated that more cities are out of compliance then ever before.

Ms. Larsen told me that if a city does not update its General Plan, **the only thing the Attorney General can do is send them a letter** urging them to update their Plan. Ms. Larsen's boss, Terry Roberts, the State Clearinghouse Director of OPR, confirmed that **there are no consequences or penalties, financial or otherwise, that the Attorney General can impose**, the letter is merely intended to urge jurisdictions to update their General Plan. Ms. Larsen stated that the Department of Housing and Community

Development (the "HCD") may deny certain housing grants if the city does not have a housing element certified as in compliance.

I spoke to two employees of HCD, Lynn Sekas and Paul McDougall, the Housing Policy Analyst who is responsible for handling Loma Linda's file. Both confirmed that Loma Linda has never had a housing element certified as in compliance. Mr. McDougall stated that HCD has no authority to enforce or apply sanctions; however, as OPR stated, they may deny certain housing grants depending on the criteria of the individual grants.

Loma Linda should not be in a rush to adopt a flawed Plan and the EIR. The city should adopt the plan only when it truly reflects the desires of the residents of Loma Linda. The current draft Plan reflects the interest of a few developers at the expense of the will of the people. The Plan should be returned to the various commissions and committees of the city to discuss the Plan and the EIR **in detail**, and make decisions regarding whether to adopt the mitigating measures proposed in the EIR or where necessary, adopt new measures. At this time, while various commission and committee members are aware of the draft plan, many are unaware of the impacts that adopting the plan will create and how they can propose changes.

Thank you for your time and consideration. Together, the citizens of Loma Linda can make good policy.

Sincerely,

Kathy Glendrange

Kathy Glendrange, JD, DVM,
Secretary, Loma Linda Conservation Society

cc: City Council
Planning Commission
Deborah Woldruff
Matthew Bender, San Bernardino Sun Telegram

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CITY OF LOMA LINDA
COMMUNITY DEVELOPMENT
a.a

Georgia E. Hodgkin, EdD, RD, FADA
24360 Lawton Avenue
Loma Linda, CA 92354

July 20, 2004

Planning Commissioners
City of Loma Linda
Loma Linda, CA 92354

Dear Sirs and Mesdames:

I spoke in the Public Hearing at the July 7, 2004 Planning Commission meeting regarding the General Plan. At that time, I made several specific requests of the Commissioners. City Staff requested that those concerns be sent to you in writing. You have heard this, now the requests are in writing.

I am concerned about provisions or lack of provisions in the General Plan. First, I would request that the public be heard, that the agenda include a public hearing on July 21 prior to your vote. So many changes have been made to the plan that it needs to be before the public before you vote.

Second, I would like to bring to your attention certain changes that do not seem to be in the best interests of the City of Loma Linda. If you do not have the most recent copy of the plan with you, please note the following pages and read them at your leisure at home asking the question, why did this get changed? Get out the old plan and read it with the new plan.

Changes of concern include:

1) p. 2-8, Table 2.B: **why did the slope percents go out and "toe of slope" go in?** The % of slope is a standard easily calculated by engineers/surveyors. This is a solid, numerical standard that can readily be determined if it is met or not met and thus a clear description of density. The **plan seems ambiguous as to actual dwellings per acre in a number of places.**
2) Respect seems to have been maintained for the Hillside Initiative densities, but clearly those densities are not to apply outside the Initiative area. If the Plan is truly the will of the people, it would seem logical to carry the voted densities beyond the stated Initiative area and apply it to the entire development of the hillsides within the sphere of influence of the City. **The voters did speak and what they said should be applied to the entire area**. See p. 2-9, part c. in particular.
3) p. 2-9, part c, first bullet speaks to mass graded pads and the permanent preservation of large blocks of natural open space. I would ask that **"large blocks" be clearly defined**: 100 acres or more to this farm girl. I have heard a developer describe six feet between

houses as creating an open feeling, an open space. Perhaps cramped would be a better descriptor.

4) p. 2-9, part b says that a project "might not achieve the maximum allowable development intensity for the site." In order to meet that objective, a developer can come from either side of the number. The statement needs to **indicate the density may be less than the maximum allowable.**

5) please read p. 2-10 and its description of streets that follow the natural contours of the hillside, but **allows for mass grading** of the hillsides. How do the streets conform to a contour that has just been bulldozed.

6) Please read p. 2-10 of the old version. **Why is section "i" completely gone**? It speaks to development on steep hillsides and reducing the need for mass grading. Re-read the overall vision of the general plan. Ask yourself **how does mass grading fulfill that vision.**

I urge you to carefully compare changes from the old version of the General Plan to the latest Plan. How did they get made? Who made them? Who benefits from them? I support your role as a Planning Commission to put the best interests of the City you serve first and foremost in any vote that you cast. The citizens of Loma Linda expect that of you.

Sincerely,

Georgia E. Hodgkin

Georgia E. Hodgkin, EdD, RD, FADA
Commissioner of the City Historical Commission

P.S. I am also concerned about the total number of dwelling units about to be voted in our City close to Barton Road. My addition results in 942 units!! Those are: Ryland, 196; 86 on 10 acres; 263 on 37 acres; 296 apartments on Orange and California; 50 by the Bryn Mawr Post Office; 51 in Bryn Mawr — **total is 942 houses and apartments**. How can our streets, water wells, fire/police staffs, schools, and other City services handle all this at one time?

bb.

Loma Linda Conservation Society
24360 Lawton Ave
Loma Linda, CA 92354
(909)799-1731

RECEIVED
JUL 20 2004

July 20, 2004

Planning Commission
c/o Deborah Woldruff
City of Loma Linda
25541 Barton Road
Loma Linda, CA 92354

RE: Vote on Loma Linda General Plan Draft Environmental Impact Report

The Loma Linda Conservation Society, an organization of concerned citizens formed to ensure the preservation, livability, and quality of life of our city asserts that the Proposed Draft General Plan (hereinafter new Plan or Plan), and the General Plan Draft Environmental Impact Report (hereinafter EIR) are both flawed and inadequate. The Plan and EIR do not comply with CEQA.

The New General Plan must have an adequate Environmental Impact Report which discusses alternatives to the proposed Plan, and which discusses mitigation measures that will minimize or avoid adverse environmental impacts. The EIR is deficient and misleading for reasons, which are legion. By adopting or certifying this EIR, the City of Loma Linda would be making a grave mistake. For the good of the public, the Loma Linda Conservation Society urges the Planning Commission and the City Council to reject both the Plan and the EIR.

The EIR doesn't identify or consider some of the most important environmental impacts and logical mitigation options. The EIR completely ignores many important

aesthetic impacts upon the city, such as the mass grading of the hills, and the loss of agricultural space. The EIR does not address any air quality mitigations, and does not adequately address air quality impacts that will be caused by increased traffic and industry. The EIR does not seriously address the unique cultural needs and resources of a university town, and the related positive and negative impacts that a non-profit religious organization has upon the culture of the town. The EIR takes a blind eye towards the potential hazards and hazardous materials that may be lurking in the empty fields and ruins of old agricultural and industrial areas of the city. The EIR does not address the potential primary and tertiary impacts of planned land use changes. The EIR does not adequately consider the psychological, sociological, economic, and environmental effects of loss of agriculture and open space. The EIR does not address the problems of noise that increased traffic and potential business might create. The EIR does not seriously address the loss and means of protecting sensitive and threatened biological resources. There is a wealth of geological and soil studies that were conducted on the hills, which the EIR does not consider. The EIR does not address hydrology and water quality issues in a manner that can predict or ensure that water will be available. To allow development when this precious resource is uncertain, is to court disaster in the form of high water prices and potential water rationing. The EIR doesn't even mention or consider the loss of mineral resources, as CEQA requires, which shows the ineptitude of the drafters, in light of the fact that historically, a large portion of the land was owned by a mining company for the purpose of obtaining minerals for the production of what We understand to be a component of cement. The EIR's handling of the population element is simplistic, and does not consider the potential for overbuilding and property value loss,

upon the heels of which blight is sure to follow. The EIR does not adequately address the recreation needs and current recreational activities of the public. It does not adequately address the loss of recreational pursuits in the hills, nor does it adequately address the Plan's lack of specification of substantial developed park areas in new neighborhoods. Surely the EIR should consider the additional pressure this will put upon the current park system. Finally the EIR doesn't adequately address just how difficult it will be to provide adequate utilities to new residential and commercial developments. Put simply, this EIR is inadequate.

The EIR theorizes that build out under the Plan would result in a less than significant loss of scenic vistas and scenic resources. This is preposterous. Currently, the vast majority of Loma Linda's scenic resources exist in the undeveloped hills. These hills contain an extensive network of trails, and expansive open space. Many citizens of the Inland Empire either view or use these hills everyday for recreational purposes, including enjoying the many scenic vistas and scenic resources the hills provide. From on these hills, one can see views of San Jacinto, San Gorgonio, Mount Baldy, the San Bernardino Mountains, and the San Bernardino Valley. One can also enjoy viewing the hills in their springtime glory, and the wildlife and flocks of sheep that graze there. The hills themselves have rugged, varied terrain that is beautiful. Under the Plan, mass grading is allowed, development of these areas is promoted, and much of the scenic resources of the hills would be lost. To call this less than significant is laughable.

The EIR theorizes that increased residential densities, mixed use developments, and business park developments have less than significant impact on the character and visual qualities of the city. This too is preposterous. Currently, most of the city is

residential, and much of the city's business parks are well landscaped. From the hills, one mainly sees trees, except for notable land mark buildings. Under the new, higher densities, there will not be sufficient space for trees to hide the new developments. Placing mixed use and business park developments in the hills will substantially alter the character and visual qualities of the hills. The traffic patterns of the city will be changed, the population will grow substantially, and the character of the city will be forever changed.

With these developments, light and glare, i.e. light pollution, will dramatically increase. This is a significant impact, but the EIR erroneously says it is less than significant. The EIR does not discuss mitigation of the glare through rules governing bulb selection, light fixture height, light fixture intensity, etc. It is possible under the Plan, that something similar to the fields at the Drayson Center could be built to create tremendous light pollution, yet none of this is contemplated or addressed.

The EIR says that loss of open space is significant and unavoidable, and that no feasible mitigation is available. This is perhaps the most misleading, and biggest lie contained in the EIR. It is true, the loss of open space is significant---perhaps devastating. It is also true that it is almost completely avoidable using preservation zoning laws, open space zoning, agricultural zoning, and large minimum lot sizes. The California State internet sites are full of possible ways to preserve open space. There are State and Federal laws designed to help cities protect open space. And yet none of these methods or laws are considered. This is outrageous.

The EIR does not correctly consider carbon monoxide hot spot impacts. Once again, the most obvious errors are in the way the report considers the hills. One can

imagine that as a mixed use zone, industries which create high levels of carbon monoxide, or even just traffic may create excessive amounts of the gas in the hillside areas, which due to abrupt canyons in the hills, may collect, and cause a violation of federal and state standards in localized areas. Unless the Plan outlaws (which it doesn't) high carbon monoxide producing industries and excessive traffic in the mixed use and commercial areas, this finding is suspect, and mitigation measures should be considered.

The EIR states that adoption and implementation of the General Plan, "will not in and of itself generate odor or toxic air contaminants." Clearly, there is no protection against industries moving into Loma Linda, which could create odors. It is presumptuous to assume that an odorous industry would not seek to do business in Loma Linda. The Plan does nothing to protect against this possible eventuality, and it certainly is within the realm of possibilities that such an event could occur.

The EIR states that construction related particulate (PM_{10}) Emissions are significant and unavoidable. Poppycock. The EIR in making its opinion assumes only one 10 acre development. The Plan includes much larger developments in the Mission Road area and projects in the hills are also likely to be much bigger as well. If development were reduced under the Plan, or if slow growth measures were adopted, or if construction was limited to the wetter times of the year, particulate emission could easily be avoided. Not allowing mass grading in the hills would be a huge possible mitigation. This EIR is so ridiculously pro-growth, it has lost objectivity. It presupposes that the hills must be developed, and that they must be mass graded. By ignoring obvious mitigation possibilities, the EIR is deficient again.

The EIR states that vehicle emissions are significant and unavoidable. This just isn't true. They are avoidable, through more stringent circulation requirements, as well as lower housing densities throughout the city, fewer cars and more efficient traffic circulation could greatly reduce emissions. Yet none of this is considered in the EIR. Just avoiding development in the hills would greatly reduce emissions, yet that isn't even considered. The EIR is patently wrong for not seriously considering these mitigations.

The EIR states that stationary source emissions are less than significant. Not true. In commercial and mixed use areas, these emissions could become very significant. That the Conservation and Open Space Element does anything to combat this problem, as the EIR states, should be completely laughed out of court. Currently something in the neighborhood of 60% of the city is open space or agricultural—approximately 3700 acres. Under the new Plan, only 40 acres would be open space. Like that is going to do anything to mitigate stationary source emissions. One must seriously question the EIR in its entirety based upon such a ridiculous suggestion. Just how stupid do they think the citizens are?

The EIR states that the Plan will not conflict with Regional Air Quality Plans. How can this be? At another place, the EIR states that one of the significant and unavoidable impacts of the EIR is that air pollution may exceed the maximum allowable under air quality standards under the SCAQMD. In fact the EIR's treatment of pollution is illogical. Long term Regional Air Quality Plans seek further reductions in pollution. Under this Plan, air pollution would increase. With unparalleled audacity, the EIR says that 0.7%, or about 40 acres of open space will help this problem. Less growth would help. But the EIR doesn't even seriously consider this.

The EIR states that impacts to sensitive species and sensitive natural communities are less than significant. This is not true. The hills are home to all sorts of species which are sensitive. Even the Redland's General Plan recognizes Loma Linda's species and habitats. There are1,910 acres of the threatened California Gnatcatcher habitat that will likely be developed under the Plan. There are 23 other threatened or endangered species potentially present in the planning area, and 35 sensitive species. Why doesn't the EIR seriously consider not building in the hills, or building at a much lower density, like one house per 20 acres.

The EIR states that the loss of critical habitat is significant and unavoidable. Of course this is true, and makes the fact that the EIR says loss of impacts to sensitive species is less than significant illogical. And then the EIR states that saving 0.7% of the city as open space is a mitigation. Crazy. One can note that the integrity of the EIR is lacking.

The EIR says that impacts on migratory wildlife corridors is less than significant, and cites 40 acres of open space for the proposition. Looking at the Redlands general Plan, it shows the wildlife corridors going across areas of the hills set for development. Obviously, the EIR drafters never really took this issues seriously. There are obvious corridors that exist between the hills in Loma Linda and Riverside County, as well as between Redlands and Reche Canyon. The EIR should consider if wildlife is traveling through the open storm water drainage system. People don't spend much time looking at these, but they are teaming with life, and they connect with the Santa Ana River, which is a recognized wildlife corridor. The Plan does not designate any wildlife corridors, nor does the EIR consider them. The EIR sticks its head in the sand on this issue.

The EIR talks about the oak trees in the north of Loma Linda, and then says that the open space element would protect these. Note how geographically dispersed the open space is, all without any open space zoning to actually implement policy. The oaks are located in an empty field that will be used for commercial purposes. What does open space mean? Large expansive vistas? Undeveloped areas, or a patch of land, twenty feet by twenty feet in a parking lot with a few oak trees. The EIR doesn't even take these seriously. Nor does it take open space seriously. This is insulting to the process.

The EIR states that it is not in conflict with the Riverside County Multiple Species Habitat Conservation Plan (MSHCP), and that our 0.7% of open space will help solve that. This is crazy. Currently, species that are preserved and protected under the Riverside MSHCP use the hills for wildlife corridors. Also, the Riverside MSHCP attempts to preserve land directly adjacent to the city's hills for selected species. By allowing mass grading and development in the hills next to the Riverside MSHCP preserve, there will inevitably be contact with and adverse affects upon the wildlife, especially during any building phases. The EIR has not seriously considered this.

The EIR states that the Plan will not have a significant impact on any unique paleontological resources or sites. Just halting the development until the sites can be evaluated is not enough. To actually protect paleontological resources, the Plan should actually contemplate halting projects indefinitely, should the paleontological findings warrant it. Clearly, the drafter of the Plan and the EIR is just going down a checklist not taking its job seriously.

The EIR states that the Plan will protect unknown buried human remains, once again, presumably, because of the vast amounts of open space, especially, we presume,

the open space around Mission Road that doesn't exist. There is some evidence that there were some mass Indian burials, perhaps some in the eastern and north eastern parts of the city. Yet the EIR makes no attempt to consult various reliable historical sources to make any determination about the location of these remains. It is likely that the bodies of these people are in an advanced state of decay, and it is very likely that without a careful historical and archeological review, these remains could be very easily destroyed without notice. The EIR just ignores this, but points to open space policies in the areas zoned mixed use as protecting these remains. Preposterous.

The EIR states that "adverse changes in the significance of historic resources" are insignificant. The historical resources of the city center upon mission road. Yet this is zoned mixed use. But the EIR says that open space policies and design element policies will protect this. Once again, open space is to the rescue. Open space seems to be everywhere. But it is not in the area where the historical resources are. The EIR is illogical. Nor does the Plan have enough mandatory elements to assure that design elements will protect historical resources. Nothing mandates that historians or architects, or even the recommendations of the Historical Commission need to be followed in the mixed use areas where undeveloped historical resources are located. The EIR is clearly deficient, and should consider mitigating factors.

The EIR states that the potential of a fault rupture, ground shaking, liquefaction, ground subsidence, slope failure, soil erosion/loss of topsoil and collapsible expansive soil damages are less than significant. Anyone who walks in the hills behind the city can see that this is false. The hills are very steep, and they are made of soft soils. There are multiple faults in the hills behind Loma Linda. Looking at the hills, one can see from

their terrain that ruptures are possible. Neither the EIR, nor the Plan, address this issue sufficiently.

The EIR states that the possibility of unknown hazardous materials contamination is less than significant. Yet the EIR does not address the fact that historically, the land in this area was covered with orange groves which used substantial fertilizer and oil burning smudge pots. And there was significant historical rail road usage in the city. It is very likely that hazardous petroleum products could be found on the ground in the city. Yet no one has gone out and looked for these things. The EIR does not take this issue seriously.

The EIR states that the possibility of hazardous materials exposure is less than significant. Yet if the city is developed pursuant to the Plan, without adequate safeguards, the grading involved is likely to stir up the possible hazardous waste, create dust, and cause human exposure, as well as move the materials into places were it could contaminate the watershed. Further some former grove areas and other former commercial areas are planned to be developed as residential and commercial uses, which could expose the occupants.

The EIR states that the Plan would not impair an emergency response plan. This is crazy. The Plan calls for approximately doubling the population of the city, yet it does not adequately provide for roads to be built. It is easy to conceive of a situation where many homes and people could be in the hills during a wildfire, and that portion of the city could not be evacuated appropriately in an adequate manner. There is an extremely high pressure (capable of producing over 300 feet of head) petroleum pipeline going directly through the city that could burst in an earthquake, and with inadequate roads, people

could not evacuate the area. The EIR doesn't even consider this danger that exists in the city.

The EIR states that the Plan impacts ground water supplies, and that the impact is significant and unavoidable. It cites that the open space element (as written) of the Plan could mitigate this. And then turns around and says that there are no mitigation measures possible. This is a farce. 40 acres of open space does nothing to mitigate this problem. Yet actually preserving adequate open space currently in existence and reducing population and housing growth would mitigate this problem.

The EIR states that the impact of the Plan on groundwater recharge is less than significant. Yet at this time, about 60% of the city is undeveloped, and at build out, over 99% of the city will be developed. Development causes asphalt, concrete and roofs to be placed over the ground. When it rains, the water that would have hit the ground, now hits these materials, and more often then not, is diverted into a storm drain instead of being allowed to sink into the ground. Moving the water into storm drains robs the land of its ability to recharge. The EIR is deficient.

The EIR states that the Plan's impact on demand for water services is less than significant. Currently, the city enjoys a comfortable water surplus from its wells. However, the wells are constantly under threat from perchlorate and arsenic poisoning. If a build out occurs under the new Plan, there will be insufficient well capacity. This will force the city to go to the outside market to obtain water. With the stress on water resources in Southern California, it may be difficult to obtain water. Clearly the Plan may cause a significant impact on our water services.

The EIR states that the Plan will not impact water quality. And then cites the open space element as protecting this. How is 40 acres going to have any significant impact on the water quality of a city of 38,000 people? This is a farce. Of course water quality can be impacted if we are forced to buy water of inferior quality or pump contaminated water from our wells. If this issue wasn't so serious, one could say the EIR is laughable.

The EIR states that there will be less then significant impact on availability of water for fire flow. The Plan allows for building in the hills along the Riverside County line. Under the Riverside MSHCP, this land will remain largely pristine and undeveloped. This land naturally contains large amounts of sage brush. In the past, wildfires have been fought by strategic use of limited water and heavy equipment, usually bulldozers cutting fire breaks. Because the hills are undeveloped, the usual strategy of fighting fires allows for large areas to be burned until the geography allows for an effective fire break to be quickly built and stymie the flames. Often, these fires burn for days due to the difficulty of fighting them in this manner. If there are homes built in the hills, much more effective fire fighting strategies will be required, relying much more heavily on the extensive use of water. The city does not have these resources, nor is it likely to ever be able to obtain these resources. Last year's fires in Reche Canyon illustrate this problem. Because there were inadequate water resources and other firefighting resources, many homes were lost to wildfires. Obviously, the EIR doesn't consider this fact adequately.

The EIR states that the changes in the pattern of land use is less than significant. How preposterous. The Plan essentially entitles approximately 60% of the city to be

developed – all land that is otherwise agriculture and open space. And then the EIR has the gall to cite the open space element which protects 0.7% of the land as a policy which protects the current pattern of land use. This is offensive.

The EIR states that the Plan has no significant impact on existing development patterns. Ridiculous. Loma Linda is a partially developed patchwork of large areas of open space and agriculture. All of these areas are going to be developed under the Plan. As we speak, land speculators and developers are buying the land to prepare for the rush of development that will occur after the Plan is adopted. This EIR ignores this, and does not seriously consider mitigation.

The EIR states that the Plan is not incompatible with airport land use. The city sits underneath the pattern of San Bernardino Airport (formerly Norton AFB). All of the citizens who lived in the city prior to the closing of Norton in the 1980's can recall the constant flight of airplanes over the city. With the growth of the population in Los Angeles, there is a high probability that the San Bernardino Airport could be utilized for freight and possibly passenger service, and that Loma Linda could once again be inundated with airplanes. Yet the EIR minimizes and largely ignores this.

The EIR states that the Plan does not have a significant impact on exposure of structures to floods and increased stormwater runoff. Every time you develop, you decrease the amount of water that can be absorbed by the ground in a storm. Stormwater runoff is sure to increase. And the Plan allows for significant development in the hills, where floods from time to time ravage canyons and spew dirt and rocks into the city. During the last ten years, both Scott's Canyon and the area above Whitter Street have flooded, leave a channel large enough to drive a truck in some areas. By allowing

development in this area, floods will be spewing dirt, rocks, and busted up buildings in the future. The EIR needs to address this issue, and make mitigation recommendations that would keep buildings out of harm's way.

The EIR states that noise levels from construction will be less than significant. This is hard to believe, considering the massive amounts of grading that is allowed, and just the sheer size of the potential development projects. This impact needs to be studied more, and serious mitigation factors considered.

The EIR states that long term vehicular noise impacts would be less than significant, and then cites a noise element as something that will actually protect us. This is impossible. The sheer size of the developments contemplated in the hills and in the Mission Road area will turn current rural roads into highly trafficked collector streets. There will be literally hundreds of thousands of additional daily trips made by the residents of the city. The EIR doesn't adequately address what mere volume alone can do to the currently residential streets of the city that will by necessity become collector roads. Noise increases due to traffic are going to be significant.

The EIR states that there will be no significant long term stationary noise impacts. The Plan cannot guarantee this, as there is no restrictions on what types of industries can enter into the mixed use areas, nor is there sufficient controls on the use of some commercial areas. The EIR is negligent in its consideration of this matter.

The EIR states that railroad noise impacts are less than significant. After Norton AFB closed, there hasn't been a more significant noise issue to the citizens of Loma Linda. Most of the residential areas of the city are within earshot of the railroads. With increase in population and industry, as well as the potential for increase in activity at the

ports of Los Angeles, train use is bound to increase. The EIR needs to consider this, and consider the construction of sound barriers and street and path overpasses to mitigate the noise. The EIR really ought to consider creating a foot path overpass over the tracks at Benton, as many people cross there on foot now, and it is certain that if they are seen, the train will blow its horn. Clearly, the EIR is not really concerned with reality. Clearly, both the EIR and the new Plan are shams.

The EIR states that there will be less than significant impacts on housing and population in the city. We suppose if one were to view housing and population as a good, of which the more one has the better, like money, then the impacts would be phenomenally positive. The new Plan will greatly increase housing and population in the city. But a nuanced view shows that more housing and more population are not necessarily a good thing, and the Plan definitely impacts this. The Plan does not adequately address infrastructure, required services, or factors affecting quality of life and habitability. Just building homes does not mean that these homes will be desirable places to live. The EIR needs to highlight, address and consider mitigating factors related to overdevelopment and over population, and the potential effects upon the housing of the city if desirability factors are not addressed. What happens if we overbuild to the point of the city no longer being a desirable place to live? The EIR should address the possible negative impact on housing prices if overdevelopment occurs. The EIR should address the growth of crime and unemployment that will be attracted to the city if overdevelopment occurs. Surely crime and housing devaluation due to overdevelopment is a potential significant impact, for which mitigation may be possible by modifying the Plan. The EIR ignores this.

The EIR inadequately addresses fire protection and police protection problems, and erroneously finds that the Plan's impact on these is less than significant. The hills present a formidable barrier to adequately providing for these services. This is greatly increased by limitations imposed by voter initiative related to building through streets in the hills. The EIR needs to consider this more carefully.

The EIR does not adequately address the need for schools and library services. The Plan's impact on this is significant. Under the new Plan, development could occur so fast and so densely that it will be impossible for the school district to provide adequate school facilities. This is exacerbated by the fact that the local school district is selling land to developers in the city. The EIR needs to address this.

The EIR does not adequately address the Plans impact on demand for wastewater services or solid waste services, erroneously finding that the impact would be less than significant. Under the Plan, substantial additional wastewater capacity will have to be created—perhaps more than double the current capacity. The EIR does not consider the realistic continued long term availability of solid waste dump facilities in the area. Once development occurs, solid waste is produced for decades, and solid waste does not disappear. Combined with the explosion of development throughout the Inland Empire, there is a real possibility that solid waste disposal could become expensive and difficult. The EIR should address this and suggest mitigation measures.

The EIR erroneously finds that there will be no significant impact on energy resources under the Plan. It is common knowledge that California lacks excess capacity in its power grid. There can be no more guarantee of energy than there can be for water if the city were to develop. The EIR must address this issue. Perhaps the city should

Plan for a power plant. Further, new development will require increases in energy infrastructure. Much of this infrastructure will be built out through the currently developed areas of the city. The EIR must consider the disruption of building additional capacity that can be created.

The EIR correctly finds that the new Plan causes significant increase in traffic problems. It incorrectly finds that this impact is unavoidable. This impact is clearly and easily avoided through a combination of measures, including significantly less areas zoned for residential or commercial development, decreased zoning densities, increased open space, increased agricultural zoning, provisions for denying building permits until after impacted traffic infrastructure is improved, etc. etc. There are many different, innovative and tried and true ways to limit traffic impacts. Traffic is avoidable. The EIR needs to address mitigation seriously.

The EIR incorrectly finds that the impact on availability and maintenance of park and recreational facilities is less than significant. The new Plan calls for developing very large areas of undeveloped land. Nothing in the Plan requires that adequate parks will be built, nothing covers the needs of additional maintenance. The Plan doesn't consider the important recreational area of the hills that will be forever and irrevocably lost if the Plan is implemented. The EIR just ignores the real meat of the issue.

There are prime and unique agricultural farmlands in Loma Linda that produce citrus and fragile vegetable crops. The EIR does not adequately address the potential destruction and conversion of these areas, nor adequately propose mitigating factors.

In contemplating the Plan, the EIR does not do an adequate job of assessing the potential impact of development on humans who are sensitive receptors to pollutant concentrations or the objectionable odors that development may create.

The EIR does not do an adequate job considering the impacts of the Plan related to:

scenic vistas
scenic rocks, trees, and historic buildings
visual character of the city and the hills
new sources of light and glare
prime farmland, unique farmland or Farmland of Statewide Importance
conflicts with Williamson Act Contracts
conversion of farmland to non-agricultural uses
conflicts with air quality plans
violations of existing or projected air quality standards, rules, or regulations
affect on non-attainment criteria pollutions under state or federal ambient air standards
candidate, sensitive, or special status species
riparian and other sensitive habitats
wetlands
migratory fish and birds
local policies protecting biological resources
habitat conservation plans
cultural resources
historical resources
archaeological resources
paleontological resources
unique geological features
human remains
geology and soils

ground ruptures

seismic ground shaking

landslides

soil erosion and loss of top soil

unstable soils subject to landslides, lateral spreading, subsidence, liquefaction or collapse

developments on expansive soils

soils unable to support septic tanks or waste water disposal systems in areas not served by sewers

hazardous materials use, transportation, or disposal

accidental release of hazardous materials into the environment

location of any hazardous waste sites pursuant to Gov. Code §65962.5

airport plan impacts, including safety hazards

emergency response and evacuation plans

losses due to wildland fires

water quality standards

waste discharge requirements

depletion of groundwater supplies and recharging

alteration of drainage patterns

capacity of stormwater drainage systems

structures within 100 year flood hazard area

exposure of people or structures to flooding as a result of a levee or dam

inundation by mudflow

physical divisions in established communities

conflicts with any other land use plans, policies, or regulations

conflicts with habitat conservation plans

loss of mineral resources

excessive noise levels

groundbourne vibration and noise

increases in ambient noise

aircraft noise

population growth

displacement of existing housing and the necessitation of replacement housing

displacement of people, necessitating construction of replacement housing

fire protection

police protection

schools

parks

other public facilities

overuse and deterioration of parks and recreational facilities

recreational facilities and uses which adversely affect the environment

increase traffic load in relation to existing traffic load and capacity

exceed traffic service standards established by other govt. or quasi-govt. agencies

changes in air traffic patterns

safe road design and safe road compatible uses

adequate emergency access

conflict with policies, plans or programs supporting alternative transportation

wastewater treatment capacity

require construction of wastewater treatment plants

require construction of stormwater drainage facilities

sufficient water supplies from existing entitlements and resources

that the current wastewater provider says treatment is feasible

landfill availability

federal, state, and local statutes governing solid waste disposal

The EIR does not adequately address or suggest mitigations for the potential the Plan has to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict

the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory.

The EIR does not adequately address or suggest mitigations to impacts that are individually limited, but cumulatively considerable, meaning incremental effects of the Plan are considerable when viewed in connection with the effects of the existing city, current projects, and probable future projects. In fact, when asked about this issue, the consultant drafting the Plan indicated that although the cumulative effects of the Plan created significant and unmitigatible impacts, he felt that the Plan would allow for all of the individual projects contemplated by the Plan to go forward, on the theory that no one single project would create a significant impact that could not be mitigated. Thus, this Plan is patently and admittedly flawed.

The EIR does not adequately address or suggest mitigations under the Plan which will adversely affect human beings, both directly and indirectly.

So far, this letter has been focused upon the EIR. Nevertheless, the Plan itself is deficient and poorly serves the needs of the city. It is our fear that the Planning Commission does not fully appreciate the effect of the EIR on the Plan. **In order for any of the mitigating measures identified in the EIR to become part of the Plan, the Planning Commission must amend the Plan to include them. At this time, the Planning Commission has not adopted any of the mitigating measures proposed by the EIR.**

To meet the requirements of CEQA, the Planning Commission must reject the EIR until a revised Plan can be developed which will adequately address all environmental issues.

For all of these reasons, which are legion, the Loma Linda Conservation Society respectfully request that the EIR and the Plan be rejected by the Planning Commission and ultimately by the City Council. We also request that this letter become a part of the official record in this matter.

Thank you very much for your consideration of this matter. We will be happy to make oral comments on this matter if you desire.

Sincerely,

Kathy Glendrange

Kathy Glendrange
Secretary
Loma Linda Conservation Society

Georgia Hodgkin

Georgia Hodgkin
Member
Loma Linda Conservation Society

Carolyn Bakland

Carolyn Bakland
Member
Loma Linda Conservation Society

Wayne Isaeff

Wayne Isaeff
Member
Loma Linda Conservation Society

Valerie Gallant

Valerie Gallant
Member
Loma Linda Conservation Society

cc: City Council

(CC.)

Community Petition

DATE: September 1, 2004

TO: Loma Linda City Council, Loma Linda, California 92354

FROM: Residents of Loma Linda

RE: Proposed land zone change

By signing the attached document I hereby declare that I oppose any current or future zone changes to the land located directly north and adjacent to the Laurel Heights Community, south of Barton Road, west of Oakwood, and east of the neighboring Montecito Cemetery. In addition, I specifically oppose any current or future agenda that supports the development of apartment units at the above named property.

Furthermore, I wish to be informed of any potential development in my immediate community.

Please see attached documents for signature(s). Total Signatures #~~62~~ 66

RECEIVED
SEP 20 2004
CITY OF LOMA LINDA
COMMUNITY DEVELOPMENT

Signature		Name (print) JAMES LAI	
Address (street) 11265 Price Dr		(City) Loma Linda	(Zip Code) 92354
Telephone (909) 799-3068			

Signature		Name (print) Shelley Tham	
Address (street) 11265 Price DR		(City) LOMA LINDA	(Zip Code) 92354
Telephone (909) 799-3068			

Signature		Name (print) Swee Chan LAI	
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Telephone (909) 799.3068			

Signature		Name (print) HERMINIAND QUEJA	
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Telephone (909) 799-3166			

Signature Joy Bradley		Name (print) Joy Bradley	
Address (street) 24282 Khan Dr.		(City) Loma Linda	(Zip Code) 92354
Telephone (909) 799-3182			

Signature		Name (print)	
Address (street)		(City)	(Zip Code)
Telephone ( )			

Signature [illegible]	Name (print) ELISEO R. AREVALO, Jr.
Address (street) 24162 Khan Dr.	(City) Loma Linda (Zip Code) 92354
Telephone (909) 796-1449	

Signature [illegible]	Name (print) HELEN AREVALO
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Signature [illegible]	Name (print) Janette Lewis
Address (street) 24236 Khan Dr	(City) Loma Linda (Zip Code) 92354
Telephone (909) 796-7468	

Signature [illegible]	Name (print) BILL SLATER
Address (street) 11273 WALNAM	(City) LOMA LINDA (Zip Code) 92354
Telephone (951) 5442471	

Signature [illegible]	Name (print) Rajesh Thathija
Address (street) ~~[illegible]~~ 24204 Khan Dr.	(City) Loma Linda, CA (Zip Code) 92354
Telephone (909) 215-8034	

Signature JABermudez	Name (print) Jennifer Bermudez
Address (street) 24226 Khan Dr.	(City) Loma Linda (Zip Code) 92354
Telephone (909) 799-1759	

Signature Elaine Guevara	Name (print) ELAINE GUEVARA
Address (street) 24237 KHAN DRIVE	(City) LOMA LINDA, CA (Zip Code) 92354
Telephone (909) 799-3278	

Signature RUEL D. LAO	Name (print)
Address (street) 11246 Vollmer dr.	(City) LOMA LINDA (Zip Code) 92354
Telephone (909) 825-2203	

Signature Lyra Lao	Name (print) LYRA LAO
Address (street) 11246 VOLLMER DR.	(City) LOMA LINDA (Zip Code)
Telephone (909)) 825-2203	

Signature	Name (print) ELISA YUMANG
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Telephone (909) 796-7772	

Signature	Name (print) THOMAS BERMUDEZ
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Telephone (909) 556-5871	

Signature James C. Fonseca	Name (print) JAMES FONSECA
Address (street) 24214 KHAN DR.	(City) LOMA LINDA, CA. (Zip Code) 92354
Telephone (909) 799-3089	

Signature Teresa Fonseca	Name (print) Teresa Fonseca
Address (street) 24214 Khan Dr.	(City) Lomalinda (Zip Code) 92354
Telephone (909) 799-3089	

Signature Jose Ponce	Name (print) Jose Ponce
Address (street) 11275 Price Dr.	(City) Loma Linda (Zip Code) 92354
Telephone (909) 799-3148	

Signature Gloria Gutierrez	Name (print) Gloria Gutierrez
Address (street) 11275 Price Dr	(City) Loma Linda (Zip Code) 92354
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Signature Rebecca Ganzon	Name (print) Rebecca GANZON
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Telephone (909) 799 2055	

Signature Eduardo Ganzon	Name (print) EDUARDO A. GANZON
Address (street) 24498 Khan Dr.	(City) (Zip Code)
Telephone (909) 799-2055	

Signature Chin Cho Ko	Name (print) CHIN CHOO KO
Address (street) 11285 Price DR	(City) Loma Linda, CA (Zip Code) 92354
Telephone (909) 799-0308	

Signature [illegible]	Name (print) SOON T. SONG
Address (street) 11255 Price	(City) Loma Linda (Zip Code) 92354
Telephone (909) 796-5762	

Signature Seungcha Song	Name (print) Seungcha SONG
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Telephone (909) 835-0170	

Signature Kwan Soo Kim	Name (print) Kwan S Kim
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Telephone (909) 796 5251	

Signature Juhyun M Kim	Name (print) Juhyun M. Kim
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Telephone (909) 796 5251	

Signature	Name (print)
Address (street)	(City) (Zip Code)
Telephone ( )	

Signature	Name (print) Alvin Wilbourn	
Address (street) 11226 Price Dr.	(City) Loma Linda	(Zip Code) 92354
Telephone (909) 496 4808		

Signature George Davis	Name (print) GEORGE DAVIS	
Address (street) 24246 PAULSON DR.	(City) LOMA LINDA	(Zip Code) 92354
Telephone (909) 796-7644		

Signature Deanna T. Davis	Name (print) Deanna T. DAVIS	
Address (street) 24246 Paulson Dr.	(City)	(Zip Code) 92354
Telephone (909) 796-7644		

Signature	Name (print) Bonchee Wilbourn	
Address (street) 11226 Price DR.	(City) Loma Lin L.	(Zip Code) 92354
Telephone (909) 796-0567		

Signature	Name (print)	
Address (street)	(City)	(Zip Code)
Telephone ( )		

Signature	Name (print) JENNIE LUH
Address (street) 11238 Price Drive	(City) Loma Linda (Zip Code) 92354
Telephone (909) 799-1845	

Signature	Name (print) GEORGE LUH
Address (street) 11238 Price Drive	(City) Loma Linda (Zip Code) 92354
Telephone (909) 799-1845	

Signature	Name (print) SOONG NAM KO
Address (street) 11285 PRICE DR	(City) LOMA LINDA (Zip Code) 92354
Telephone (909) 799-0308	

Signature	Name (print) Bruce Bradley
Address (street) 24282 Khan Dr.	(City) Loma Linda (Zip Code) 92354
Telephone (909) 799-3182	

Signature	Name (print) NOEL TUMANG
Address (street) 24958 Khan Dr	(City) Loma Linda (Zip Code)
Telephone (909) 796-7772	

Signature	Name (print) KURUVILLA JOSEPH
Address (street) 11268 PRICE DR.	(City) LOMA LINDA (Zip Code) 92354
Telephone ( )	

dd.

Mr & Mrs James Fonseca
24214 Khan Drive
Loma Linda, CA 92354
Home 909-799-3089
Work 909-558-8393

Mayor Karen Gaio Hansberger,
25541 Barton Road
Loma Linda, CA 92354

RE: Possible rezoning of land directly connecting the north side of Laurel Heights Community, (South of Barton road, east of Oakwood) for apartment development.

September 1, 2004

Dear Mayor Gaio Hansberger,

Our family is writing to you regarding potential development on land directly connected to our new home. We recently closed escrow on this home on July 16, 2004. We purchased this home because it was very important to us that our family live in a community that reflected the atmosphere of traditional family spirit.

Prior to purchasing our new home in the Laurel Heights development in the city of Loma Linda, we were advised that the land connected to our backyard was zoned for single family homes. This information helped finalize our purchase of our new home in Loma Linda.

To our great dismay, collaborative efforts by fellow community members have recently discovered that attempts are being made to rezone this property for development apartment units.

We are greatly concerned over the direct impact this will have on noise, traffic, crime and pollution. We are concerned for our children and the effect this will have on their surroundings. It is our greatest hope that this property density not be changed to allow the development of apartment units. We strongly oppose any change in rezoning of this property.

I came to Loma Linda seventeen years ago to attend the University here. I graduated from Loma Linda University and then went to work for the Medical Center. We always have loved and supported Loma Linda's community. Please support the families in this community. Please support a safe and wholesome environment for our children.

Respectfully,

Mr & Mrs. James Fonseca

Cc: Floyd Petersen
Robert Ziprick
Stan Brauer
Robert Christman
Deborah Wolduff

(cc.)

REDLANDS UNIFIED SCHOOL DISTRICT

September 20, 2004

RECEIVED
SEP 27 2004
CITY OF LOMA LINDA

Ms. Deborah Woodruff
Director of Community Development
City of Loma Linda
25541 Barton Road
Loma Linda, CA 92354

Re: City of Loma Linda General Plan Update

Dear Ms. Woodruff:

On behalf of the Redlands Unified School District ("District"), I am writing to provide information to the City of Loma Linda ("City") for inclusion into its General Plan Update Project. The School District, like the City, has experienced tremendous growth in recent years and is also currently reviewing and updating its Master Plan.

As part of the District's update of its Master Plan and to inform the City of its facility needs that the City should include in the City's General Plan update, the District provides the following information. The District anticipates its school facilities needs to be one (1) new middle school and at least one (1) or perhaps two (2) elementary schools in the City of Loma Linda or its sphere of influence. These facilities are needed due to the projected development within the City of Loma Linda or its sphere of influence. The District will be providing a public review period for its Master Plan, which is currently expected to take place in November 2004. The District will be providing notice of the public review period and will send a draft Master Plan to the City of Loma Linda.

Please contact me with any questions or comments. We look forward to working with the City in the near future to provide adequate facilities for the education of children of our District as well as the City of Loma Linda.

Sincerely,

Teri Shira

Teri Shira
Coordinator
Facility and Community Services

cc: Robert J. Hodges, Superintendent, Redlands Unified School District
Paula A. Schaefer, Esq. , Bowie, Arneson, Wiles & Giannone

20 West Lugonia Avenue • P.O. Box 3008 • Redlands, California 92373-1508
(909) 307-5300 • Fax (909) 307-5344 • www.redlands.k12.ca.us

Loma Linda Redevelopment Agency
25541 Barton Road
Loma Linda, CA. 92354

(ff.)

It is my humble desire to try and present to the Loma Linda Community Development Committee, city Council, and Debra ~~Waldruff~~ Helpful info. I very well understand growth and community development But it has to be done with some restrants and a lot of good judgements as well.

We have a lot of bad, good examples all around us! Lets not get Cought up in the ground swell.

It looks to me that we are getting sucked into an expantion program while we can't correct our present traffic problems, as well as an xation of island of County property already in trouble.

Surface water from just gouding errogation has be Causing street problems north of mission and east of Mtn View.

There are more problems developing on Anderson st and Redlands blvd. which needs to be delt with. You people don't see it because your not in on the the internal problem - (Southern Calif. Conference of S.D.A.)

The University of Loma Linda provided the land for the building of the Loma Linda Academy was back when, the academy would love to move to a larger location If they Could sell the property, but the agreement under which they got the land has a Clause stating that it has to sell the land back to the University for the same price they payed for it! With all its buildings.

The school needs to develop a nother street west to move the traffic off of Anderson street, and that would require a bridge across the Creek west of the school.

Several people have made mention that the University being a non-profit business should be Confronted about being willing to Come forth with some community help since more than 50% of the problem is being caused by students patients, employees and staff members.

I would very much like to see This brought before the Planning Committee. But you'll find that all the land is owned by Southern Calif. Conference of Seventh Day Adventist

Submitted in March 2005 (DW)

my wife and I have lived in this Community over 20 years plus. my wife has grown up living on Anderson street, gone to shool at the academy gone to La Sierra College, graduated from the academy and La Sierra College.
Then went on to Loma Linda University and finished three more degrees with her Edd.
I am not trying to empress anyone, I am saying I know of what I speak.
At one time there was a lake in the north of Highway 10 and East of 215. There was an Indian Village just in the area where your showing the University Village site and Orchard Park site.
We once had a Red Car transportation rail clear into LA. Between the rubber tire Companys and the Oil Co's the Red Car and all the rails disappeard, and the rail way rights were bought up by enterprizing people.
We really need more of the property owners to get involved with the total planning.
It is very clear that the people that Control the land are not all speaking up.
Has anyone checked to see how much property the University owns? How much property tax are they willing to put into developing, parks, streets additional parking lots for all the extra Cars that they bring into the area.
The developers are painting a beautiful picture but I truly don't see the clear picture.
The more asphalt paving you develop and the soil Covered you have a lot of serface water to direct. We have seen this year what runoff can do on the hills, but when you Cover up the hillside whith paving and housing it Can Cause more problems unless you do the proper amount of preplanning.

You know time was, when this was called "Gods Country", well, why do you think the people from all around us want to move in to our small Community?, because it isn't Cluttered!!

I was on the "Inland Hospital Committee when we wanted to get the Veterans Hospital built here where it stands. I wish I could play back the hulabaloo that went on for that one hospital.
I am a living testamoney to the fact that Hospitals has saved 1000's of lives and is still saving lives.
But there are hundreds of thousands of veterians Comming back from all the wars we are fighting allover the world. We service veterians from allover the state that means, cars buses, coming in by the thousands. And many have no place to park.
The community gets upset because the cars park in this way.
We need inter city transportation, Commuters parking lots, we need to provide for skooters, bikes, electric wheel chair,
It is a fact that our nation is fast becoming a nation of people 50% old over 50 years of age.
This community of Loma Linda is a leag of nations! we have people from just about every Country of the world and more are coming in daily to go to school to look for some type of work.
This area of Redlands and Loma Linda was Once not to long ago, the Palm Springs of Calif., before Palm Springs developed.
It was the place to Come for your health!
Then it moved to the Desert!, Then the golf Corses have made it un healthy for many!
Playing golf is healthy, but don't be to quick!

The University Village and Orchard Park sites are stacking to many, no dought you will fill every space and no dought more then planned for.

Do you really think the day of mom and pop stores are going to make a go of it with Computer on line shopping growing and massive Shopping Centers growing

I like the parks and walks but who is going to patrol and keep our tight packed housing protected? We can't afford ~~police~~ police enough to take care of what we have going

I haven't even begun to discuss the problems that we will creat with the Beaumont Estates! Are we planning to build two new bridge across the San Timatoto Creek? Deer Park and Beaumont Estates alone will make the traffic load on Mtn View unbeliveable! Barton Rd would be something else! California street will have to be 4 lanes with a Center turning lane.
Whittier would have to become 4 lanes also to Barton Rd.

~~6.9.1 Future Traffic Demands:~~
Hulda Crooks Park I would approve of putting some design into making it a real community park, design a true ampha theather on the hill side One where the community could have real consets and music festavills. But it would need parking a lot more then is being preposed.
A good study of Redlands out door theather loads would show that we would out due them with activity - On top of what is being planned you bring into town another 1 or two thousand music lovers coming from all over, try and find a place for them, not to mention othe activities.
Our expantion planning is out doing our limited space. And the transportation planning hasn't even caught up with our present condition!! The developers are trying to stuff 10 pounds of mass into a 6 pound space!! For the love of God lets get the priorities in the wright order.

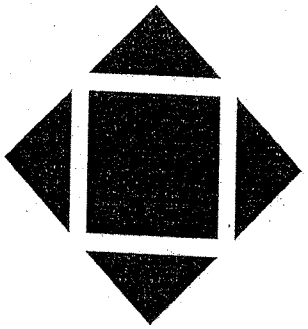
Mr. Gale R. Revel

ATTACHMENT E

ECONOMIC FEASIBILITY STUDIES AND FISCAL ANALYSES

1. Market Evaluation and Feasibility Analysis for a 23-Acre Site in Loma Linda, California, Final Report (The Concord Group, January 23, 2003) – Prepared for AGS Spanos Corporation
2. Fiscal Analysis of California-Barton Site (Alfred Gobar Associates, March 2003) – Prepared for AGS Spanos Corporation
3. Market Feasibility-University Village and Orchard Park Specific Plan Projects, Loma Linda, California (Robert Charles Lesser & Co., Inc., September 17, 2003) – Prepared for City of Loma Linda
4. Fiscal Impact Analysis of University Village and Orchard Park, Loma Linda, California (Robert Charles Lesser & Co., Inc., December 2003) – Prepared for City of Loma Linda

THE
CONCORD
GROUP



THE CONCORD GROUP

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PHONE 949.717.6450 FAX 949.717.6444

MARKET EVALUATION AND FEASIBILITY ANALYSIS FOR A 23-ACRE SITE IN LOMA LINDA, CALIFORNIA

FINAL REPORT
JANUARY 23, 2003

PREPARED FOR:
THE SPANOS CORPORATION

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY OF FINDINGS
FOR A 23 ACRE SITE IN LOMA LINDA, CALIFORNIA

- With a current population of 22,975 and employment base of 14,733 in 2000, the City of Loma Linda has a **higher jobs/household** ratio than any of the surrounding communities, or San Bernardino County overall
  - **City is "jobs rich" and "housing poor"**
  - Could be an indicator that **not enough housing is being provided** for the Loma Linda's employment base

- Loma Linda has experienced **significant growth in taxable retail sales,** which have increased 62% since 1996
  - **Loma Linda has higher taxable retail sales per capita** than Colton, Redlands, Yucaipa, Highland, San Bernardino County and Riverside County
  - Given geographical constraints and regional positioning, Loma Linda has not established itself as a retail destination for anything other than auto sales
  - As such, City cannot realistically be expected to achieve higher retail sales per capita than that currently being experienced
  - **Any new retail space will have to be supported by new household formation (residential growth)**

- A neighborhood center at the site would draw from a two-mile radius around the site. There are already three neighborhood centers in this two mile radius: Mountain View Plaza (125,000 sf), Loma Linda Plaza (106,000 sf) and Brookside Plaza (102,000 sf)
  - **Any retail space at the site will have to be supported by new household formation (residential growth) within a two-mile radius of the site**

- A community retail center at the site would draw from a five-mile radius around the site. The **site is well covered by existing community** centers, including the Wal-Mart Center at California/Redlands, Tri-City Center (Redlands), Club Power Center, and Tri-City Centre (San Bernardino), which encompass 1.3 million square feet combined

- Based on projected household formation (residential growth), there will be new **demand for roughly 300,000 to 350,000 square feet of new retail space** within a two mile radius of the site over the next five years

- As the site currently exists, it would be **extremely difficult to obtain an anchor tenant without a location on a major intersection.**
  - We project the site as it exists today will be able to **absorb roughly 30,000 to 50,000 square feet of retail space,** or 15-25% of demand without an anchor

EXECUTIVE SUMMARY OF FINDINGS
FOR A 23 ACRE SITE IN LOMA LINDA, CALIFORNIA

- If the site were **combined with the corner parcel at California and Barton,** the site would likely be able to absorb a total of 100,000 to 125,000 square feet, or roughly 25-35% of demand
- **The majority of demand** in the two-mile trade area will **likely be absorbed along Redlands Boulevard,** which is already an established retail corridor and has some freeway visibility

- Based on projected household growth in various income cohorts, propensity to rent, and renter turnover, **there is demand for roughly 390 apartment units per year** in the $800 to $1,700 rent range
  - With frontage along Barton and a strong marketing effort, the subject property should be able to **absorb 20 to 25 units per month.**

- **Our recommendation is the retention of ±10 acres** at the corner of California and Barton (including the adjacent tank parcel at the corner) for the future development of a **neighborhood center.**

- Under this development scenario, the City would receive approximately $21,000 per year unrestricted and $48,000 per year in Low and Moderate Housing funds from property taxes, for a total of $69,000

- **With the future development of a ±125,000 square foot neighborhood center that achieves an average sales per square foot of $255 (national average for a neighborhood center per ULI's Dollars and Cents), city could expect to capture 1% of retail sales in sales tax, or $320,000 per year**

TAX INCREMENT REVENUE VERIFICATION

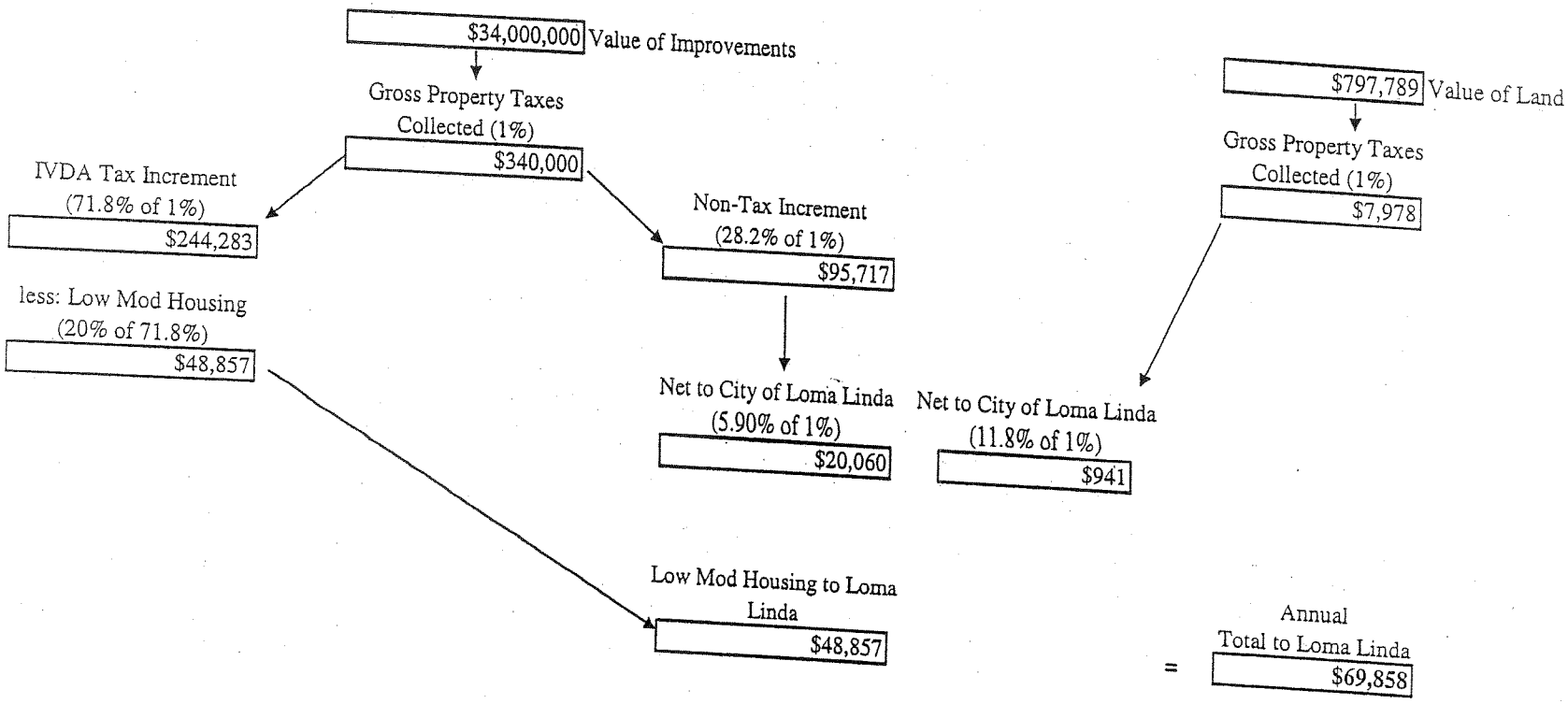
TAX INCREMENT REVENUE VERIFICATION

In an attempt to clarify and quantify the potential impacts and benefits that the City of Loma Linda could expect to experience with development at the subject site, our team has calculated an estimate of potential revenues that the City would accrue with the increase in tax increment at the site. As the site lies within the Inland Valley Development Agency (IVDA) project boundaries, it is subject to any tax agreements between the IVDA and its member entities.

In order to clarify the division of tax increment revenues, our firm met with representatives of the IVDA. On December 23rd, 2002, we met with Martin Romeo, Chief Financial Officer of IVDA and Michael Burrows, Real Property Specialist with the IVDA. Based on our conversation, they gave us a chart which breaks down the allocation of property tax revenues for properties located in the City of Loma Linda. According to the chart, the City of Loma Linda will receive 5.9% of the gross property taxes collected, which are collected at a rate of 1% of the value of the improvements on the property per year. In addition, the City will receive a Low and Moderate Housing allocation which is 20% of the IVDA's share of the gross property taxes, which is 71.8% of the 1% collected.

For a theoretical project value of roughly $34 million, the gross property taxes collected would be $340,000. Loma Linda would receive 5.9% of this, or $20,060. Loma Linda would also receive 20% of the IVDA's 71.8% share, or $48,857, as a Low and Moderate Housing allocation. These figures would grow at a rate of 2% per year. In addition, the City will continue to receive revenues for the property taxes collected for the value of the land at the subject site. With an assessed value of roughly $797,800, the property generates $7,978 per year in taxes and the City receives 11.8%, or $941 annually. The breakdowns are summarized on the following page.

TIF FLOW CHART
CITY OF LOMA LINDA



This is our understanding of what is in force as to the division of revenues for properties in the City of Loma Linda that lie within the jurisdiction of the IVDA. These figures represent the baseline figures, and will grow at a rate of 2% per year. In addition to our analysis, Rosenow Spevacek Group ("RSG") was also retained for an analysis of potential tax increment revenues. RSG is the financial advisor to the IVDA and provides them with expected tax increment revenues annually. RSG's analysis yielded similar

estimates, with a slightly higher Low and Moderate Housing Income Fund allocation of $53,000 versus our $49,000. The results of their analysis are attached on the following pages.

ROSENOW SPEVACEK GROUP INC.

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SUITE 300
SANTA ANA, CALIFORNIA
92701-4822

TEL: 714 541-4585
FAX: 714 836-1748
EMAIL: INFO@WEBRSG.COM
WWW.WEBRSG.COM

REAL ESTATE ECO
GOVERNMENT SE
ECONOMIC DEVELO
REDEVELOPMENT PLA
HO
REAL ESTATE ACQUIS
FINA

January 20, 2003

Via Fax and Regular Mail
(909-788-2035)

Mr. Jack Lucas
Vice President
THE SPANOS CORPORATION
5029 La Mart Drive, Suite A2
Riverside, CA 92507

TAX INCREMENT REVENUE VERIFICATION FOR A DEVELOPMENT PROJECT LOCATED WITHIN THE INLAND VALLEY REDEVELOPMENT PROJECT AREA – LOMA LINDA AREA

Dear Mr. Spanos:

The Spanos Corporation ("Spanos") has engaged the Rosenow Spevacek Group, Inc. ("RSG") to assist in the computation of expected tax increment and property tax revenue that will be generated by its planned project within the City of Loma Linda. The planned project site also is located within the Inland Valley Development Agency's ("IVDA") Redevelopment Project Area. As you are aware, RSG acts as financial consultant to IVDA, annually computing its expected tax increment revenues, housing fund set-aside amounts and school agency pass through payments for its Inland Valley Redevelopment Project Area ("Project Area"). Per your request, based upon our completed calculation of IVDA and City 2002-2003 share percentages, we have calculated first year tax increment revenues and property tax revenues that should flow to the City of Loma Linda from the Spanos project.[1]

Background

The IVDA Board adopted the IVDA Project Area on July 18, 1990. The Project Area covers approximately 14,246 acres within approximately 22,400 (assessor's) parcels. The Project Area includes the former Norton Air Force Base and much of the surrounding and adjacent territory. The majority of land within the Project Area falls within the City of San Bernardino and County unincorporated territory, with somewhat smaller areas falling within the Cities of Colton, Loma Linda and Redlands. As stated early, your project site is located within the IVDA Project Area boundaries.

---

[1] The calculations do not take into consideration the reduction of revenue for 2002-03 for the IVDA's required ERAF payment. Additionally, no prediction of revenue reduction from the State of California budget crisis has been analyzed or applied to the projected revenue numbers.

The Joint Powers Agreement entered into by the participating jurisdictions specifies that each city would contribute to the Project Area and the IVDA one-half (½) of the tax increment generated by their city's share of the 1% levy. The County also agreed to contribute (for those areas falling within the unincorporated territories) one-half (½) of the tax increment generated by the County's General Fund share of the 1% levy. In all other areas, the County would retain its General Fund share of tax increment revenues generated by the Project Area.

The Project Area also encompasses the geographical territory of three (3) unified school districts (K-12): Colton Joint Unified; Redlands Unified; and San Bernardino Unified. The San Bernardino Valley Community College District and the County Superintendent of Schools jurisdictional area cover the entire Project Area. During the Redevelopment Plan adoption process and the negotiation period after adoption of the Redevelopment Plan, the School Agencies and IVDA discussed the fiscal impact of the Project Area upon the School Agencies. Subsequent to these discussions, agreements were reached and the IVDA and School Agencies entered into five separate Tax Increment Pass Through Agreements.

Findings

Attached please find the detail of our examination and calculation of expected revenues from the Spanos' project (Tables 1 & 2). In summary, as shown on Table 1, we estimate that the project will generate approximately $268,406 in tax increment revenue to the IVDA. Of this amount, *$53,681* will be allocated to the Housing Fund (and to Loma Linda), with approximately $33,941, allocated to the school agencies pursuant to cooperative agreements, which require the pass through of a portion of the IVDA's tax increment revenues to the area schools.

The City of Loma Linda, in addition to the estimated $53,681 (in the first year), allocation of Housing Fund dollars, will also receive a portion of the tax increment generated by the project. As shown on Table 2, the IVDA Joint Powers Agreement provides that Loma Linda contributes one-half of its 1% levy share to the IVDA, with the other half retained by the City. The 2002-03 City tax rate for the IVDA area has been calculated at 11.8%, therefore, the City will retain 5.9% of the 1% incremental tax revenue generated by the project. This additional revenue is estimated at $20,060 in the first year. Additionally, the City will retain 100% of its share of the taxes generated by the base value of the property. RSG was unable to secure the 1989/90 base value of the site properties. However, we were able to secure the 1994/95 value, which we utilized to estimate the 1989/90 value. The estimated property tax revenue generated by the project's property and allocated to Loma Linda is $827.

Therefore, RSG estimates that first year revenues[2] that will flow to the City total the following:

Housing Fund Allocation	$ 53,681.13
City Property Tax of Base Value of Site	$ 827.41
City's Share of Tax Increment Revenues	$ 20,060.11
	$ 73,508.64

Sincerely,
ROSENOW SPEVACEK GROUP, INC.

Felise Acosta
Principal

Attachments

[2] First year revenues are considered those that are generated in the first year that the project's full value appears on the assessment roll.

Table 1

THE SPANOS COMPANY

Potential Development within the City of Loma Linda

Located in the Inland Valley Development Agency's
Inland Valley Redevelopment Project Area

Current Assessed Value of Property	797,789.00
Potential Value of Improvements to be Added	34,000,000.00
Total Value	34,797,789.00
Less Current AV	(797,789.00)
	34,000,000.00
Applied 1% Tax Rate	340,000.00
2002-03 IVDA/Loma Linda Share	71.82%
Subtotal-Expected IVDA Tax Increment	244,187.34
Expected IVDA Share of Override	0.0992
Override Tax Increment	24,218.32
Total Expected Tax Increment to IVDA	268,405.66
20% to Low and Moderate Housing	53,681.13
School Agency Pass through average take-estimate**	0.139
Estimated Pass through (on 1%)	33,942.96
Net to IVDA	**180,781.57**
Allocation to Low and Moderate Income Housing Fund	**53,681.13**

	Assessed Value	Prop. 13 Inflation factor used for increase*
1989-90	701,190	
1990-91	701,190	2.00%
1991-92	715,500	2.00%
1992-93	730,102	2.00%
1993-94	745,002	0.00%
1994-95*	745,002	2.00%
		1.19%
		1.11%
		0.00%
		2.00%
		0.00%
		2.00%
		2.00%
		2.00%

* 1994 actual assessed value-decreased by historical inflationary increases for RUSD area

Estimated 1989-90 Base Value of Property	701,190
1% level on Base	7,012
City 1% Level Rate	0.118000644
50% of City Rate Retained by City	0.059000322
City Property Tax Revenue on Base	827.41
City Revenue on Incremental Increase Due to Project	20,060.11
Total Estimated City Revenue from Project	20,887.52

(we were unable to secure actual 1989/90 assessed value for property, however the Co. of San Bernardino supplied the 1994 assessed value which was then decreased by applying the historical Prop 13 increase percentages for the Redlands Unified School District territory.)

**Note:

RUSD/Average pass through percentage	*0.107*
CC District/Average pass through percentage	*0.026*
Supt of Schools/Average pass through percentage	*0.00626*

Table 2

INLAND VALLEY DEVELOPMENT AGENCY

Jurisdiction Share Based on Weighted Averages

Loma Linda

2002-03

City Shares

	TAXING ENTITY	AGENCY CODE	WEIGHTED TAX RATE	% TO TI	NON TI%
1.	County - Unincorporated	AB01	0.161946194		0.16194619
2.	Ed Augmentation Fund	AB02	0.245145751	0.24514575	
3.	Flood Control 2	BF02	0.000000000		
4.	Flood Control 3	BF03	0.028438377		0.02843838
5.	Flood Control Admin 1 & 2	BF07	0.000000000		
6.	Flood Control Admin 3 -6	BF08	0.000985079		0.00098508
7.	Co Library	BL01	0.015697726		0.01569773
8.	Co Sup. Schools	BS01	0.008318941	0.00831894	
9.	**City**	**CC10/16/3**	**0.118000644**	**0.05900032**	**0.05900032**
10.	SB Comm College	SC54	0.056926981	0.05692698	
11.	Colton USD	SU20	0.000000000		
12.	Redlands USD	SU48	0.334167835	0.33416784	
13.	SB USD	SU54	0.000000000		
14.	CSA 38 General Fire	UD15	0.000000000		
15.	CSA 70 Countywide	UD50	0.000000000		
16.	CSA 70-A West End	UD51	0.000000000		
17.	CSA SL 1	UD98	0.000000000		
18.	Riv Cr Res Cons Dist	WR01	0.000000000		
19.	East Valley Resource Cons. Dist.	WR02	0.000579961		0.00057996
20.	SB Vy Water Cons Distr	WT01	0.000516077		0.00051608
21.	SB Vly Muni Wtr	WU23	0.029276433	0.01463822	0.01463822
Total			1.00000000	0.71819805	0.28180195
					1.00000000

IVDA SHARE **0.71819805**

REPORT

THE CONCORD GROUP

INTRODUCTION

Pursuant to our agreement, we have completed a Market Evaluation and Feasibility Analysis relative to a 23-Acre Site in Loma Linda, California. This report summarizes our most salient findings, conclusions and recommendations. The accompanying exhibit package provides backup data in the form of tables, maps and graphs. A summary of our overall conclusions is presented in Section I of the exhibit package, and it will be referred to throughout the text. The subsequent sections of the exhibit package provide detail on economic trends, demographic trends and the competitive supply and demand factors for retail, apartments, and office space.

BACKGROUND AND OBJECTIVES

The management of The Spanos Corporation ("Spanos") is currently considering the development of a ±23 acre property located at the northeast corner of Barton Road and California Avenue in Loma Linda, California. The site does not include the corner property, but has frontages on both roads. The development will include a ±328 unit apartment complex on 19 of the 23 acres. The remaining four acre parcel fronts Barton Road and is being evaluated for either additional multi-family development or commercial development, including either retail or office uses.

At this time, Spanos and the City of Loma Linda require an economic and demographic feasibility study to determine the market driven demand for commercial development along the frontage of the property on California Street and Barton Road. Additionally, Spanos requires recommendations as to the land use (acres) that represent the strongest commercial market opportunity for the subject site based on current and anticipated market conditions and the ability to compete for market share. Central to this analysis will be the site's conformance to the known prerequisite for development for each of the targeted land uses, i.e. visibility and access, nature of

surrounding development, commute patterns, traffic counts, proximity to major destination elements, demographic profiles and other key market factors. Further, the Spanos Corporation requires demographic and economic confirmation of the potential demand and supply factors to develop 328 units at the site.

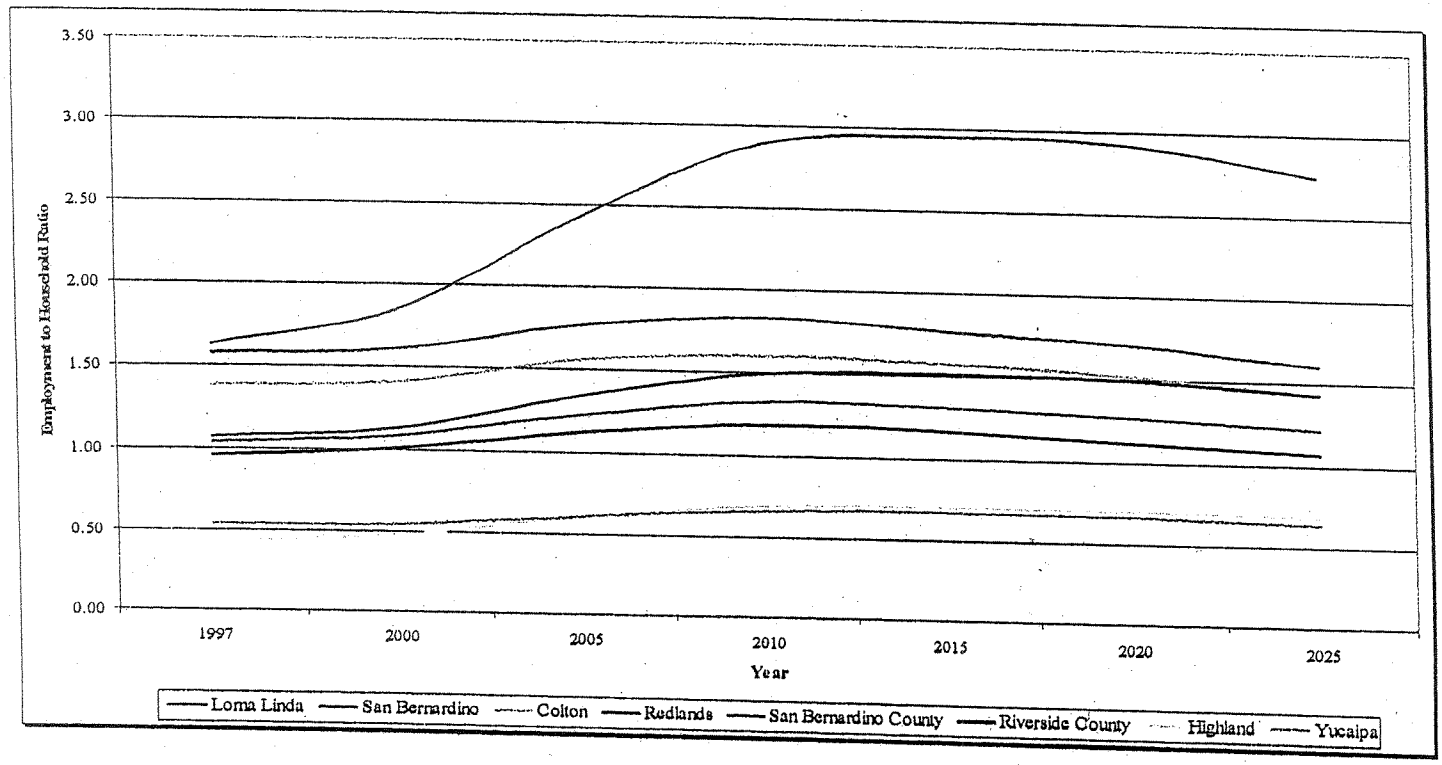
SUMMARY OF FINDINGS AND CONCLUSIONS

DEMOGRAPHIC AND SOCIO-ECONOMIC OVERVIEW

The subject property is located in San Bernardino, California, in the City of Loma Linda. San Bernardino County is part of the San Bernardino-Riverside MSA, also known as the Inland Empire, which has experienced tremendous growth over the past decade. Although both California and the national economies experienced recessions in the early 1990s, the Inland Empire never lost any jobs. From 1990 through 2000, the employment base grew at an average annual rate of 4.4%, compared to 1.5% in California. From 2000 to 2010, the employment base is expected to grow at an average annual rate of 4.1%, much stronger than California's projected 1.3%.

The City of Loma Linda had a population of 22,975 persons in 2000, which was 1.3% of the population of San Bernardino County. The population is expected to grow 2.1% annually from 2000 to 2010, to 28,281. Loma Linda has a strong employment base, fueled by its university and multiple hospitals. Loma Linda had an employment base of 14,733 in 2000, or 2.5% of San Bernardino's job base. This is projected to grow at 6.9% annually to 2010, to 28,699 jobs, or 3.3% of San Bernardino's base.

Loma Linda's jobs/housing balance is significantly higher than the County of San Bernardino's, at 1.84 jobs/household versus 1.09 jobs/household in San Bernardino. This indicates that the City is "jobs rich" and "housing poor". It could be an indicator that the City is not providing enough housing for its employment base. The ratio is also higher than that in the surrounding cities, where Colton has 1.41, Redlands has 1.13, San Bernardino (City) has 1.61 and Highland has 0.48. The statistic does indicate that there is likely an opportunity to provide housing for the City's employment base that is much closer to their jobs, and provides an improved quality of life because of shorter commute times and less regional traffic. Loma Linda's ratio is projected to remain above County and neighboring city averages for at least the next twenty years. (Exhibits I-2 through I-4 provide additional socio-economic data).



TAXABLE RETAIL SALES

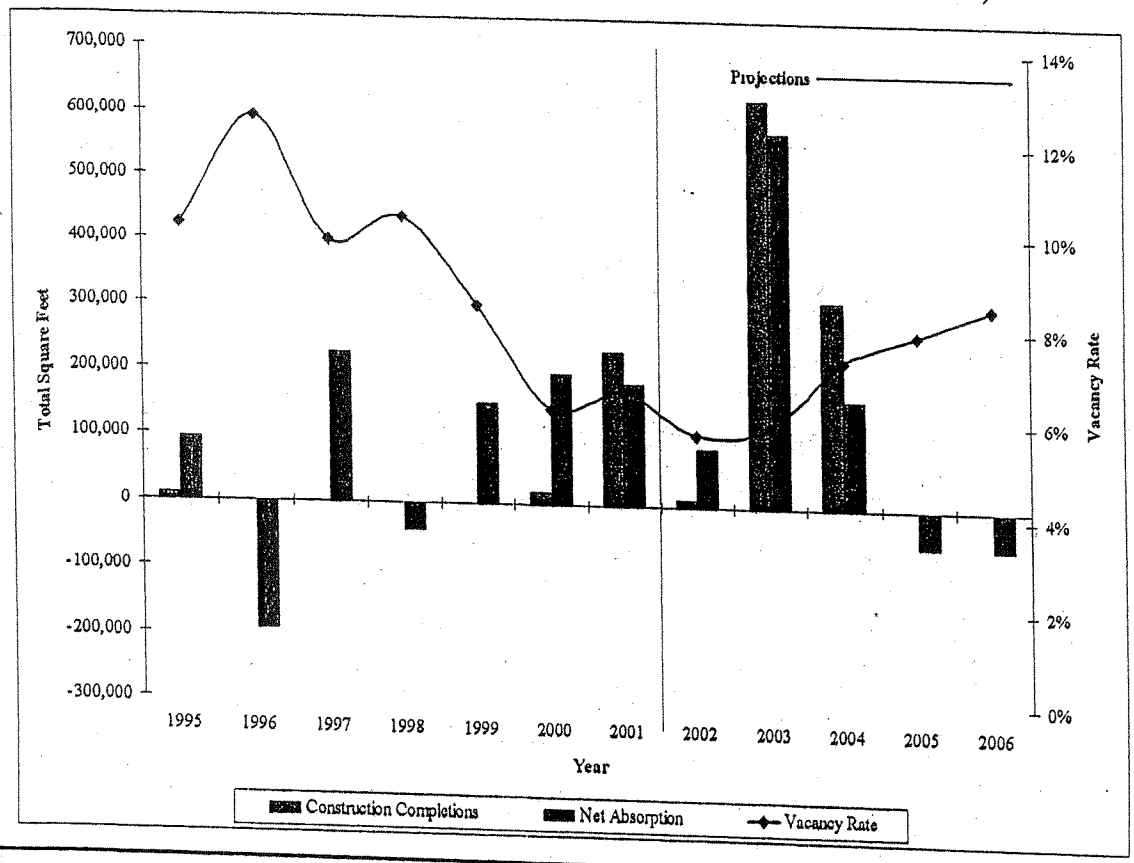
Taxable retail sales have been increasing in Loma Linda as well. According to the California Board of Equalization, total taxable retail sales for 2001 were $240 million, up 145% from 1990's level of $98 million. Much of this growth took place over the last five years, as sales increased from $148 million in 1996 to today's levels, an increase of 62%. **On a taxable sales per capita basis, Loma Linda ranks ahead of Colton, Redlands, Yucaipa and Highland, as well as both San Bernardino County and Riverside County.** The City of San Bernardino is the only local city that boasts higher sales per capita. The figure certainly indicates that the City of Loma Linda is not under-retailed for its given population base.

Although much of the retail sales strength can be attributed to the auto mall, and Loma Linda would likely have a smaller automotive-adjusted retail sales per capita, the auto mall occupies a location that represents the City's best chance of capturing external demand for retail. Loma Linda, because of its regional location and orientation has not developed into a destination for anyone other than its residents and its employment base. Commuting workers spend some of their retail expenditures where they work, but the majority of purchases happen in the area in which they live. As such, in our judgment, the City cannot realistically be expected to achieve a higher retail sales per capita rate than already in place, and any new retail space will have to be supported by new household formation (residential development). (See Exhibit I-5 and I-6 for retail sales trends).

MACRO MARKET RETAIL OVERVIEW

Loma Linda is located in a retail submarket with Colton, San Bernardino and Redlands. This submarket has roughly 8.4 million square feet of retail space, mostly neighborhood and community space, with two regional malls located in San Bernardino. Rental

rates have been growing at an average rate of 2.76% per year since 1995, and are projected to grow at a rate of 2.95% to 2006. The vacancy rate for the submarket has been decreasing since 1996, when it stood at 12.5%. The average vacancy rate in 2001 was just over 6.5%. Vacancies are expected to pick up again in 2003-2004, as a significant amount of inventory is projected to be added to the submarket. Almost one million square feet are expected to be added in this time frame, largely from the development of Citrus Plaza, a 1.8 million square feet big box center currently under construction in unincorporated San Bernardino County near the I-10/Route 30 intersection in Redlands. As this will represent significant new construction for the market, it is expected that is will take a few years to absorb. (See Exhibit I-7A through I-7C as well as the graph below for additional retail trend data).



Particularly more troubling for the subject site, is the plethora of neighborhood and community centers already in existence in its trade area. For a neighborhood center, which draws from a one to two mile radius, there are already three neighborhood centers in a two mile radius of the site. These include Mountain View Plaza (±125,000 sf), Loma Linda Plaza (106,000 sf) and Brookside Plaza (102,000 sf). As such, it will be necessary for there to be significant household formation within a two mile ring of the site to support neighborhood retail. Similarly, a community retail development would be well covered by existing centers within its five mile radius draw. These centers include the Wal-Mart Center at California/Redlands, Tri-City Center (Redlands), Club Power Center, Tri-City Centre (San Bernardino), and encompass 1.3 million square feet in total. (See Exhibit I-8A and I-8B for a map of the above referenced centers).

RETAIL DEMAND

Five year potential retail demand was calculated for the City of Loma Linda, based on current and projected demographic trends. There are an estimated 7,708 households in Loma Linda in 2002. Based on estimated average expenditure patterns for these households, (detailed in Exhibit III-4A and III-4B), there is a retail expenditure potential in Loma Linda of $88 million. Since actual retail sales in 2001 were $240 million, we then assume that the $152 million balance (or 63%) of sales are generated by households which do not live in Loma Linda.

Assuming an average sales per square foot of $260 (nationwide average for neighborhood/community centers); $240 million of retail sales would imply that Loma Linda could support 925,000 square feet of retail today. However, these figures are slightly skewed because of the large presence of auto retailers, which actually average much higher requirements than $260 per square foot in sales (and thus would lower the supportable square footage). We have not quantified the exact amount of auto retail space in the City, as it

is assumed that the market is in equilibrium because of its retail sales per capita figure that is comparable to state and county averages. The key is to calculate how much retail sales potential a certain level of population in Loma Lind creates, and apply that calculation to new population growth going forward, as this is going to create the demand for new construction.

Using the same methodology for 2007, with the household base growing to 8,116, (assuming similar retail expenditure patterns and 63% of sales generated by non-resident households), there will be support for roughly 1.1 million square feet of retail. Once again, this is biased upwards, because of the presence of auto retailers. The key is that the demand for new space will be roughly 200,000 square feet over the five year timeframe, which is the difference between 1.1 million square feet demanded in 2007 and 925,000 demanded in 2002.

Since the site is on the edge of Loma Linda, it is appropriate to count growth that might take place in Redlands or San Bernardino County as growth that could support retail at the site. Since taxable retail sales data is calculated by city, the model will have to assume the same 63% uplift from outside demand, as happens in Loma Linda. Using the same methodology, and a secondary source (Claritas) projection of growth within a two mile ring of the site, it is expected that roughly 290,000 square feet of retail could be supported within a two mile radius of the site in the next five years.

Claritas' projections can sometimes underestimate growth in small, growing geographies, such as a 12.6 square mile circle used in this model. Based on projections for development at Orchard Park, University Village and vacant areas in San Bernardino County and Redlands, we estimate that as many as 1,000 households could be added to the two-mile ring around the site by 2007. This is not unreasonable as there are nearly 3,000 units planned for University Village and Orchard Park at build out. If this initial growth were to take place, there would be demand for roughly 365,000 square feet of space by 2007.

The critical element is to assess how much of this demand could realistically be captured by the site. As the site exists right now, it would be difficult to get an anchor tenant without location on a major intersection. Without an anchor, the site could potentially absorb 30,000 to 50,000 square feet, of smaller in-line space, or roughly 15-25% of demand. If the site were to be combined with the corner parcel at California and Barton, the project could likely absorb a total of 100,000 to 125,000 square feet, or roughly 25-35% of demand, approximately nine to ten acres. It will be difficult for the site to capture much more than this amount of demand, since space will be more likely absorbed along Redlands Boulevard, an established commercial corridor with freeway visibility and access. (See Exhibit I-9 for additional detail).

APARTMENT DEMAND

Demand for new apartment units was calculated for the City of Loma Linda, based on projected household growth by income cohort. An assumption was made as to the rent level that could be afforded by each income cohort, based on Census data for the Inland Empire. Similarly, assumptions for renter/owner mix and annual turnover were made by income level based on Census data. It was estimated that there is demand for approximately 855 rental units per year in the City of Loma Lind from 2002 to 2007. While 43% of this demand was for units renting for less than $800 per month, (effectively below market rate), there was demand for ±390 units per year in the $800 to $1,700 range, which is the core of the market-rate market. With frontage along Barton and a strong marketing effort, the subject property should be able to absorb 20 to 25 units per month. There has been no recent construction in Loma Linda and very little in Redlands, which would offer competition for the project. A project at an inferior location less than two blocks form the site, with less visibility absorbed 84 units in three months over the past summer. (See Exhibit I-10 and IV-5 for additional detail of the apartment demand).

SITE EVALUATION

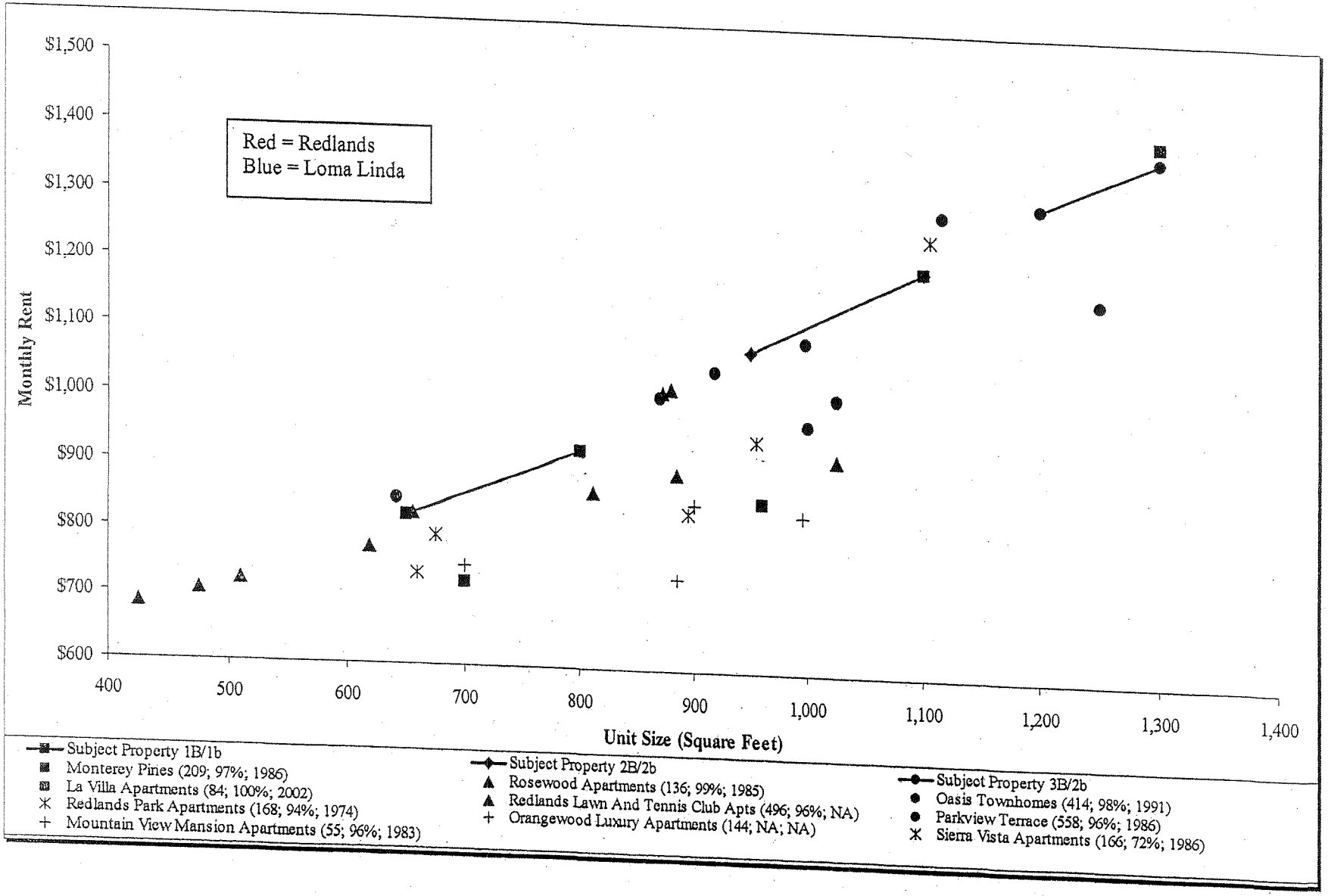
The subject site was rated on five criteria for its development potential as an apartment, neighborhood retail, community retail or office project. The criteria included regional location, access, visibility, physical characteristics, surrounding land uses and proximity to services. The site was rated on a five point scale for each, with one being poor and five being excellent. Overall, the site was excellent (4.7) for apartment development, because of its proximity to university student and employment bases, excellent access and visibility along Barton and adequate proximity to retail, medical and recreational services for apartment tenants. The site was rated average (3.4) for neighborhood retail development, largely because of the lack of a strong population base in the immediate area at this time, and its physical shape, which did not include a corner at a major intersection. Neighborhood retail's rating would be significantly improved as growth takes place, and traffic increases along Barton and California. Community retail was rated fair (2.2) because of the same reasons, as well as fair to average access and visibility which are more important for community centers, which have a larger draw than neighborhood centers. Office space was rated average/good (3.6) as a use, largely because of the area is not an established office node. Office is a central place land use and will not succeed without supporting surrounding land uses. (See Exhibit I-11 for additional site evaluation detail).

RECOMMENDATIONS

Based on the above findings, we recommend apartment development to take place at the site. An apartment development will offer new housing units to the area, an area which has not provided enough housing given its employment base. Apartments will be able to attract local students and young professional singles and couples from the Loma Linda and Redlands area who will be attracted to its

new construction, as most other Loma Linda projects are over ten years old. The recommended price positioning positions the project at the top of the local market, most of which is older construction with limited amenities. The product lines are positioned against the local market on the following page:

UNIT TYPE	SIZE RANGE (SF)	BASE RENT RANGE	VALUE RATIO
1B/1b	650 - 800	825 - 925	$1.27 - $1.16
2B/2b	950 - 1,100	1,075 - 1,200	$1.13 - $1.09
3B/2b	1,200 - 1,300	1,300 - 1,375	$1.08 - $1.06


Red = Redlands
Blue = Loma Linda
Monthly Rent
$1,500
$1,400
$1,300
$1,200
$1,100
$1,000
$900
$800
$700
$600
400
500
600
700
800
900
1,000
1,100
1,200
1,300
1,400
Unit Size (Square Feet)
Subject Property 1B/1b
Monterey Pines (209; 97%; 1986)
La Villa Apartments (84; 100%; 2002)
Redlands Park Apartments (168; 94%; 1974)
Mountain View Mansion Apartments (55; 96%; 1983)
Subject Property 2B/2b
Rosewood Apartments (136; 99%; 1985)
Redlands Lawn And Tennis Club Apts (496; 96%; NA)
Orangewood Luxury Apartments (144; NA; NA)
Subject Property 3B/2b
Oasis Townhomes (414; 98%; 1991)
Parkview Terrace (558; 96%; 1986)
Sierra Vista Apartments (166; 72%; 1986)

Although there is potential for retail at the site, it would not be a market driven option at this time, as the depth of overall demand and the site's characteristics are more appropriate for apartment development. With the anticipated level of development in the surrounding two mile radius of the site, there will be support for approximately three to five acres of retail over the next five years. However, this would not take into advantage of the expansion of California Street resulting in increased traffic counts and the eventual build out of University Village and Orchard Park. For this reason we would recommend retention of ±10 acres at the corner of California and Barton for a future neighborhood retail center. Only acreage of this size will allow anchor tenants to be attracted to the site.

* * *

This assignment was completed by Ryan Korinke, and Andrew Goodridge under the direction of John R. Shumway. We have enjoyed working with you team on this project.

LIST OF EXHIBITS

I. SUMMARY

I-1 Regional Location of the Subject Site; San Bernardino County, California; November 2002

I-2 Summary of Historical and Projected Non-Agricultural Employment Growth Trends; United States, California, Inland Empire and Loma Linda; 1990 Through 2020

I-3 Summary of Demographic Trends; City of Loma Linda, San Bernardino County and Inland Empire; 1990 Through 2020

I-4 Employment to Household Ratio; Selected Markets; California; 1997 Through 2025

I-5 Total Taxable Sales; City of Loma Linda, California; 1990 Through 2001

I-6 Sales Per Capita; Selected Markets, California; 2000

I-7A Retail Rental Rates and Vacancy Trends; Redlands, Colton, San Bernardino and Loma Linda; November 2002

I-7B Retail Construction and Absorption and Vacancy Trends; Redlands Colton, San Bernardino and Loma Linda; November 2002

I-7C Retail Inventory and Vacancy Trends Trends; Redlands, Colton, San Bernardino and Loma Linda; November 2002

I-8A Regional Location of Selected Neighborhood Retail Comparables; CMA, California; November 2002

I-8B Regional Location of Selected Community Retail Comparables; CMA, California; November 2002

I-9 Summary of Potential Retail Demand; City of Loma Linda; 2002 through 2007

I-10 Annual Demand Potential for Apartment Units by Rent Range; Loma Linda, California; 2002 through 2015

I-11 Market Assessment of Proposed Uses for the Property in Loma Linda, California; November 2002

I-12 Product Validation and Recommended Rent Positioning for the Subject Property; Loma Linda, California; December 2002

I-13 Rent to Size Relationship of Selected Comparable Apartment Communities; Loma Linda, California; December 2002

II. SOCIO- DEMOGRAPHIC ANALYSIS

II-1 Population Growth Trends; United States, California, San Bernardino County and the City of Loma Linda 1990 through 2007

II-2 Household Growth Trends; United States, California, San Bernardino County and the City of Loma Linda 1990 through 2007

II-3 Household Income Distribution; United States, California, San Bernardino County and the City of Loma Linda 2002 through 2007

II-4 Age Distribution of the Population; United States, California, San Bernardino County and the City of Loma Linda 1990 through 2007

II-5 Detailed Land Use of Planned Developments at Orchard Park and University Village; Loma Linda, California; November 2002

III. RETAIL MARKET ANALYSIS

III-1A Regional Location of Selected Neighborhood Retail Comparables; CMA, California; November 2002

III-1B Regional Location of Selected Community Retail Comparables; CMA, California; November 2002

III-2 Summary of Selected Retail Projects; CMA, California; November 2002

III-3 Summary of Selected Major Planned and Proposed Retail Projects; CMA, California; November 2002

III-4A Summary of Annual Retail Space Demand and Capture Potential; Loma Linda, California; 2002

III-4B Summary of Annual Retail Space Demand and Capture Potential; Loma Linda, California; 2007

III-5 Summary of Traffic Counts; CMA, California; November 2002

IV. RESIDENTIAL FOR RENT MARKET ANALYSIS

IV-1 Regional Location of Selected Apartment Comparables and Planned and Proposed Projects; CMA, California; November 2002

IV-2 Summary Characteristics of Selected Comparable Apartment Communities; CMA, California; November 2002

IV-3 Rent to Size Relationship of Selected Comparable Apartment Communities; CMA, California; November 2002

IV-4 Summary of Planned and Proposed Apartments Developments; CMA, California; November 2002

IV-5 Annual Demand Potential for Rental Apartment Units by Monthly Rent; Loma Linda, California; 2002 through 2007

V. OFFICE MARKET ANALYSIS

V-1 Regional Location of Selected Office Comparables and Planned and Proposed Projects; CMA, California; November 2002

V-2 Summary Characteristics of Selected Office Projects; CMA, California; November 2002

V-3 Summary of Selected Major Planned and Proposed Office Buildings; CMA, California; November 2002

V-4 Annual Demand Potential for Rental Apartment Units by Monthly Rent; Loma Linda, California; 2002 through 2007

I. SUMMARY

EXHIBIT I-1

REGIONAL LOCATION OF THE SUBJECT SITE
SAN BERNARDINO COUNTY, CALIFORNIA
NOVEMBER 2002

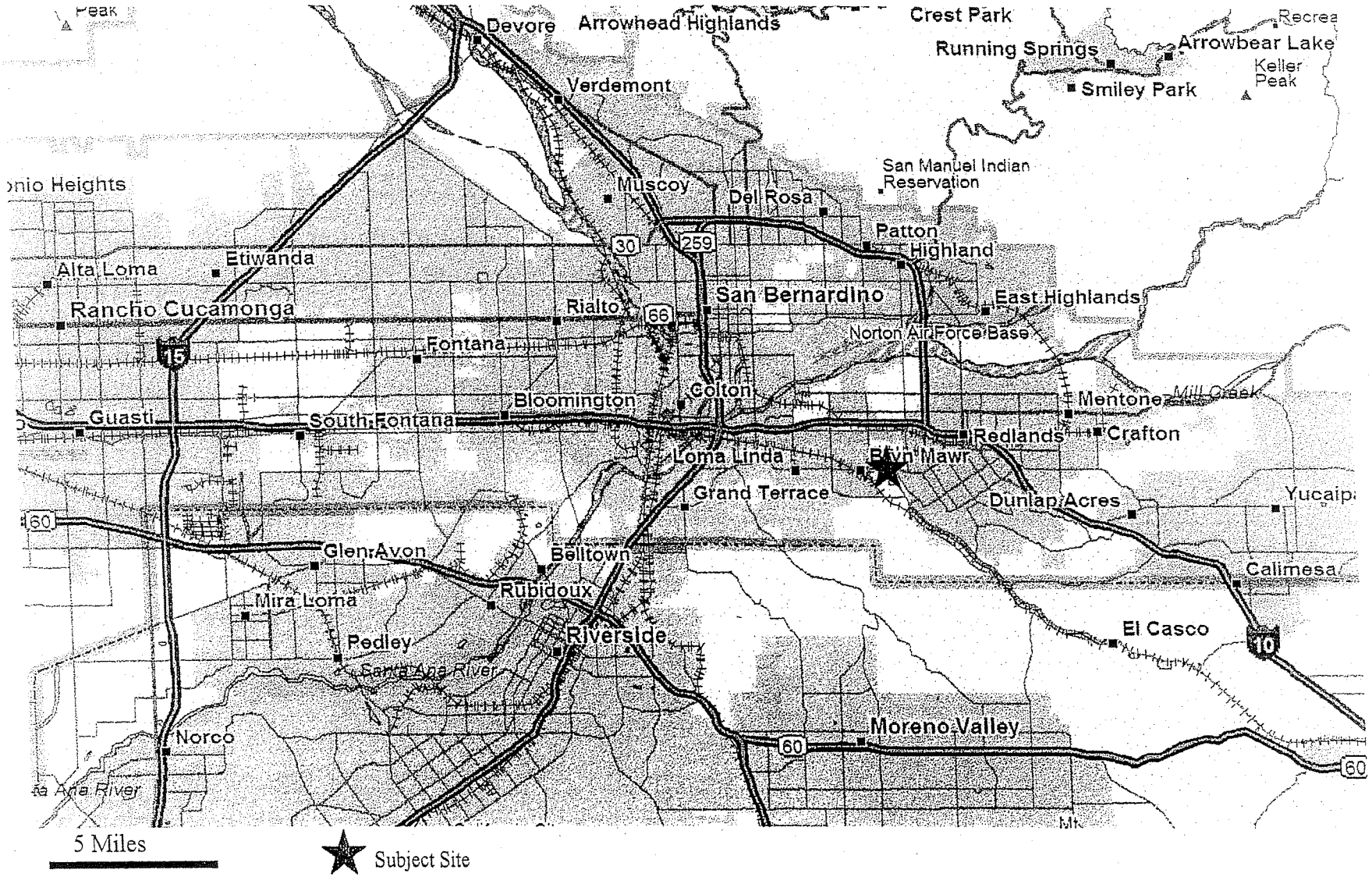
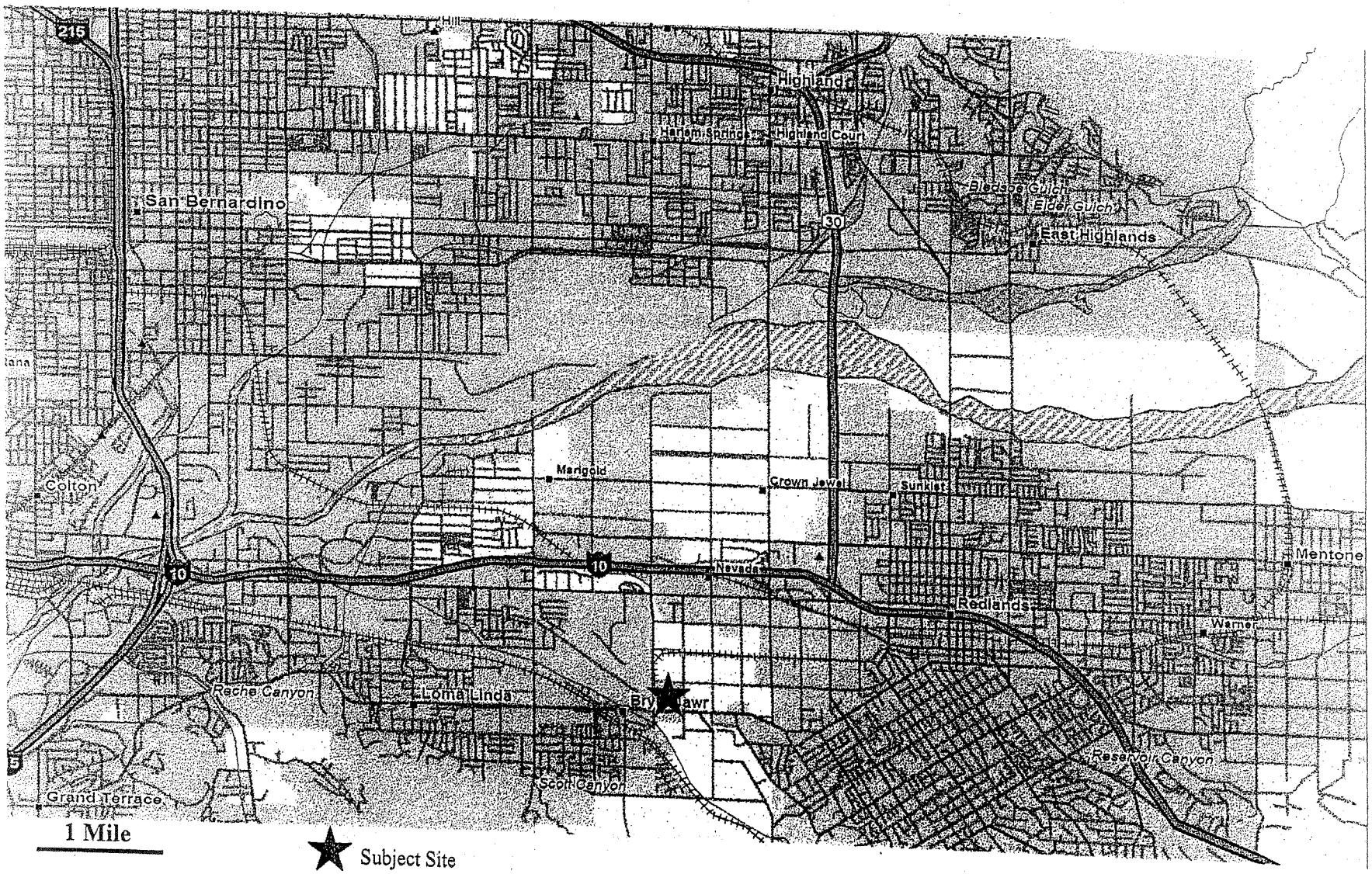


EXHIBIT I-1

REGIONAL LOCATION OF THE SUBJECT SITE
SAN BERNARDINO COUNTY, CALIFORNIA
NOVEMBER 2002



Regional Location.xls Regional Location zoom

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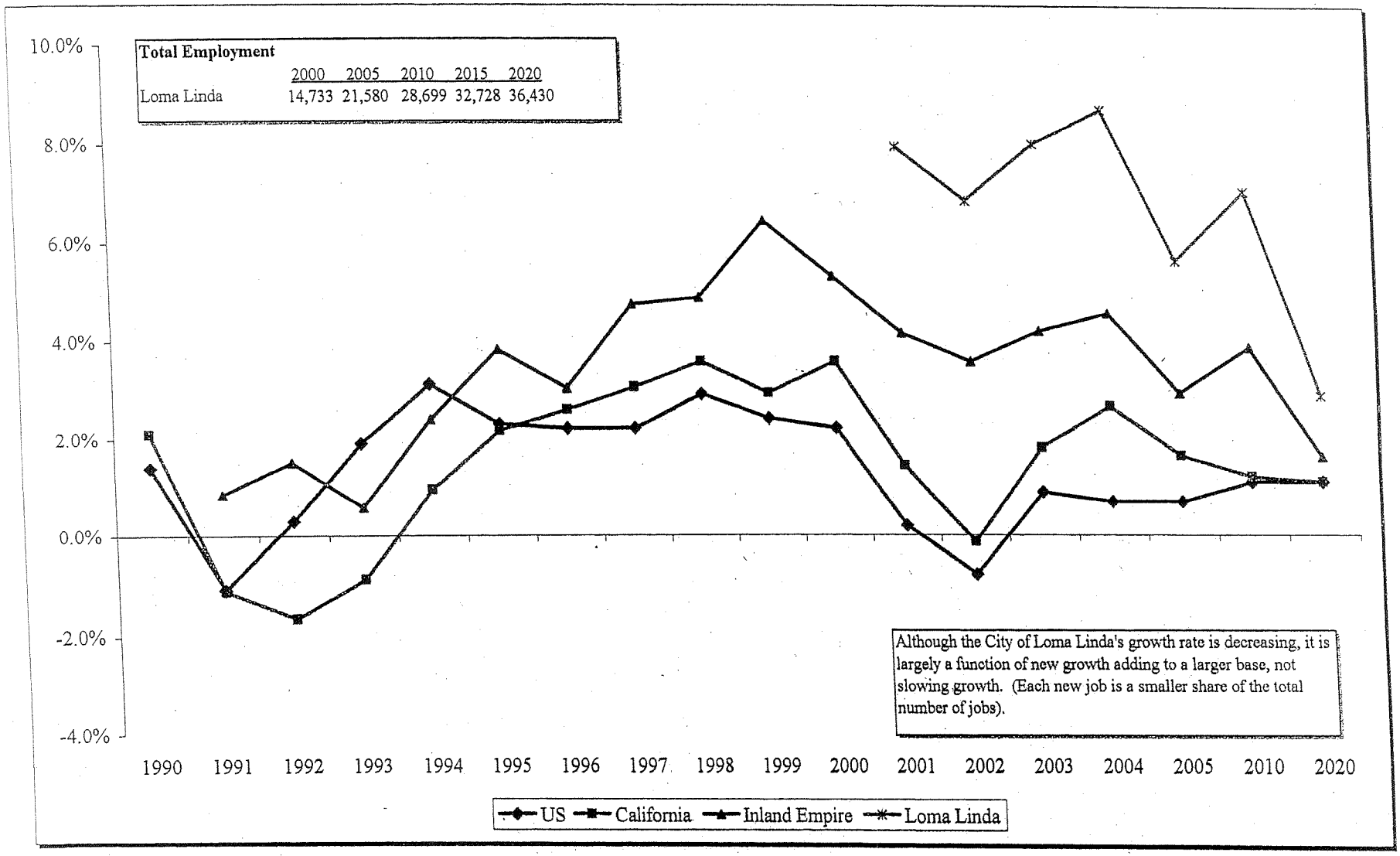
EXHIBIT I-2

SUMMARY OF HISTORICAL AND PROJECTED NONAGRICULTURAL EMPLOYMENT GROWTH TRENDS
UNITED STATES, CALIFORNIA, INLAND EMPIRE AND LOMA LINDA
1990 THROUGH 2020



Source: California Economic Development Department; US Census Bureau; SCAG; UCLA; LAEDC

02048.00 emp growth trends.xls:graph

THE CONCORD GROUP

EXHIBIT I-3

SUMMARY OF DEMOGRAPHIC TRENDS
CITY OF LOMA LINDA, SAN BERNARDINO COUNTY AND INLAND EMPIRE
1990 THROUGH 2020

	1990	2000	2010	2020	ANNUAL GROWTH 1990 TO 2000	2000 TO 2010	2000 TO 2020
CITY OF LOMA LINDA							
Population	18,716	22,975	28,281	35,378	2.1%	2.1%	2.2%
% of San Bernardino County	1.5%	1.3%	1.4%	1.4%	1.0%	1.6%	1.5%
Households	6,594	8,001	9,939	12,472	2.0%	2.2%	2.2%
% of San Bernardino County	0.8%	1.5%	1.5%	1.6%	1.1%	1.8%	1.7%
Employment	N/A	14,733	28,699	36,430	N/A	6.9%	4.6%
% of San Bernardino County		2.5%	3.3%	3.6%	N/A	5.1%	5.0%
Employment/Household	N/A	1.84	2.89	2.92	N/A	4.6%	2.3%
SAN BERNARDINO COUNTY							
Population	1,258,945	1,704,035	2,042,914	2,509,417	3.1%	1.8%	2.0%
% of Inland Empire	49%	52%	50%	50%	65%	42%	45%
Households	412,372	535,968	645,266	799,549	2.7%	1.9%	2.0%
% of Inland Empire	48%	52%	50%	49%	72%	42%	44%
Employment	408,500	582,070	858,002	1,018,649	3.6%	4.0%	2.8%
% of Inland Empire	57%	53%	52%	52%	46%	51%	51%
Employment/Household	0.99	1.09	1.33	1.27	0.9%	2.0%	0.8%
INLAND EMPIRE							
Population	2,588,793	3,269,715	4,080,397	5,052,341	2.4%	2.2%	2.2%
Households	866,804	1,038,955	1,301,031	1,632,788	1.8%	2.3%	2.3%
Employment	712,600	1,093,715	1,636,856	1,951,594	4.4%	4.1%	2.9%
Employment/Household	0.82	1.05	1.26	1.20	2.5%	1.8%	0.6%

Source: US Census Bureau; SCAG

02048.00 Demo Summary.xls:Summary

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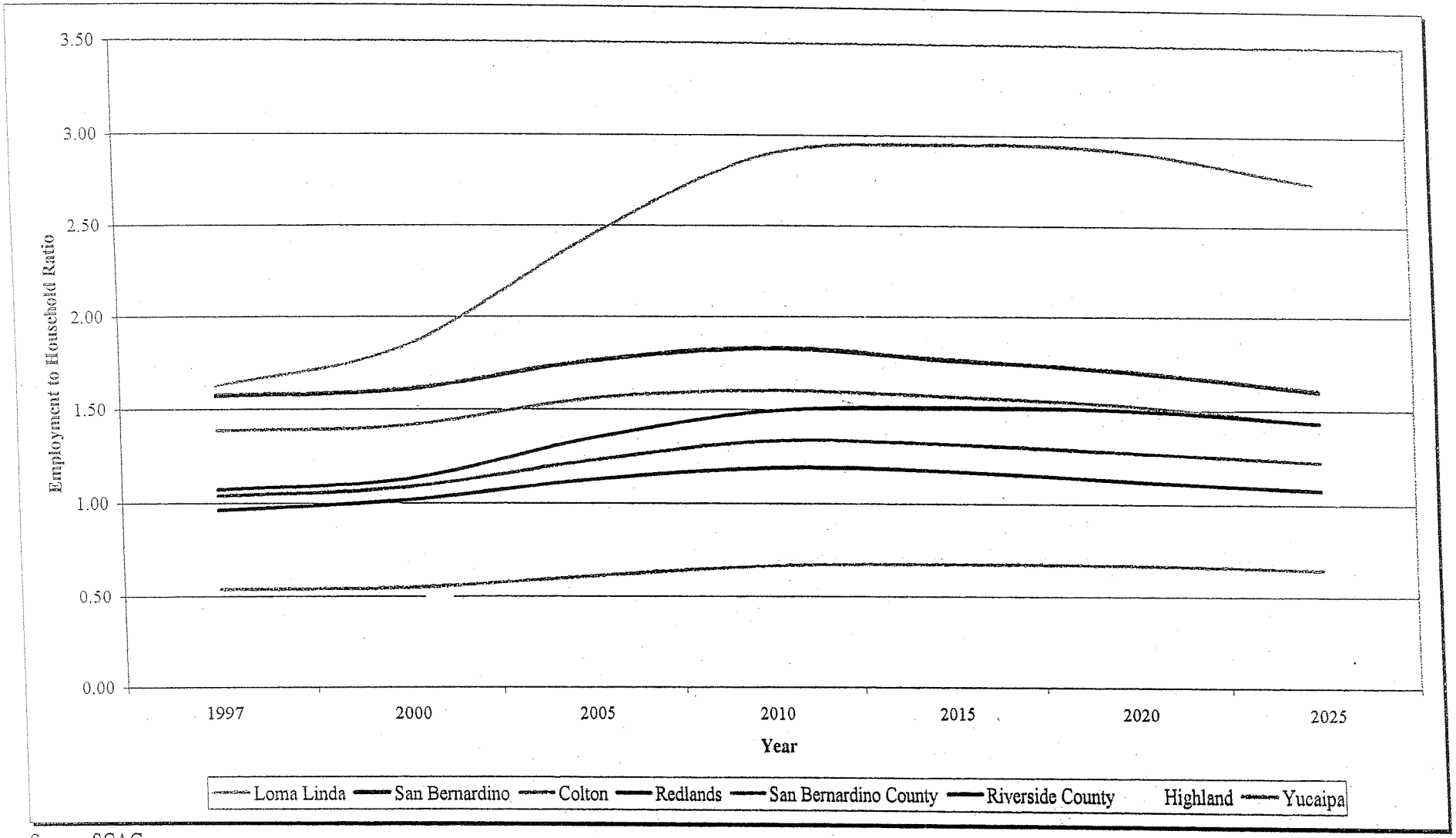
EXHIBIT I-4

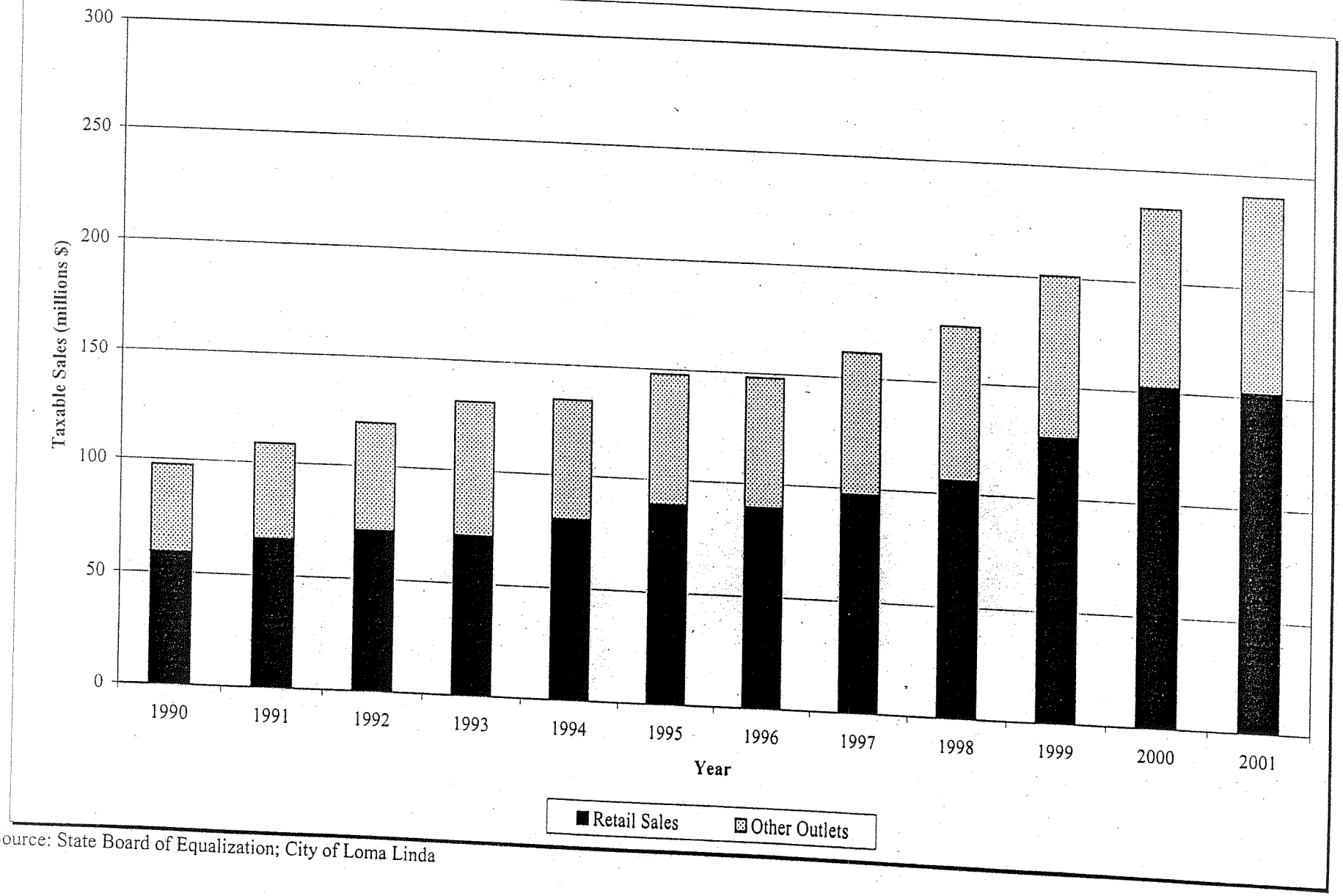
EMPLOYMENT TO HOUSEHOLD RATIO
SELECTED MARKETS, CALIFORNIA
1997 THROUGH 2025



Source: SCAG

EXHIBIT I-5

TOTAL TAXABLE SALES
CITY OF LOMA LINDA, CALIFORNIA
1990 THROUGH 2001



Source: State Board of Equalization; City of Loma Linda

02048.00 LL Taxable Sales.xls Tax

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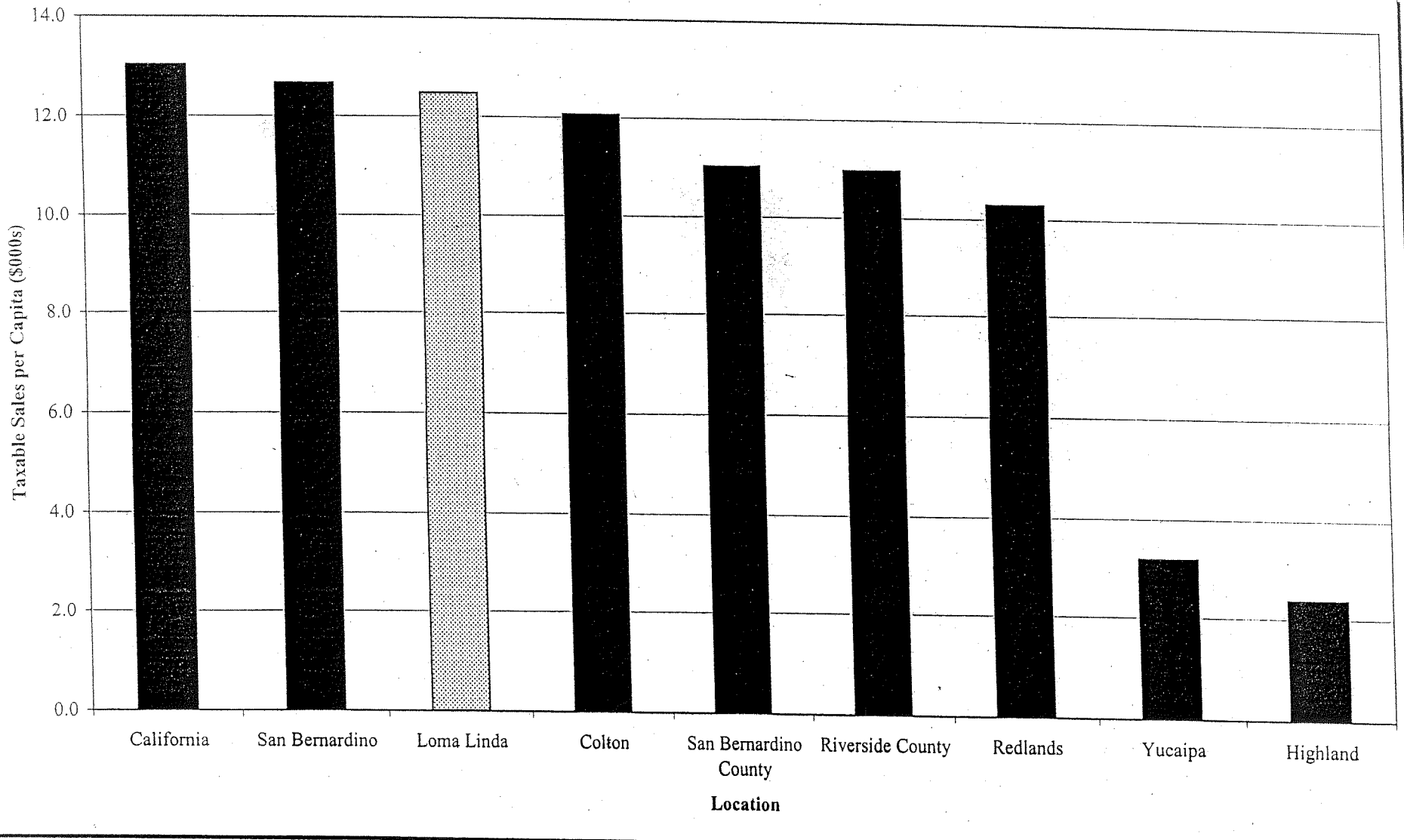
EXHIBIT I-6

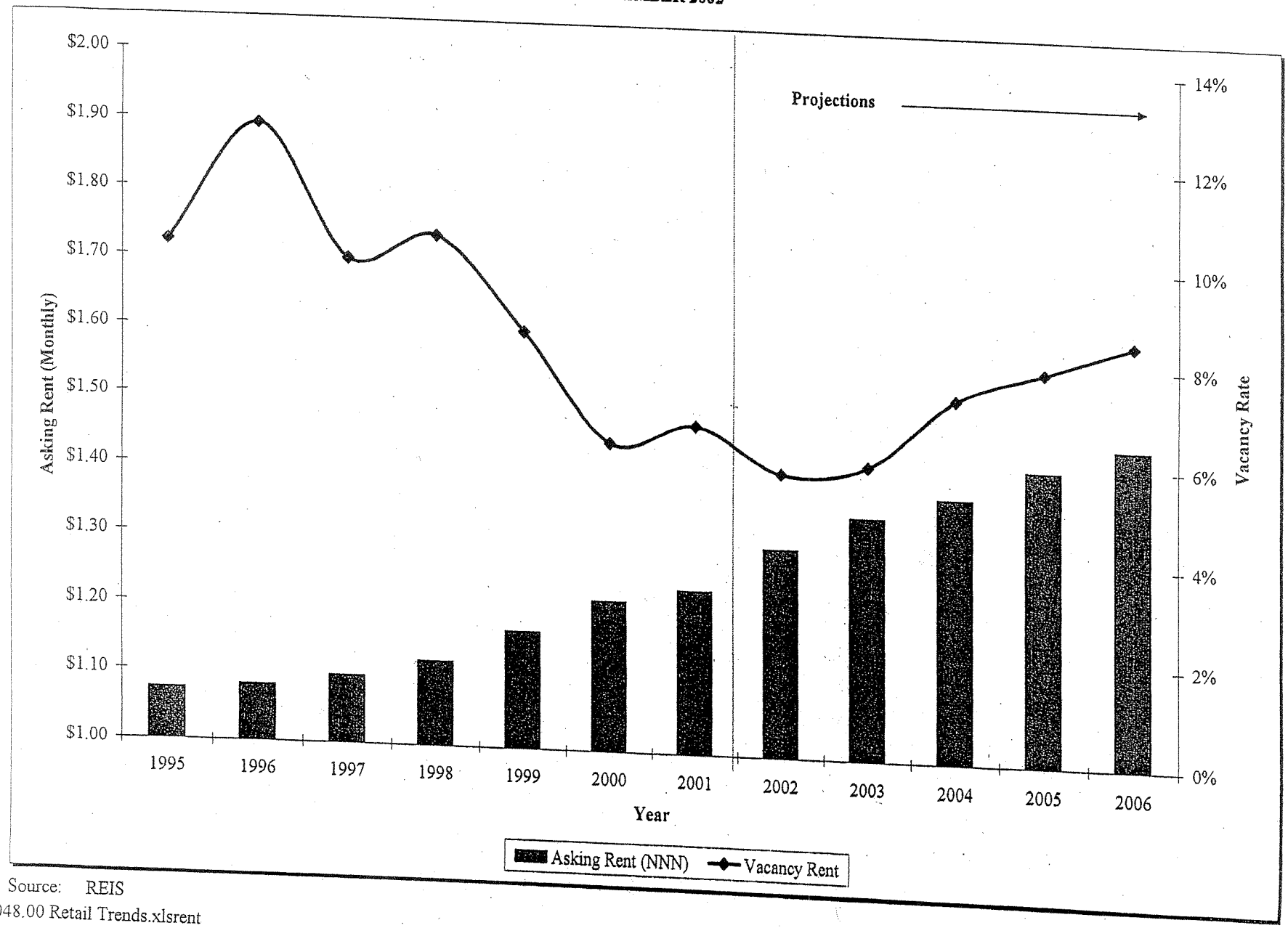
SALES PER CAPITA
SELECTED MARKETS, CALIFORNIA
2000



Source: State Board of Equalization; US Census

EXHIBIT I-7A

RETAIL RENTAL RATES AND VACANCY TRENDS
REDLANDS, COLTON, SAN BERNARDINO AND LOMA LINDA
NOVEMBER 2002

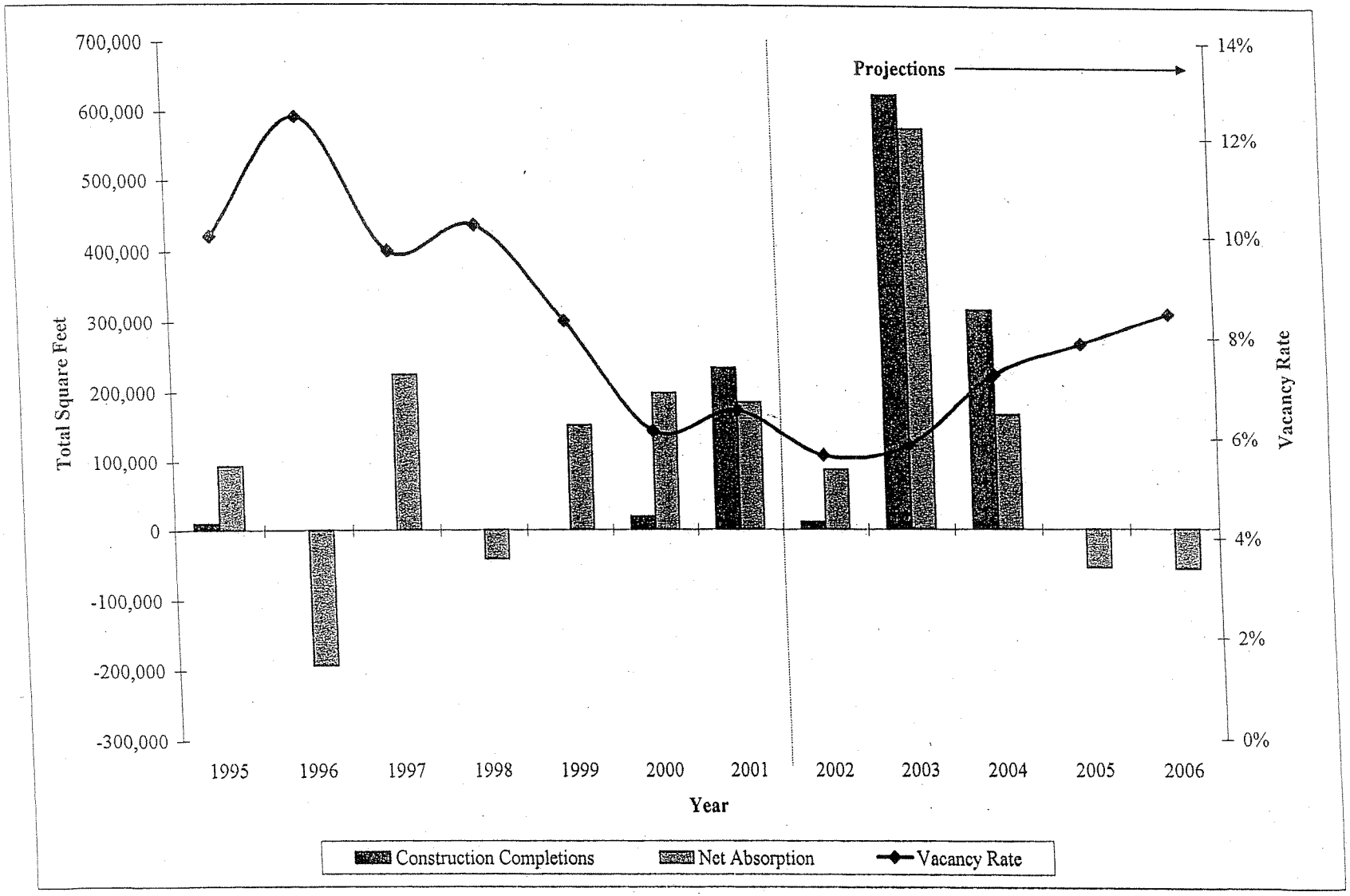


Source: REIS
02048.00 Retail Trends.xlsrent

THE CONCORD GROUP

EXHIBIT I-7B

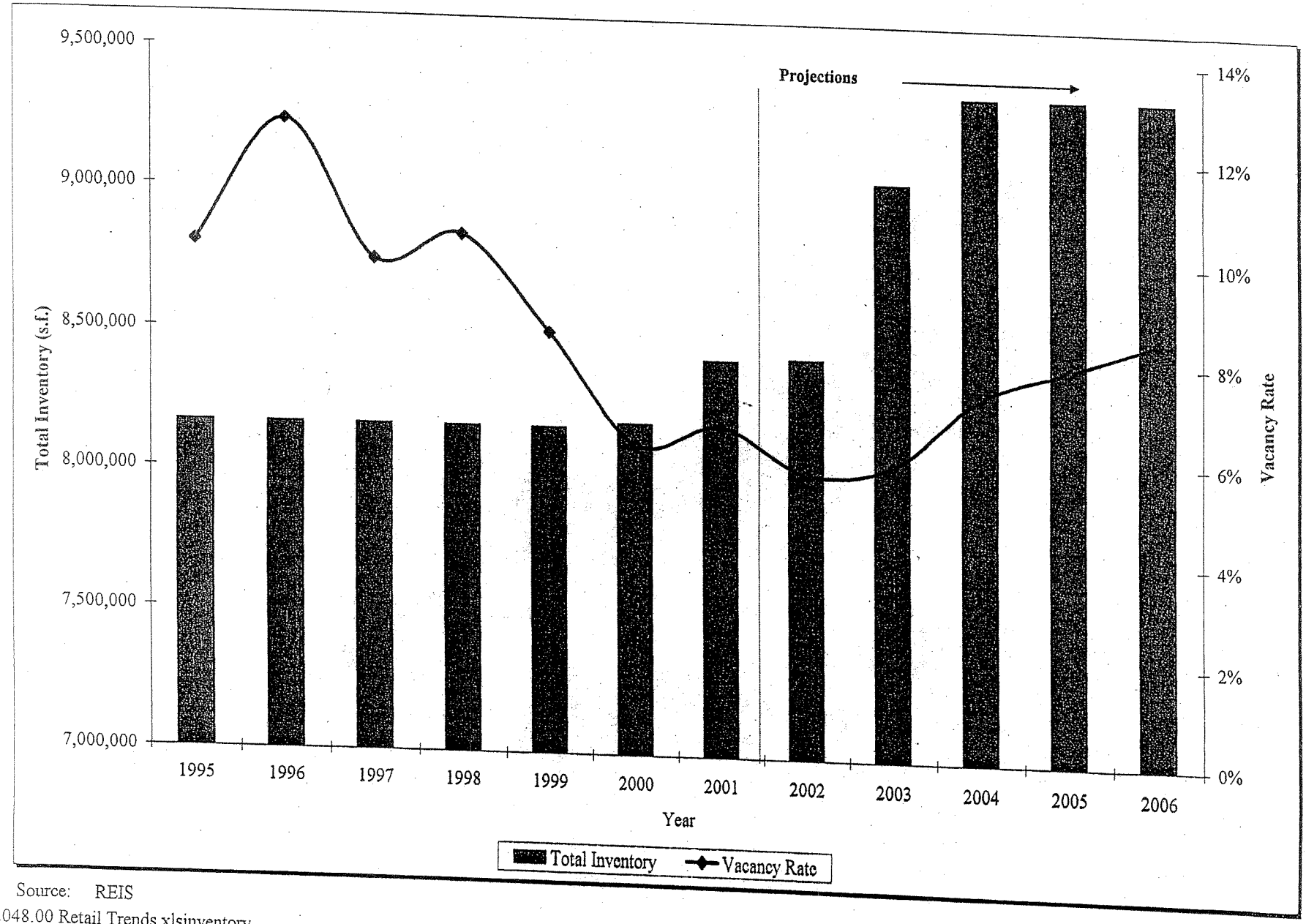
RETAIL CONSTRUCTION AND ABSORPTION AND VACANCY TRENDS
REDLANDS, COLTON, SAN BERNARDINO AND LOMA LINDA
NOVEMBER 2002



Source: REIS

EXHIBIT I-7C

RETAIL INVENTORY AND VACANCY TRENDS
REDLANDS, COLTON, SAN BERNARDINO AND LOMA LINDA
NOVEMBER 2002



Source: REIS
02048.00 Retail Trends.xlsinventory

THE CONCORD GROUP

EXHIBIT I-8A

REGIONAL LOCATION OF SELECTED NEIGHBORHOOD RETAIL COMPARABLES
CMA, CALIFORNIA
NOVEMBER 2002

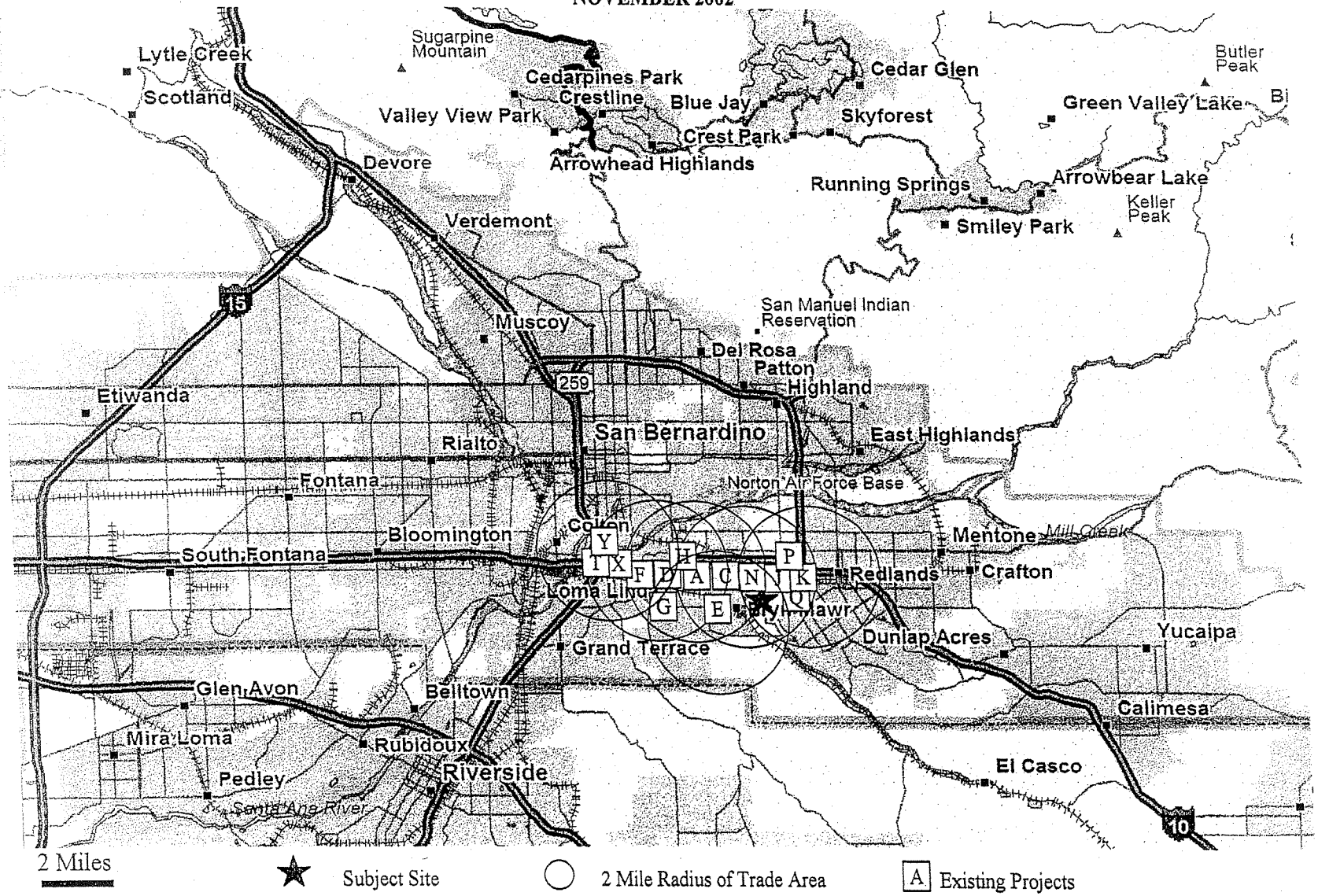


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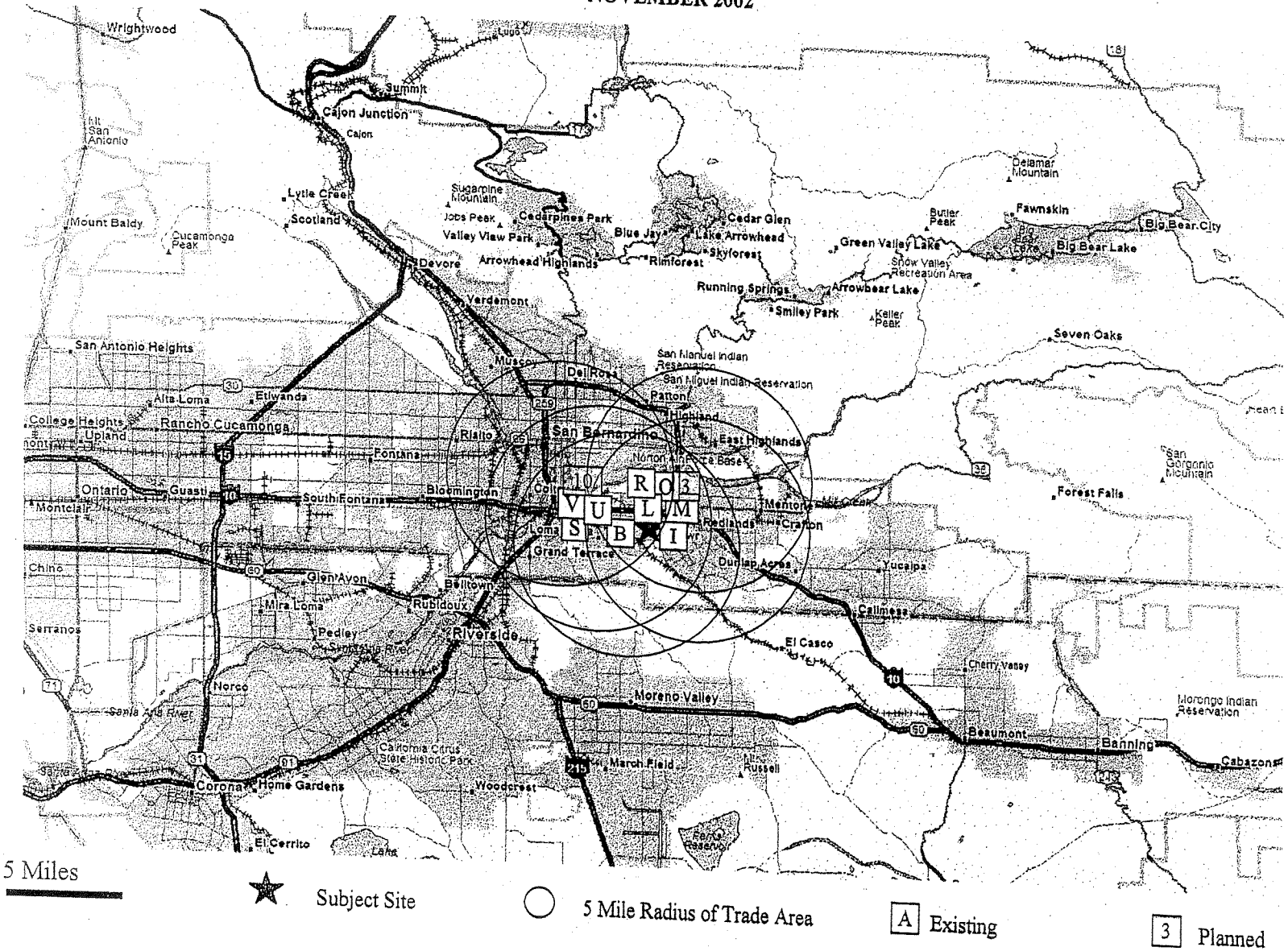
EXHIBIT I-8B

REGIONAL LOCATION OF SELECTED COMMUNITY RETAIL COMPARABLES
CMA, CALIFORNIA
NOVEMBER 2002



5 Miles

★ Subject Site

○ 5 Mile Radius of Trade Area

A Existing

3 Planned

02048.00 Retail Comps.xls Community Map sum

THE CONCORD GROUP

EXHIBIT I-9

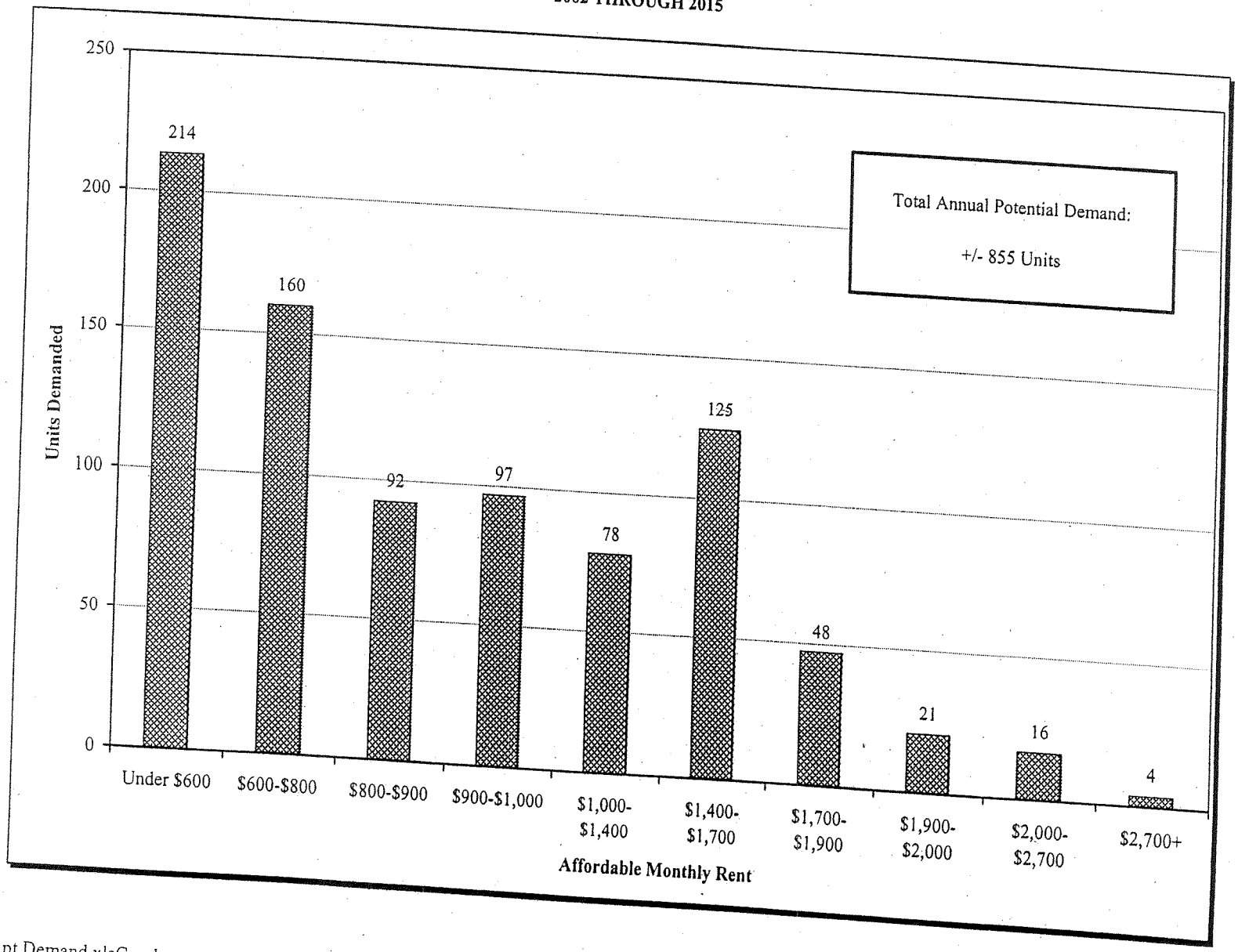
SUMMARY OF POTENTIAL RETAIL DEMAND
CITY OF LOMA LINDA
2002 THROUGH 2007

		City of Loma Linda Demand	2-Mile Ring Surrounding Site 3/	2-Mile Ring Surrounding Site 4/
2002				
Number of Households	1/	7,708	11,740	11,740
Total Retail Expenditure Potential	2/	$88,510,000	$134,809,000	$134,809,000
Supportable Square Feet	2/	925,000	1,410,300	1,410,300
2007				
Number of Households	1/	8,116	12,222	12,740
Total Retail Expenditure Potential	2/	$108,038,000	$162,696,000	$169,591,000
Supportable Square Feet	2/	1,129,000	1,702,100	1,774,200
2002 Through 2007				
New Retail Space Demanded from Household Growth		204,000	291,800	363,900

1/ Claritas
2/ For detailed derivation of demand please see exhibits III-3 and III-4
3/ Claritas estimate, assumes spendig patterns and uplift are equal to City of Loma Linda's
4/ Concord Group estimate, based on likely development at Orchard Park/University Village
Assumes 1,000 units are built in next five years, there are 2,900 planned at Orchard Park/University Village, plus residential acreage in Redlands and San Bernardino County surrounding the site.

EXHIBIT I-10

ANNUAL DEMAND POTENTIAL FOR APARTMENT UNITS BY RENT RANGE
LOMA LINDA, CALIFORNIA
2002 THROUGH 2015



02048.00 Apt Demand.xlsGraph

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EXHIBIT I-11

MARKET ASSESSMENT OF PROPOSED USES FOR THE PROPERTY IN LOMA LINDA
CALIFORNIA
NOVEMBER 2002

CRITERIA	DESCRIPTION	EVALUATION			
		OFFICE	RETAIL		APARTMENTS
			NEIGHBORHOOD	COMMUNITY	
REGIONAL LOCATION	The site is located on the NEC of California Street and Barton Road in the City of Loma Linda. The city is home to Loma Linda University Medical Center, a major driver for the city's office, retail and residential markets. 2002 population estimate for the city is 18,911 and is projected to increase to 19,567 by 2007. The city has a high employment base with one of the largest employment to household rations in the area. An increase in rental housing development is needed to accommodate the projected population growth and the demand from jobs in the area, including medical workers and students.	Average (3.0) The area is not established as an office location, yet the development of Orchard Park and University Village could prove beneficial to an office use at the subject property by establishing a small business park.	Average (3.0) Currently, the residential population is supplied with ample neighborhood retail by the centers within a 2 mile radius of the subject site. Based on projected residential growth in the surrounding area, there should be demand for an additional center by 2007.	Fair (2.0) The subject site is well within the five mile radius of existing community retail centers.	Excellent (5.0) The area's solid employment base and high employment to housing ratio, combined with the lack of recently constructed multi-family competition in the submarket, bodes well for the site. Low vacancy rates and increasing demand for rental housing by medical workers and students is positive for the subject site. The development of rental housing at Orchard Park and University Village could prove to be of a competitive nature.
ACCESS	Direct access to the site is via Barton Road to the south, Orange Avenue to the north, California Street to the west and New Jersey to the east. San Timoteo Canyon Road, which currently ends at Barton Road, is directly southeast of the site. Redlands Boulevard and Alabama Street are each within a mile from the property. Regional access is via Interstate 10, one mile north of the site, and Interstate 215, four miles west of the property. Highway 30 is approximately two miles east of the site.	Fair/Average (2.5) The site's easy access via a major road is positive, though the lack of direct highway or Interstate access will limit the accessibility and user tenant profile.	Good (4.0) The site's access from Barton Road is comparable to many of the neighborhood centers in the surrounding area. If the site were combined with the corner parcel, the access would be excellent, as most anchors require corner location.	Fair (2.0) The site is not directly accessible from an Interstate of highway and is thus not ideal for the development of a community retail center.	Excellent (5.0) The site's major road access is good for multi-family housing.

EXHIBIT I-11

MARKET ASSESSMENT OF PROPOSED USES FOR THE PROPERTY IN LOMA LINDA
CALIFORNIA
NOVEMBER 2002

CRITERIA	DESCRIPTION	EVALUATION			
		OFFICE	RETAIL		APARTMENTS
			NEIGHBORHOOD	COMMUNITY	
VISIBILITY	The visibility for the subject site is clear from Barton Road and California Avenue. There is no interstate visibility from the site. The development of Orchard Park and University Village, both northwest of the subject property, will increase traffic and exposure to the site. The traffic count along Barton Road at California averages 14,800 a day, along Barton Road at New Jersey 20,200 and at Barton Road and San Timoteo Canyon 10,694 a day.	Average (3.0) Visibility from Barton Road and California Street is good, but not ideal for office development. Highway or interstate visibility would be more suitable. The development of Orchard Park and University Village, however, could increase the amount of office-tenant traffic by the site.	Good (4.0) Visibility from Barton Road is comparable to other local neighborhood sites'.	Average (3.0) The site is not located off high traffic intersections and does not have direct freeway or highway access, and is thus not ideal for the development of a community retail center. Retail development would be better suited along higher traffic areas such as Redlands Boulevard and Mountain View.	Excellent (5.0) The site's visibility from Barton Road and California Street is suited for the development of residential housing.
PHYSICAL CHARACTERISTICS	The subject property is an "L" shaped site with corners at California Street and Orange Avenue and Barton Road and New Jersey Street. The topography is flat.	Excellent (5.0) The site's flat topography will be advantageous to the development of an office park.	Average (3.0) The site's "L" shape characteristic and lack of frontage at California and Barton could prove difficult to attract large anchor tenants.	Average (3.0)	Excellent (5.0) The designated site's lack of significant grade is an advantage for multi-family housing and the open space views from the site are advantageous for residential development.

EXHIBIT I-11

MARKET ASSESSMENT OF PROPOSED USES FOR THE PROPERTY IN LOMA LINDA
CALIFORNIA
NOVEMBER 2002

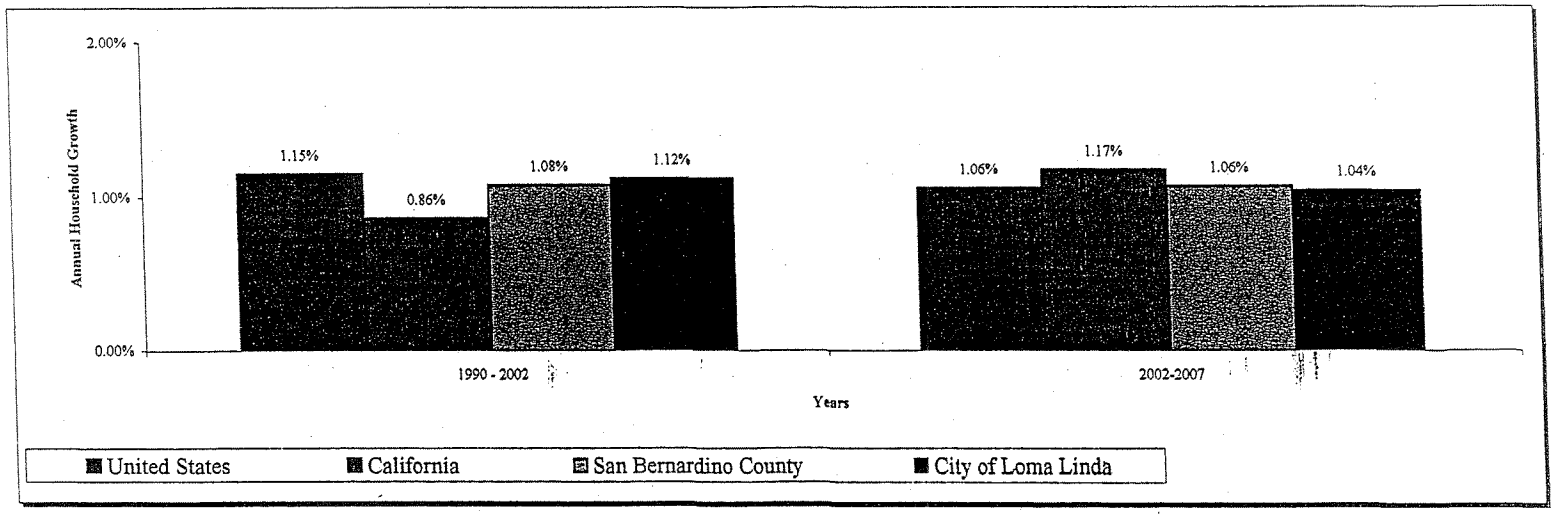
CRITERIA	DESCRIPTION	EVALUATION			
		OFFICE	RETAIL		APARTMENTS
			NEIGHBORHOOD	COMMUNITY	
SURROUNDING LAND USES	The property is directly bordered by two churches to the northeast and by an oil facility to the southwest. Apart from the above mentioned uses, the land surrounding the property is agricultural land, primarily for orchard use.	Average (3.0) The lack of an established business center around the site is slightly negative for office development, as most businesses prefer to be located in an established office node and near other similarly focused companies. In the near future, planned developments could define the area as a business park node which could help market the property for office space.	Average (3.0) The current lack of established residential housing and office buildings around the site is not ideal for the development of a neighborhood center, whose trade area is typically a 2 mile radius.	Poor (1.0) Lack of development surrounding the site could pose a challenge to a community center development.	Good (4.0) The open space will prove to be attractive to potential renters, yet the lack of an established residential community and the adjacent oil facility might be a challenge for the marketability of the site.
PROXIMITY TO SERVICES	Several neighborhood retail centers are in close proximity to the site. Brookside Plaza in Redlands is approximately 1 mile to the east of the site along Barton Road. Mountain View Plaza and Loma Linda Plaza at Mountain View and Barton are approximately one mile west of the property. North of the site, within two miles, The Courtyard and the Wal-Mart Shopping Center service the needs of the community.	Excellent (5.0) The proximity of several neighborhood and community retail centers will bode well for the development of an office space.	N/A	N/A	Good (4.0) The close proximity to neighborhood retail is an advantage for the site.
MEDICAL SERVICES	Loma Linda University Medical Center, located at Barton and Anderson, is approximately 2 miles from the subject property.				Excellent (5.0) The hospital is less than the required 20 miles away, and therefore is excellently located for housing.
OVERALL RATING		Average/Good (3.6)	Average (3.4)	Fair (2.2)	Excellent (4.7)

KEY TO RATINGS:
Excellent = 5.0 Good = 4.0 Average = 3.0 Fair = 2.0 Poor = 1.0

EXHIBIT II-2

HOUSEHOLD GROWTH TRENDS
UNITED STATES, CALIFORNIA, SAN BERNARDINO COUNTY AND THE CITY OF LOMA LINDA
1990 THROUGH 2007

	United States	California	San Bernardino County	City of Loma Linda
Households				
1990 Census	91,947,408	10,381,206	464,737	6,594
2000 Census	105,480,104	11,502,870	528,594	7,536
2002 Estimate	107,753,800	11,803,522	540,349	7,708
2007 Forecast	113,567,688	12,511,538	569,737	8,116
Average Annual Household Growth Rate				
1990-2002	1,127,725	93,472	5,321	79
Compounded Rate of Change	1.15%	0.86%	1.08%	1.12%
2002-2007	1,162,778	141,603	5,878	82
Compounded Rate of Change	1.06%	1.17%	1.06%	1.04%
Average Household Size				
1990 Census	2.63	2.79	2.97	2.54
2002 Estimate	2.59	2.87	3.17	2.39
2007 Forecast	2.58	2.88	3.24	2.35

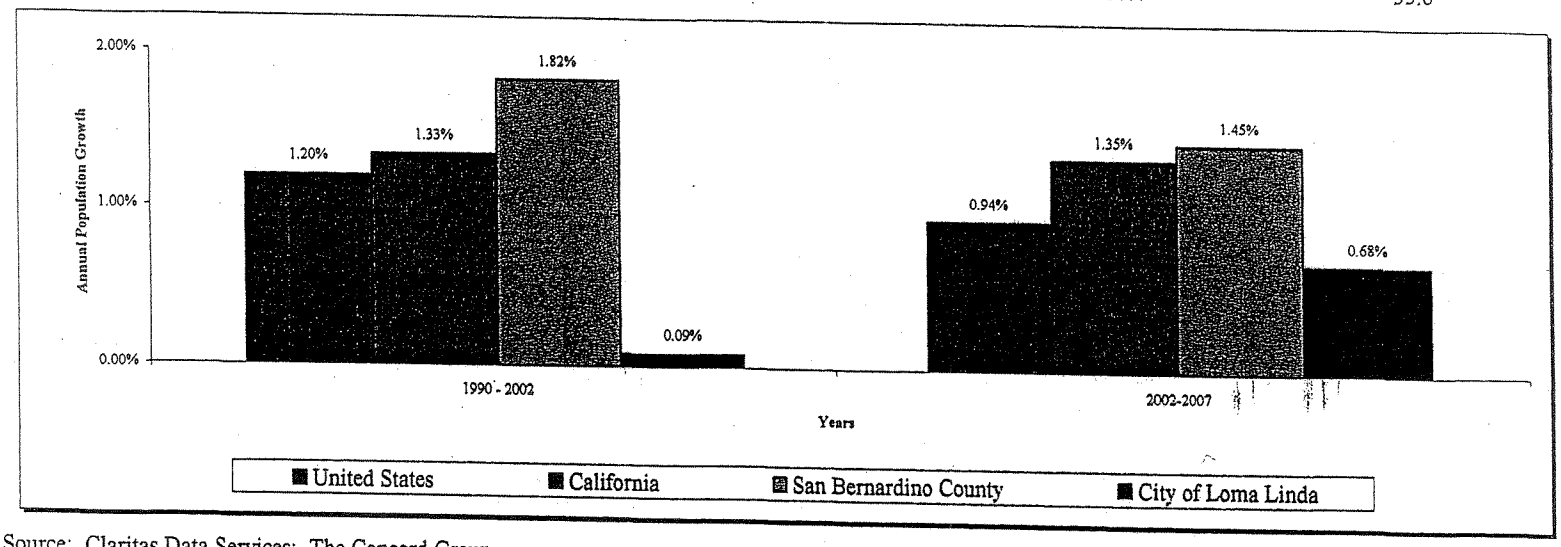


Source: Claritas Data Services; The Concord Group

EXHIBIT II-1

POPULATION GROWTH TRENDS
UNITED STATES, CALIFORNIA, SAN BERNARDINO COUNTY AND THE CITY OF LOMA LINDA
1990 THROUGH 2007

	United States	California	San Bernardino County	City of Loma Linda
Population				
1990 Census	248,709,872	29,760,022	1,418,380	18,716
2000 Census	281,421,920	33,871,648	1,709,434	18,681
2002 Estimate	286,815,104	34,876,616	1,760,862	18,911
2007 Forecast	300,539,040	37,286,836	1,892,159	19,567
Average Annual Population Growth Rate				
1990-2002	3,175,436	426,383	28,540	16
Compounded Rate of Change	1.20%	1.33%	1.82%	0.09%
2002-2007	2,744,787	482,044	26,259	131
Compounded Rate of Change	0.94%	1.35%	1.45%	0.68%
Median Age				
2000 Census	35.5	33.3	30.4	34.1
2002 Estimate	35.6	33.3	30.5	34.6
2007 Forecast	36.2	33.8	30.4	35.0

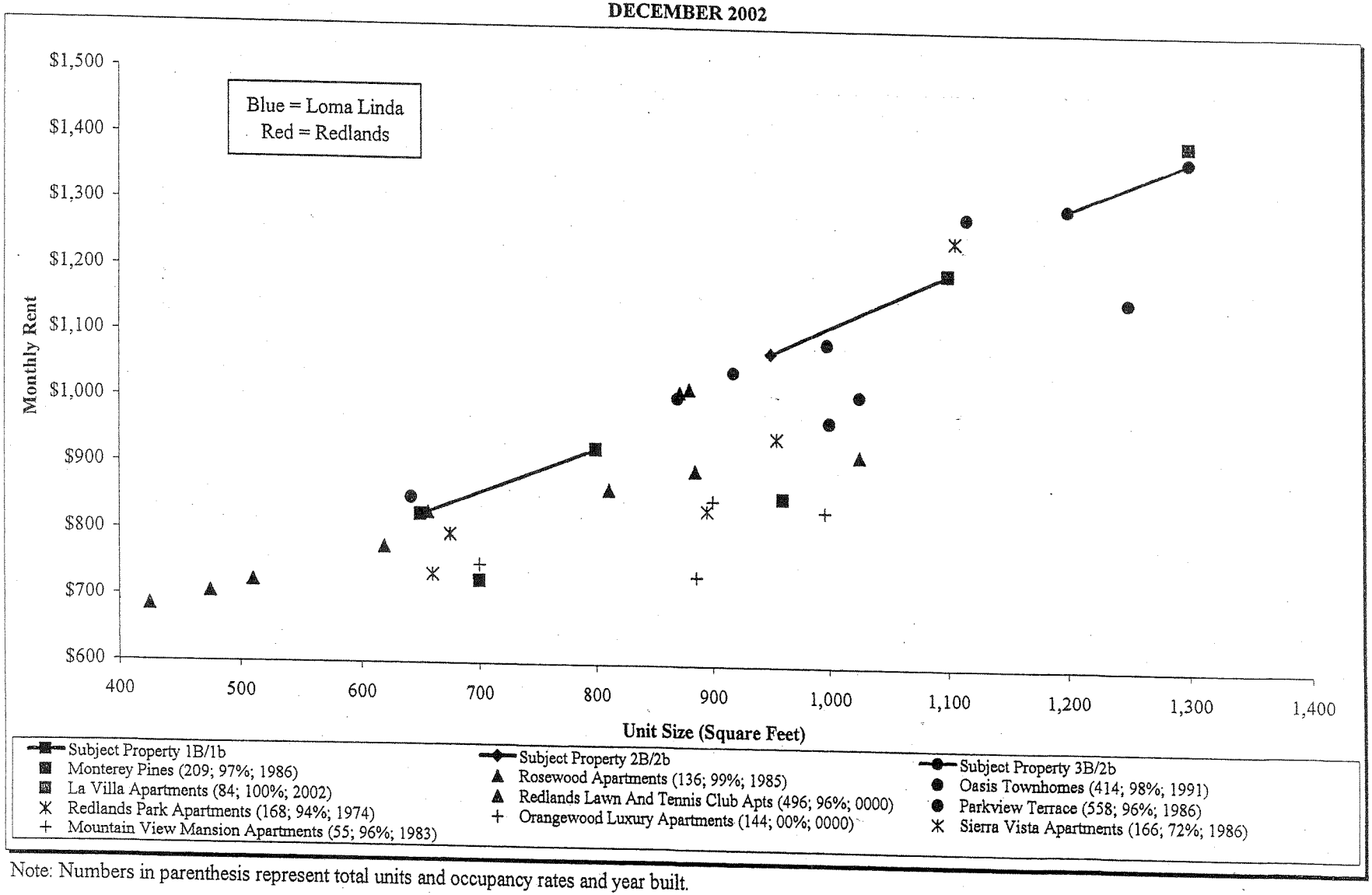


Source: Claritas Data Services; The Concord Group

II. SOCIO-DEMOGRAPHIC ANALYSIS

EXHIBIT I-13

RENT TO SIZE RELATIONSHIP OF SELECTED COMPARABLE APARTMENT COMMUNITIES
LOMA LINDA, CALIFORNIA
DECEMBER 2002



Note: Numbers in parenthesis represent total units and occupancy rates and year built.

EXHIBIT I-12

PRODUCT VALIDATION AND RECOMMENDED RENT POSITIONING FOR THE SUBJECT PROPERTY
LOMA LINDA, CALIFORNIA
DECEMBER 2002

RETAIL (cont.)	**** If the project were to be combined with the property at the corner of Barton and California, there would be significantly more opportunity for retail at the site, a total of nine to ten acres. The corner will be key to achieving any significant retail at the property and will be necessary to attract a significant anchor for development.**

EXHIBIT I-12

PRODUCT VALIDATION AND RECOMMENDED RENT POSITIONING FOR THE SUBJECT PROPERTY
LOMA LINDA, CALIFORNIA
DECEMBER 2002

PROJECT CHARACTERISTICS

LAND AREAS: ±23 acres
TOTAL UNITS: 328 units

PRODUCT

Two story, walk up apartments with carport and garage parking

TARGET MARKET

The subject property will draw from local area students and young professional singles and couples. With close proximity to both Redlands and Loma Linda Universities, the project should be able to draw students from each. Renters will be attracted to the site's proximity to Downtown Redland's retail and services as well as a significant employment base. Renters can also be expected to be attracted from medical professions associated with the Loma Linda hospital system.

MARKET POSITION

The apartments can expect to achieve rents at the top of the current Loma Linda and Redlands market, as they will represent one of the few newly constructed projects in the past few years. La Villa apartments have leased up in 84 units in three months with minimal advertisements in less prominent location. With significant visibility along Barton, the subject site should be able to absorb 20 to 25 units per month, as there is significant demand for rental housing in the Loma Linda market.

RECOMMENDED PROGRAM

UNIT TYPE	SIZE RANGE (SF)	BASE RENT RANGE	VALUE RATIO
1B/1b	650 - 800	825 - 925	$1.27 - $1.16
2B/2b	950 - 1,100	1,075 - 1,200	$1.13 - $1.09
3B/2b	1,200 - 1,300	1,300 - 1,375	$1.08 - $1.06

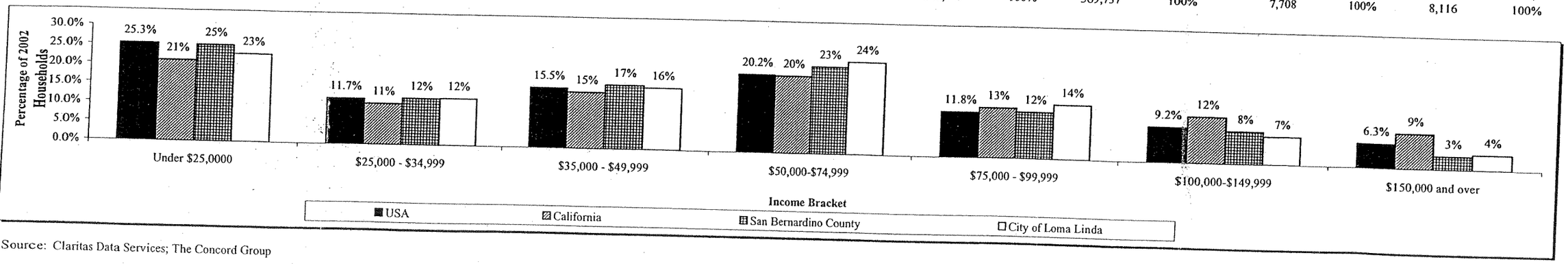
RETAIL

Although there is limited demand for retail oveall in the City of Loma Linda, a small (3 to 5 acre) portion of the site could accommodate convience retail along Barton Road. Potential uses include a small market, dry cleaning, coffee shop or restaurant pads, all of which would support the development of apartments at the property, and would benefit the marketing effort for the project.

EXHIBIT II-3

HOUSEHOLD INCOME DISTRIBUTION
UNITED STATES, CALIFORNIA, SAN BERNARDINO COUNTY AND THE CITY OF LOMA LINDA
2002 THROUGH 2007

Income Bracket	United States 2002 #	United States 2002 %	United States 2007 #	United States 2007 %	California 2002 #	California 2002 %	California 2007 #	California 2007 %	San Bernardino County 2002 #	San Bernardino County 2002 %	San Bernardino County 2007 #	San Bernardino County 2007 %	City of Loma Linda 2002 #	City of Loma Linda 2002 %	City of Loma Linda 2007 #	City of Loma Linda 2007 %
Under $25,0000	27,241,953	25.3%	23,217,869	20.4%	2,468,356	20.9%	2,175,390	17.4%	134,973	25.0%	124,989	21.9%	1,752	22.7%	1,463	18.0%
$25,000 - $34,999	12,636,946	11.7%	12,440,385	11.0%	1,245,914	10.6%	1,238,503	9.9%	65,001	12.0%	68,627	12.0%	935	12.1%	1,042	12.8%
$35,000 - $49,999	16,754,434	15.5%	16,403,257	14.4%	1,714,996	14.5%	1,685,746	13.5%	89,453	16.6%	89,149	15.6%	1,230	16.0%	1,304	16.1%
$50,000-$74,999	21,747,316	20.2%	21,420,124	18.9%	2,355,731	20.0%	2,290,674	18.3%	121,739	22.5%	123,160	21.6%	1,844	23.9%	1,781	21.9%
$75,000 - $99,999	12,680,877	11.8%	14,694,104	12.9%	1,532,345	13.0%	1,660,289	13.3%	64,757	12.0%	73,285	12.9%	1,079	14.0%	1,162	14.3%
$100,000-$149,999	9,882,352	9.2%	14,007,266	12.3%	1,415,389	12.0%	1,748,421	14.0%	45,688	8.5%	59,063	10.4%	561	7.3%	904	11.1%
$150,000 and over	6,809,924	6.3%	11,384,681	10.0%	1,070,791	9.1%	1,712,515	13.7%	18,738	3.5%	31,464	5.5%	307	4.0%	460	5.7%
Total	107,753,802	100%	113,567,686	100%	11,803,522	100%	12,511,538	100%	540,349	100%	569,737	100%	7,708	100%	8,116	100%

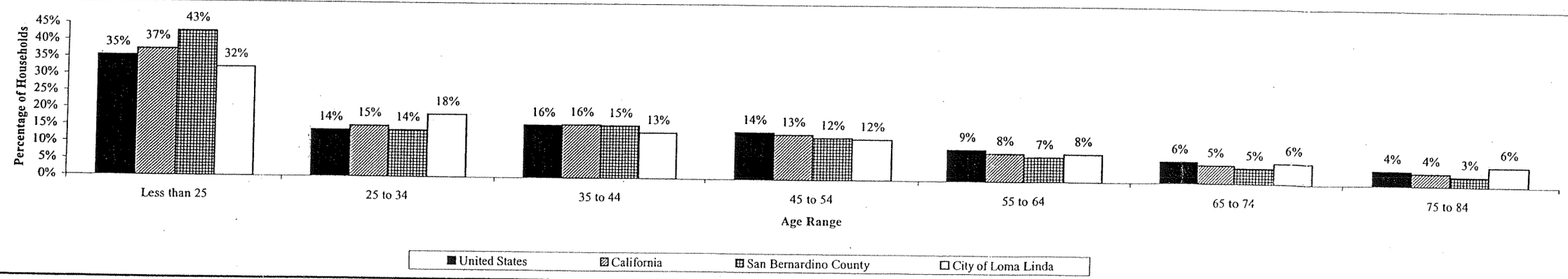


Source: Claritas Data Services; The Concord Group

EXHIBIT II-4

AGE DISTRIBUTION OF POPULATION
UNITED STATES, CALIFORNIA, SAN BERNARDINO COUNTY AND THE CITY OF LOMA LINDA
2002 THROUGH 2007

Age Bracket	United States				California				San Bernardino County				City of Loma Linda			
	2002		2007		2002		2007		2002		2007		2002		2007	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Less than 25	101,527,169	35%	105,251,864	35%	13,027,543	37%	13,839,968	37%	752,197	43%	803,462	42%	6,069	32%	6,209	32%
25 to 34	39,343,078	14%	40,059,210	13%	5,213,908	15%	5,424,812	15%	242,112	14%	254,029	13%	3,487	18%	3,564	18%
35 to 44	44,485,914	16%	42,007,128	14%	5,459,612	16%	5,268,910	14%	271,601	15%	264,511	14%	2,546	13%	2,366	12%
45 to 54	39,810,948	14%	43,954,630	15%	4,623,813	13%	5,215,520	14%	217,758	12%	247,883	13%	2,270	12%	2,452	13%
55 to 64	26,445,942	9%	32,409,702	11%	2,879,035	8%	3,602,959	10%	127,689	7%	160,969	9%	1,555	8%	1,860	10%
65 to 74	18,153,774	6%	19,147,760	6%	1,891,620	5%	2,040,341	5%	81,488	5%	88,629	5%	1,169	6%	1,217	6%
75 to 84	12,458,672	4%	12,529,957	4%	1,316,264	4%	1,357,087	4%	51,263	3%	53,190	3%	1,094	6%	1,101	6%
85+	4,589,615	2%	5,178,780	2%	464,819	1%	537,238	1%	16,754	1%	19,486	1%	721	4%	798	4%
Total	286,815,112	100%	300,539,031	100%	34,876,614	100%	37,286,835	100%	1,760,862	100%	1,892,159	100%	18,911	100%	19,567	100%



Source: Claritas Data Services; The Concord Group

02048.00 demos.xls

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EXHIBIT II-5

DETAILED LAND USE OF PLANNED DEVELOPMENTS AT ORCHARD PARK AND UNIVERSITY VILLAGE
LOMA LINDA, CALIFORNIA
NOVEMBER 2002

LAND USE	ACREAGE	DENSITY (DU/AC)	UNITS	STATUS/ COMMENTS
Orchard Park				
Commercial	10.9	18 - 20		
Commercial	7.5	18 - 20		
Mixed Use	7.4	18 - 20	74	
Mixed Use	16.2	18 - 20	162	
Mixed Use	12.1	18 - 20	121	
Mixed Use	11.7	18 - 20	117	
Multi-Family	9.4	18 - 24	207	
Multi-Family	8.2	18 - 24	181	
Single-Family	6.5	4 - 10	65	
Single-Family	20.7		207	
Park/Open Space	11			
School	2.3			
Institutional	5			
Master Circulation	7.8			
Total	**136.7**	**8.3**	**1,134**	
University Village				
Single-Family	57.2	8	483	5 product lines
Residential Rural Lot	7.3	5	37	6 existing residents frontiong Mission Road
Multi-Family	43	22	950	For-rent market rate apartmetns
Multi-Family	7.9	33	260	For-rent senior apartments
School/Joint-Use Park	9.1	6	39	3/4 of 12-acre K-5 school & park site
Parks, Open Space & Trails	13.5	0.3 FAR		
Neighborhood Commercial	6.2	0.4 FAR		62,272 sf
Business Park/Office/Hotel	9.1			129,392 sf
Street Right-of-Way	17.5			
Total	170.8 0	14.8 0	1,769	

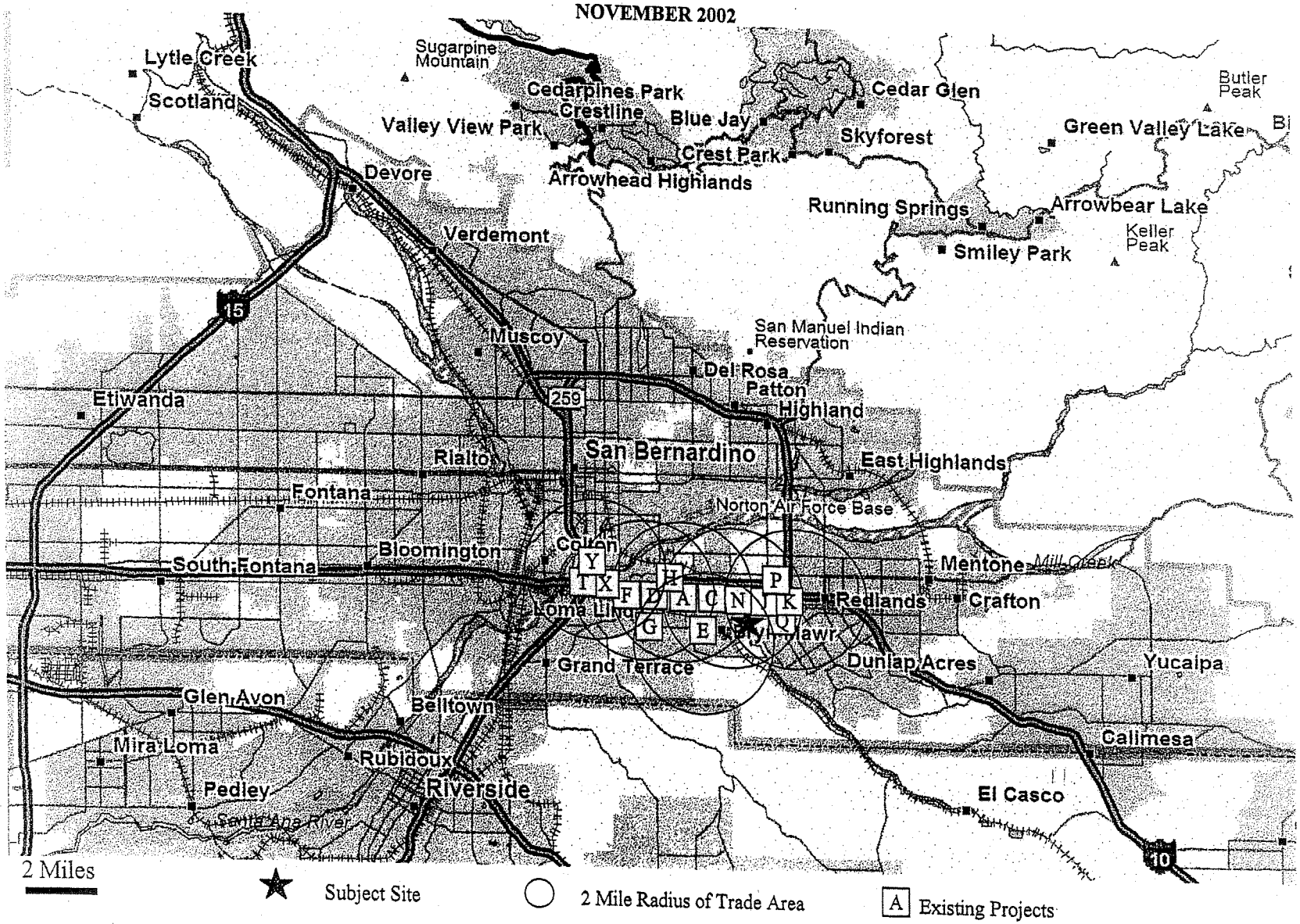
Nodes

THE CONCORD GROUP

III. RETAIL MARKET ANALYSIS

EXHIBIT III-1A

REGIONAL LOCATION OF SELECTED NEIGHBORHOOD RETAIL COMPARABLES
CMA, CALIFORNIA
NOVEMBER 2002



02048.00 Retail Comps.xls Neighborhood Map

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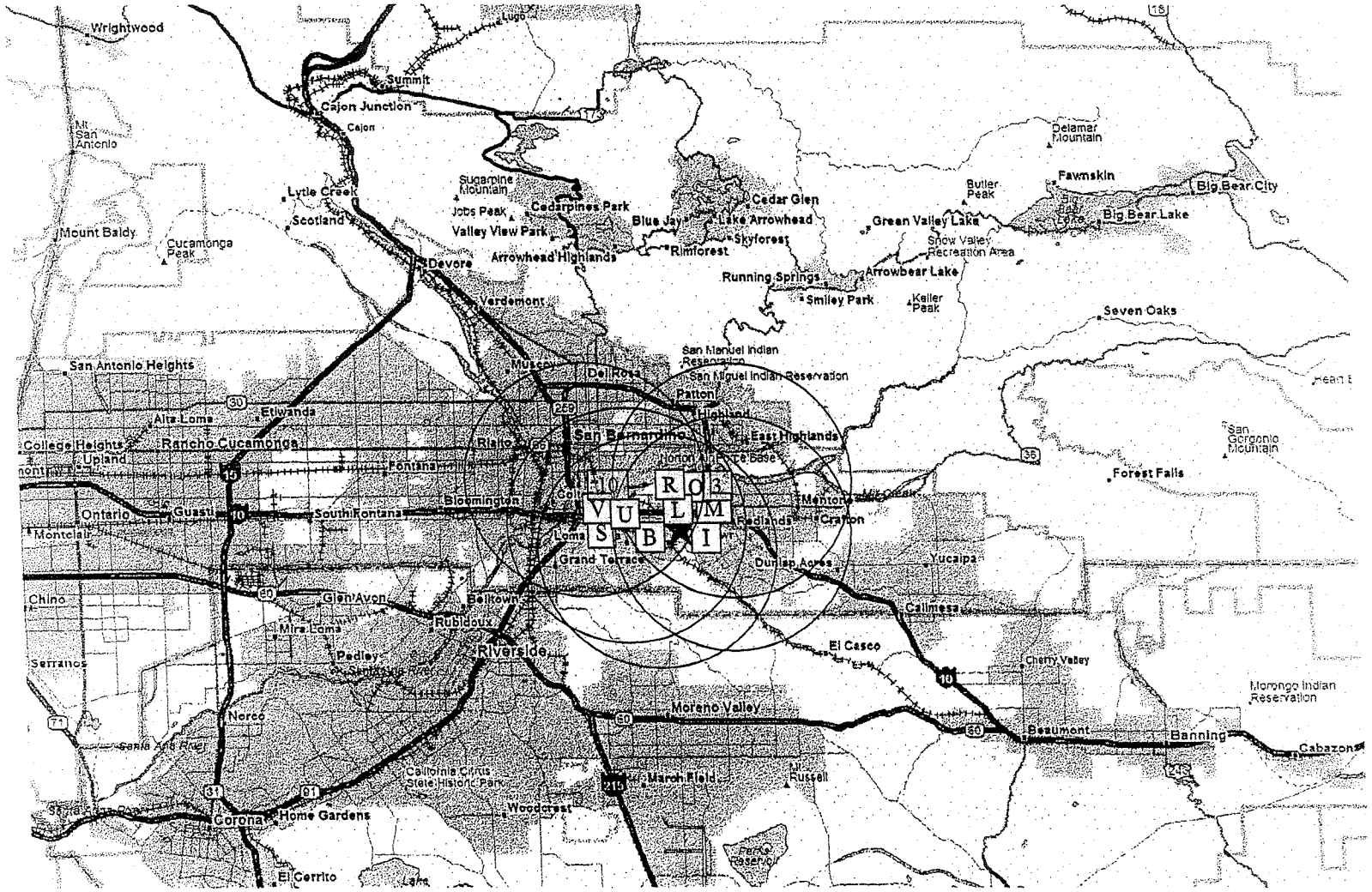
EXHIBIT III-1B

REGIONAL LOCATION OF SELECTED COMMUNITY RETAIL COMPARABLES
CMA, CALIFORNIA
NOVEMBER 2002



5 Miles ★ Subject Site ○ 5 Mile Radius of Trade Area [A] Existing [3] Planned

EXHIBIT III-2

SUMMARY OF SELECTED RETAIL PROJECTS
CMA, CALIFORNIA
NOVEMBER 2002

MAP KEY	PROJECT/ *LOCATION/* CITY	TYPE	YEAR BUILT/ LAST RENOVATION	TOTAL SQ. FEET W/ANCHOR	VACANT SQ. FEET	VACANCY RATE	LEASE RATE PER SQ. FT.	MAJOR TENANTS
Loma Linda								
A	**The Courtyard** *25655 Redlands Blvd.* *SWC Redlands and Mountain View*	Neighborhood	1988	25,158	0	0%	$1.10 - $2.00 NNN	Subway Adong Sorrentino's Sonali Market
B	**Loma Linda Plaza** *NWC Mountain View & Barton*	Community	1965 1999	106,520	12,200	11%	$1.15 Base $1.25 Inline $1.50 + $0.2 NNN Outbuilding	Stater Bros Quiznos Barker's Outlets Blockbuster
C	**Unnamed** *SEC Redlands and Mountain View* *25715 Redlands Boulevard*	Neighborhood	2002	23,000	12,000	52%	$2.50	Dominos Need approval for second tenant
D	**The Arbors** *NEC Redlands and Anderson* *24910 Redlands Blvd*	Neighborhood	NA	NA	NA	NA	NA	Allstate Bakers Wienerschnitzel
E	**Mountain View Plaza** *NEC Mountain View & Barton*	Neighborhood	NA	NA	NA	NA	NA	Clark's Nutritional Center Rite Aid Home Care Services Mini Storage
F	**Unnamed** *NWC Redlands and Anderson*	Neighborhood	NA	NA	NA	NA	NA	Cellular Access Bombay Palace Almaro Market

EXHIBIT III-2

SUMMARY OF SELECTED RETAIL PROJECTS
CMA, CALIFORNIA
NOVEMBER 2002

MAP KEY	PROJECT/ *LOCATION/* CITY	TYPE	YEAR BUILT/ LAST RENOVATION	TOTAL SQ. FEET W/ANCHOR	VACANT SQ. FEET	VACANCY RATE	LEASE RATE PER SQ. FT.	MAJOR TENANTS
G	**Campus Plaza** *Anderson and Prospect* *11161 Anderson*	Neighborhood	NA	NA	NA	NA	NA	Loma Linda Market BoA Campus Store
H	**3 Star Plaza** *Redlands and Poplar* *25227 Redlands*	Neighborhood	NA	NA	NA	NA	NA	Small Retailers
Redlands								
I	**Brookside Plaza** *Barton Rd & Alabama St.* Redlands	Community	1988 1991	102,000	8,000	8%	$1.53 Base + $0.43 NNN	Stater Bros Hancock Fabrics
J	**Unnamed** SWC Alabama and Redlands *1601 W. Redlands*	Neighborhood	NA	NA	0	100%	$1.15 to $2.00	Banner Mattress The Penalty Box Carburetor Exchange Printing Today
K	**Unnamed** *SEC Alabama and Redlands*	Neighborhood	NA	22,500	2,200	10%	$1.15 to $2.00	Big 5 Starbucks
L	**Wal-Mart Shopping Center** *NEC Californian and Redlands*	Community	1991	275,000	3,900	1%	$1.50 Shop space+ $0.32 NNN	Food 4 Less Wal Mart Anna's Linnens Jack in the Box AM/PM
M	**Tri-City Center** *I-10 & Alabama*	Regional	1982 1987	335,000	15,000	4%	$1.50	Factory 2 U Long's Drugs Mervyn's Miller's Outpost Ross Dress For Less

EXHIBIT III-2

SUMMARY OF SELECTED RETAIL PROJECTS
CMA, CALIFORNIA
NOVEMBER 2002

MAP KEY	PROJECT/ *LOCATION/* CITY	TYPE	YEAR BUILT/ LAST RENOVATION	TOTAL SQ. FEET W/ANCHOR	VACANT SQ. FEET	VACANCY RATE	LEASE RATE PER SQ. FT.	MAJOR TENANTS
N	**Unnamed** SEC Redlands and New Jersey	Neighborhood	2001	12,000	800	7%	$2.29 NNN	Wendy's Radio Shack ATT Wireless Wok Experience
O	**Kmart** *SWC Alabama and Redlands*	Community	NA	NA	NA	NA	NA	Big K Mart
P	**Unnamed** *NWC Redlands and Alabama*	Neighborhood	NA	NA	NA	NA	NA	Shogun
Q	**Plaza Las Robles** 1399 W. Colton Ave	Neighborhood	NA	NA	NA	NA	NA	Pizza Hut Uptown Skincare
R	**Unnamed** *SWC Tippecannoe and Hospitality*	Community	NA	NA	NA	NA	NA	Costco Staples Guitar Center
San Bernardino								
S	**Club Power Center** *Waterman Avenue & Carolina Street*	Community	NA	215,730	NA	NA	NA	Costco Home Base Midnight Rodeo Staples
T	**Sun West Retail Plaza** *228 W. Hospitality*	Neighborhood	1989	21,265	0	0%	NA	Souplantation Bamboo Garden

EXHIBIT III-2

SUMMARY OF SELECTED RETAIL PROJECTS
CMA, CALIFORNIA
NOVEMBER 2002

MAP KEY	PROJECT/ *LOCATION/* CITY	TYPE	YEAR BUILT/ LAST RENOVATION	TOTAL SQ. FEET W/ANCHOR	VACANT SQ. FEET	VACANCY RATE	LEASE RATE PER SQ. FT.	MAJOR TENANTS
U	**Tri-City Centre** *885 E. Harriman near Orchard*	Community	1987	157,000	1,100	1%	$1.50 NNN	Sam's Club Best Buy Sportsmart
V	**Tri-City Shopping Center** *575 W. Hospitality*	Community	1991 1994	290,000	2,700	1%	Older $1.50 Newer $2.00 + $0.45 NNN	Chili's Grill & Bar CompUSA Home Depot Office Depot Circuit City
X	**Unnamed** *Diners and Hospitality*	Neighborhood	NA	NA	NA	NA	NA	Lotus Garden Tony Romas Margaritaville
Y	**Hospitality Center** *NEC Hospitality and Hunts*	Neighborhood	NA	NA	NA	NA	NA	Nextel ReCom

EXHIBIT III-3

SUMMARY OF SELECTED MAJOR PLANNED AND PROPOSED RETAIL PROJECTS
CMA, CALIFORNIA
NOVEMBER 2002

	PROJECT/STORE NAME *DEVELOPER* RETAIL CENTER *LOCATION*	PROJECT STATUS	PROJECTED OPENING	TOTAL SQUARE FEET	TENANT	COMMENTS
	Loma Linda					
1	**Savon** *Stevenson Property Company* The Courtyard Mountain View and Redlands (949) 716-0456	Planned	2003	15,000	Savon	
2	**Pad** *Stevenson Property Company* The Courtyard Mountain View and Redlands	Planned	2003	5,000	N/a	A retail building in planned.
	Redlands					
3	**Citrus Plaza** *Commerce Construction* Citrus Village Mall NEC Lugonia and Alabama	Under Construction	2003	550,000 Phase I		Phase I consists of 550,000 s.f and phase two of 1,250,000 s.f. Currently litigation in process, but is not projected to hinder the opening of phase I by March 3, 2003.
					Target	12,3751 s.f.
					Kohl's	95,378 s.f.
					Sports Chalet	42,233 s.f.
					Bed, Bath & Beyond	28,565 s.f.
					Barnes & Nobles	24,870 s.f.
					Michael's	23,481 s.f.
					Cost Plus	18,635 s.f.
					David Bridle	15,000 s.f.
					Pier 1	10,815 s.f.
					Famous Footwear	9,000 s.f.
					Petco	8,000 s.f.

EXHIBIT III-3

SUMMARY OF SELECTED MAJOR PLANNED AND PROPOSED RETAIL PROJECTS
CMA, CALIFORNIA
NOVEMBER 2002

	PROJECT/STORE NAME *DEVELOPER* RETAIL CENTER *LOCATION*	PROJECT STATUS	PROJECTED OPENING	TOTAL SQUARE FEET	TENANT	COMMENTS
4	**Pad** *Tim Miller* Wal-Mart Shopping Center California and Redlands	Planned	2003	5,996	N/a	Location is west of Food 4-Less replacing the Coffee-Coffee building. Project was approved by the City Council on June 18, 2002. Plans are in plan check.
5	**Pad** *Anderson-Jackson Group* None Redlands and Iowa	Planned	2003	21,750	N/a	Retail building part of mixed used project which will include 84,000 square foot mini-storage facility on 5.0 acres. Project was approved by the City Council in August 2002. Plans for retail building have not yet been submitted.
	San Bernardino					
6	**BBC Carpet** *N/a* None 367 E. Redlands	Proposed	2003	11,399	BBC Carpet	2 story building
7	**Wendy's International** *N/a* None SEC Tippecanoe and Rosewood	Planned	2003	N/a	Wendy's	
8	**Farmer Boy's Food** *N/a* None SEC Tippecanoe and Gould	Planned	2003	2,830	Farmer Boys	

EXHIBIT III-3

SUMMARY OF SELECTED MAJOR PLANNED AND PROPOSED RETAIL PROJECTS
CMA, CALIFORNIA
NOVEMBER 2002

	PROJECT/STORE NAME *DEVELOPER* RETAIL CENTER *LOCATION*	PROJECT STATUS	PROJECTED OPENING	TOTAL SQUARE FEET	TENANT	COMMENTS
9	**Pad** *Rancon Realty Fund* Tri-City Centre 777 E. Hospitality	Planned	2003	12,177	Chuck E. Cheese	
10	**Unnamed** *Hopkins Realty Group* *Tippecanoe and I-10*	Planned	Fall 2003	200,000	Sam's Club	

EXHIBIT III-4A

SUMMARY OF ANNUAL RETAIL SPACE DEMAND AND CAPTURE POTENTIAL
CITY OF LOMA LINDA
2002

	Average Annual Household Expenditure ($) 1/	Total Expenditure($)	% Spent at Conventional Retail Center	$ Spent at Conventional Center	% Spent in Local Market	$ Spent in Local Market
HOUSEHOLDS IN TRADE AREA 2002 1/		7,708				
Food at Home						
Cereal Products	$273	$2,100,661	100%	$2,100,661	90%	$1,890,595
Bakery Products	$497	$3,833,420	100%	$3,833,420	90%	$3,450,078
Meats	$516	$3,978,870	100%	$3,978,870	90%	$3,580,983
Poultry	$308	$2,376,376	100%	$2,376,376	90%	$2,138,739
Seafood	$110	$846,878	100%	$846,878	90%	$762,190
Dairy Products	$511	$3,941,486	100%	$3,941,486	90%	$3,547,337
Fruits and Vegetables	$616	$4,746,663	100%	$4,746,663	90%	$4,271,997
Juices	$162	$1,248,927	100%	$1,248,927	90%	$1,124,035
Sugar & Other Sweets	$315	$2,425,245	100%	$2,425,245	90%	$2,182,721
Fats & Oils	$44	$342,235	100%	$342,235	90%	$308,012
Nonalcoholic Beverages	$546	$4,211,728	100%	$4,211,728	90%	$3,790,555
Prepared Foods	$715	$5,508,445	100%	$5,508,445	90%	$4,957,601
Other Misc. Expenses						
Housekeeping Supplies	$286	$2,202,638	95%	$2,092,506	90%	$1,883,256
Food Away from Home	$4,443	$34,243,484	75%	$25,682,613	50%	$12,841,306
Alcoholic Beverages at Home	$740	$5,701,608	95%	$5,416,527	90%	$4,874,874
Alcoholic Bev. away from Home	$868	$6,691,084	75%	$5,018,313	50%	$2,509,156
Over the Counter Drugs	$179	$1,379,501	95%	$1,310,526	75%	$982,894
Mis.Personal Items						
Smoking Prods/Supplies	$454	$3,499,432	85%	$2,974,517	75%	$2,230,888
Personal Care Products	$833	$6,420,764	85%	$5,457,649	75%	$4,093,237

EXHIBIT III-4A

SUMMARY OF ANNUAL RETAIL SPACE DEMAND AND CAPTURE POTENTIAL
CITY OF LOMA LINDA
2002

	Average Annual Household Expenditure ($) 1/	Total Expenditure($)	% Spent at Conventional Retail Center	$ Spent at Conventional Center	% Spent in Local Market	$ Spent in Local Market
Household Equipment						
Household Textiles	$438	$3,376,104	75%	$2,532,078	10%	$253,208
Furniture	$560	$4,316,480	75%	$3,237,360	5%	$161,868
Floor Coverings	$30	$231,240	50%	$115,620	10%	$11,562
Major Appliances	$264	$2,034,912	75%	$1,526,184	5%	$76,309
Small Appliance / Housewares	$533	$4,108,364	75%	$3,081,273	10%	$308,127
Misc. Household Equipment	$378	$2,913,624	50%	$1,456,812	10%	$145,681
Home Computer Software/Access	$31	$238,948	75%	$179,211	10%	$17,921
Home Computer Hardware	$243	$1,873,044	60%	$1,123,826	5%	$56,191
Apparel						
Women's Apparel	$1,084	$8,355,472	80%	$6,684,378	15%	$1,002,657
Men's Apparel	$657	$5,064,156	80%	$4,051,325	15%	$607,699
Girls' Apparel	$208	$1,603,264	80%	$1,282,611	15%	$192,392
Boys' Apparel	$170	$1,310,360	80%	$1,048,288	15%	$157,243
Infants' Apparel	$98	$755,384	80%	$604,307	15%	$90,646
Footwear	$372	$2,867,376	80%	$2,293,901	15%	$344,085
Other Apparel Prods / Svc	$933	$7,191,564	40%	$2,876,626	15%	$431,494
Entertainment						
Sports & Recreation	$1,073	$8,270,684	50%	$4,135,342	5%	$206,767
TV, Radio & Sound Equips	$1,348	$10,390,384	75%	$7,792,788	50%	$3,896,394
Reading Materials	$527	$4,062,116	40%	$1,624,846	75%	$1,218,635
Travel	$1,497	$11,538,876	15%	$1,730,831	50%	$865,416
Photographic Equipment	$150	$1,156,200	75%	$867,150	20%	$173,430

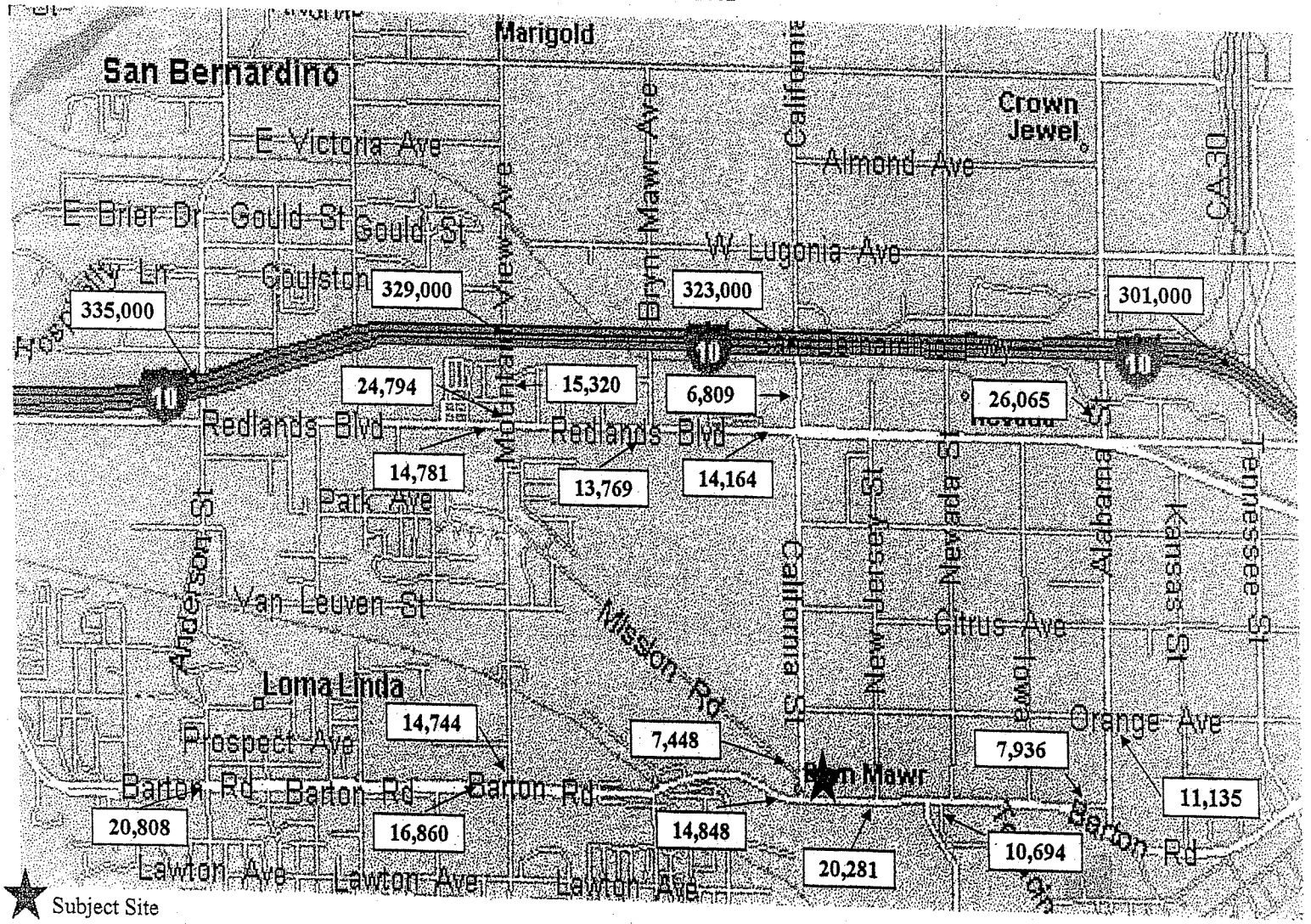
EXHIBIT III-4A

SUMMARY OF ANNUAL RETAIL SPACE DEMAND AND CAPTURE POTENTIAL
CITY OF LOMA LINDA
2002

	Average Annual Household Expenditure ($) 1/	Total Expenditure($)	% Spent at Conventional Retail Center	$ Spent at Conventional Center	% Spent in Local Market	$ Spent in Local Market
Shelter and Related Expenses						
Household Services	$505	$3,892,540	0%	$0	0%	$0
Household Repairs	$709	$5,464,972	0%	$0	0%	$0
Fuels	$63	$485,604	0%	$0	0%	$0
Telephone Service	$609	$4,694,172	0%	$0	0%	$0
Room and Board	$67	$516,436	0%	$0	0%	$0
Lodging Away from Home	$253	$1,950,124	0%	$0	0%	$0
Transportation Expenses						
New Autos/Trucks/Vans	$2,309	$17,797,772	75%	$13,348,329	50%	$6,674,165
Used Vehicles	$1,282	$9,881,656	0%	$0	0%	$0
Gasoline	$1,090	$8,401,720	80%	$6,721,376	50%	$3,360,688
Motoroil	$28	$215,824	60%	$129,494	50%	$64,747
Automotive Maintenance / Repair	$1,503	$11,585,124	50%	$5,792,562	50%	$2,896,281
Rented Vehicles	$160	$1,233,280	0%	$0	0%	$0
Health Care						
Medical Services	$1,137	$8,763,996	10%	$876,400	10%	$87,640
Prescription Drugs / Meds.	$966	$7,445,928	80%	$5,956,742	50%	$2,978,371
Medical Supplies	$129	$994,332	10%	$99,433	5%	$4,972

EXHIBIT III-5

SUMMARY OF TRAFFIC COUNTS
CMA, CALIFORNIA
NOVEMBER 2002



TrafficCounts.xls Traffic Mapf

THE CONCORD GROUP

EXHIBIT III-4B

SUMMARY OF ANNUAL RETAIL SPACE DEMAND AND CAPTURE POTENTIAL
CITY OF LOMA LINDA
2007

	Average Annual Household Expenditure ($) 2/	Total Expenditure($)	% Spent at Conventional Center	$ Spent at Conventional Center	% Spent in Local Market	$ Spent in Local Market
Miscellaneous Items						
Tuition / School Supplies	$1,082	$8,778,288	5%	$438,914	25%	$109,729
Pet Expenses	$268	$2,173,402	70%	$1,521,382	50%	$760,691
Day Care	$276	$2,239,263	20%	$447,853	25%	$111,963
Cash Contributions	$1,674	$13,586,117	0%	$0	0%	$0

Total Expenditure:	$108,038,384
Target Sales per Square Foot: 2/	$260
Locally Supportable Square Feet :	**415,532**
Additional Demand Generated from Outside Submarket:	172%
Supportable Square Feet :	**1,129,000**

1/ Claritas
2/ Inflated 3% per year from 2002 figures

FISCAL ANALYSIS OF CALIFORNIA-BARTON SITE LOCATION

ALFRED GOBAR ASSOCIATES

FISCAL ANALYSIS OF CALIFORNIA-BARTON SITE LOCATION

Prepared for:

SPANOS CORPORATION

March 2003

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Chapter I
Introduction

Overview and Approach

This report summarizes an analysis of probable fiscal effect on the City of Loma Linda General Fund and Redevelopment Agency operating budget programs upon development and occupancy of approximately 26.75 acres at the northeast corner of California Street and Barton Road. Envisioned land uses to be developed at the site location include residential apartments on about 17.0 acres and a neighborhood-serving retail center on approximately 9.75 acres at the immediate corner. The purpose of this fiscal impact analysis is to determine if project development and occupancy will generate sufficient revenue to cover the cost of providing the probable range of services that on-site activities can be expected to demand. The fiscal merit of the proposed project is based on a comprehensive analysis that evaluates the project from the following two perspectives: the net effect attributed to each distinct form of land use activity separately; and net effect attributed to land uses envisioned at the site overall.

The methodologies employed in the preparation of this fiscal analysis include a detailed review of budget documentation, follow-up discussion with City personnel regarding service delivery and maintenance responsibility, and review of the individual land use activities proposed in terms of normative operating performance levels that can be anticipated. The fundamental approach of the fiscal analysis is to identify relevant sources of fiscal revenue that will be generated upon development and occupancy and then compare anticipated revenue against probable expense to provide services that the development can be expected to demand. Specific effort is made to identify components of fiscal revenue and expense affected by incremental changes in land use resulting from development at the site location. As result, the analysis focuses on the marginal changes in revenue and expense that can be expected to occur within the existing service delivery structure of the City. The marginal increase in revenue and expense generated per increment of development

is defined as the fiscal impact of the project. All revenue and cost figures identified are stated in current 2003 dollars.

A summary and conclusion of critical findings contained in the body of this report are discussed in Chapter II. Chapter III of this report identifies the baseline fiscal capacity of the proposed development plan. The fiscal capacity of the project is described in terms of the recurring net annual fiscal effect that can be reasonably anticipated once the site is fully developed and occupied – Buildout Scenario.

Primary sources of fiscal revenue that have been evaluated and describe virtually all material sources of funding that can be expected to benefit the General Fund budget include:

- Property Tax Revenue (RDA Pass-Thru and Housing Set Aside)
- Property Transfer Tax
- Retail Sales Tax
- Business License Fees
- Franchise Fees
- Per Capita-Based Revenue (Subventions, Fines, Fees, and Service Charges)

Primary sources of fiscal expense that have been evaluated and reflect service delivery responsibilities within the operating scope of the General Fund budget include:

- Police Protection
- Fire Protection
- Roadway/Infrastructure Maintenance
- Parkland Maintenance
- Animal Control Services
- Government Administration and Other Non-Variable Service Functions

The subject site location is also situated within Inland Valley Development Agency (IVDA) project boundaries. The IVDA is a specially formed agency granted redevelopment authority through a joint powers agreement with participating cities, including the City of Loma Linda. The agreement provides for the sharing of incremental increases in property tax revenue generated from annual property tax assessment, site development, or market sale. The City of Loma Linda (City Redevelopment Agency) receives one-half of its underlying share of the basic 1.0 percent property tax levy plus 20.0 percent of the tax increment collected by the IVDA, to meet the affordable housing set aside requirement of the City RDA.

Project Description

Exhibit I-1 summarizes selected development assumption used to reflect envisioned development at the site location and analyze the fiscal efficiency of proposed land use. As shown, there are two principal land use components envisioned. The residential component is identified as Citra Costa Apartments and will consist of 296 market-rate units built at an average density of 17.4 units per acre, including carports, common area greenbelts, and project amenities (recreation building, pool, barbecue areas, sand volleyball court, and putting green). Envisioned apartments are to include a majority of multi-bedroom units with an average unit value of $89,000 per unit based on a 9.0 percent capitalization of scheduled rents averaging $1,100 per month. The average household size of project renters is estimated at 2.75 persons per occupied unit based on smaller expected household size for rental units but a high percentage of multi-bedroom units. Once developed, the apartment project is estimated to have an overall improvement value of approximately $26.3 million and host approximately 775 residents, based on a 5.0 percent vacancy allowance.

Commercial land use is designated for approximately 9.75 acres of the subject site. This portion of the site consist of three separate parcels including approximately 5.83 acres currently owned and controlled by the Spanos Corporation, seeking to develop the described apartment project. The remaining 3.92 acres consist of two parcels under separate ownership and control. For purpose of this fiscal analysis, a conceptual retail development program is described and evaluated in order to reflect the latent development capacity of the 9.75-acre location and corresponding fiscal effect. The ultimate development intensity of retail at the site is expected to reflect a floor area ratio of 0.25-to-1.00, or roughly 110,000 square feet of retail space for the entire 9.75-acre site. This amount of retail floor space is consistent with contemporary design limits and space requirements of a neighborhood-oriented retail center with one or two anchors stores (most likely a food and drug store), several in-line shops, and a few pad location retail operations (video, fast food, etc.). A completed center reflecting a contemporary design layout is estimated to represent about $12.1 million in improvement value.

Finally, Exhibit I-1 identifies site acreage intended for street widening dedication along California Street and easement access bisecting the site for the historic Mission

Trail. The land area for these ancillary improvements is already included as part of the land area for the primary uses envisioned but has been itemized separately in order to calculate corresponding fiscal revenue and expense. The right-of-way dedication involves about 1,300 lineal feet of frontage along California Street at an average width of nearly 19 feet. It is assumed to add one travel-lane of equivalent maintenance responsibility to the City's existing roadway system. The trail easement involves an area that is roughly 15 feet wide and 720 long that bisects the site. The trail easement is to be improved for public access along the historic route and is assumed to add directly to the park maintenance responsibilities of the City.

EXHIBIT I - 1

DEVELOPMENT ASSUMPTIONS
CITRA COSTA APARTMENTS - LOMA LINDA

Land Use Activity	Description of Project: Site Acreage[1]	Intensity Of Dev.	D.U.'s and Bldg. Area	ROW & Easement % of Ac.	Land & Impvt. Value: Per Unit	Project Overall	Population & Jobs: Per Unit	Project Overall
Residential		(DU's/AC)	(Dwellings)	(Priv or Pub)	($000/Du)	($000)	(Pop/Du)	(Residents)
Citra Costa Apartments	17.02	17.4	296	1%	$ 89	$ 26,340	2.75	773
Commercial		(FAR)	(000 Sq Ft)		($000/SF)	($000)	(SF/Job)	(Jobs)
Cali-Barton Center	9.74	0.25	110.0	4%	$ 110	$ 12,100	800	131
Dedications & Easements		(FAR)			($000/Ac)	($000)	(Ac/Job)	(Jobs)
California Street (ROW)	0.57	-	-	100%	$ 120	$ 70	100	-
Mission Trail Easement	0.26	-	-	100%	80	20	50	-
Subtotal	0.83							
Land Use Totals:	26.76					$ 38,530	Residents:	773
							Jobs:	131

Note

[1] Site and land use acreage total excludes ROW dedication and Mission Trail easement itemized above. The amount of land area noted for these site improvements is included within the corresponding residential and retail acreage identified but has also been listed separately in order to analyze corresponding fiscal effect.

Source: Alfred Gobar Associates

Citra Costa Apt Fiscal 3-03.xls

Chapter II
Summary and Conclusions

1. Development and occupancy of residential and retail land uses envisioned for the 26.8-acre site location can be expected to generate a significant net fiscal income stream that benefits the General Fund operating program of the City of Loma Linda. In addition, site development will also generate a material benefit for the City Redevelopment Agency (RDA) in the form of tax increment pass-thru and affordable housing set-aside funding received from the IVDA.

2. Exhibit II-1 identifies total annual fiscal revenue and expense generated once envisioned land use is realized and the corresponding net fiscal effect on the City General Fund account exclusively and the General Fund/RDA accounts combined. With respect to the City General Fund, overall site develop is expected to generate about $303,000 per year in additional fiscal revenue, with a corresponding increase in demanded public services generating about $107,000 per year in additional cost. The fiscal impact of the added revenue and expense equates to a net income benefit (revenue less expense) of about $196,000 per year. In effect, development of the proposed apartment project and conceptual retail center will generate about $2.83 in revenue for every $1.00 in added expense created, as suggested by the indicated revenue-cost ratio. This net income stream describes recurring funding that the City can use to bolster current levels of public service, place in reserve, or use to hedge rising costs.

3. Both land uses envisioned at the site represent a net fiscal benefit for the City. The 296-unit apartment project is expected to generate fiscal revenue that exceeds the expense of extending public services by approximately $46,000 per year. Residential development is commonly viewed as a drain on limited fiscal resources available to maintain current levels of public service. Whether or not a residential development represents a fiscal benefit or burden depends on several factors addressed by this analysis including; property value generated per unit of land area, underlying property tax appropriation ratios,

associated household incomes, competitive efficiency of City-based retail establishments, and variable cost describing the City's service delivery structure. One notable factor contributing to the positive fiscal performance of the envisioned apartment project is the disproportionately low police protection cost possible through the contract service agreement with the San Bernardino County Sheriffs Department.

4. The conceptual retail center evaluated for this center also represents a substantial fiscal benefit for the City of approximately $153,000 per year. Identified fiscal performance of the retail land use is based on normative levels of performance describing a neighborhood-oriented center and also excludes probable sales support from adjoining apartment residents, to avoid double counting. The principal revenue source underlying the positive fiscal performance of the retail center is sales tax, accounting for over 80.0 percent of all General Fund revenue generated from retail activities.

5. In terms of effect on the RDA budget program, site development is expected to generate a net fiscal benefit of nearly $69,000 per year, after deducting a portion of fiscal revenue to reflect administrative cost associated with RDA management of available funds. About 70.0 percent of fiscal revenue diverted to the RDA must be used to increase the supply of affordable housing throughout the community.

6. In terms of the City General Fund and RDA accounts combined, site development and occupancy represents a recurring annual net fiscal benefit equal to approximately $265,000 per year. The proposed land use designation allowing for a 296-unit apartment complex on 17.0 acres and roughly 110,000 square feet of retail space on the three corner parcels is warranted and desirable from a fiscal perspective.

EXHIBIT II-1

SUMMARY OF NET ANNUAL FISCAL EFFECT
CITRA COSTA APARTMENTS - LOMA LINDA

Land Use Activity	Land Use Acreage[1]	Overall Fiscal Effect Of Site Development: Annual Revenue[2]	Annual Cost	Net Annual Benefit/(Cost)	Effective Rev : Cost Ratio	Net Fiscal Effect Per Acre
EFFECT ON GENERAL FUND ACCOUNT						
Residential						
Citra Costa Apartments	17.0	$ 123,599	$ 77,180	$ 46,418	1.60 : 1.00	$ 2,727
Commercial						
Cali-Barton Center	9.7	$ 179,294	$ 26,509	$ 152,786	6.76 : 1.00	$ 15,686
Dedications & Easements						
California Street (ROW)	0.6	8	1,477	(1,469)	0.00 : 1.00	(2,577)
Mission Trail Easement	0.3	3	1,567	(1,564)	0.00 : 1.00	(6,016)
Subtotal	0.8	$ 10	$ 3,043	$ (3,033)	0.00 : 1.00	n.a.
Land Use Totals:	**26.8**	**$ 302,904**	**$ 106,732**	**$ 196,171**	**2.83 : 1.00**	**$ 7,331**
EFFECT ON GENERAL FUND AND RDA ACCOUNTS COMBINED						
Residential						
Citra Costa Apartments	17.0	$ 174,989	$ 81,251	$ 93,739	2.15 : 1.00	$ 5,508
Commercial						
Cali-Barton Center	9.7	$ 202,675	$ 28,360	$ 174,314	7.14 : 1.00	$ 17,897
Dedications & Easements						
California Street (ROW)	0.6	8	1,477	(1,469)	0.00 : 1.00	(2,577)
Mission Trail Easement	0.3	3	1,567	(1,564)	0.00 : 1.00	(6,016)
Subtotal	0.8	$ 10	$ 3,043	$ (3,033)	0.00 : 1.00	n.a.
Land Use Totals:	**26.8**	**$ 377,675**	**$ 112,654**	**$ 265,020**	**3.35 : 1.00**	**$ 9,904**

Note

[1] Site and land use acreage total excludes ROW dedication and Mission Trail easement itemized above. The amount of land area noted for these site improvements is included within the corresponding residential and retail acreage identified but hasalso been listed separately in order to analyze corresponding fiscal effect.

[2] Annual fiscal revenue assigned to the General Fund account excludes property tax based revenue from the IVDA Pass-Thru and RDA Housing Set Aside.

Citra Costa Apt Fiscal 3-03.xls

Source: Alfred Gobar Associates

3/26/2003 8:57 PM

Chapter III
Fiscal Revenue and Expense

Fiscal Revenue

Property Tax

The fiscal benefit describing property tax revenue generated upon site development is equal to the taxable value of improvements that exceeds the existing assessed value of the site. If the site were not developed, the City would continue to receive property tax revenue based on the current 2002-03 assessed value of the vacant site (approximately $1.54 million). Historically, property tax has represented a significant source of fiscal revenue for most cities. By contrast, property tax only accounts for 5.5 percent or $645,600 of all revenue sources directly supporting the City's 2002-03 General Fund budget account ($11.7 million). A significant portion of property tax revenue is instead diverted to the City Redevelopment Agency (RDA), a legally separate entity, in the form of tax increment. For the 2002-03 fiscal period, RDA tax increment is projected to total approximately $3.1 million, including the underlying share of property tax previously designated for the City of Loma Linda.

The diversion of property tax revenue to local redevelopment agency program budgets is increasingly commonplace and requires the fiscal effect of site development to be evaluated in terms of the program budgets for both agencies. This circumstance is further affected by the site's location within a designated project boundary of the Inland Valley Development Authority (IVDA), another local redevelopment agency. Under the current tax increment agreement with the IVDA, the City/RDA will receive one-half of its proportionate share of the basic 1.0 percent levy, or approximately 5.9 percent of all incremental property tax revenue generated at the site. In addition, the City/RDA also receives 20.0 percent of all tax increment diverted to the IVDA for purpose of meeting affordable housing set-aside requirements. This additional stream of property tax is roughly equal of 14.4 percent of all incremental property tax generated at the site. In all, the City/RDA will receive about 20.3 percent of all incremental property tax generated by site development,

although about 71.0 percent of such revenue is restricted to programs that increase the community's stock of affordable housing.

The net increase in taxable property value created upon site development is shown in Exhibit III-1. As previously described in Chapter I, the total improvement value of site development is estimated at approximately $38.5 million. The net incremental value of taxable improvements is $36.9 million after deducting the site's 2002-03 existing tax base value. The residential apartment complex is expected to generate approximately $51,400 per year in property tax based revenue, while the corresponding amount describing the conceptual retail center is equal to about $23,400 per year. Overall, site development is expected to generate approximately $74,800 per year in incremental property tax revenue that benefits the City/RDA. If the site were not in a redevelopment project area, site development would generate about $43,500 per year in property tax revenue that could be placed directly into the City's General Fund operating account.

Property Transfer Tax

All cities within the State of California receive $0.55 in property transfer tax revenue for every thousand dollars of property tax value transferred (vis-à-vis sale, change of title, etc.) within their respective city limit boundary. The City's 2002-03 General Fund budget anticipates $40,000 in transfer tax revenue will be generated from the sale or taxable transfer of land and property improvements within the City. In most communities, residential properties account for the majority share of transfer tax revenue generated. Residential property tends to turnover more quickly than income properties or company-owned business locations. Within any given year, about 8.0 to 12.0 percent of total residential value in a city will be subject to property transfer tax. On average, commercial and income properties are transferred less frequently, although the valuation of any given transfer may be substantial. For purposes of this fiscal analysis, both land use components at the site are treated as income properties. The probability that either development component is resold in any given year is assigned at 2.0 percent of the total taxable improvement value. Based on these criteria, Exhibit III-2 indicates that the project will generate less than $500 a year in transfer tax revenue for the City once developed and occupied.

Retail Sales Tax

The City of Loma Linda receives an equivalent 1.0 percent share of the total value of transactions at City-based businesses that are subject to sales tax. Sales tax revenue is projected at $2.75 million for the 2002-03 fiscal period and represents 23.4 percent of all revenue sources directly supporting General Fund operations. Sales tax is the single largest source of fiscal revenue providing direct support for the City General Fund. In overall terms the City's retail sector is surprisingly strong for a community of roughly 20,000 residents. Effective sales per establishment in 2001 (latest available data) exceeded comparable sales volume for all retail establishments throughout the County, Southern California, or the State of California by 34.0 to 49.0 percent. Smaller communities tend to suffer significant outflows of retail expenditure potential to nearby cities serving a larger base of residents and consequently competing with a broader mix of retail establishments. Despite its relatively small size, the 2001 volume of total taxable sales is only about 3.2 percent below the theoretical level of sales corresponding to the City's resident population. The strength of the City's retail sector, however, is highly concentrated among a limited number of establishments. An expanded resident population base is needed to broaden the mix of City-based retail establishments that will be able to effectively compete for localized expenditure potential.

Exhibit III-3 identifies the City's share of annual recurring sales tax revenue that will be the envisioned land use activities. Overall, site development and occupancy is projected to generate approximately $208,000 per year in additional sales tax revenue supporting the General Fund. The majority share of identified revenue reflects projected taxable sales volume ($180 per square foot) for a moderately performing neighborhood retail center with 110,000 square feet of lease space and a 95.0 percent occupancy rate. Typical gross sales volumes reported by the Urban Land Institute for neighborhood centers throughout the Western United States suggest a median level of performance equal to roughly $238 per square foot (a portion of reported sales volume includes purchase of non-taxable food products). Overall, the conceptual retail center is projected to generate about $169,000 per year in sales tax revenue, described in terms of net on-site sales.

Sales tax revenue-generating potential is not strictly limited to retail land use. Retail forms of development actually function as a conduit for expenditure potential and demand represented by the surrounding consumer population, or residents. The impetus or demand driver for daily consumable products and services that characterize a neighborhood-oriented center exists within the surrounding resident population (consumer) base.

Household expenditure and corresponding sales tax revenue generating potential that must be attributed to the apartment project is also identified in Exhibit III-3. Identified retail expenditure potential is based on Bureau of Labor Statistics Survey of Household Expenditures by income classification group corresponding to the average monthly rent tentatively scheduled for the Citra Costa Apartments ($1,100 per month). Overall, apartment households are expected to spend about 28.0 percent of their annual income or roughly $15,400 per year on a full range of retail purchases. Only a portion of such purchases will be transacted at City-based establishments, including the adjoining neighborhood retail center. For purpose of this analysis, only 65.0 percent of identified expenditure potential is projected to occur at City-based establishments. To avoid double counting, a portion of taxable transactions attributed to the apartment residents has been netted against total taxable sales performance used to describe the conceptual retail center (identified sales tax revenue is less than suggested by the $180 per square foot performance reference). Overall, apartment residents are projected to generate approximately $28,200 per year in net sales tax revenue for the City.

Business License Fees

The City of Loma Linda charges an annual business license fee for all business establishments according to a Council adopted license fee schedule. The 2002-03 City budget anticipates approximately $230,000 in business license revenue during the fiscal period. Business license fees include a yearly base charge of $15.00 plus a variable charge tied to a specified fee rate for every $1,000 in gross sales volume. The specified fee ranges from $0.30 to $0.60 per $1,000 according to six distinct classifications of business activity. Exhibit III-4 identifies the total amount of business license fee revenue that will be generated upon development and occupancy of the site location. As shown, the project will add about $9,100 a year in business license

fee revenue, primarily from business license fees associated with the neighborhood retail center.

Franchise Fees

The City collects a franchise fee from utility and service providers for the right to use City streets and property to conduct business operations. Utility and service providers operating within the project site vicinity that are subject to the franchise fee include Edison, Southern California Gas, City Waste Disposal services, and Adelphia Cable. Combined, these service providers are expected to generate about $375,000 in fee revenue for the City during the 2002-03 fiscal period. In general, the amount of franchise fee paid by each utility provider is equal to a percentage share of the respective gross receipts generated within the City, summarized as follows:

Utility/Service Provided	Franchise Fee
Electric	2.0%
Natural Gas	2.0%
Solid Waste Disposal	15.0%
Cable Service	5.0%

Exhibit III-5 identifies the amount of franchise fee revenue that will be generated by the project based on the probable units of consumption (KWH, BTU, lifts per week, and cable connections) and corresponding consumption charges identified by the City Finance Department for the various forms of utility service provided. With respect to cable, about 65.0 percent of the apartment households are expected to subscribe to the service and incur average charges of $36.00 per month. As shown in Exhibit III-5, site development and occupancy will generate approximately $28,900 per year in franchise fee revenue.

Per Capita-Based Revenue

Estimated per capita revenue generated from site development and occupancy is related to a variety of taxes, fines, government subventions, service charges and other population-based revenue sources as indicated in Exhibit III-6. As shown, these funding sources include an assortment of fees, fines, and penalties; motor vehicle in-lieu fees; discretionary subventions and reimbursements from State and County agencies, including selected grants and subventions transferred into the General Fund operating account. Identified per capita revenue sources can be

reasonably projected on the basis of increases in the City population base (estimated at 19,735 residents as of January 2003). Overall, the City's resident population base is estimated to generate approximately $1.7 million in revenue or the equivalent of $86.61 in per capita revenue available to support General Fund expenditures. The corresponding increase in per capita-based revenue associated with the apartment project at the site location is equal to approximately $67,000 per year as summarized in Exhibit III-7.

Fiscal Revenue Summary

The various sources of fiscal revenue expected to be generated on an annual basis upon development and occupancy of the site location are summarized in Exhibit III-8. As shown, total annual fiscal revenue that can be reasonably expected to be generated by site improvements and related land use activities is equal to approximately $377,000 per year. The residential apartment project accounts for about 46.0 percent of total fiscal revenue or $175,000 per year with the conceptual retail center accounting for nearly 54.0 percent or $202,000 per year. Revenue associated with use and development of the street dedication and trail easement is negligible.

The three largest components of fiscal revenue generated at the site include sales tax, property tax, and per capita revenues. The single largest component of revenue is sales tax generated by on-site sales at the retail center and off-site purchases by apartment resident at other City-based establishments. Sales tax accounts for more than 52.0 percent of all fiscal revenue associated with site development. On a combined basis, property tax-based revenue consisting of the IVDA Pass-thru and RDA Housing Set Aside accounts for nearly 20.0 percent of annual fiscal revenue generated at the site. Per capita-based revenue accounts for nearly 18.0 percent of all identified revenue. These three sources alone account for nearly 90.0 percent of total fiscal revenue that can be reasonably anticipated with site development and occupancy.

Fiscal Expense

Public Safety

The Public Safety Department of the City of Loma Linda is responsible for providing and managing a wide range of safety services including police protection, fire prevention and protection, code enforcement, parking control, disaster preparedness, and animal control. The City of Loma Linda contracts with the San Bernardino Sheriffs Department for police protection services but provides fire protection services with its own equipment and personnel. The Public Safety budget is the largest program budget under the control of a single department at approximately $4.58 million and accounts for 39.3 percent of all 2002-03 General Fund expenditures, including capital outlays. The Public Safety program budget includes service functions that can be described in terms of cost components that can be expected to increase (direct) or remain relatively unchanged (fixed) once the subject site is developed and occupied.

Exhibit III-9 summarizes the Public Safety program budget in terms of direct versus fixed and overhead costs that make up the City's delivery structure for safety services. Police and fire protection reflect a safety service cost that can be expected to increase in direct response to the supply, type, and intensity of land use developed at the site location. Contrary to popular notion, police and fire services cannot be accurately described using per capita multipliers since many forms of nonresidential land use require an extensive array of related services. By comparison, the cost of providing animal control is greatly influenced by the size of the resident population in the community since such services focus on the licensing and care of domestic pets. The "Other" public safety services identified reflect necessary services but are also less sensitive to incremental changes associated with site development. For purpose of this fiscal analysis, "Other" public safety services are treated as a fixed-cost function of the City. In addition, any portion of budgeted expense for police, fire, and animal control services that does not reflect a direct service cost is treated as a fixed-cost function of the City. The manner in which these and other fixed-cost functions can be expected to respond to increases in developed land use is discussed latter in this chapter.

Public Safety – Police

Estimates of police protection requirements often rely on a personnel index (e.g.: sworn officers per 1,000 population) to calculate additional funding resources required to serve new development. Population-based estimates fail to consider service demands represented by nonresidential forms of land use such as retail complexes, offices, industrial parks, etc. The Consultant employs a methodology that assigns the cost of police and fire services on the basis of demand per increment of land use served. This approach reflects the notion that different forms of land use demand different levels of police and fire protective service. For example, the amount of police protective services demanded per acre of low-density residential housing is different than the level of demand corresponding to a higher-density apartment project or retail development. The actual incidence of police service response to a given geographic location may at times be low relative to other very similar forms of land use activity. Police beat statistics often reveal a disproportionate share of available protection resources repeatedly directed in specific geographic locations of a community. In large measure, however, public protection represents a readiness cost that must be allocated among all land uses that will eventually demand a service response.

Exhibit III-10 describes the Consultant's method of assigning the direct cost of police protective services per acre of developed land use currently served within the community. This approach more accurately reflects differential levels of service required per increment of land use than is possible using a population-based index for resource assignment. The Consultant's method of cost assignment is based on a study of actual police service responses tracked by land use location within other Southern California communities. The estimated supply of developed land use reflects a comprehensive inventory of vacant and improved property conducted in support of the recent General Plan Update. To the extent the referenced inventory of developed land use understates the actual amount of developed land use activity, calculated police protection costs per acre should be considered conservative (high relative to actual costs). Identified cost of police protection service by distinct land use activity is based on the Consultant identified direct cost of providing services throughout the community ($1.42 million per year or 89.0 percent of the program budget for police services). The contract service arrangement with San Bernardino

County Sheriff affords the City of Loma Linda a lower operating cost structure than is otherwise possible if the City maintained its own police force.

The annual cost of providing police protection services likely to be demanded at the site location is summarized in Exhibit III-11. Overall, site development and occupancy is expected to increase the direct cost of police protection throughout the City of Loma Linda by approximately $30,000 per year.

Public Safety – Fire

The approach used to estimate the cost of providing fire protection service throughout the community and subject site location is similar in many respects to the methodology applied to the estimate of police protection. Exhibit III-12 describes the Consultant's method of assigning the direct cost of fire protection service per acre of land use within the City of Loma Linda. The Consultant's methodology incorporates fire service response data from the California Fire Incidence Reporting System (CIFRS) to assign demand for fire protection service to various forms of land use throughout the community. In communities that maintain their own police and fire departments, the overall per acre cost of providing fire protection service most often ranges from 60.0 to 75.0 percent of the corresponding cost for police protection services. The cost of providing fire protection services in Loma Linda actually exceeds the corresponding cost of police protection due to the contract service agreement with the San Bernardino Sheriffs Department.

Fire protection service represents a readiness cost to maintain a desired level of service capacity. For purpose of this analysis, it is assumed that the range and volume of service likely to be demanded on site can be satisfied without requiring significant reconfiguration or expansion of existing response capabilities. In theory, however, an incremental increase in the supply of developed land use reduces the reserve capacity available within the existing fire protection network of the City and, therefore, should bear a proportionate share of the direct service cost defining service capacity. Exhibit III-13 describes the proportionate share of readiness cost to provide fire protection service to site location once developed and occupied. The direct increase in readiness cost associated with site development is estimated at about $48,600 per year.

Public Works

The Public Works Department of the City of Loma Linda is responsible for performing a wide range of service duties including City Engineering, Street and Traffic Safety Maintenance, Parks Maintenance, and Vehicle Maintenance. As with the Public Safety program functions, the cost of providing Public Works services includes direct and fixed components of expense as summarized in Exhibit III-14. General Fund road maintenance responsibilities of the Public Works Department are effectively described by the Traffic Safety and Street Maintenance functions. Roadway maintenance is a service cost that increases in direct response to land use development and associated vehicle trips adding to the wear and tear on City streets. Park maintenance reflects a service cost influenced by the existing system of improved parks and resident population base. As the resident population of the community grows, so does demand for use of improved park facilities for passive leisure and organized recreation, which increases the level of effort and cost needed to maintain turf and facilities. Engineering and vehicle maintenance reflects service functions that are relatively unaffected by incremental increases in the supply of developed land use. For purpose of this fiscal analysis, engineering and vehicle maintenance functions of the Public Works Department are treated as fixed cost functions, as is Roadway and Park maintenance expenses that do not reflect a direct service cost.

Public Works – Roadway Maintenance

Future development at the site location requires about 0.6 acres of right-of-way dedication along California Street. The dedication is required for lane widening and involves approximately 1,300 lineal feet of frontage. An independent traffic analysis prepared by Daniel Benson & Associates does not identify any significant impact on the service capacity of existing roadway improvements associated with the proposed apartment project. No recommended street improvements are recommended beyond curb, gutter, and asphalt improvements associated with the right-of-way dedication.

The right-of-way dedication effectively adds to the roadway system under the maintenance responsibility of the City. The current system includes about 57.0 center-line miles of right-of-way, or estimated equivalent of 131.1 lane-miles. The direct cost of providing General Fund maintenance services is estimated at $713,900

per year, based on specific review and reclassification of capital outlays more appropriately described as maintenance based improvements. The corresponding incremental cost of roadway maintenance equates to $5,445 per lane-mile of improved roadway. Exhibit III-15 summarizes the estimated cost increase represented by identified right-of-way dedication. Overall, site development is estimated to add approximately 0.44 equivalent lane-miles to the City roadway system or approximately $1,370 per year in additional maintenance cost.

Per Capita-Based Services

Population-based services provided within the General Fund operating scope of the City include park and parkway maintenance, and animal control services. To a large extent, budget allocations directed to the maintenance of City parks and landscaped parkways represents per capita-driven expenditure because these improvements are primarily intended to serve the resident base of the community. In similar fashion, animal control services performed by the Public Safety Department can be treated as a per capita-based expenditure because the associated cost tend to rise proportionately with increases in the local population base served. Other population-based service functions such as library services, recreation services, senior center, and community center services are not included within the current scope of the General Fund operating budget. The projected cost of providing additional per capita-based services to the resident population base of the project is described in Exhibit III-16. As shown, on-site residents can be expected to increase the cost of providing General Fund budgeted services by approximately $18,600 per year.

Identified per capita cost includes a supplemental $1,450 annual allocation of direct park maintenance expense associated with 0.3 acres of easement improvements for the Historic Mission Trail. The direct cost of Citywide park maintenance is projected to total $314,200 during the 2002-03 fiscal period. The City maintains 51.0 acres of improved park and 16.7 acres of landscaped median area with corresponding maintenance cost estimated at $5,561 and $1,835 per acre, respectively.

Government Administration and Overhead

Theoretically (by definition), overhead costs are costs that are relatively unaffected by changes in the level of direct services being provided. It can be argued, therefore,

that increases in the cost of direct services provided by the City would have no impact on general government and overhead functions such as City Council, City Administrator, Personnel, Finance, City Attorney, etc. In contrast to accounting theory, the cost of many general government administration and overhead functions does tend to increase as the cost and scope of public services increases.

A summary of 2002-03 budgeted expense for general administrative and other non-variable service functions of the City is described in Exhibit III-17. As shown, the total operational cost of administration, overhead, fixed service functions totals over $3.6 million a year. This overhead burden excludes the cost of capital outlays and offsetting revenues attributable to charges for administrative support to other City funds (Enterprise Funds, Redevelopment Agency Fund, etc.) and charges for services provided by various City Divisions such as Planning, Building and Safety, and Engineering. The City's administrative and overhead cost burden represents a cost that cannot be justifiably assigned to the direct or variable cost of site-specific service functions of a department, but instead must be shared by all operating functions within the scope of the City's operating budget. The operating cost of the City's 2002-03 program budget is approximately $25.5 million or $21.9 million in direct costs (operating cost less government administration and overhead).

Based on the City's overall program budget, administrative and non-variable service functions represent a 14.0 percent burden on operating cost and 16.2 percent load on direct cost. For purposes of this fiscal analysis, the overhead burden related to the increased cost of direct services demand by site development is assumed at a marginal rate equal to one-half of direct overhead cost, or 8.1 percent. While overhead costs cannot reasonably be expected to remain constant as direct service costs increase, future increases in overhead cannot realistically be expected rise in direct proportion to cost either. To assign overhead cost at a directly proportional rate to service cost increases or the current overhead burden suggests that the current administrative body has not achieved any operating efficiency with respect to the public services it administers.

Overview of Fiscal Cost

Exhibit III-18 provides an overview summary of the annual cost to provide additional public services that site development and occupancy is likely to demand. Overall

additional service cost equates to approximately $106,700 per year. The residential apartments to be developed on site account for $77,200 a year, or 72.0 percent of identified fiscal expense. The conceptual retail center is expected to add about $22,500 or 25.0 percent of total added cost. Street dedication and trail easement improvements account for another $3,000 per year or 3.0 percent of total added cost.

The single largest component of identified service cost involves fire protection services, representing nearly 46.0 percent of total identified cost. Added police protection accounts for about 28.0 percent of total identified cost. Combined police and fire protection represent nearly three-fourths of total additional service cost generated by site development and occupancy. The overall increase in public service cost associated with envisioned land uses is relatively low due to significantly lower cost for police protection provided by the County Sheriffs Department and absence of community service functions, such as library, senior center, recreation services, etc., within the existing General Fund operating scope.

EXHIBIT III - 1

ESTIMATE OF PROPERTY TAX BASED REVENUE
CITRA COSTA APARTMENTS - LOMA LINDA

Land Use Activity	Land Use Acreage Summary: Developed Acreage	Land Use Acreage Summary: Value Per Acre ($000)	Increment Tax Value Of Land Use ($000)[1]	Annual Property Tax To City/Agency: IVDA Pass-Thru To Loma Linda[2] (Rate=0.059)	Annual Property Tax To City/Agency: City Share Of Low-Mod Hsg[2] (Rate=0.1436)	Net Annual Property Tax Renveue To City Funds: Project Overall	Net Annual Property Tax Renveue To City Funds: Per Acre
Residential							
Citra Costa Apartments	17.0	$ 1,548	$ 25,366	$ 14,966	$ 36,425	$ 51,391	$ 3,019
Commercial							
Cali-Barton Center	9.7	$ 1,242	$ 11,540	$ 6,809	$ 16,572	$ 23,380	$ 2,400
Dedications & Easements							
California Street (ROW)	0.6	-	-	-	-	-	-
Mission Trail Easement	0.3	-	-	-	-	-	-
Subtotal	0.8	$ -	$ -	$ -	$ -	$ -	
Land Use Totals:	26.8	$ 1,379	$ 36,906	$ 21,774	$ 52,997	$ 74,771	$ 2,794

Note:

[1] Increment value reflects the total taxable value per acre of land and improvements less the equivalent 2002 Base Year Value per acre value recorded with the County Assessor ($57,486/acre = $1,538,322 divided by 26.76 acres).

[2] Identified property tax reflects net proceeds of the 1.0 percent basic levy passed to the City by the IVDA under a tax increment sharing agreement with the City of LomaLinda. Under the agreement the City receives 5.9 percent of the Basic Levy for unrestricted use and an additional 14.4 percent to meet affordable housing objectives. TheAbsent the IVDA pass-thru agreement the City's would receive 11.8 percent of the Basic Levy based on the underlying property tax appropriation scheme designated for the site location.

Citra Costa Apt Fiscal 3-03.xls

Source: Alfred Gobar Associates.

EXHIBIT III - 2

ESTIMATE OF PROPERTY TRANSFER TAX REVENUE
CITRA COSTA APARTMENTS - LOMA LINDA

Land Use Activity	Land Use Acreage Summary: Developed Acreage	Land Use Acreage Summary: Value Per Acre ($000)	Total Taxable Value of Land & Impvts ($000)	Annual Transfer Tax Revenue[1]: Project Overall	Annual Transfer Tax Revenue[1]: Per Acre
Residential					
Citra Costa Apartments	17.0	$ 1,548	$ 26,344	$ 290	$ 17
Commercial					
Cali-Barton Center	9.7	$ 1,242	$ 12,100	$ 133	$ 14
Dedications & Easements					
California Street (ROW)	0.6	-	-	-	-
Mission Trail Easement	0.3	-	-	-	-
Subtotal	0.8	$ -	$ -	$ -	
Land Use Totals:	27.6	$ 1,393	$ 38,444	$ 423	$ 15

Note:

[1] Transfer tax revenue reflects an 2.0 percent rate used to describe a slower rate of turn over for income properties (rentals, retail, etc.) A normative turn over rate for ownership residential property generally ranges from 8.0 to 12.0 percent of total assessed value on an annual basis. The City receives $0.55 in transfer tax revenue for every $1,000 in assessed value involved in a taxable transfer of title.

Source: Alfred Gobar Associates.

Citra Costa Apt Fiscal 3-03.xls

EXHIBIT III - 3

ESTIMATE OF SALES TAX REVENUE
CITRA COSTA APARTMENTS - LOMA LINDA

Land Use Activity	Land Use Acreage	Taxable Sales Criteria: Intensity of Dev.	Occup Rate	Eff. Sales Per Unit	Total Taxable Sales[1]	Annual Sales Tax Revenue: Project Overall	Per Acre
Residential		(Total Dwellings)		(Per Occup Unit)	($000)		
Citra Costa Apartments	17.0	296	95%	$ 15,410	$ 4,333	$ 28,166	$ 1,655
Commercial		(Sq. Ft.)		(Per Sq. Ft.)	($000)		
Cali-Barton Center	9.7	110,000	95%	$ 180	$ 18,810	$ 169,313	$ 17,383
Dedications & Easements							
California Street (ROW)	0.6	-	100%	-	-	-	-
Mission Trail Easement	0.3	-	100%	-	-	-	-
Subtotal	0.8	-		n.a.	$ -	$ -	$ -
Land Use Totals:	27.6	n.a.		n.a.	$ 23,143	$ 197,479	$ 7,158

Note:

[1] Identified taxable sales expenditures by Citra Costa residents based on the US Bureau of Labor Statistics Survey of Household Expenditures by income classification. Average household income for project renters estimated at roughly $55,000 per year based on average scheduled rents of $1,100 per month. Indicated retail sales is net of project household expenditures. Retail sales volume roughly equal to the 2002 average volume of sales per square foot reported by the Urban Land Institute for neighborhood centers in the Western United States.

Citra Costa Apt Fiscal 3-03.xls

Source: Alfred Gobar Associates.

EXHIBIT III - 4

ESTIMATE OF BUSINESS LICENSE REVENUE
CITRA COSTA APARTMENTS - LOMA LINDA

Land Use Activity	Land Use Acreage	Business Licenses Per Gross Acre[1]	Estimated No. of Bus. Licenses	Business License Revenue[2] Project Overall	Business License Revenue[2] Per Acre
Residential					
Citra Costa Apartments	17.0	0.3 /ac	5.8	$ 2,248	$ 132
Commercial					
Cali-Barton Center	9.7	3.40 /ac	33	$ 6,862	$ 705
Dedications & Easements					
California Street (ROW)	0.6	Not Applicable		$ -	$ -
Mission Trail Easement	0.3	Not Applicable		-	-
Subtotal	0.8			$ -	$ -
Land Use Totals:	27.6			$ 9,110	$ 330

Note:

[1] Business license revenue for apartment complex is for single Class D business license. Also noted for apartment project is Incidence of residential based businesses. A 1998 Department of Commerce study of home based businesses indicates roughly one in forty residences hosts a home-based business. The City does not currently assess a fee for home-based businesses. Retail licenses based on an hypothetical average floor area per establishment for 110,000 square foot retail center with food and drug store anchor.

[2] Reflects City of Loma Linda license fee schedule requiring a minimum base fee of $15.00 per establishment plus additional variable charges based on annual gross receipts and business classification. Variable charges range from $0.30 to $0.60 per $1,000 in annual gross receipts but have been estimated to average $0.34 per $1,000 for purpose of this analysis. The FinanceDepartment did not indicate if the City imposes a business license fee for home-based businesses.

Citra Costa Apt Fiscal 3-03.xls

Source: Alfred Gobar Associates

EXHIBIT III - 5

ESTIMATE OF FRANCHISE FEE REVENUE
CITRA COSTA APARTMENTS - LOMA LINDA

Land Use Activity	Land Use Acreage	Monthly Units of Consumpttion Per Acre Of Site Land Use: Elect.	Gas	Water	Phone	Sewer	Trash	Cable	Franchise Fee Revenue: Project Overall	Per Acre
City's Effective Share:		2.0%	2.0%	0.0%	0.0%	15.0%	0.0%	5.0%		
Unit Measure Of Consumption - Base Charge:		KWH	BTU	100 Cu. Ft.	Svc. Lines	100 Cu. Ft.	Base Svc.	Svc. Lines		
Residential										
Citra Costa Apartments	17.0	4,291	1,717	174	22	174	17	11	$ 25,922	$ 1,523
Commercial										
Cali-Barton Center	9.7	4,356	272	7	6.8	7	4.7	-	$ 2,986	$ 307
Dedications & Easements										
California Street (ROW)	0.6	358	-	-	-	-	-	-	$ 8	$ 14
Mission Trail Easement	0.3	441	-	16.6	-	-	-	-	2	9
Subtotal	0.8								$ 10	
Land Use Totals:	27.6								$ 28,919	$ 1,048

Source: Alfred Gobar Associates.

Citra Costa Apt Fiscal 3-03.xls

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EXHIBIT III - 6

ESTIMATE OF PER CAPITA REVENUE GENERATION
CITY OF LOMA LINDA

Per Capita Based Revenue Souces		2002-03 Budget Projection	Qualified Per Capita Allocation
Licenses & Permits:		$ 15,400	$ 15,400
Fees, Fines, and Forfietures		$ 174,400	$ 174,400
Traffic Related		155,400	
Animal & Miscellaneous		19,000	
Grants/Intergovenmental Subventions		$ 1,100,000	$ 1,100,000
Motor Vehicle Fees		1,100,000	
Miscellaneous Revenue		$ 120,900	$ 120,900
Community Rentals & Services		120,900	
Designated Funding Allocations		$ 597,000	$ 298,500
Gas Tax	(50.0 Percent Directed To Maint.)	426,000	
Traffic Safety	(50.0 Percent Directed To Maint.)	171,000	
Total Per Capita Based Revenue:		$ 2,007,700	$ 1,709,200
1/1/02 Dept. of Finance City Population Estimate		19,217	19,217
1/1/03 Estimated Population (Based on 2.7% Avg Growth)		19,735	19,735
Per Capita Revenue Equivalent:		$ 101.73	$ 86.61

Citra Costa Apt Fiscal 3-03.xls

Source: Alfred Gobar Associates.

EXHIBIT III - 7

ESTIMATE OF PER CAPITA BASED REVENUE
CITRA COSTA APARTMENTS - LOMA LINDA

Land Use Activity	Land Use Acreage	Resident Population: Per Acre	Resident Population: Resident Occupants	Annual Per Capita Revenue[1]: Project Overall	Annual Per Capita Revenue[1]: Per Acre
Residential					
Citra Costa Apartments	17.0	47.83	773	$ 66,972	$ 3,935
Commercial					
Cali-Barton Center	9.7	-	-	$ -	$ -
Dedications & Easements					
California Street (ROW)	0.6	-	-	$ -	$ -
Mission Trail Easement	0.3	-	-	-	-
Subtotal	0.8		-	$ -	$ -
Land Use Totals:	27.6		773	$ 66,972	$ 2,427

Note:

[1] Qualified per capita revenue is equal to $86.61 per resident based on a projected January 1, 2003 population of 19,735 persons.

Citra Costa Apt Fiscal 3-03.xls

Source: Alfred Gobar Associates.

EXHIBIT III - 8

SUMMARY OF ANNUAL FISCAL REVENUE
CITRA COSTA APARTMENTS - LOMA LINDA

Land Use Activity	Land Use Acreage[1]	Projected Fiscal Revenue By Source: IVDA Pass-Thru	RDA Housing Set Aside	Transfer Tax	Retail Sales Tax	Business License	Franchise Fees	Per Capita Based	Total Annual Fiscal Revenue: Project Overall	Per Acre
Residential										
Citra Costa Apartments	17.0	$ 14,966	$ 36,425	$ 290	$ 28,166	$ 2,248	$ 25,922	$ 66,972	$ 174,989	$ 10,281
Commercial										
Cali-Barton Center	9.7	$ 6,809	$ 16,572	$ 133	$ 169,313	$ 6,862	$ 2,986	$ -	$ 202,675	$ 20,808
Dedications & Easements										
California Street (ROW)	0.6	-	-	-	-	-	8	-	8	14
Mission Trail Easement	0.3	-	-	-	-	-	2	-	3	10
Subtotal	0.8	$ -	$ -	$ -	$ -	$ -	$ 10	$ -	$ 10	n.a.
Totals:	**27.6**	**$ 21,774**	**$ 52,997**	**$ 423**	**$ 197,479**	**$ 9,110**	**$ 28,919**	**$ 66,972**	**$ 377,675**	**$ 13,689**
Revenue Distribution:		5.8%	14.0%	0.1%	52.3%	2.4%	7.7%	17.7%	100.0%	

Note

[1] Site and land use acreage total excludes ROW dedication and Mission Trail easement itemized above. The amount of landarea noted for these siteimprovements is included within the corresponding residential and retail acreage identified but hasalso been listed separately in order to analyze correspondingfiscal effect.

Source: Alfred Gobar Associates.

Citra Costa Apt Fiscal 3-03.xls

EXHIBIT III - 9

ANALYSIS OF 2002-03 PUBLIC SAFETY COST
CITY OF LOMA LINDA

	Operating Budget Program				
Department Function	Personnel	Maintenance & Operations	Capital Outlays	Offsetting Revenues	2002-03 Budgeted
Police Protection	$0	$1,606,900	$0	$184,000	$1,606,900
Fixed & Admin. Exp.	0	0			
Code Enforcement	$85,800	$20,500	$17,300	$6,000	$123,600
Fixed & Admin. Exp.	0	0			
Parking Control	$128,100	$36,900	$18,800	$0	$183,800
Fixed & Admin. Exp.	0	0			
Fire Prevention	$127,600	$32,800	$6,400	$51,500	$166,800
Fixed & Admin. Exp.	0	0			
Fire & Rescue Services	$1,663,600	$377,300	$222,100	$140,900	$2,263,000
Fixed & Admin. Exp.	267,000	0			
Disaster Preparedness	$67,000	$19,200	$17,600	$0	$103,800
Fixed & Admin. Exp.	0	0			
Animal Control	$40,000	$84,700	$5,800	$0	$130,500
Fixed & Admin. Exp.	0	0			
Total Budget Expense	$2,112,100	$2,178,300	$288,000	$382,400	$4,578,400
Fixed & Admin. Exp.	267,000	0			

Department Function:	Police	Fire	Animal Svcs.	Other Safety	Department
Budgeted Expense	$1,606,900	$2,429,800	$130,500	$411,200	$4,578,400
Offsetting Revenue	$184,000	$192,400	$0	$6,000	$382,400
Capital Outlays	$0	$228,500	$5,800	$53,700	$288,000
Fixed & Admin Exp.	$0	$267,000	$0	$0	$267,000
Direct Service Cost	$1,422,900	$1,741,900	$124,700	$351,500	$3,641,000
Share of Budget	89%	72%	96%	85%	80%

Source: City of Loma Linda FY2002-03 Proposed Budget; Alfred Gobar Associates

EXHIBIT III - 10

ESTIMATE OF POLICE PROTECTION COST PER ACRE OF DEVELOPMENT BASED ON 2000 SURVEY OF DEVELOPED LAND IN CITY OF LOMA LINDA

Land Use Classification	Existing Land Use Acreage[1]	% Share Of Total Acreage	Annual Cost Of Demanded Services[2]	Cost Per Acre Of Land Use[3]
Residential	1,483	25.6% (Res. Dist.)	$ 999,051	$ 674
Very Low (<2.0 DU/AC)	279	18.8%	133,716	480
SFD Low (2.0-3.9 DU/AC)	309	20.8%	148,145	480
SFD Med (4.0-6.9 DU/AC)	441	29.7%	370,363	840
SFD Med (7.0-9.9 DU/AC)	132	8.9%	127,775	966
MFA Med (10-14.9 DU/AC)	158	10.6%	98,346	624
MFA High (15-35 DU/AC)	105	7.1%	87,755	835
Mobile Home Parks	60	4.0%	32,951	552
Commercial	165	2.8%	$ 269,037	$ 1,631
Commercial-Office	13	0.2%	$ 11,355	$ 860
Industrial/Comm'l-Mfg	18	0.3%	$ 5,904	$ 334
Institutional	337	5.8%	$ 114,975	$ 341
Civic/Administrative	43			
Educational	175			
Hospital/Congregate/Etc.	120			
Developed Open Space	63	1.1%	$ 22,578	$ 358
Public Parks/Recreation Fac.	63			
Private Parks/Grounds	-			
Natural/Passive Open Space	2,259	38.9%	$ -	$ -
Hillsides/Canyons/Etc.	2,259			
Agric./Drainage/Utilities/Etc.	1,106	19.1%	$ -	$ -
Vacant/Undev. (Marginally Utilized)	359	6.2%	$ -	$ -
Land Use Totals:	5,803	100.0%	$ 1,422,900	$ 245

Note:

[1] Estimate of existing land use based on review of General Plan Land Use Designations, Department of Finance housing and population estimates, and 2000 General Plan survey of developed and vacant land use.

[2] Annual estimated cost of demanded protection services reflects the 2002-03 annual contract service budget of $1,606,900 less offsetting revenue for local law enforcement ($2,000), Citizens Option Public Safety ($100,000), and CLEEP Grant ($82,000).

[3] Cost assigned to land use activity is based on the Consultant's analysis of Police response call and service data for several communities in Southern California.

Citra Costa Apt Fiscal 3-03.xls

Source: Alfred Gobar Associates; City of Loma Linda; State Dept. of Finance.

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EXHIBIT III - 11

ESTIMATE OF POLICE PROTECTION COST
CITRA COSTA APARTMENTS - LOMA LINDA

Land Use Land Use Activity	Gross Land Use Acreage	Annual Police Service Cost Land Use Overall	Per Gross Acre
Residential			
Citra Costa Apartments	17.0	$ 14,214	$ 835
Commercial			
Cali-Barton Center	9.7	$ 15,881	$ 1,631
Dedications & Easements			
California Street (ROW)	0.6	$ -	$ -
Mission Trail Easement	0.3	-	-
Subtotal	0.8	$ -	
Land Use Totals:	27.6	$ 30,095	$ 1,091

Citra Costa Apt Fiscal 3-03.xls

Source: Alfred Gobar Associates.

EXHIBIT III - 12

ESTIMATE OF FIRE PROTECTION/PREVENTION COST PER ACRE OF DEVELOPMENT BASED ON 2000 SURVEY OF DEVELOPED LAND IN CITY OF LOMA LINDA

Land Use Classification	Existing Land Use Acreage	% Share Of Total Acreage	% Share Of Fire Responses[1]	Annual Cost Of Demanded Services	Cost Per Acre Of Land Use
Residential	1,483	25.6%	69.8%	$ 1,215,846	$ 820
Very Low (<2.0 DU/AC)	279	4.8%		61,134	219
SFD Low (2.0-3.9 DU/AC)	309	5.3%		116,155	376
SFD Med (4.0-6.9 DU/AC)	441	7.6%		333,458	756
SFD Med (7.0-9.9 DU/AC)	132	2.3%		147,953	1,118
MFA Med (10-14.9 DU/AC)	158	2.7%		241,156	1,530
MFA High (15-35 DU/AC)	105	1.8%		246,804	2,349
Mobile Home Parks	60	1.0%		69,187	1,159
Commercial-Retail/Ent/Mixed	165	2.8%	8.4%	$ 146,320	$ 887
Commercial-Office/Misc	13	0.2%	0.7%	$ 12,193	$ 924
Industrial	18	0.3%	1.2%	$ 20,903	$ 1,181
Institutional	337	5.8%	16.3%	$ 283,930	$ 842
Civic/Administrative					
Educational					
Hospital/Congregate/Etc.					
Developed Open Space	63	1.1%	2.9%	$ 50,515	$ 801
Public Parks/Paseos/Etc.					
Private Parks/Grounds					
Golf Courses					
Natural/Passive Open Space	2,259	38.9%	0.4%	$ 6,968	$ 3
Hillsides/Canyons/Etc.					
Other Passive Use Areas					
Agric./Drainage/Etc.	1,106	19.1%	0%	$ -	$ -
Vacant/Undev. (Marginally Utilized)	359	6.2%	0.3%	$ 4,529	$ 13
Land Use Totals:	5,803	61.1%	100.0%	$ 1,741,900	$ 300

Note:

[1] Share of responses reflects Consultant assignment of CIFRS reporting data for Loma Linda, State of California and selected municipalities characterizing the project area environment.

Citra Costa Apt Fiscal 3-03.xls

Source: Alfred Gobar Associates; City of Loma Linda Public Safety; CIFRS Reporting Data.

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EXHIBIT III - 13

ESTIMATE OF FIRE PROTECTION/PARAMEDIC COST
CITRA COSTA APARTMENTS - LOMA LINDA

Land Use Activity	Total Developed Acreage	Fire Service Cost: Land Use Overall	Fire Service Cost: Per Gross Acre
Residential			
Citra Costa Apartments	17.0	$ 39,975	
Commercial			
Cali-Barton Center	9.7	$ 8,637	$ 887
Dedications & Easements			
California Street (ROW)	0.6	$ -	$ -
Mission Trail Easement	0.3	3	13
Subtotal	0.8	$ 3	
Land Use Totals:	27.6	$ 48,616	$ 1,762

Citra Costa Apt Fiscal 3-03.xls

Source: Alfred Gobar Associates

EXHIBIT III - 14

ANALYSIS OF 2002-03 PUBLIC WORKS COST
CITY OF LOMA LINDA

	Operating Budget Program				
Department Function	Personnel	Maintenance & Operations	Capital Outlays	Offsetting Revenues	2002-03 Budgeted
Engineering	$101,400	$58,600	$31,600	$40,000	$191,600
Fixed & Admin. Exp.	51,400	0			
Traffic Safety/Maint	$105,800	$84,100	$56,500	$3,200	$246,400
Fixed & Admin. Exp.	53,400	0			
Street Maintenance[1]	$251,100	$391,100	$405,200	$0	$1,047,400
Fixed & Admin. Exp.	61,600	0			
Parks Maintenance	$248,200	$66,000	$79,500	$0	$393,700
Fixed & Admin. Exp.	0	0			
Vehicle Maintenance	$70,000	$18,200	$1,500	$0	$89,700
Fixed & Admin. Exp.	69,900	0			
Total Budget Expense	$776,500	$618,000	$574,300	$43,200	$1,968,800
Fixed & Admin. Exp.	236,300	0			

Department Function:	**Roads Maint.**	**Parks Maint.**	**Eng/Veh Svcs.**	**Department**
Budgeted Expense	$1,293,800	$393,700	$281,300	$1,968,800
Offsetting Revenue	$3,200	$0	$40,000	$43,200
Capital Outlays	$461,700	$79,500	$33,100	$574,300
Fixed & Admin Exp.	$115,000	$0	$121,300	$236,300
Direct Service Cost	$713,900	$314,200	$86,900	$1,115,000
Share of Budget	55%	80%	31%	57%

Note:

[1] Budgeted capital cost of $649,700 adjusted to exclude predominantly maintenance based improvements totaling $244,500. Maintenance based capital outlays added to budgeted M&O cost of $146,600.

Source: City of Loma Linda FY2002-03 Proposed Budget; Alfred Gobar Associates

EXHIBIT III - 15

ESTIMATE OF ROADWAY/INFRASTRUCTURE MAINTENANCE COST
CITRA COSTA APARTMENTS - LOMA LINDA

Land Use Development Activity	Land Use Acreage	On-Site Road/Infra As % Ac.	Lane-Mile Equiv. Per Acre	Public Roadway/Infra. Maint.[1] Project Overall	Per Acre
Residential					
Citra Costa Apartments	17.0	All Private	0.0000	$ -	$ -
Commercial					
Cali-Barton Center	9.7	4%	0.0000	$ -	$ -
Dedications & Easements				(Maintenance of ROW Dedication)	
California Street (ROW)	0.6	100%	0.4400	$ 1,366	$ 2,396
Mission Trail Easement	0.3	0%	0.0000	-	-
Subtotal	0.8			$ 1,366	$ 1,645
Land Use Totals:	27.6			$ 1,366	$ 50

Note:

[1] Roadway/Infrastructure maintenance expense is estimated at $5,445 per year per lane-mile (Ln-Mi) equivalent. City Engineering Staff indicates the current Citywide roadway system includes 57.0 center-line miles of maintained streets, or estimated equivalent of 131.1 lane-miles. The 2002-03 direct cost of maintenance services directed to the roadway system is estimated at $713,900 or equivalent of $5,445 per Ln-Mi equivalent. Right of way dedication is assumed to add the equivalent of one travel lane capacity along California Street.

Citra Costa Apt Fiscal 3-03.xls

Source: Alfred Gobar Associates, City of Loma Linda Public Works.

EXHIBIT III - 16

ESTIMATE OF PER CAPITA BASED SERVICE COST
CITRA COSTA APARTMENTS - LOMA LINDA

Land Use Activity	Land Use Acreage	Resident Population Per Acre	Resident Population Total Residents	Per Capita Based Services: Park Maintenance[1] $15.92	Per Capita Based Services: Animal Control $6.32	Annual Per Capita Cost: Project Overall $22.23/Capita	Annual Per Capita Cost: Per Acre
Residential							
Citra Costa Apartments	17.0	47.8	773	$ 12,311	$ 4,886	$ 17,198	$ 1,010
Commercial							
Cali-Barton Center	9.7	-	-	$ -	$ -	$ -	$ -
Dedications & Easements							
California Street (ROW)	0.6	-	-	$ -	$ -	$ -	$ -
Mission Trail Easement	0.3	-	-	1,446	-	1,446	5,561
Subtotal	0.8		-	$ 1,446	$ -	$ 1,446	$ 1,742
Land Use Totals:	27.6		773	$ 13,757	$ 4,886	$ 18,643	$ 676

Note:

[1] In addition to per capita based maintenance demands of existing park system, direct cost for maintenance of the Mission Trail easement is also applied to project based on the 2002-03 effective cost of $5,5,61 per acre if developed park space.

Source: Alfred Gobar Associates.

Citra Costa Apt Fiscal 3-03.xls

EXHIBIT III - 17

ESTIMATE OF GENERAL GOVERNMENT ADMINISTRATION & OVERHEAD BURDEN
CITY OF LOMA LINDA

Administrative/Fixed Expense Function	FY 2002-03 Program Budget[1]	Capital & Equip. Outlays	Offsetting Revenue	Program Budget Eff. Costs[2]
General Government Administrative Functions:				
Council/Commissions	$ 62,800	$ -	$ -	$ 62,800
City Manager	176,000	23,800	-	152,200
City Clerk	93,000	5,500	-	87,500
Finance	356,300	66,100	-	290,200
Information Systems	111,500	-	-	111,500
Refuse Service	1,697,200	49,600	-	1,647,600
Recycling	48,800	-	-	48,800
Community Promotions	3,200	-	-	3,200
General Government	1,659,000	1,057,900	902,500	-
Subtotal:	$ 4,207,800	$ 1,202,900	$ 902,500	$ 2,403,800
Fixed Cost/Overhead Service Functions:				
Planning	$ 676,500	$ 370,900	$ 90,300	$ 215,300
Building & Safety	295,800	70,900	238,800	-
Public Works - Eng/Veh Svcs.	281,300	33,100	40,000	208,200
Roads - Admin Expense	579,900	461,700	3,200	115,000
Parks - Admin Expense	79,500	79,500	-	-
Public Safety - Other Services	411,200	53,700	6,000	351,500
Police - Admin Expense	184,000	-	184,000	-
Fire - Admin Expense	687,900	228,500	192,400	267,000
Animal Svcs - Admin Expense	5,800	5,800	-	-
Subtotal:	$ 3,201,900	$ 1,304,100	$ 754,700	$ 1,157,000
Total Administrative and Fixed Overhead	$ 7,409,700	$ 2,507,000	$ 1,657,200	$ 3,560,800
Overall Program Budget Scope:				
Total City Program Budget (All Funds):	$ 33,097,600	$ 7,599,800	n.a.	$ 25,497,800
Direct Program Budget Cost:	$ 25,687,900	n.a.	n.a.	$ 21,937,000
Administrative and Fixed Overhead Structure:				
As Percentage Of Total Cost:	22.4%	n.a.		14.0%
As Percentage Of Direct Cost:	28.8%	n.a.		16.2%
Est. Marginal Rate of Admin. & Overhead:	n.a.	n.a.		8.1%

Notes:

[1] The overall program budget scope reflects all ongoing funding sources and activities subject to City oversight including expenditures on capital projects and debt service but excluding charges to other departments.

[2] Estimate of annual equivalent net cost reflects proposed budget expense less capital outlays, principal and interest payment on debt and offsetting revenues from charges and fees.

Citra Costa Apt Fiscal 3-03.xls

Source: Alfred Gobar Associates.

EXHIBIT III - 18

SUMMARY OF ANNUAL FISCAL COSTS
CITRA COSTA APARTMENTS - LOMA LINDA

Land Use Activity	Land Use Acreage[1]	Projected Fiscal Cost By Service Function: Police Protection	Fire Protection	Road/Infra. Maint.	Park Maint.	Animal Control	Govt Ovhd Est. @ 8.1%	Total Annual Fiscal Cost: Project Overall	Per Acre
Residential									
Citra Costa Apartments	17.0	$ 14,214	$ 39,975	$ -	$ 12,311	$ 4,886	$ 5,794	$ 77,180	$ 4,535
Commercial									
Cali-Barton Center	9.7	$ 15,881	$ 8,637	$ -	$ -	$ -	$ 1,990	$ 26,509	$ 2,722
Dedications & Easements									
California Street (ROW)	0.6	-	-	1,366	-	-	111	1,477	2,590
Mission Trail Easement	0.3	-	3	-	1,446	-	118	1,567	6,026
Subtotal	0.8	$ -	$ 3	$ 1,366	$ 1,446	$ -	$ 228	$ 3,043	n.a.
Land Use Totals:	**27.6**	**$ 30,095**	**$ 48,616**	**$ 1,366**	**$ 13,757**	**$ 4,886**	**$ 8,012**	**$ 106,732**	**$ 3,869**
Cost Distribution:		28.2%	45.5%	1.3%	12.9%	4.6%	7.5%	100.0%	

Note

[1] Site and land use acreage total excludes ROW dedication and Mission Trail easement itemized above. The amount of landarea noted for these siteimprovements is included within the corresponding residential and retail acreage identified but hasalso been listed separately in order to analyze correspondingfiscal effect.

Source: Alfred Gobar Associates.

Citra Costa Apt Fiscal 3-03.xls

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ROBERT CHARLES LESSER & CO., LLC

FISCAL IMPACT ANALYSIS OF UNIVERSITY VILLAGE AND ORCHARD PARK LOMA LINDA, CALIFORNIA

Prepared for:

CITY OF LOMA LINDA

December 2003

LOS ANGELES OFFICE • 1880 CENTURY PARK EAST, SUITE 215 • LOS ANGELES, CA 90067 • TEL 310 914 1800 FAX 310 914 1810

EXECUTIVE SUMMARY

Introduction

The City of Loma Linda is evaluating development plans for two proposed large-scale developments: the 171-acre University Village and 137-acre Orchard Park, located at the intersection of California Street and Redlands Boulevard in Loma Linda, just south of Interstate 10.

During its review process, the City of Loma Linda has raised market concerns regarding these two contiguous development programs, specifically the following elements and development scenarios for the University Village/Orchard Park planning area: 1) a primarily residential development with "commercial only" land uses representing a small percentage of land area; 2) the reasonableness of an increased commitment to commercial office/industrial and retail land uses which furthers the City's economic base and overall fiscal health; and 3) the appropriateness of a Mixed-Use designation in the Orchard Park plan, suggesting a multi-story product with residential uses over ground floor retail.

Assignment Objective

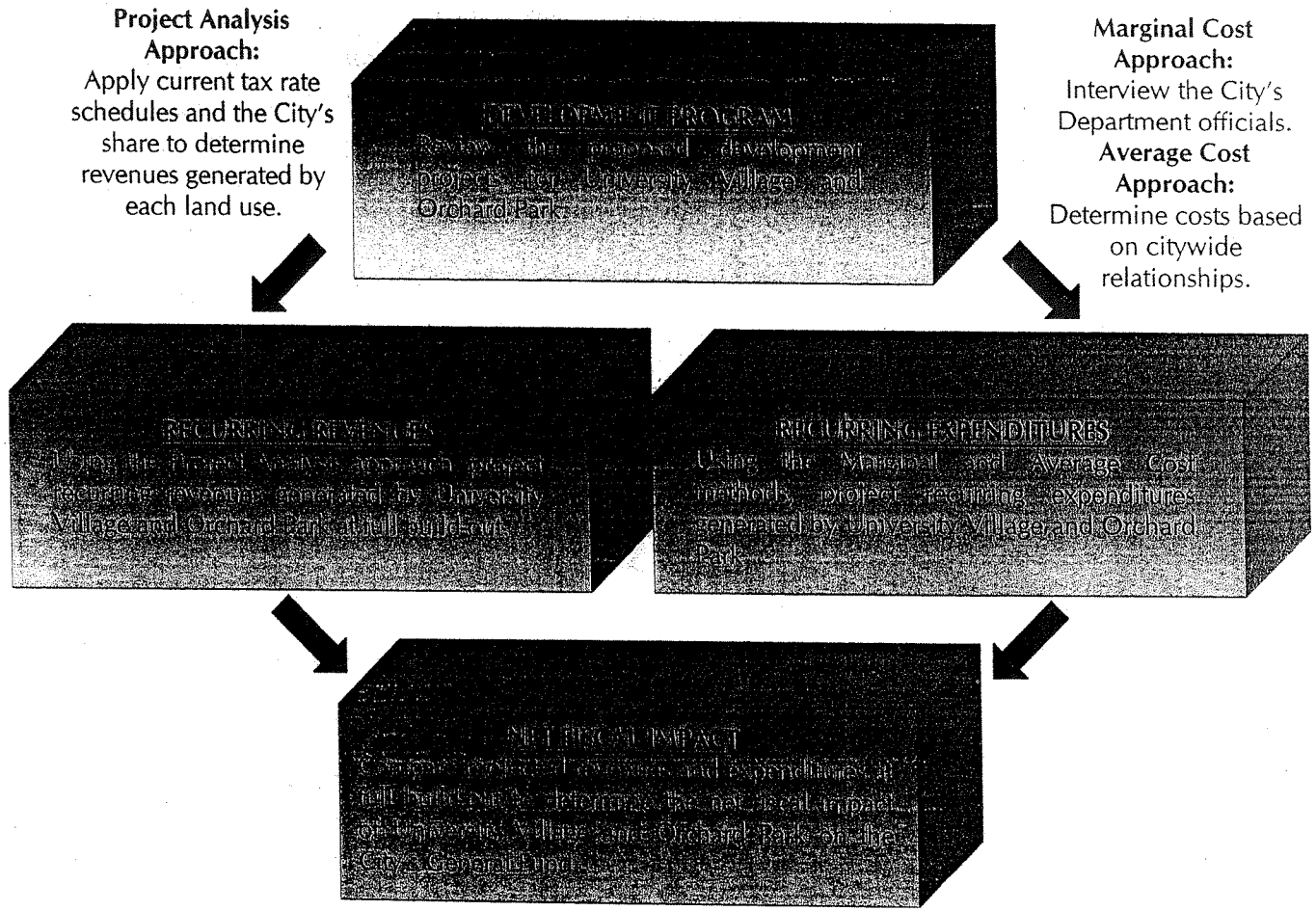
Against this background, the City, through its consulting agreement with RBF Consulting, engaged Robert Charles Lesser & Co., LLC (RCLCo) to determine the net fiscal impact of the proposed University Village/Orchard Park development on Loma Linda's General Fund at full build-out. For purposes of this report, RCLCo defines *fiscal impact* as the direct, incremental effect that the development would have on the recurring annual revenues and expenditures of the City's General Fund. This fiscal analysis builds on the existing cost and revenue relationships prevalent in the City's General Fund.

Methodology

To meet the above objective, RCLCo conducted the following methodology:

Figure 1

Methodology Flow Chart
Fiscal Impact Analysis



Conclusions

Net Fiscal Impact

Combining the two development projects, University Village and Orchard Park are anticipated to have an overall negative net fiscal impact on the City of Loma Linda General Fund at build-out of approximately $131,000 under the marginal cost approach, and a negative net fiscal impact of $790,000 under the average cost approach (in constant 2003 dollars). Redevelopment would receive $4.8 million annually from property tax revenue for the two projects.

Figure 2

Net Fiscal Impact at Project Build-Out
University Village and Orchard Park

DEVELOPMENT PROJECT	PROPOSED DEVELOPMENT		
	RESIDENTIAL	COMMERCIAL	TOTAL
UNIVERSITY VILLAGE			
Net Fiscal Impact, General Fund			
Marginal Cost Approach	($435,539)	$99,420	($336,120)
Average Cost Approach	($830,311)	$64,545	($765,765)
Redevelopment Agency Revenues	$2,482,935	$40,432	$2,523,367
ORCHARD PARK			
Net Fiscal Impact, General Fund			
Marginal Cost Approach	($276,907)	$482,271	$205,364
Average Cost Approach	($590,958)	$566,675	($24,283)
Redevelopment Agency Revenues	$1,993,713	$252,134	$2,245,847
UNIVERSITY VILLAGE AND ORCHARD PARK			
Net Fiscal Impact, General Fund			
Marginal Cost Approach	($712,446)	$581,691	($130,756)
Average Cost Approach	($1,421,268)	$631,220	($790,048)
Redevelopment Agency Revenues	$4,476,649	$292,566	$4,769,215

Separating out the two projects, University Village is projected to have a large negative fiscal impact of $336,000 under the marginal cost approach, and negative $766,000 under the average cost approach. Orchard Park is anticipated to have a positive net fiscal impact of $205,000 under the marginal cost approach, but a negative net fiscal impact under the average cost approach of about $24,000. The positive fiscal impact under the marginal cost approach is largely due to its inclusion of a significant amount of retail development. Figure 2 summarizes the net fiscal impact for each development (Exhibit I-1).

In light of the State's budget crisis, the Governor has reduced the vehicle license fee by two-thirds, which yields a proportionate reduction in Motor Vehicle In-Lieu Fees received by municipalities, and proposed a bond issue seeking state-wide approval in March 2004, which contains monies that would replace those lost vehicle license revenues. In the event the bond issue would fail and the reduced vehicle license fees would not be replaced, the fiscal impact analysis as presented above would change as follows: 1) under the Marginal Cost Approach, the net fiscal impact would decline by $233,000 to negative $364,000; and 2) under the Average Cost Approach, the net fiscal impact would also decline by $233,000 to negative $1.0 million.

Fiscally Neutral

One way for the planned developments to be fiscally neutral to the City's General Fund is if the planned retail at University Village doubled in size to nearly 90,000 square feet from the current 43,500 square feet. Increasing the retail space would yield an approximate 25% floor area coverage which is typical of retail developments, greater than the 11% floor area coverage currently planned for the parcel. The additional $149,000 in sales tax revenue generated by the additional space would more than offset the negative fiscal impact (marginal cost approach) generated by the planned development as currently envisioned.

PROJECT DESCRIPTION

Proposed Development Program

Orchard Park is a mixed-use development over 131 acres that is bounded by Redlands Boulevard on the north, California Avenue on the east, and Mission Road on the south. The project includes retail/commercial space, single-family residential, multi-family residential (both for-rent and for-sale), a floating park, and a church. Orchard Park has a total of 1,134 residential units. For purposes of this analysis, we have assumed the mixed-use parcel would be developed as residential and the 20-acre commercial/retail parcel would be developed as a 220,000-square foot shopping center (which translates to a 25% floor area coverage or 0.25 F.A.R.).

University Village is located immediately adjacent to the west of Orchard Park. University Village is a proposed 171-acre mixed-use development, much like Orchard Park. At build-out, University Village is expected to have single-family residential units, multi-family (for-rent, for-sale, and affordable units), commercial space, parks, and a school. University Village is planned to have a total of 1,576 residential units.

University Village and Orchard Park will be integrated and designed around a central park and a new elementary school. A trail system will be provided along the historic Mission Road, and separated pedestrian walkways would provide circulation throughout both project sites. Figure 3 below provides a summary of the two developments (Exhibit 1-2).

Population

Orchard Park would generate 2,659 new residents to the City of Loma Linda, while University Village would yield 3,704 new residents. Both projects combined would generate a total of 6,363 new residents at full build-out, representing an average household size of 2.35 residents per unit. The additional population created by these two developments would increase the City's current population, approximately 20,000 residents, by nearly one-third (Exhibit 1-3).

Figure 3

Development Characteristics
University Village and Orchard Park

PROJECT/ LAND USE	TOTAL UNITS	TOTAL FLOOR AREA	DENSITY/ F.A.R.	MARKET VALUE
UNIVERSITY VILLAGE				
Residential - Single-Family	394	859,002	–	$99,234,577
Product A	72	135,000	10 du/acre	$15,122,376
Product B	157	304,894	8 du/acre	$38,424,337
Product C	106	246,238	7 du/acre	$27,343,230
Product D	59	172,870	5 du/acre	$18,344,634
Residential - Multi-Family	1,182	1,286,664	–	$150,809,250
Condominiums	285	413,250	76 du/acre	$50,174,250
Apartments - Homecoming	660	726,000	33 du/acre	$83,601,000
Affordable Housing	237	147,414	59 du/acre	$17,034,000
Commercial	–	43,500	0.11 F.A.R.	$4,071,699
TOTAL, UNIVERSITY VILLAGE	**1,576**	2,189,166	–	**$254,115,526**
ORCHARD PARK				
Residential - Single-Family	272	592,974	–	$70,563,850
Product A	65	141,714	4-10 du/acre	$16,863,910
Product B	207	451,260	4-10 du/acre	$53,699,940
Residential - Multi-Family	862	1,099,050	–	$130,212,936
Condominiums	431	624,950	18-20 du/acre	$75,618,950
Apartments	431	474,100	18-20 du/acre	$54,593,986
Commercial		218,889	0.25 F.A.R.	$25,391,124
TOTAL, ORCHARD PARK	**1,134**	1,910,913	–	**$226,167,910**
TOTAL - ORCHARD PARK & UNIVERSITY VILLAGE	**2,710**	4,100,079	–	**$480,283,437**

REVENUES

University Village and Orchard Park are expected to generate City General Fund revenues in several categories. They include: Property Tax; Real Property Transfer Tax; Sales Tax; Business License Tax, Refuse Collection, and Miscellaneous Taxes and Charges (Motor Vehicle In-Lieu Fee).

At full development, the total annual recurring revenues generated to the City of Loma Linda by the proposed University Village and Orchard Park developments is estimated at $457,000 for University Village and $829,000 for Orchard Park (in constant 2003 dollars). Motor Vehicle In-Lieu and Sales Tax comprise the bulk of total revenues, representing 55% and 27%, respectively. Figure 4 provides a summary of total revenues by category (Exhibit II-1).

Figure 4

Total Revenues by Category
University Village and Orchard Park

CATEGORY	UNIVERSITY VILLAGE PROPOSED DEVELOPMENT RESIDENTIAL	COMMERCIAL	TOTAL	% OF TOTAL	ORCHARD PARK PROPOSED DEVELOPMENT RESIDENTIAL	COMMERCIAL	TOTAL	% OF TOTAL	BOTH PROJECTS TOTAL	% OF TOTAL
REVENUES										
Property Taxes	$17,503	$285	$17,788	4%	$14,054	$1,777	$15,832	2%	$33,620	3%
Real Property Transfer Tax	$8,217	$112	$8,329	2%	$9,541	$698	$10,240	1%	$18,569	1%
Sales Tax	$0	$139,200	$139,200	30%	$0	$573,489	$573,489	69%	$712,689	55%
Business License Tax	$0	$5,052	$5,052	1%	$0	$20,402	$20,402	2%	$25,454	2%
Refuse Collection	$81,941	$2,384	$84,325	18%	$58,960	$4,370	$63,330	8%	$147,655	11%
Misc. Taxes and Charges	$202,737	$0	$202,737	44%	$145,576	$0	$145,576	18%	$348,312	27%
TOTAL ANNUAL RECURRING REVENUES	**$310,398**	**$147,033**	**$457,431**	**100%**	**$228,131**	**$600,737**	**$828,868**	**100%**	**$1,286,299**	**100%**
PERCENT DISTRIBUTION	68%	32%	100%		28%	72%	100%			

Property Taxes

Property Taxes are levied on the assessed value of all real property. The County of San Bernardino collects the tax and then distributes to cities, school districts, and the County. Under Proposition 13, adopted by state voters in 1978, new development is taxed based on total sales price, at a rate of 1.0% of assessed value. Of the 1.0% property tax levy on University Village and Orchard Park, the City of Loma Linda will receive only 0.7% of the 1.0% property tax. University Village and Orchard Park are both located within a Redevelopment Agency zone and as such, the Redevelopment Agency receives 99.3% of the tax levy, leaving the City's general revenue fund with 0.7% of the 1.0% tax levy.

Applying the 1.0% tax levy and the City's 0.7% share results in estimated Property Tax revenues of $18,000 for University Village and $16,000 for Orchard Park for a total of $34,000 annually (constant 2003 dollars). Redevelopment would receive $2.5 million annually from University Village and $2.2 million per year from Orchard Park (Exhibit II-2).

Real Property Transfer Tax

When real property is sold or transferred, the City of Loma Linda levies a Real Property Transfer Tax at a rate of $0.55 per $500 of sales price, and the City's General Fund receives 50% of the tax. For-sale residential is estimated to have a sale or turnover rate of 10% per year, while for-rent residential and commercial properties are estimated to have a turnover rate of 5% per year.

On an average annual basis, University Village is projected to generate $11,000 and Orchard Park is projected to generate $10,000 of Real Property Transfer Tax. Both projects combined would generate a total of $21,000 annually (Exhibit II-2).

Sales Taxes

The State of California levies sales tax on gross receipts from the sale of tangible property other than property sold for resale. Sales Tax is payable by retailers, both at retail establishments as well as shops and restaurants located at the hotels (assuming full-service hotels). The City of Loma Linda receives Sales Tax revenue equal to 1.0% of total taxable sales.

At build-out, University Village is anticipated to total approximately 43,500 square feet of retail space. Urban Land Institute's 2002 Dollars and Cents of Shopping Centers states that the average sales per square foot for neighborhood centers in the West is approximately $320 per square foot. Accordingly, the City of Loma Linda is anticipated to receive approximately $139,000 annually in sales tax from the retail space at University Village.

Retail space for Orchard Park has yet to be determined by the developer. Using a F.A.R. average for retail centers of 0.25, Orchard Park is anticipated to have approximately 219,000 square feet of retail space at build-out. Classifying Orchard Park's retail as a community center specifies an average sales per square foot of $262 per Urban Land Institute's 2002 Dollars and Cents of Shopping Centers. The City of Loma Linda is anticipated to receive approximately $573,000 annual in sales tax from the projected retail space at Orchard Park. Both projects combined would generate a total of $713,000 annually (Exhibit II-3).

Business License Tax

Business License Taxes are levied on all business establishments located within the City of Loma Linda. Businesses must pay a flat annual $15 fee and additional fee per $1,000 of gross receipts depending on the classification of the business. To estimate the number of businesses, RCLCo has assumed average establishment size of 3,500 square feet of retail for University Village, and 10,000 square feet of retail for Orchard Park. RCLCo is assuming that the majority of the retail businesses will fall within the City's classifications "A" ($0.30 per $1,000 of gross receipts) and "B" ($0.40 per $1,000 of gross receipts). An average of $0.35 per $1,000 of gross receipts is used in the analysis.

Based on the above assumptions, University Village is anticipated to generate annual Business License Tax revenues of $5,000. Orchard Park is anticipated to generate annual Business License Tax revenues of $20,000. Both projects combined would generate a total of $25,000 annually (Exhibit II-4).

Refuse Collection

The City of Loma Linda charges residential and commercial units a bimonthly charge for refuse collection. Of the total amount charged, the City's General Fund receives 15% and the waste management company receives the remaining 85% of all revenue.

Refuse rates are billed bimonthly depending on the size of the refuse bin. For residential units, the charges for a 68-gallon cart, a greenwaste cart, and a recycling cart are used. A 68-Gallon cart is $34.81 on a bimonthly basis, a greenwaste cart is $8.65 a month, and a recycling cart is $2.83 per month. For commercial/retail, the charges for a 1.5-yard bin collected twice a week and a 1.5-yard recycling bin collected twice a week are used. The bi-monthly charges are $137.49 and $83.22, respectively.

University Village is anticipated to generate approximately $84,000 of Refuse Collection revenue annually and Orchard Park is projected to generate approximately $63,000 per year, generating a combined $148,000 per year (Exhibit II-5).

Miscellaneous Taxes and Charges

University Village and Orchard Park will also provide additional revenues to the City of Loma Linda's General Revenue Fund through specific Miscellaneous Taxes and Charges. Per discussions with the City of Loma Linda, Motor Vehicle In-Lieu Fees would provide additional revenues to the City. These revenue categories were calculated on a per capita basis, based on the approved Fiscal Year 2001-2002 City Budget and population estimates provided by California Department of Finance.

For Motor Vehicle In-Lieu Fees, a license fee equivalent to 2.0% of the market value of motor vehicles is received from the State annually in lieu of local property taxes, and subsequently transferred to municipalities. Revenues from this category are based on a per capita estimate of $54.74 per City of Loma Linda resident. Based on the projected population at the two developments, University Village would generate an additional $203,000 per year and Orchard Park would generate an additional $146,000 per year. Both projects combined would generate a total of $348,000 annually (Exhibit II-6).

EXPENDITURES

University Village and Orchard Park's commercial and residential land uses will increase the demand for various municipal services, resulting in increased departments costs for the City of Loma Linda. The City departments which would be affected include Police, Fire, Community Development, and Public Works.

RCLCo employed two methods to determine annual expenditures to the City generated by the two projects: Marginal Cost Approach and the Average Cost Approach. Under the Marginal Cost Approach, RCLCo conducted interviews with City department heads to determine the specific costs to each department. Under the Average Cost Approach, RCLCo determined average city-wide per acre and per resident departments costs by analyzing the City's budget and applying those factors to the planned developments.

At full development, the total annual recurring expenditures generated by the proposed Unviersity Village is $794,000 under the Marginal Cost Approach and $1.2 million under the Average Cost Approach. Orchard Park is expected to generate $624,000 under the Marginal Cost Approach and $853,000 under the Average Cost Approach. Both projects combined would generate annual department costs of $1.4 million under the Marginal Cost Approach and $2.1 million under the Average Cost Approach (constant 2003 dollars). Figure 5 provides a summary of total expenditures by City department under both methodologies (Exhibits III-1 and III-2).

Figure 5

Total Expenditures by Category
University Village and Orchard Park

CATEGORY	UNIVERSITY VILLAGE PROPOSED DEVELOPMENT RESIDENTIAL	UNIVERSITY VILLAGE PROPOSED DEVELOPMENT COMMERCIAL	UNIVERSITY VILLAGE TOTAL	UNIVERSITY VILLAGE % OF TOTAL	ORCHARD PARK PROPOSED DEVELOPMENT RESIDENTIAL	ORCHARD PARK PROPOSED DEVELOPMENT COMMERCIAL	ORCHARD PARK TOTAL	ORCHARD PARK % OF TOTAL	BOTH PROJECTS TOTAL	BOTH PROJECTS % OF TOTAL
EXPENDITURES – MARGINAL COST METHOD										
Fire	$461,798	$29,476	$491,274	62%	$312,661	$73,340	$386,001	62%	$877,275	62%
Police	$145,286	$9,274	$154,560	19%	$98,366	$23,074	$121,440	19%	$276,000	19%
Community Development	$13,318	$850	$14,168	2%	$9,017	$2,115	$11,132	2%	$25,300	2%
Public Works	$125,536	$8,013	$133,549	17%	$84,994	$19,937	$104,931	17%	$238,480	17%
TOTAL ANNUAL RECURRING EXPENDITURES	**$745,938**	**$47,613**	**$793,551**	**100%**	**$505,038**	**$118,466**	**$623,504**	**100%**	**$1,417,055**	**100%**
PERCENT DISTRIBUTION	94%	6%	100%		81%	19%	100%			
EXPENDITURES – AVERAGE COST METHOD										
General Administration	$299,992	$21,630	$321,621	26%	$215,410	$8,932	$224,341	26%	$545,963	26%
Police Department	$218,512	$15,779	$234,291	19%	$156,903	$6,516	$163,419	19%	$397,710	19%
Fire Administration	$344,435	$25,023	$369,458	30%	$247,322	$10,333	$257,655	30%	$627,114	30%
Misc. Public Safety	$29,629	$2,200	$31,829	3%	$21,275	$908	$22,183	3%	$54,012	3%
Public Works	$159,255	$11,414	$170,669	14%	$114,353	$4,713	$119,067	14%	$289,736	14%
Community Development	$88,886	$6,442	$95,328	8%	$63,825	$2,660	$66,485	8%	$161,813	8%
TOTAL ANNUAL RECURRING EXPENDITURES	**$1,140,709**	**$82,487**	**$1,223,196**	**100%**	**$819,089**	**$34,062**	**$853,151**	**100%**	**$2,076,347**	**100%**
PERCENT DISTRIBUTION	93%	7%	100%		96%	4%	100%			

Police

Existing Conditions

The City of Loma Linda contracts police support from the County of San Bernardino. Currently, the Loma Linda Police Department (LLPD) consists of two Station Clerks, one Community Service Officer, one Sergeant, nine Deputies, and one Detective. A Captain and a Lieutenant are split between Loma Linda and the other contracted cities, and their time is available upon need and request.

The population ratio (number of deputies divided by the number of citizens) in 2002 was 1:2,183. All of the police facilities are located in the central station (five-minute drive) in the nearby City of San Bernardino, with the exception of the use of a desk in Loma Linda's City Hall for deputies who are on duty. Available equipment includes five marked patrol vehicles and one unmarked patrol car. These six cars field three shifts of deputies.

In 2002, the LLPD responded to approximately 16,833 calls for service within its boundaries. Of this total, the majority consisted of Part II crimes (includes malicious mischief, misdemeanors, and vandalism).

Projected Impact

The Police Department envisions that the projected multi-use developments at University Village and Orchard Park would generate increased calls for service involving both emergency and non-emergency calls. At build-out, the two projects are expected to generate an increase in population of approximately 6,300 people. As well, the proposed retail and commercial space would entail more police work due to expected increases in alarm calls and occasional theft.

Marginal Cost Approach: Using the current ratio of police officers to population (1:2,183), these two developments call for the hiring of three new deputies. In order for the deputies to service the community, at least one new patrol car would be required.

Total annual costs for additional police personnel are projected at approximately $92,000 per deputy or $276,000 for the additional three deputies. The annual costs for the deputies include the cost of one new patrol car including all maintenance related to the new patrol car (Exhibit III-1).

Average Cost Approach: The 2003-2004 Budget allocates $1,752,300 to the San Bernardino County Sheriffs Department. Using the current acreage distribution within the City of Loma Linda, approximately $785 is attributed to each acre within the City of Loma Linda. The per resident cost is $59. The 2003-2004 Budget also allocates $244,300 to "Public Safety," which yields a per acre cost of $109 per acre and $8 per resident.

University Village and Orchard Park are expected to develop approximately 202 acres of residential land and 28.1 acres of commercial land. Using the appropriate costs per acre, the total estimated Sheriff Department costs associated with University Village and Orchard Park would total approximately $397,000 ($375,000 for the residential development and $22,000 for the commercial development). Under the Public Safety category, an additional $54,000 would be generated by the developments ($51,000 for residential and $3,000 for commercial) (Exhibit III-2).

Fire

Existing Conditions

The Loma Linda Fire Department (LLFD) currently has a staff that includes 12 sworn personal as well as 30 part-time firefighters that participate in the Paid Call and Reserve Firefighters Programs. Current staffing includes three, eight-hour shifts of four sworn personnel and two part-time firefighters. Beginning in early September, there will be six new sworn personnel on duty that will increase each eight-hour shift to six sworn personnel and two part-time firefighters.

Station 251 (11325 Loma Linda Dr.) is responsible for all structural fires, brush fire suppression, traffic accidents, weed control throughout the city, fire hydrant testing, disaster preparedness, fire investigation, and fire inspections. In 2000, the City of Loma Linda enacted a new Paramedic Program that involves the inclusion of one paramedic/firefighter on each unit.

The LLFD services the City of Loma Linda, CSA38, and the nearby "county islands." The total coverage for the LLFD consists of approximately 10.75 square miles. While the City of Loma Linda consists of approximately 20,000 residents, Loma Linda's daytime population (during weekdays) grows to almost 60,000 people. This daytime influx of people increases the call volume and tests the capabilities of the Department in coping with the City's daytime workforce.

Available equipment at Station 251 consists of two engines and one reserve engine. As well, there is one aerial ladder, a brush engine, a water tender, a medic squad with a paramedic on board, and a rescue vehicle.

In 2001, the Department responded to 2,871 calls. Since 1992, the volume of calls has steadily increased at an average annual rate of 4% per year. Of the 2,871 calls in 2001, approximately 65% of the calls were Medical and Traffic Accident related, 15% were false alarms, and 5% were structural fire calls. The majority of the medical calls are in response to medical emergencies at the surrounding retirement communities and elderly-care facilities.

Projected Impact

Marginal Cost Approach: LLFD foresees an increase in service calls that could possibly warrant the need for additional personnel and equipment. The new developments at Orchard Park and University Village are programmed to feature a neo-traditional land planning orientation that will involve narrower streets. It is believed that a new shorter wheelbase fire truck would be needed in order to navigate more effectively the narrower streets. To staff this new fire engine, the LLFD has projected the need for three new sworn personnel for each shift for a total of nine new sworn personnel.

The approximate value of a shorter wheelbase fire truck fully loaded with necessary equipment is $400,000 (one-time cost and an assumed 20-year life yields an average of $20,000 annually). The current annual maintenance budget for all the vehicles is approximately $119,000. Assuming that all

eight vehicles are allocated the maintenance budget equally, the new fire truck would increase the maintenance budget another $14,875 for a total of $133,875.

The nine new personnel would cost the city approximately $842,000 annually or about $93,600 per additional firefighter. This includes salary and benefits but excludes overtime and overhead (Exhibit III-1).

Average Cost Approach: The 2003-2004 Budget allocates $2,779,000 to the Loma Linda Fire Department. Using the current acreage distribution within the City of Loma Linda, approximately $1,245 is attributed to each acre within the City of Loma Linda. The per resident cost is $93.

Using the appropriate costs per acre, the total estimated costs associated with University Village and Orchard Park would total approximately $627,000 ($592,000 for the residential development and $35,000 for the commercial development) (Exhibit III-2).

Community Development

Existing Conditions

The Community Development is comprised of the Planning Division and the Building Division. The Planning Division implements Title 16, Subdivisions, Title 17, Zoning, Title 19, Development Restrictions, and Title 20 Environmental Protection of the Loma Linda Municipal Code (LLMC) and the City's General Plan. The Building Division implements Chapter 8.04, Health and Safety Code, 8.16, Fencing of Private Swimming Pools, and Title 15, Building and Construction of the LLMC, and the California Building Code and other applicable rules and guidelines.

Projected Impact

Marginal Cost Approach: The major impact to the Community Development Department would be evident during the construction of Orchard Park and University Village. However, the City Manager envisions the need for the addition of one administrative position, which has an annual cost of approximately $25,300 (Exhibit III-1).

Average Cost Approach: The 2003-2004 Budget allocates $715,400 to the Community Development Department. Using the current acreage distribution within the City of Loma Linda, approximately $320 is attributed to each acre within the City of Loma Linda. The per resident cost is $24.

Based on the above relationships, the estimated costs associated with University Village and Orchard Park would total approximately $162,000 ($153,000 for the residential development and $9,000 for the commercial development) (Exhibit III-2).

Public Works

Existing Conditions

The Public Works Department is comprised of three divisions: Engineering, Operations, and Administration. The Engineering Division is responsible for the sections relative to plan check, construction inspection, consultant-contract administration, contract project administration and various regional programs that involve transportation, solid waste, storm water management and public utilities. The Operations Division conducts all of the maintenance activities for the department, which include landscape-parks, streets, traffic safety, sewer collection, water production and distribution, meters, storm drainage, fleet and equipment, public building and various contract services such as mechanics and landscapers. Finally, the Administration Division is the area of responsibility provided by the Director, Administrative Secretary, and Associate Engineer concerning fiscal activities and personnel administration.

Projected Impact

Marginal Cost Approach: The "street" division of the Public Works Department anticipates an impact on street maintenance years after the two projects are built-out. Assuming the Developer constructs the internal streets and dedicates these streets to the City upon completion, the City would incur annual expenses for maintenance and future capital improvements. However, immediate impact would be seen with respect to street cleaning and street lighting. Assuming approximately 50 miles of streets within the City of Loma Linda, the 2002/2003 budget provides $750,192 or $15,000 per mile for street maintenance. It is anticipated that the two developments would contain approximately 7.70 miles of new road. At $15,000 per mile for street maintenance, the annual expected expenditure is anticipated to be $116,000 for University Village and Orchard Park.

Due to the expected development of approximately 13 acres of new parks, open space, and trails at the University Village and Orchard Park developments, the Parks Maintenance Division of the Public Works Department anticipates a significant impact. In the 2002/2003 budget, Parks Maintenance was allocated $425,700 for the maintenance of approximately 45 acres of parks. Using a proportioned amount for the expected 13 acres of new parks, the associated parks maintenance is expected at approximately $123,000 per year ($9,460 per acre) (Exhibit III-1).

Average Cost Approach: The 2003-2004 Budget allocates $1,267,600 to the Community Development Department. Using the current acreage distribution within the City of Loma Linda, approximately $568 is attributed to each acre within the City of Loma Linda. The per resident cost is $43.

Using the appropriate costs per acre for University Village/Orchard Park's 202 residential acres and 28.1 commercial acres, the total future costs associated with University Village and Orchard Park would total approximately $290,000 ($274,000 for the residential development and $16,000 for the commercial development) (Exhibit III-2).

General Administration

Although General Administration does not generate costs under the Marginal Cost Approach, the department is considered under the Average Cost Approach.

Average Cost Approach: The 2003-2004 Budget allocates $2,402,000 to General Administration. Using the current acreage-distribution within the City of Loma Linda, approximately $1,076 is attributed to each acre within the City of Loma Linda. The per resident cost is $81.

Using the appropriate costs per acre, the estimated General Administration costs associated with University Village and Orchard Park would total approximately $546,000 ($515,000 for the residential development and $30,000 for the commercial development) (Exhibit III-2).

GENERAL LIMITING CONDITIONS

The conclusions and recommendations presented in this report were based on our analysis of the information available to us from our own sources as of October 2003. Given that the proposed concept and development plan may undergo further refinement, the development program presented and analyzed in this study is based on current estimates and best assumptions at this time. This analysis also assumes that prices, absorption rates, and other market assumptions upon which this report is based will hold true in the foreseeable future. We assume that existing fiscal relationships within the General Fund will continue into the future.

Every reasonable effort has been made to insure that the data contained in this study reflect the most accurate and timely information possible and it is believed to be reliable. This study is based on estimates, assumptions and other information developed by RCLCo from its independent research effort, general knowledge of the industry and consultations with the Client and its representatives. No responsibility is assumed for inaccuracies in reporting by the Client, its agent and representatives or any other data source used in preparing or presenting this study. This report is based on information that was current as of the October 2003, and RCLCo has not undertaken any update of its research effort since such date.

Our report may contain prospective financial information, estimates or opinions that represent our view of reasonable expectations at a particular point in time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, that events will occur or that a particular price will be offered or accepted. Actual results achieved during the period covered by our prospective financial analysis may vary from those described in our report and the variations may be material. Therefore, no warranty or representation is made by RCLCo that any of the projected values or results contained in this study will actually be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of "Robert Charles Lesser & Co., LLC" or "RCLCo" in any manner without first obtaining the prior written consent of RCLCo. No abstracting, excerpting or summarization of this study may be made without first

obtaining the prior written consent of RCLCo. This report is not to be used in conjunction with any public or private offering of securities or other similar purpose where it may be relied upon to any degree by any person other than the Client without first obtaining the prior written consent of RCLCo. This study may not be used for any purpose other than that for which it is prepared or for which prior written consent has first been obtained from RCLCo.

* * * * *

This engagement was conducted by William K. Doyle, Associate; Malee C. Tobias, Senior Consultant; and Robert J. Gardner, Managing Director. If you have any questions regarding the conclusions and recommendations included herein, or wish to learn about other RCLCo advisory services, please call (310) 914-1800.

EXHIBITS

Exhibit I-1

NET ANNUAL FISCAL IMPACT – AT FULL BUILD-OUT
UNIVERSITY VILLAGE/ORCHARD PARK, LOMA LINDA
OCTOBER 2003

DEVELOPMENT PROJECT	PROPOSED DEVELOPMENT RESIDENTIAL	COMMERCIAL	TOTAL
UNIVERSITY VILLAGE			
Revenues	$310,398	$147,033	$457,431
Expenditures 1/			
Marginal Cost Approach	$745,938	$47,613	$793,551
Average Cost Approach	$1,140,709	$82,487	$1,223,196
Net Fiscal Impact, General Fund			
Marginal Cost Approach	**($435,539)**	**$99,420**	**($336,120)**
Average Cost Approach	**($830,311)**	**$64,545**	**($765,765)**
Redevelopment Agency Revenues 2/	**$2,482,935**	**$40,432**	**$2,523,367**
ORCHARD PARK			
Revenues	$228,131	$600,737	$828,868
Expenditures 1/			
Marginal Cost Approach	$505,038	$118,466	$623,504
Average Cost Approach	$819,089	$34,062	$853,151
Net Fiscal Impact, General Fund			
Marginal Cost Approach	**($276,907)**	**$482,271**	**$205,364**
Average Cost Approach	**($590,958)**	**$566,675**	**($24,283)**
Redevelopment Agency Revenues 2/	**$1,993,713**	**$252,134**	**$2,245,847**

Exhibit I-1

NET ANNUAL FISCAL IMPACT – AT FULL BUILD-OUT
UNIVERSITY VILLAGE/ORCHARD PARK, LOMA LINDA
OCTOBER 2003

DEVELOPMENT PROJECT	PROPOSED DEVELOPMENT RESIDENTIAL	COMMERCIAL	TOTAL
TOTAL, UNIVERSITY VILLAGE AND ORCHARD PARK			
Revenues	$538,530	$747,770	$1,286,299
Expenditures 1/			
Marginal Cost Approach	$1,250,976	$166,079	$1,417,055
Average Cost Approach	$1,959,798	$116,549	$2,076,347
Net Fiscal Impact, General Fund			
Marginal Cost Approach	**($712,446)**	**$581,691**	**($130,756)**
Average Cost Approach	**($1,421,268)**	**$631,220**	**($790,048)**
Redevelopment Agency Revenues 2/	**$4,476,649**	**$292,566**	**$4,769,215**

1/ Expenditures are distributed according to the acreage distribution for residential v. commercial for each development. Orchard Park has 19% commercial and 81% residential. University Village has 94% residential and 6% commercial.
2/ Due to the two developments' locations, the Redevelopment Agency receives 99.3% of all property tax from the two properties.
SOURCE: Robert Charles Lesser & Co., LLC.

Exhibit I-2

SUMMARY OF DEVELOPMENT CHARACTERISTICS
UNIVERSITY VILLAGE/ORCHARD PARK, LOMA LINDA
OCTOBER 2003

PROJECT/ LAND USE	TOTAL UNITS	TOTAL FLOOR AREA	DENSITY/ F.A.R.	MARKET VALUE
UNIVERSITY VILLAGE				
Residential - Single-Family	394	859,002	–	$99,234,577
Product A	72	135,000	10 du/acre	$15,122,376
Product B	157	304,894	8 du/acre	$38,424,337
Product C	106	246,238	7 du/acre	$27,343,230
Product D	59	172,870	5 du/acre	$18,344,634
Residential - Multi-Family 1/	1,182	1,286,664	–	$150,809,250
Condominiums	285	413,250	76 du/acre	$50,174,250
Apartments - Homecoming	660	726,000	33 du/acre	$83,601,000
Affordable Housing 2/	237	147,414	59 du/acre	$17,034,000
Commercial 3/	–	43,500	0.11 F.A.R.	$4,071,699
TOTAL, UNIVERSITY VILLAGE	1,576	2,189,166	–	$254,115,526
ORCHARD PARK 4/				
Residential - Single-Family 5/	272	592,974	–	$70,563,850
Product A	65	141,714	4-10 du/acre	$16,863,910
Product B	207	451,260	4-10 du/acre	$53,699,940
Residential - Multi-Family 6/	862	1,099,050	–	$130,212,936
Condominiums	431	624,950	18-20 du/acre	$75,618,950
Apartments	431	474,100	18-20 du/acre	$54,593,986
Commercial 7/		218,889	0.25 F.A.R.	$25,391,124
TOTAL, ORCHARD PARK	1,134	1,910,913	–	$226,167,910
TOTAL - ORCHARD PARK & UNIVERSITY VILLAGE	2,710	4,100,079	–	$480,283,437

1/ Pricing for the market-rate apartments and for the affordable housing apartments is not yet available
2/ Only 20% of affordable units are market rate and are assigned a market value.
3/ Current plans for the 8.389 acres of commercial call for only 43,500 sq.ft. of retail space. Market value is calculated at $4 psf for land plus $60 psf for the 43,500 of retail.
4/ Assumes mixed-use parcels at Orchard Park area developed as residential.
5/ Orchard Park has yet to determine sizing or appropriate pricing information for all residential product. Sizes and prices used are gauged from the product and pricing information from University Village. Weighted average price is used to determine market value.
6/ Orchard Park does not know the breakdown between for-rent and for-sale product for their multi-family developments. Per conversations with the developer, they are currently envisioning a 50/50 split between for-rent and for-sale.
7/ Assumes an F.A.R. of .25 over 20.1 acres. Market value is calculated at $4 psf for land plus $100 psf for floor area.
SOURCE: Lewis Operating Company; Robert Charles Lesser & Co., LLC

Exhibit I-3

SUMMARY OF DEVELOPMENT CHARACTERISTICS
UNIVERSITY VILLAGE/ORCHARD PARK, LOMA LINDA
OCTOBER 2003

PROJECT / PRODUCT TYPE	TOTAL UNITS	AVERAGE UNIT SIZE (IN SQ. FT.)	AVERAGE HOUSEHOLD SIZE	POPULATION
UNIVERSITY VILLAGE				
Residential - Single-Family				
Product A	394	2,180	2.71	1,068
Product B	72	1,875	2.71	195
Product C	157	1,942	2.71	425
Product D	106	2,323	2.71	287
Residential - Multi-Family 1/	59	2,930	2.71	160
Condos	1,182	1,089	2.23	2,636
Apartments - Homecoming	285	1,450	2.23	636
Affordable Housing	660	1,100	2.23	1,472
	237	622	2.23	529
TOTAL, UNIVERSITY VILLAGE	1,576	1,361	2.35	**3,704**
ORCHARD PARK				
Residential - Single-Family 2/				
Product A	272	2,180	2.71	737
Product B	65	2,180	2.71	176
	207	2,180	2.71	561
Residential - Multi-Family 3/				
Condos	862	1,275	2.23	1,922
Apartments	431	1,450	2.23	961
	431	1,100	2.23	961
TOTAL, ORCHARD PARK	1,134	1,492	2.35	**2,659**
TOTAL - ORCHARD PARK & UNIVERSITY VILLAGE	2,710	2,854	2.35	**6,363**

1/ Assumes same household size for rental product, for-sale product, and affordable housing.
2/ Orchard Park has yet to determine sizing or appropriate pricing information for all residential product. Sizes and prices used are gauged from the product and pricing information from University Village
3/ Orchard Park does not know the breakdown between for-rent and for-sale product for their multi-family developments. Per conversations with the developer, they are currently envisioning a 50/50 split between for-rent and for-sale.
SOURCE: Lewis Operating Company; Census Bureau; Robert Charles Lesser & Co., LLC

Exhibit I-4

PROJECTED RESIDENTIAL MARKET VALUES
UNIVERSITY VILLAGE/ORCHARD PARK, LOMA LINDA
OCTOBER 2003

PROJECT/ PRODUCT TYPE	TOTAL UNITS	AVERAGE SIZE (SF)	SALE PRICE/SF (2003 $) 1/	AVG. SALE PRICE (2003 $) 1/	PROJECTED MARKET VALUE (2003 $)
UNIVERSITY VILLAGE					
For-Sale Residential					
Product A - SFD	72	1,875	$112	$210,033	$15,122,376
Product B - SFD	157	1,942	$126	$244,741	$38,424,337
Product C - SFD	106	2,323	$111	$257,955	$27,343,230
Product D - SFD	59	2,930	$106	$310,926	$18,344,634
Condominiums	285	1,450	$121	$176,050	$50,174,250
Rental					
Apartments - Homecoming	660	1,100	$115	$126,668	$83,601,000
Affordable 2/	237	622	–	–	$17,034,000
TOTAL, UNIVERSITY VILLAGE	**1,576**	**1,361**	**$117**	**$174,018**	**$250,043,827**
ORCHARD PARK					
For-Sale Residential 2/					
Product A	65	2,180	$119	$259,445	$16,863,910
Product B	207	2,180	$119	$259,420	$53,699,940
Condominiums	431	1,450	$121	$175,450	$75,618,950
Rental					
Apartments	431	1,100	$115	$126,668	$54,593,986
TOTAL, ORCHARD PARK	**1,134**	**1,492**	**$118**	**$177,052**	**$200,776,786**

1/ Sales prices provided by Lewis Operating Company. Weighted average excludes affordable apartments.
2/ Only 20% of affordable units are market rate and are assigned a market value.
3/ Orchard Park prices are derived from pricing information provided for University Village. The single-family product's market value is calculated from University Village's average price per sq. ft. of $119 per sq. ft. The condominiums and apartments are priced based upon product at University Village.

SOURCE: Lewis Operating Company; Robert Charles Lesser & Co., LLC

Exhibit II-1

SUMMARY OF PROJECTED ANNUAL RECURRING REVENUES AND EXPENDITURES – AT FULL BUILD-OUT
UNIVERSITY VILLAGE/ORCHARD PARK, LOMA LINDA
OCTOBER 2003

CATEGORY	UNIVERSITY VILLAGE PROPOSED DEVELOPMENT RESIDENTIAL	UNIVERSITY VILLAGE PROPOSED DEVELOPMENT COMMERCIAL	UNIVERSITY VILLAGE TOTAL	UNIVERSITY VILLAGE % OF TOTAL	ORCHARD PARK PROPOSED DEVELOPMENT RESIDENTIAL	ORCHARD PARK PROPOSED DEVELOPMENT COMMERCIAL	ORCHARD PARK TOTAL	ORCHARD PARK % OF TOTAL	BOTH PROJECTS TOTAL	BOTH PROJECTS % OF TOTAL
REVENUES										
Property Taxes 1/	$17,503	$285	$17,788	4%	$14,054	$1,777	$15,832	2%	$33,620	3%
Real Property Transfer Tax 1/	$8,217	$112	$8,329	2%	$9,541	$698	$10,240	1%	$18,569	1%
Sales Tax 2/	$0	$139,200	$139,200	30%	$0	$573,489	$573,489	69%	$712,689	55%
Business License Tax 3/	$0	$5,052	$5,052	1%	$0	$20,402	$20,402	2%	$25,454	2%
Refuse Collection 4/	$81,941	$2,384	$84,325	18%	$58,960	$4,370	$63,330	8%	$147,655	11%
Misc. Taxes and Charges 5/	$202,737	$0	$202,737	44%	$145,576	$0	$145,576	18%	$348,312	27%
TOTAL ANNUAL RECURRING REVENUES	**$310,398**	**$147,033**	**$457,431**	**100%**	**$228,131**	**$600,737**	**$828,868**	**100%**	**$1,286,299**	**100%**
PERCENT DISTRIBUTION	68%	32%	100%		28%	72%	100%		0%	
EXPENDITURES – MARGINAL COST METHOD 6/										
Fire	$461,798	$29,476	$491,274	62%	$312,661	$73,340	$386,001	62%	$877,275	62%
Police	$145,286	$9,274	$154,560	19%	$98,366	$23,074	$121,440	19%	$276,000	19%
Community Development	$13,318	$850	$14,168	2%	$9,017	$2,115	$11,132	2%	$25,300	2%
Public Works	$125,536	$8,013	$133,549	17%	$84,994	$19,937	$104,931	17%	$238,480	17%
TOTAL ANNUAL RECURRING EXPENDITURES	**$745,938**	**$47,613**	**$793,551**	**100%**	**$505,038**	**$118,466**	**$623,504**	**100%**	**$1,417,055**	**100%**
PERCENT DISTRIBUTION	94%	6%	100%		81%	19%	100%		0%	

Exhibit II-1

SUMMARY OF PROJECTED ANNUAL RECURRING REVENUES AND EXPENDITURES – AT FULL BUILD-OUT
UNIVERSITY VILLAGE/ORCHARD PARK, LOMA LINDA
OCTOBER 2003

CATEGORY	UNIVERSITY VILLAGE PROPOSED DEVELOPMENT RESIDENTIAL	UNIVERSITY VILLAGE PROPOSED DEVELOPMENT COMMERCIAL	UNIVERSITY VILLAGE TOTAL	UNIVERSITY VILLAGE % OF TOTAL	ORCHARD PARK PROPOSED DEVELOPMENT RESIDENTIAL	ORCHARD PARK PROPOSED DEVELOPMENT COMMERCIAL	ORCHARD PARK TOTAL	ORCHARD PARK % OF TOTAL	BOTH PROJECTS TOTAL	BOTH PROJECTS % OF TOTAL
EXPENDITURES – AVERAGE COST METHOD 7/										
General Administration	$299,992	$21,630	$321,621	26%	$215,410	$8,932	$224,341	26%	$545,963	26%
Police Department	$218,512	$15,779	$234,291	19%	$156,903	$6,516	$163,419	19%	$397,710	19%
Fire Administration	$344,435	$25,023	$369,458	30%	$247,322	$10,333	$257,655	30%	$627,114	30%
Misc. Public Safety	$29,629	$2,200	$31,829	3%	$21,275	$908	$22,183	3%	$54,012	3%
Public Works	$159,255	$11,414	$170,669	14%	$114,353	$4,713	$119,067	14%	$289,736	14%
Community Development	$88,886	$6,442	$95,328	8%	$63,825	$2,660	$66,485	8%	$161,813	8%
TOTAL ANNUAL RECURRING EXPENDITURES	$1,140,709	$82,487	$1,223,196	100%	$819,089	$34,062	$853,151	100%	$2,076,347	100%
PERCENT DISTRIBUTION	93%	7%	100%		96%	4%	100%		0%	

1/ See Exhibit II-2. Excludes current annual property tax paid on subject site.
2/ See Exhibit II-3.
3/ See Exhibit II-4.
4/ See Exhibit II-5.
5/ See Exhibit II-6. Includes Motor Vehicle In-Lieu Fee.
SOURCE: Robert Charles Lesser & Co., LLC.

6/ See Exhibits III-1 for Expenditures. Expenditures are proportioned by total acreage of each development as well as residential v. commercial distribution for each development.
7/ See Exhibit III-2.

Exhibit II-2

PROJECTED PROPERTY TAX AND PROPERTY TRANSFER TAX REVENUE
UNIVERSITY VILLAGE/ORCHARD PARK, LOMA LINDA
OCTOBER 2003

PROJECT/ LAND USE	MARKET VALUE 1/	REAL PROPERTY TAX 2/ TOTAL	CITY SHARE	RDA SHARE	REAL PROPERTY TRANSFER TAX 3/ TURNOVER RATE		CITY SHARE
		1.0%	0.7%	99.3%			
UNIVERSITY VILLAGE					Residential - For-Sale	10.0%	$0.55 per $500 of value
Residential - Single-Family	$99,234,577	$992,346	$6,946	$985,399	Commercial	5.0%	50% to the City
Residential - Condominiums	$50,174,250	$501,743	$3,512	$498,230			$5,458
Residential - For-Rent	$100,635,000	$1,006,350	$7,044	$999,306			$2,760
Retail / Office	$4,071,699	$40,717	$285	$40,432			$2,767
TOTAL, UNIVERSITY VILLAGE	$254,115,526	$2,541,155	$17,788	$2,523,367			$112
							$11,097
ORCHARD PARK							
Residential - Single-Family	$70,563,850	$705,638	$4,939	$700,699			$3,881
Residential - Condominiums	$75,618,950	$756,190	$5,293	$750,896			$4,159
Residential - For Rent	$54,593,986	$545,940	$3,822	$542,118			$1,501
Retail / Office	$25,391,124	$253,911	$1,777	$252,134			$698
TOTAL, ORCHARD PARK	$226,167,910	$2,261,679	$15,832	$2,245,847			$10,240

1/ See Exhibit I-4 for residential market values and Exhibit I-1 for commercial market values.
2/ Applies 1% property tax levy on total assessed value. Because the two projects are within a redevelopment area, the Redevelopment Agency receives 99.3% of the tax levy and the City will receive 0.7%.
3/ Assessed at $0.55 per $500 of sales price of real property, of which the City receives $0.275 (50%). Assumes 10% of homes and 5% of commercial properties turnover on an annual average basis.
SOURCE: Department of Finance - City of Loma Linda; Robert Charles Lesser & Co., LLC.

Exhibit II-3

PROJECTED SALES TAX REVENUE
UNIVERSITY VILLAGE/ORCHARD PARK, LOMA LINDA
OCTOBER 2003

PROJECT LAND USE	FLOOR AREA (SF)	SALES PER SF 1/	TAXABLE SALES	CITY SHARE 2/
				1.00%
UNIVERSITY VILLAGE				
Retail	43,500	$320	$13,920,000	$139,200
ORCHARD PARK				
Retail 3/	218,889	$262	$57,348,918	$573,489

	TOTAL CITY SHARE OF SALES TAX REVENUE
TOTAL, BOTH PROJECTS	$712,689

1/ Average Sales per Square Foot are from the Urban Land Institute's 2002 Dollars and Cents of Shopping Centers. University Village is considered a neighborhood shopping center and the average sales per square foot for neighborhood centers in the West is approximately $320 per sq.ft. Orchard Park's retail is considered a community center and the average sales per square foot for community centers in the West is approximately $262 per sq.ft..

2/ 1.00% of taxable sales are returned to the City of Loma Linda.

3/ Orchard Park's potential retail space is calculated by multiplying the total commercial zoned area by a 0.25 F.A.R.

SOURCE: Urban Land Institute - 2002 Dollars and Cents of Shopping Centers; Department of Finance, City of Loma Linda; Urban Land Institute; Robert Charles Lesser & Co., LLC.

Exhibit II-4

PROJECTED BUSINESS LICENSE TAX REVENUE
UNIVERSITY VILLAGE/ORCHARD PARK, LOMA LINDA
OCTOBER 2003

SCENARIO/ LAND USE	PROPOSED BUILD-OUT 1/	NUMBER OF BUSINESSES: AVG. SIZE OF BUSINESS 2/	NUMBER OF BUSINESSES: NUMBER OF BUSINESSES	GROSS RECEIPTS PER SQ.FT.	PROJECTED ANNUAL GROSS RECEIPTS 3/	TOTAL BUSINESS LICENSE TAX REVENUE
UNIVERSITY VILLAGE						
Retail						
TOTAL	43,500 SF	3,500 SF	12	$320	$13,920,000	$5,052
ORCHARD PARK						
Retail						
TOTAL	218,889 SF	10,000 SF	22	$262	$57,348,918	$20,402
TOTAL: PROJECT A AND PROJECT B	262,389 SF		34	$272	$71,268,918	$25,454

1/ See Exhibit I-1 for project build-out.
2/ RCLCo estimate.
3/ The City of Loma Linda charges businesses $15 per business plus $0.30 - $0.60 per $1,000 of gross receipts, depending on the classification of the business. RCLCo assumes that the majority of the retail businesses will fall within the City's Classifications A ($.30 per $1,000) and B ($.40 per $1,000). An average of $0.35 per $1,000 is used in the above calculations.

SOURCE: Finance Department, City of Loma Linda; Urban Land Institute; Robert Charles Lesser & Co., LLC

Exhibit II-5

PROJECTED REFUSE COLLECTION REVENUE
UNIVERSITY VILLAGE/ORCHARD PARK, LOMA LINDA
OCTOBER 2003

SCENARIO/ LAND USE	PROPOSED BUILD-OUT 1/ UNITS/SF/ ROOMS		EST. NO. OF ACCOUNTS	TOTAL MONTHLY COST	TOTAL ANNUAL COST	TOTAL REFUSE REVENUE	REFUSE REVENUE TO CITY'S GENERAL FUND
							15%
UNIVERSITY VILLAGE							
RESIDENTIAL	Units	1,576	1,576	$28.89	$346.62	$546,273	$81,941
	Persons	3,704					
COMMERCIAL							
Retail	SF	43,500	12	$110.36	$1,324.26	$15,891	$2,384
TOTAL, UNIVERSITY VILLAGE						$562,164	$84,325
ORCHARD PARK							
RESIDENTIAL	Units	1,134	1,134	$28.89	$346.62	$393,067	$58,960
	Persons	2,659					
COMMERCIAL							
Retail	SF	218,889	22	$110.36	$1,324.26	$29,134	$4,370
TOTAL, ORCHARD PARK						$422,201	$63,330
PROJECT TOTAL							$147,655

1/ See Exhibit I-1 for proposed project build-out for each scenario. For Residential, assumes one account for each utility per unit. For Commercial, see Exhibit II-4 for estimated number of accounts/business
2/ Refuse rates are billed bi-monthly depending on the size of the refuse bin. For residential units, the charges for a 68-gallon cart, a greenwaste cart, and a recycling cart are used. A 68-Gallon c is $34.81 on a bimonthly basis, a greenwaste cart is $8.65 a month, and a recycling cart is $2.83 per month. For commercial or retail, the charges for a 1.5 yard bin collected twice a we and a 1.5 yard recycling bin collected twice a week are used. The bi-monthly charges are $137.49 and $83.22, respectivel

NOTE: The City of Loma Linda's General Fund receives 15% of refuse revenue. The waste management company receives the remaining 85%

SOURCE: City of Loma Linda; Robert Charles Lesser & Co., LLC

Exhibit II-6

PROJECTED REVENUE FROM MISCELLANEOUS TAXES AND CHARGES
UNIVERSITY VILLAGE/ORCHARD PARK, LOMA LINDA
OCTOBER 2003

SCENARIO/ LAND USE	POPULATION	MOTOR VEHICLE IN-LIEU TAX	TOTAL
Historical Total Revenues Actual 2001-2002		$1,081,124	
Historical Per Capita Ratios 1/ FY02	19,750	$54.74	
UNIVERSITY VILLAGE			
Per Capita Revenue Factor 2/		$54.74	
Total Population, University Village	3,704		
TOTAL, SCENARIO A		$202,737	$202,737
ORCHARD PARK			
Per Capita Revenue Factor 2/		$54.74	
Total Population, Orchard Park 3/	2,659		
TOTAL, SCENARIO B		$145,576	$145,576

1/ City of Loma Linda population per Department of Finance;
2/ Per Capita factors based on FY01 per capita estimates. A fee equivalent to 2% of the market value of motor vehicles is imposed annually by the State in lieu of local property taxes.
3/ Estimated population at build-out. See Exhibit I-2 for population estimates.

SOURCE: Department of Financial Management, City of Loma Linda; California Department of Finance; Robert Charles Lesser & Co., LLC.

Exhibit III-1

TOTAL PROJECTED ANNUAL EXPENDITURES – MARGINAL COST APPROACH
UNIVERSITY VILLAGE/ORCHARD PARK, LOMA LINDA
OCTOBER 2003

CITY OF LOMA LINDA DEPARTMENTS	SERVICE REQUIREMENTS 1/	TOTAL 2/
FIRE DEPARTMENT		
Operations	9 new sworn personnel ($93,600 per new full-time firefighter)	$842,400
	Annual maintenance for the shorter wheelbase fire truck	$14,875
Capital Outlays	1 Shorter wheelbase fully-loaded fire truck. A new fire truck will cost approximately $400,000. Costs are divided by the useful life of a fire truck which is assumed to be 20 years.	$20,000
TOTAL, FIRE DEPARTMENT		$877,275
POLICE DEPARTMENT		
Operations 3/	3 new deputies @ $92,000 each Cost per deputy includes the cost of 1 new patrol car including all maintenance related to new patrol car.	$276,000
Capital Outlays	1 New Police Car	Included Above
TOTAL, POLICE DEPARTMENT		$276,000
COMMUNITY DEVELOPMENT		
Operations	Addition of 1 new administrative position	$25,300
Capital Outlays	None	$0
TOTAL, COMMUNITY DEVELOPMENT		$25,300

Exhibit III-1

TOTAL PROJECTED ANNUAL EXPENDITURES – MARGINAL COST APPROACH
UNIVERSITY VILLAGE/ORCHARD PARK, LOMA LINDA
OCTOBER 2003

CITY OF LOMA LINDA DEPARTMENTS	SERVICE REQUIREMENTS 1/	TOTAL 2/
PUBLIC WORKS		
Operations	Street Maintenance for new streets in University Village and Orchard Park 4/ Assigned at $15,000 per mile of road - 7.70 miles of new road for both developments.	$115,500
	Park Maintenance at $9,460 per acre, 13 acres of new parks 5/	$122,980
Capital Outlays	None	$0
TOTAL, PUBLIC WORKS		$238,480
TOTAL EXPENDITURES		**$1,417,055**
RECURRING EXPENDITURES		$1,397,055
ANNUALIZED CAPITAL OUTLAYS		$20,000

1/ All costs based on interviews with various staff members representing each of the above departments.
2/ The majority of the costs were computed for the entire development and are not broken down by the costs associated with the residential versus the commercial developments.
3/ Costs associated with the application of the 2002 existing deputy to citizen relationship.
4/ University Village is anticipating approximately 22,620 linear feet of new road that will be serviced by the city. Applying a relationship of total project acres to the anticipated 22,620 linear feet of new road gives a relationship of 137 linear feet of new road per new acre. This ratio was applied to Orchard Park and results in approx. 18,027 linear feet of new road for Orchard Park. New linear feet for the entire project is anticipated to be approximately 40,647 linear feet or 7.70 miles of new road.
5/ In the 2002/2003 City Budget, Parks Maintenance was allocated $425,700 for the maintenance of approximately 45 acres of parks. Using a proportioned amount for the expected 13 acres of new parks, parks maintenance anticipates a fiscal impact of $122,980 or $9,460 per acre of new park.

SOURCE: Lewis Operating Company; Various department personnel of the City of Loma Linda; Robert Charles Lesser & Co., LLC.

Exhibit III-2

TOTAL PROJECTED ANNUAL EXPENDITURES -- AVERAGE COST APPROACH
UNIVERSITY VILLAGE/ORCHARD PARK, LOMA LINDA
OCTOBER 2003

BUDGET ITEM	FY 2002-2003 COSTS	CITY-WIDE: COMMERCIAL LAND USE TOTAL	COMMERCIAL LAND USE PER ACRE	INSTITUTIONAL TOTAL	INSTITUTIONAL PER ACRE	RESIDENTIAL LAND USE TOTAL	RESIDENTIAL LAND USE PER ACRE	RESIDENTIAL LAND USE PER RESIDENT
General Administration	$2,402,100	$210,443	$1,076	$595,968	$1,076	$1,595,689	$1,076	$81
Police Department	$1,752,300	$153,515	$785	$434,751	$785	$1,164,034	$785	$59
Fire Administration	$2,779,000	$243,462	$1,245	$689,478	$1,245	$1,846,060	$1,245	$93
Misc. Public Safety	$244,300	$21,403	$109	$60,612	$109	$162,286	$109	$8
Public Works	$1,267,600	$111,052	$568	$314,495	$568	$842,053	$568	$43
Community Development	$715,400	$62,675	$320	$177,493	$320	$475,233	$320	$24
TOTAL	$9,160,700	$802,550	$4,104	$2,272,797	$4,104	$6,085,355	$4,104	$308
ACRES 1/	2,232.2	195.6		553.8		1,482.8		
RESIDENTS 2/						19,750		

BUDGET ITEM	DEVELOPMENT SCENARIO: UNIVERSITY VILLAGE TOTAL	UNIVERSITY VILLAGE COMMERCIAL LAND USE	UNIVERSITY VILLAGE RESIDENTIAL LAND USE	ORCHARD PARK TOTAL	ORCHARD PARK COMMERCIAL LAND USE	ORCHARD PARK RESIDENTIAL LAND USE	TOTAL TOTAL	TOTAL COMMERCIAL LAND USE	TOTAL RESIDENTIAL LAND USE
General Administration	$321,621	$21,630	$299,992	$224,341	$8,932	$215,410	$545,963	$30,561	$515,401
Police Department	$234,291	$15,779	$218,512	$163,419	$6,516	$156,903	$397,710	$22,294	$375,416
Fire Administration	$369,458	$25,023	$344,435	$257,655	$10,333	$247,322	$627,114	$35,357	$591,757
Misc. Public Safety	$31,829	$2,200	$29,629	$22,183	$908	$21,275	$54,012	$3,108	$50,904
Public Works	$170,669	$11,414	$159,255	$119,067	$4,713	$114,353	$289,736	$16,127	$273,608
Community Development	$95,328	$6,442	$88,886	$66,485	$2,660	$63,825	$161,813	$9,102	$152,712
TOTAL	$1,223,196	$82,487	$1,140,709	$853,151	$34,062	$819,089	$2,076,347	$116,549	$1,959,798
ACRES		20.1	86.4		8.3	115.8		28.4	202.2
RESIDENTS			3,704			2,659			6,363

1/ Acreage per City of Loma Linda.
2/ 2002 City of Loma Linda population estimate per California Department of Finance.
SOURCE: Fiscal Year 2003/2004 Budget, City of Loma Linda; California Department of Finance; Robert Charles Lesser & Co., LLC

ROBERT CHARLES LESSER & CO., LLC

MARKET FEASIBILITY - UNIVERSITY VILLAGE AND ORCHARD PARK SPECIFIC PLAN PROJECTS LOMA LINDA, CALIFORNIA

Prepared for:

CITY OF LOMA LINDA

September 17, 2003

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Exhibit I-2 Office / R&D Development Conclusions; University Village / Orchard Park, Loma Linda

Exhibit I-3 Industrial Development Conclusions; University Village / Orchard Park, Loma Linda

Exhibit I-4 Neighborhood Retail Development Conclusions; University Village / Orchard Park, Loma Linda

Exhibit I-5 Comparative Households, Employment and Built Space Relationships; Riverside-San Bernardino MSA vs. Orange County, Los Angeles County, California and U.S.; August 2003

Exhibit I-6 Subject Site Development Plan Summary; Orchard Park and University Village Areas, Loma Linda; August 2003

II. Socioeconomic Analysis

Exhibit II-1 Historical Employment Growth; City of Loma Linda, Riverside-San Bernardino MSA, California, and United States; 1990 - 2005

Exhibit II-2A Historical and Projected Non-Agricultural Employment Growth; Riverside-San Bernardino MSA; 1990 – 2005

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EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Background

The City of Loma Linda is evaluating development plans for two proposed large-scale developments: the 171-acre University Village and 137-acre Orchard Park, located at the intersection of California Street and Redlands Boulevard in Loma Linda, just south of Interstate 10.

During its review process, the City of Loma Linda has raised market concerns regarding the University Village/Orchard Park planning area, specifically the following elements and development scenarios: 1) a primarily residential development with "commercial only" land uses representing a small percentage of land area; 2) a plan that increases total commercial office/industrial and retail acreage to enhance the City's economic base and overall fiscal health; and 3) the addition of a Mixed-Use designation in the Orchard Park plan, specifically a multi-story product with residential uses over ground floor retail.

Assignment Objectives

Against this background, the City, through its consulting agreement with RBF Consulting, engaged Robert Charles Lesser & Co., LLC (RCLCo) to evaluate the market context for the University Village/Orchard Park Property. The engagement was broken into two components:

- *Market Analysis*: A determination of the market support for three uses, including: 1) commercial office/business park, 2) retail uses, and 3) the proposed mixed-use product (residential over ground floor retail or comparable product the developer of Orchard Park contemplates for the 47.4-acre Mixed Use land use designation).

- *Fiscal Impact Analysis*: An evaluation of the General Fund implications of the two plans and a testing of the General Fund implications of additional commercial land uses on these two properties in the event that the market analysis shows a justification for their inclusion. This fiscal impact analysis is included in a separate report.

Methodology

INDUSTRIAL MARKET ANALYSIS
Analyze the regional and local market, evaluating growth patterns, the competitive environment and demand potential for industrial land uses at the subject site.

OFFICE/R&D MARKET ANALYSIS
Analyze the regional and local market, evaluating growth patterns, the competitive environment and demand potential for office/R&D and land uses at the subject site.

MIXED-USE/RETAIL MARKET ANALYSIS
Analyze the regional and local market, evaluating growth patterns, the competitive environment and demand potential for retail land uses at the subject site.

DEVELOPMENT CONCLUSIONS
Provide development conclusions for the University Village/Orchard Park planning area based on estimated market demand potential for the candidate land uses.

Conclusions

Development Outlook

The population for the Riverside-San Bernardino Metropolitan Statistical Area ("MSA") has grown dramatically over the past decade, as many households have "discovered" this area as an affordable housing alternative to options more convenient to employment cores in Los Angeles, Orange County, and San Diego Counties. We expect this strong growth in residential units to continue as the out-migration continues from the coastal housing-constrained counties to Riverside and San Bernardino Counties.

As households continue to seek out relatively affordable housing in this area, employers will eventually follow this resident labor force to this area of the Inland Empire, resulting in a jobs-to-households ratio that more closely resembles more established employment centers such as Los Angeles and Orange Counties.

While industrial is a historically dominant land use in the Inland Empire based on the convergence of transportation routes and convenience to key Southern California markets, we anticipate that the mix of industrial and office land uses will adjust slowly to accommodate more office-using jobs over the next 10 to 20 years. Office uses will likely follow the geographic expansion of its industrial predecessors – roughly west to east.

Market Implications – University Village/Orchard Park Specific Plans

Specific to the University Village/Orchard Park specific plans proposed to the City of Loma Linda, it appears based on the market development context for the upcoming five to ten years that the developers have responded to this location and opportunity in a market-driven fashion and from a net present value perspective. The strongest land use from a net present value perspective for this area based on the current market context is residential, and the proposed plans call for a predominance of residential units, complemented by parks, schools, rights-of-way and some commercial and institutional uses.

[1] Please see Exhibit I-5 for detailed statistics by geography.

If the emphasis for this parcel were to shift from a residential orientation to a commercial one, and all of the roughly 296 acres were dedicated to commercial uses, we would expect that the marketing life and estimated build-out of this plan area would be at least 30 years.

Figure 1 — *Market Implications, 2006 and Beyond*
Office/R&D, Industrial and Mixed-Use Land Absorption at the Subject Property

Land Use	Maximum Estimated Absorption Acres/Year	Anticipated Community Build-Out in Years, 296 Acres
Industrial	7.3 acres	40.5 years
Office/R&D	1.5 acres	197.3 years
Mixed-Use	N/A – no current neighborhood retail demanded	N/A
TOTAL (Industrial + Office)	8.8 acres	33.6 years

Employment-driven demand drives industrial uses to the site in the greatest numbers, absorbing a possible seven or more acres of land per year at the subject site, and needs for Office/R&D space in the area contribute additional demand for more than an acre annually.

However, while limited demand for office and industrial space appears feasible at this location within the next two to three years, our opinion is that this site has neither the established market demand for a retail-based mixed-use center, nor does it have an optimal location as currently planned oriented toward California Street. Our experience with mixed-use projects with residential uses above retail or office uses is that these types of developments tend to evolve in more established and denser metropolitan areas, and we do not anticipate the character or density of this area of Loma Linda approaching analogous conditions in the near future.

Report Organization

The remainder of this report is organized into a market analysis by subject land use – industrial, office/r&d, and mixed-use/retail. Each section contains a discussion of Market Overview, Competitive Supply, and Demand Outlook.

INDUSTRIAL MARKET ANALYSIS

Market Overview

The City of Loma Linda is considered part of the Inland Empire industrial market, a region that stretches from Chino and Ontario on the west to San Bernardino, Redlands and Moreno Valley on the east. This market has enjoyed strong growth in industrial-related employment and built space over the past two decades based on its convenient transportation access to Southern California and other national markets via the I-10, I-15, I-215, and 60 freeways and the railroads.

The Inland Empire East, which includes the Redlands/Loma Linda submarket, is organized along the eastern edge of the Inland Empire market and includes among other cities San Bernardino, Riverside and Corona. As of first quarter 2003, the Inland Empire overall consisted of more than 268 million square feet of total industrial space, of which roughly 29% or over 78 million square feet were located within the Inland Empire East submarket (Exhibit IV-1).

From 2000 through 2002, the Inland Empire absorbed new industrial space at a rate of approximately 4.4% annually, an average of 21 million net square feet per year. The Inland Empire East portion of this market grew at a slightly slower pace of about 3.4% per year during that time, absorbing an average 4.1 million square feet annually. Vacancy at the end of first quarter 2003 stood at 4.7% for the Inland Empire as a whole, and at 3.6% for the Inland Empire East (Exhibit IV-1). These vacancies indicate that the Inland Empire could support new industrial construction given that equilibrium vacancy rates are typically in the 5% to 8% range.

As industrial land becomes increasingly constrained and more expensive in the markets along the western edge of the Inland Empire, including the Chino/Ontario area, the Inland Empire East offers greater land availability and affordability. We expect that Inland Empire East's market capture should increase gradually over the upcoming decade, translating into more space added to the San Bernardino and Riverside regions.

Competitive Supply Analysis

Of the 268 million square feet of built industrial space included in the Inland Empire, roughly 4% is located within the Redlands/Loma Linda submarket. This submarket represents about 13% of built space in the Inland Empire East. From 2000 through 2002, Redlands/Loma Linda captured from 16% to 31% of the Inland Empire East's net absorption, increasing from just over 61,000 square feet in 2000 to nearly 850,000 square feet in 2002 (Exhibits IV-1 and IV-2). During this period, the submarket reported between roughly 6 and 7% vacancy rates, yet according to CB Richard Ellis the vacancy rate had jumped to over 16% as of first quarter 2003 (Exhibit IV-5). The origin of this increase is unclear – it is likely a result of additional supply added late in 2002 and this may just be a short-term condition. Based on historical vacancy rates, the Redlands/Loma Linda submarket is on the cusp of being able to support new industrial development.

Industrial space in the Redlands/Loma Linda area tends to be focused on surface streets just south of I-10, with a strong presence east of Loma Linda in Redlands emanating from the intersection of West Redlands Boulevard and New Jersey Street.

As of the date of this report, the City of Loma Linda reported no new planned or proposed industrial projects. In contrast, the City of Redlands had seven projects listed as either planned or proposed, totaling just over 1.4 million square feet, all of which were located within a 2.4-mile drive of the subject site (Exhibit IV-7).

The Redlands/Loma Linda submarket has a fairly deep supply of industrial land available in freeway-convenient locations, and this area will continue to compete with San Bernardino, which currently has over 3,000 available acres zoned for industrial land uses and surrounding the San Bernardino International Airport.

Demand Outlook

Inland Empire employment growth, based in part on employment projections for the Riverside-San Bernardino MSA prepared by the San Bernardino Association of Governments ("SANBAG"), shows roughly 4% average annual growth through 2010 after an economic rebound between 2003 and 2005, or about 23,600 jobs annually. For San Bernardino County alone, this pace would indicate that County employment would grow to nearly 625,000 by 2005 and to 748,810 by 2010. SANBAG projections indicate that Loma Linda's employment growth pace may exceed that of the County, at an average 7% annual growth, or roughly 1,400 jobs per year, growing to 21,580 jobs in 2005 and nearly 29,000 jobs in 2010 (Exhibit II-4).

Based on the growth by industrial-related employment sectors in the two-county Riverside-San Bernardino region, including Manufacturing, Wholesale Trade, Transportation, Communication and Public Utilities ("TCPU"), and Finance, Insurance and Real Estate ("FIRE"), RCLCo estimates that the Inland Empire could absorb a minimum of four to six million square feet of new industrial space annually for 2003 and 2004. Starting in 2005, we anticipate that number will increase to just over 10 million square feet annually in 2005, and could gain ground quickly to historical levels of more than 20 million square feet absorbed annually (Exhibit IV-8).

Applying an estimated 5% fair-share capture rate of the Inland Empire industrial market based on Redlands/Loma Linda capture of Inland Empire's absorption during 2001-2002, and allowing for the absorption of existing vacant space, Redlands/Loma Linda could expect to add 140,000 to 260,000 square feet annually starting in 2006, stabilizing at an average 550,000 square feet annually toward the end of the decade. Based on a capture rate for the subject site within Redlands/Loma Linda estimated from 10% (one of ten comparable area projects) to 20% (one of five comparable area projects), the subject site can expect to absorb between 50,000 and 100,000 square feet of industrial space per year (Exhibits IV-9A to 9B).

Figure 2

Demand Outlook
Industrial Space at the Subject Property

Area	Industrial Absorption	
	2006	2007-2010+
Inland Empire	10.2 million sf	10.2 Million + sf
Redlands/Loma Linda Capture at 5%	140,000 – 260,000 sf	550,000 – 560,000 sf
Subject Site Capture at 10%	14,000 – 26,000 sf	54,000 – 56,000 sf
Acreage Consumed at .35 FAR	.9 – 1.7 ac	3.5 – 3.7 ac
Subject Site Capture at 20%	28,000 – 52,000	110,000 – 112,000
Acreage Consumed at .35 FAR	1.8 – 3.4 ac	7.1 – 7.3 ac

Based on an average floor-to-area (FAR) ratio of 0.35, the industrial acres absorbed annually at the subject site based on this analysis range from nearly one acre to 3.4 acres in 2006 to 3.5 to 7.3 acres starting in 2007. At this pace, if the site were zoned entirely for industrial uses, it could take at best more than 30 years for the subject site to be absorbed by the market.

OFFICE/R&D MARKET ANALYSIS

Market Overview

The Inland Empire office market covers the same geographic area as the industrial market, but has yet to achieve the dominance as a land use that industrial currently has in the Inland Empire. Loma Linda represents a small portion of this area, included by CB Richard Ellis as part of a collection of small markets called the "Non-Submarket Area." The dominant office submarkets within the Inland Empire are primarily Rancho Cucamonga, Ontario and Commercenter/TriCity, followed by Hunter Park and the downtown areas of the cities of Riverside and San Bernardino (Exhibit III-1).

As of first quarter 2003, the Inland Empire had only 16.5 million built square feet of office space, of which 14.6 million square feet were occupied. In relative terms, this compares to 90.6 million square feet of total space in Orange County and 175 million square feet in Los Angeles County (Exhibit I-5). The Non-Submarket Area combination of areas, which includes Grand Terrace, Mira Valley, Norco, Redlands, Rialto and Loma Linda, represented roughly 22% of total built office space in the Inland Empire market as of first quarter 2003 (Exhibit III-1).

From 1998 through 2002, the Inland Empire enjoyed annual growth of about just over 2%, adding typically about 750,000 square feet of office space per year. Of that, the Non-Submarket Area collection of markets, which includes Grand Terrace, Mira Valley, Norco, Redlands, Rialto and Loma Linda, captured roughly 30 to 50% or 250,000 to 350,000 square feet annually.[2] (Exhibit III-1). In the first quarter 2003, vacancy for the Inland Empire as a whole was estimated at 11.4% – up from a 2002 average of 10.4%, yet down from an earlier high of over 23% in 1998 (Exhibit III-1). For the Non-Submarket Area that includes Loma Linda, first quarter vacancy was only slightly higher at 11.8%, up from 10.8% in 2002. Overall, the Inland Empire office market is slightly oversupplied.

[2] Does not include the capture rate for 1998 through 2000, when Ontario and Rancho Cucamonga were included as part of the Non-Submarket Area.

As the jobs-to-housing ratio for the greater Riverside-San Bernardino area increases as employers follow the resident workforce to this area, we anticipate that the Inland Empire office market will exhibit greater employment growth in future years.

Competitive Supply Analysis

While the Loma Linda area has some office/R&D space nodes that have emanated from the Loma Linda University Medical Center and Corporate Business Center areas, much of office space added to the eastern edge of the Inland Empire gravitates toward the more established Commercenter/TriCity across I-10 in San Bernardino.

A handful of existing office buildings in Loma Linda and Redlands are leasing available space, but there are few newly constructed buildings available. In the development pipeline for these two areas are four new buildings that will add roughly 170,600 square feet of office space to the area. Roughly 72,000 square feet of this space will be added within two miles of the subject site over the city boundary in Redlands.

Demand Outlook

SANBAG's projections for employment growth for in San Bernardino County bode well for this young office market, and the 23,600 jobs projected to be added annually once the area's economy has recovered, around 2005. This compares with historical growth of roughly 3.3% annually over the past decade, 4.7% growth from 1997 through 2002, typically translating to a range of 28,000-31,000 jobs per year. Based on SANBAG projections, Loma Linda is poised to grow at a faster rate of about 7%, adding roughly 1,400 jobs per year.

Evaluating the employment by office-using sectors for the Riverside-San Bernardino MSA, we anticipate the Inland Empire to absorb roughly 700,000 square feet of office space annually through 2005, at which time we expect absorb roughly 800,000 square feet per year (Exhibit III-10). We expect the Non-Submarket Area to achieve a fair share capture of Inland Empire office space absorption rooted in the existing

percentage of total space in the market, translating to about 22% of future absorption. Based on this capture, the Non-Submarket Area could absorb up to 180,000 office square feet annually.

Applying a capture rate for the subject site within the Non-Submarket area estimated from 10% (one of ten comparable area projects) to 15% (one of six or seven comparable area projects), the subject site can expect to absorb between 50,000 and 100,000 square feet of office space per year (Exhibits III-11A to 11B).

Figure 3

Demand Outlook
Office Space at the Subject Property

Area	Industrial Absorption	
	2005	2006-2010+
Inland Empire	700,000 sf	800,000 sf.
Non-Submarket Area at 22%	40,000- 180,000 sf	190,000 – 200,000 sf
Subject Site Capture at 10%	4,000 – 21.000 sf	19,000 – 20,000 sf
Acreage Consumed at .40 FAR	0.2 – 1.1 ac	1.0 ac
Subject Site Capture at 15%	6,000 to 32,000 sf	29,000 – 30,000 sf
Acreage Consumed at .40 FAR	0.3 – 1.6 ac	1.5 ac

Based on an average floor-to-area (FAR) ratio of 0.40, the office acres absorbed annually at the subject site based on this analysis range from nearly one-fifth of an acre to just over 1.6 acres in 2005 to 1.0 to 1.5 acres starting in 2006. At this pace, if the site were zoned entirely for office uses, it could take considerably longer than 100 years for this site to absorb office development.

MIXED-USE/RETAIL MARKET ANALYSIS

Market Overview

According to the 2000 U.S. Census, the City of Loma Linda included just over 18,900 people living in roughly 7,700 households, with an average household income of nearly $64,500. This is slightly higher than the estimated average income for the Riverside-San Bernardino MSA at just over $60,100, yet below the average for the State of California at roughly $75,360 (Exhibit II-7). Based on projections from Claritas, Inc., the City should expect to add households at a rate of roughly 1% annually, translating to less than 100 new households every year through 2007. This growth rate is slightly below projections for the Riverside-San Bernardino MSA (1.3%) and California overall (1.2%) (Exhibit II-7).

The two- to three-mile radius from the intersection of California Street and Redlands Boulevard, which constitutes the subject property's trade area for local-serving retail, includes the following demographic profiles:

Figure 4

Demographic Profiles
Two- and Three-Mile Radii from the Subject Property

Area	Population	Households	Avg. Household Income	Per Capita Income
2-Mile Radius	28,591	11,002	$59,469	$23,660
3-Mile Radius	56,179	21,246	$58,327	$22,580

While the subject property benefits from the number of households that are "imported" from neighboring cities including Redlands within this two- to three-mile area, these households have lower household incomes and thereby lower retail spending capacities versus their higher-resource counterparts in other areas of Loma Linda.

Applying typical spending patterns for local-serving retail to the above household profiles for a three-mile trade area, we can expect these roughly 21,250 households to generate demand today for 176,800 square feet of grocery store space and nearly 21,650 square feet of drugstore space (Exhibit V-4A). Projecting to 2007, incorporating anticipated household and income growth in this area, the supportable neighborhood retail space from this trade area should grow to 211,700 square feet of grocery space and over 25,900 for drugstore space. (Exhibit V-4A).

Competitive Supply Analysis

The subject property's location toward the northeastern edge of the City of Loma Linda not only expands its trade area beyond the City limits, but also expands the supply of retail space that would be competitive with local-serving retail at the subject site.

Currently eight neighborhood and community retail centers are found within a three-mile radius of the subject site, five of which are located within the City of Redlands. These centers combine for more than 740,000 square feet of leasable space, of which just over 407,000 is within a closer two-mile radius from the subject property. Average occupancy rates for retail centers within a three-mile radius range from 60% to 95%, with an area average of roughly 87% (Exhibit V-1).

Figure 5

Existing Competitive Local-Serving Retail Supply
Two- and Three-Mile Radii from the Subject Property

Competitive Supply	2-Mile Radius	3-Mile Radius
Grocery Stores	4	9
Est. Grocery Store Space in Sq. Ft.	200,000	360,398
Drug Stores	1	2
Est. Drug Store Space in Sq. Ft.	20,000	37,710

In addition to the existing grocery and drugstore space in the trade area, there is a Sav-On drugstore planned for the City of Loma Linda, which is estimated to add 20,000 more square feet of drugstore space to the competitive trade area. The success of a mixed-use development at this location would likely result from a strong core of neighborhood and convenience retail, and at this time, the trade area is not sufficiently established to support a significant level of neighborhood retail at this location.

Demand Outlook

Based on current market conditions, the demand for local-serving retail for this area appears insufficient to accommodate additional neighborhood retail at the subject site location. Even an aggressive demand scenario, using a three-mile source market for demand and assuming that competitive supply diminishes in strength beyond a two-mile radius mark, does not prove demand for new retail at the subject site, even projecting to 2007 (Exhibit V-4A).

After accounting for existing and planned competitive supply in the trade area, the net demand for grocery and drugstores driven by the demographic source market is as follows:

Figure 6

Demand Outlook
Neighborhood-Serving Retail at the Subject Property

Scenario	Grocery Stores Demanded (Oversupplied)		Drugstores Demanded (Oversupplied)[3]	
	2002	2007	2002	2007
Aggressive	(0.5)	0.2	0.5	(0.2)
Conservative	(3.0)	(2.3)	(0.4)	(1.1)

Based on this analysis, demand from existing households in the trade area for a neighborhood center do not appear sufficient for additional neighborhood retail space through 2007, even when accounting for the

[3] An apparent oversupply condition could emerge with the planned opening of Sav-On.

more than 2,600 households that the University Village/Orchard Park planning area would represent at build-out.

* * * * *

This engagement was conducted by Bob Gardner, Managing Director, Malee Tobias, Senior Consultant; Terrye Underwood, Senior Consultant, Adam Schwegman, Associate; and Bill Doyle, Associate. If you have any questions regarding the conclusions and recommendations included herein, or wish to learn about other RCLCo advisory services, please call (310) 914-1800.

CRITICAL ASSUMPTIONS

The conclusions and recommendations presented in this report were reached based on our analysis of the information available to us from our own sources and from the client as of the date of this report. We assume that the information is correct, complete and reliable.

Our conclusions and recommendations are based on certain assumptions about the future performance of the global, national, and/or local economy, as well as that of the real estate market and on other factors similarly outside either our control or that of the client. To the best of our ability we analyzed trends and information available to us in drawing these conclusions and making the appropriate recommendations. However, due to the very fluid and dynamic nature of the economy and the real estate markets, it is critical to continually monitor the economy and the market, and to revisit the aforementioned conclusions and recommendations periodically to ensure that they stand the test of time.

We assume that in the future the economy and the real estate markets will grow at a stable and moderate rate. Often this assumption is made due to budget limitations that prevent us from delving deeper and/or more frequently into the economic forecast or the forecast of the real estate markets. History tells us that the economy is quite cyclical, and the real estate markets are typically very sensitive to these cycles. Our analysis does not take into account the potential negative impact that major economic "shocks" could have on the national and/or the local economy, and the residual impact on the real estate market and the competitive environment. We are currently in the midst of a mild economic slowdown, the timing, depth and duration of which is unknown

Additionally, we assume that economic, employment and household growth will occur more or less in accordance with current expectations, as will other forecasts of trends and demographic and economic patterns. Along these lines, we are not taking into account any major shifts in the level of consumer confidence; in the cost of development and construction; in tax laws (i.e., we have assumed stable property and income tax rates, deductibility of mortgage interest, etc.); or in the availability and/or cost of capital and mortgage financing for real estate developers, owners and buyers. Should any of the above

change, there is good reason to believe that this analysis should be updated, and the conclusions and recommendations summarized herein be reviewed accordingly (and possibly revised).

We also assume that competitive projects will be developed as planned (active and future), and that real estate demand will be met with a reasonable stream of supply offerings. Finally, we assume that major public works projects occur and are completed as planned.

GENERAL LIMITING CONDITIONS

Every reasonable effort has been made to insure that the data contained in this study reflect the most accurate and timely information possible and it is believed to be reliable. This study is based on estimates, assumptions and other information developed by RCLCo from its independent research effort, general knowledge of the industry and consultations with the Client and its representatives. No responsibility is assumed for inaccuracies in reporting by the Client, its agent and representatives or any other data source used in preparing or presenting this study. This report is based on information that was current as of September 2003, and RCLCo has not undertaken any update of its research effort since such date.

Our report may contain estimates or opinions that represent our view of reasonable expectations at a particular point in time, but such estimates or opinions are not offered as predictions or as assurances that events will occur. Actual results achieved during the period covered by our prospective market analysis may vary from those described in our report and the variations may be material. Therefore, no warranty or representation is made by RCLCo that any of the projected results contained in this study will actually be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of "Robert Charles Lesser & Co., LLC" or "RCLCo" in any manner without first obtaining the prior written consent of RCLCo. No abstracting, excerpting or summarization of this study may be made without first obtaining the prior written consent of RCLCo. This report is not to be used in conjunction with any public or private offering of securities or other similar purpose where it may be relied upon to any degree by any person other than the Client without first obtaining the prior written consent of RCLCo. This study may not be used for any purpose other than that for which it is prepared or for which prior written consent has first been obtained from RCLCo.

I. CONCLUSIONS AND RECOMMENDATIONS

Exhibit I-6

SUBJECT SITE DEVELOPMENT PLAN SUMMARY
ORCHARD PARK AND UNIVERSITY VILLAGE AREAS, LOMA LINDA
AUGUST 2003

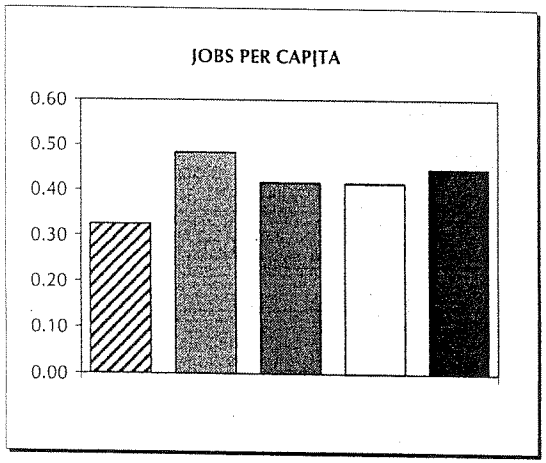
AREA/PRODUCT	ACRES	UNITS	TYPICAL LOT SIZE	AVG. UNIT SIZE	AVG. UNIT PRICE
UNIVERSITY VILLAGE					
SINGLE-FAMILY DETACHED HOMES					
32' Greencourt	7.0	72	32' x 65'	1,875	$210,033
45'	19.7	157	45' x 75'	1,942	$244,741
50'	15.7	106	50' x 80'	2,323	$257,955
55'	10.9	59	55' x 90'	2,930	$310,926
	53.3	394			
MULTIFAMILY ATTACHED					
Condominiums	19.0	285	1,450		$176,050
Apartments	33.0	660	1,100	–	–
Affordable Housing	10.5	237	622	–	–
	62.5	1,182			
COMMERCIAL / OTHER					
Commercial	8.0	–	–	–	–
Parks	16.0	–	–	–	–
School	10.2	–	–	–	–
R.O.W.	15.0	–	–	–	–
	49.2	–	–	–	–
ORCHARD PARK					
COMMERCIAL					
Commercial	20.1				
Mixed Use	42.1	421			
MULTIFAMILY	16.8	403			
SINGLE-FAMILY	27.5	275			
OTHER					
Floating Park	10.0				
Park	2.1				
Institutional	4.5				
Circulation	8.4				

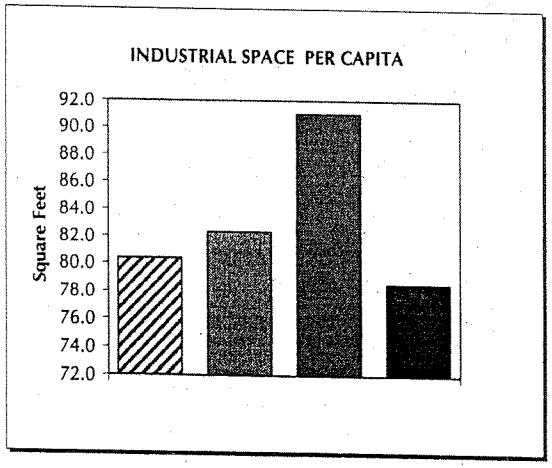
SOURCE: Lewis Operating Corp; City of Loma Linda; Robert Charles Lesser & Co., LLC

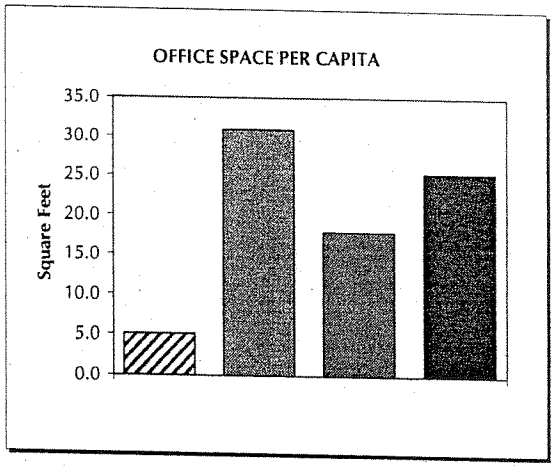
Exhibit I-5

COMPARATIVE HOUSEHOLDS, EMPLOYMENT AND BUILT SPACE RELATIONSHIPS
RIVERSIDE-SAN BERNARDINO MSA VS. ORANGE COUNTY, LOS ANGELES COUNTY, CALIFORNIA AND U.S.
AUGUST 2003

AREA	2002 NON-AG. EMPLOYMENT	2002 POPULATION	EMPLOYMENT PER CAPITA	TOTAL INDUSTRIAL S.F. 4Q2002	INDUSTRIAL S.F. PER CAPITA	TOTAL OFFICE S.F. 4Q2002	OFFICE S.F. PER CAPITA
RIVERSIDE-SAN BERNARDINO MSA 1/	1,058,000	3,254,821	0.33	261,607,496	80.4	16,402,839	5.0
ORANGE COUNTY	1,418,000	2,933,481	0.48	241,465,667	82.3	90,670,876	30.9
LOS ANGELES COUNTY	4,067,300	9,774,284	0.42	889,453,991	91.0	175,007,130	17.9
STATE OF CALIFORNIA	14,477,000	34,876,616	0.42	N/A	N/A	N/A	N/A
UNITED STATES	130,376,000	291,541,493	0.45	22,900,000,000	78.5	7,400,000,000	25.4







1/ Industrial and Office total square feet based on totals for Inland Empire market per CB Richard Ellis.

SOURCE: CB Richard Ellis; Robert Charles Lesser & Co., LLC

Exhibit I-4

NEIGHBORHOOD RETAIL DEVELOPMENT CONCLUSIONS
UNIVERSITY VILLAGE/ORCHARD PARK, LOMA LINDA

LOCAL SETTING

- Loma Linda households have a wealth of area neighborhood shopping, including many grocery store chains, within a two- to three-mile drive of the subject site. While Loma Linda is served by several grocery stores, much of the neighborhood retail that would be considered competitive with the subject site is located east of the site in Redlands.

- Grocers represented in the local area include Wal-Mart, Food 4 Less, Albertsons, Trader Joe's, Vons, Save More, Clarks Nutrition and Farm Fresh. The only larger-scale grocery chain represented within Loma Linda city limits is Stater Bros.

RETAIL MARKET COMPETITIVE SITUATION AND OUTLOOK

- Area grocery-anchored neighborhood centers typically have occupancies of 95% or more, with lease rates of $1.50 per square foot per month with triple-net charges of roughly $.25 to $.30.

- The proposed Village Center at Loma Linda on Barton Road just east of City Hall is envisioned by Mission Development Company as a mixed-use center including office, retail and restaurant uses. From the current plans, this development appears to be planned as an office park setting and should not pose any direct competition to neighborhood-level retail centers.

- A Sav-On drug store has been approved for the northwest corner of Redlands Boulevard and Mountain View Avenue in Loma Linda, but has yet to submit working drawings to the City.

DEVELOPMENT POTENTIAL

- The corner of Redlands Boulevard and California Street represents a fairly desirable site for the location of a neighborhood retail center based on its access and visibility, primarily from California Street.

- Neighborhood Retail: In the short term, the local area appears oversaturated with neighborhood retail, with roughly 200,000 square feet of grocery space existing or planned within a two-mile radius of the site, with a supportable household demand for 176,800 square feet for this same area.

- By 2007, household growth creates additional demand for grocery space, but inadequate support for an average grocery store of 50,000 square feet. Despite the anticipated growth in households, with the addition of the planned Sav-On drug store in Loma Linda, the market-based need for additional drug store space will be met. This is based on an aggressive demand scenario that assumes stores beyond a two-mile drive of the site are 0% competitive.

- Under a more conservative scenario, assuming stores between a two-mile driving radius of the site present some competition to the subject site, the supply outreaches the demand potential for both grocery and drug stores in a neighborhood retail center.

- Assuming that the subject site will add 2,281 households at an average household size of 3 people, and assuming they will be consistent with the current per capita income averages in the existing population, under an aggressive demand scenario and precluding the addition of any competitive space, a need for one grocery store appears at 2007, once the residential units are occupied.

SOURCE: Robert Charles Lesser & Co., LLC

Exhibit I-3

INDUSTRIAL DEVELOPMENT CONCLUSIONS
UNIVERSITY VILLAGE/ORCHARD PARK, LOMA LINDA

LOCAL SETTING

- Historically, the Inland Empire has been a very attractive market for industrial development, largely a result of its access via rail and freeways, especially I-10, I-15 and I-215, and its availability and affordability of land. As land along the western edge of the Inland Empire becomes less available and more costly, the eastern areas of San Bernardino, Redlands and Loma Linda become more attractive to industrial space users.

- Although this area anticipates industrial users will continue to move east for more available and affordable land, a significant amount of undeveloped industrial acreage remains in the eastern Inland Empire. In San Bernardino alone, there are roughly 3,000 acres of undeveloped industrial land surrounding the San Bernardino International Airport.

- Over the coming years, as the Inland Empire continues to grow and add jobs, San Bernardino and Riverside Counties should move toward a greater employment-to-housing balance, akin to what has been achieved in the more developed Orange and Los Angeles Counties. The Inland Empire should see a steady influx of industrial and office employment to address this growing resident workforce that is currently commuting out of the area.

INDUSTRIAL MARKET COMPETITIVE SITUATION AND OUTLOOK

- The Inland Empire industrial market is currently about 268 million total square feet, having grown an average 4.4% per year from 2000 to 2002, absorbing an average 21 million square feet annually.

- In the first quarter of 2003, the Inland Empire had added about 4.4 million square feet in net absorption, none of which was attributable to the Redlands/Loma Linda submarket. The Inland Empire is currently at a 4.7% vacancy rate, only slightly higher than the historical averages for the past two years.

- The Redlands/Loma Linda submarket has grown inconsistently since 2000, adding from just over 61,000 square feet in 2000 to a range of 630,000 to 850,000 in 2001 and 2002. For 2001 and 2002, this absorption represented an average 4% of Inland Empire absorption.

- The Redlands/Loma Linda submarket as of the first quarter of 2003 represented about 4.3 million square feet, or about 1.6% of the Inland Empire overall industrial market.

- Approximately 1.4 million square feet of industrial space is currently known as planned in Loma Linda and Redlands, all of which is within a 2.5-mile drive of the site. This does not include any industrial development planned for the San Bernardino submarket.

DEVELOPMENT POTENTIAL

- As industrial land becomes increasingly scarce and costly in the western submarkets of the Inland Empire, the area referred to as Inland Empire East will become more attractive for industrial development. Based on employment projections for the Riverside-San Bernardino MSA, the Inland Empire should continue to absorb new industrial space ramping up from about four million square feet in 2003 to a pace of about 10 million square feet annually starting in 2005.

- Assuming that the Redlands/Loma Linda market can maintain a fair share capture of future Inland Empire industrial absorption – roughly 5% – this would translate into a demand for approximately 140,000 to 260,000 square feet of space annually starting in 2006.

- Industrial space at the subject site emerges as a viable use starting in 2006, based on an estimated 10%-20% capture range of the Redlands/Loma Linda submarket. Loma Linda submarket. After 2006, the subject site should be able to absorb 55,000 to 110,000 square feet of industrial space annually, consuming roughly 3.5 to 7.2 acres of land per year.

- The subject site provides a location convenient to I-10, and to the west is just minutes away from other Inland Empire freeway connections. Based on available land and existing industrial sites within the Redlands/Loma Linda area, a 10% to 20% capture rate of this submarket is achievable for the subject site.

SOURCE: San Bernardino Economic Development Agency, Robert Charles Lesser & Co., LLC

Exhibit I-2

OFFICE/R&D DEVELOPMENT CONCLUSIONS
UNIVERSITY VILLAGE/ORCHARD PARK, LOMA LINDA

LOCAL SETTING

- The character of office buildings in the area has typically been low-rise, two- to three-story buildings, and flex-tech spaces in low0density business park settings.

- Over the coming years, as the Inland Empire continues to grow and add jobs, San Bernardino and Riverside Counties should move toward a greater employment-to-housing balance, akin to what has been achieved in the more developed Orange and Los Angeles Counties. The Inland Empire should see a steady influx of industrial and office employment to address this growing resident workforce that is currently commuting out of the area.

OFFICE MARKET COMPETITIVE SITUATION AND OUTLOOK

- The Inland Empire office market has grown at an average 1.7% per year from 1998 to 2003, absorbing a net average of 750,000 square feet annually. Through the first quarter of 2003, the market area was slightly behind annual pace at 112,000 square feet of absorption. The Inland Empire had 16.5 million square feet of built office space space as of the first quarter of 2003, and had 11.4% vacancy, which was up only slightly from a vacancy of 10.4% at 2002 year-end.

- The "Non-Submarket Area" office market, which includes Grand Terrace, Mira Valley, Norco, Redlands, Rialto and Loma Linda, represents about 22% of total built office space in the Inland Empire, or roughly 3.6 million square feet as of the first quarter 2003. Before 2001, Ontario and Rancho Cucamonga were considered to be part of this submarket, so it is difficult to track long-term growth. However, this submarket added about 370,000 square feet since 2001.

- Non-Submarket Area vacancy was roughly 11.8% in the first quarter of 2003, consistent with the Inland Empire as a whole, and down significantly from a high of 21.5% in 1998.

- As of July 2003, roughly 170,600 square feet of office development was in various stages of plans in the Loma Linda and Redlands areas within the Non-Submarket Area, roughly half of which is located within a two-mile drive of the subject site, typically in Redlands just north of I-10.

SOURCE: Robert Charles Lesser & Co., LLC

DEVELOPMENT POTENTIAL

- As employment follows households to the Inland Empire to achieve a greater office employment-to-housing balance, the demand for office should grow, with net absorption averaging roughly 700,000 to 800,000 square feet annually starting in 2004.

- Assuming the Non-submarket Area continues its historical capture of roughly 22% of Inland Empire office absorption, this collection of submarkets should grow by roughly 150,000 to 175,000 square feet per year.

- A market opportunity exists to develop office space at the subject site starting in 2005, assuming a fair share capture for the Non-Submarket Area of the Inland Empire's anticipated employment growth. This opportunity will emerge as the submarket moves through its existing backlog of vacant space and this area of Eastern San Bernardino County becomes more attractive to tenants that may have previously chosen I-10 locations further west. When office/R&D space is introduced, we anticipate that it could be absorbed at a rate of roughly 20,000 to 30,000 square feet per year, consuming one to 1.5 acres annually.

- The subject site is favorably positioned with regard to access to and visibility from I-10, and based on an estimated 10% to 15% capture of the Non-Submarket Area office demand.

Exhibit I-1

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS BY LAND USE
UNIVERSITY VILLAGE/ORCHARD PARK, LOMA LINDA
AUGUST 2003

LAND USE	PROSPECTS FOR DEVELOPMENT AT UNIVERSITY VILLAGE/ORCHARD PARK
OFFICE / R&D AND INDUSTRIAL	Demand for office space in the local area arises as soon as 2004; planned and proposed supply of industrial space will satisfy demand until 2005 when demand will outpace anticipated supply. Based on the subject site's anticipated capture of the Redlands/Loma Linda area, the site could absorb as much as 20,000 to 30,000 square feet of office space and 55,000 to 110,000 square feet of industrial space annually. Combined, these uses would absorb roughly 4.5 to 9 acres annually. At this pace, the entire 300-acre site would require more than 30 years to absorb as office and industrial land uses.
MIXED-USE	Driven by the demand for local-serving retail at the subject site, through 2007 this area of Loma Linda appears to be oversaturated with neighborhood retail, with roughly 200,000 square feet of grocery space existing within a two-mile radius of the site and only about 176,800 square feet supported by existing households. Even with the addition of the projected 2,281 University Village/Orchard Park households, the market remains oversupplied for a grocery and drug stores as anchor tenants for a neighborhood center at the present time. Ground floor retail in a mixed-use development is generally of a convenience nature. The above analysis suggests that, without the presence of demand for a neighborhood center with its typical component of small convenience retailers, the likelihood for ground floor retail tenants in mixed-use developments along California Street would be low.

SOURCE: Robert Charles Lesser & Co., LLC

II. SOCIOECONOMICS

Exhibit II-1

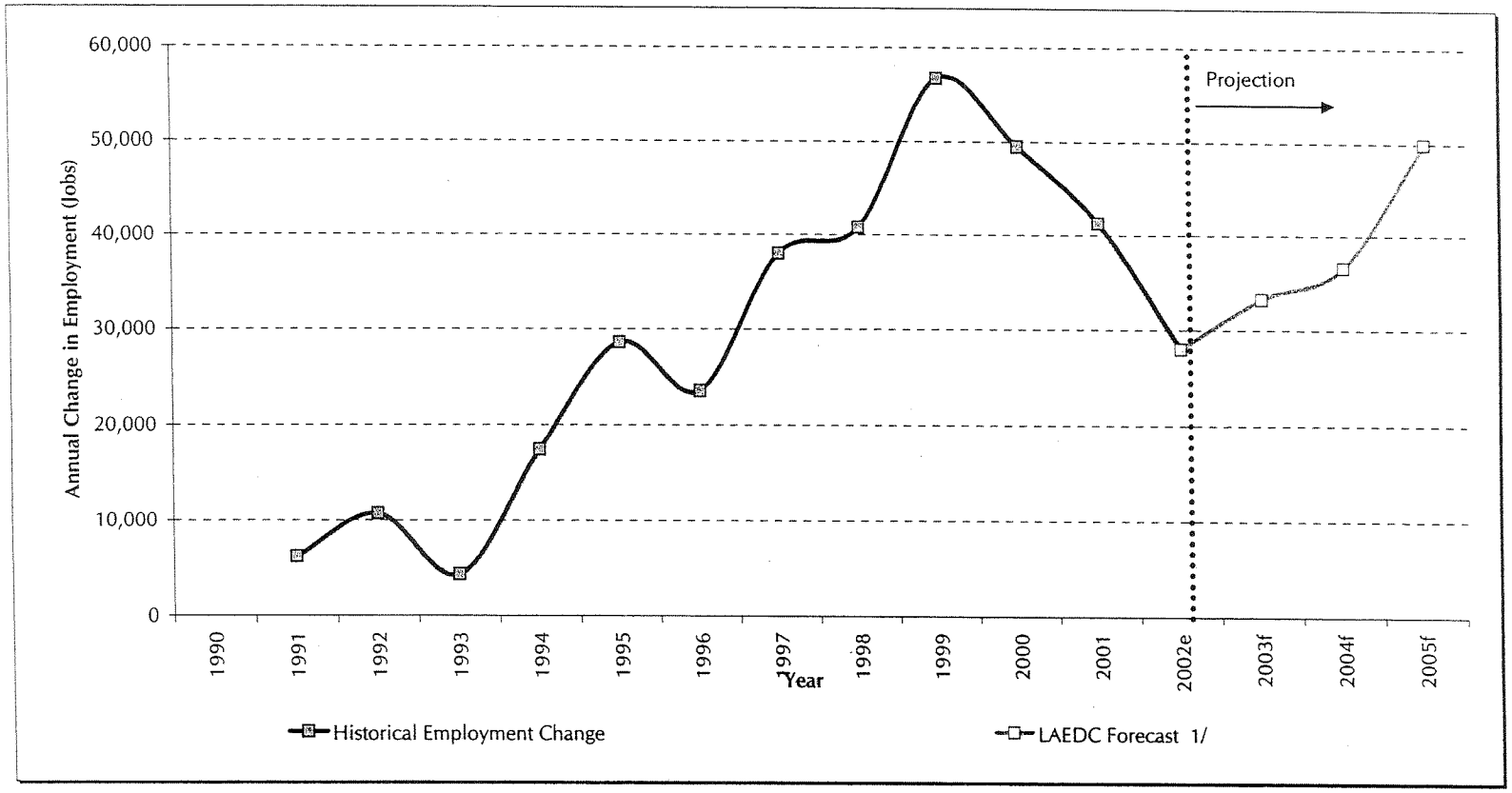
HISTORICAL EMPLOYMENT GROWTH
CITY OF LOMA LINDA, RIVERSIDE-SAN BERNARDINO MSA, CALIFORNIA, AND UNITED STATES
(in thousands)
1990 - 2005

YEAR	CITY OF LOMA LINDA			RIVERSIDE-SAN BERNARDINO MSA			STATE OF CALIFORNIA			UNITED STATES		
	TOTAL	CHANGE	PERCENT	TOTAL	CHANGE	PERCENT	TOTAL	CHANGE	PERCENT	TOTAL	CHANGE	PERCENT
1990	8.1	0.0	—	713	—	—	12,500	—	—	109,487	—	—
1991	8.0	-0.1	-1.6%	719	6	0.8%	12,359	-141	-1.2%	108,374	-1,113	-1.0%
1992	8.2	0.2	2.5%	730	11	1.5%	12,154	-205	-1.7%	108,726	352	0.3%
1993	8.2	0.1	0.9%	734	4	0.6%	12,045	-108	-0.9%	110,844	2,118	1.9%
1994	8.3	0.1	1.2%	751	17	2.2%	12,160	114	0.9%	114,291	3,447	3.1%
1995	8.4	0.1	1.2%	780	29	3.6%	12,422	263	2.1%	117,298	3,007	2.6%
1996	8.6	0.1	1.5%	803	24	2.8%	12,743	321	2.4%	119,708	2,410	2.1%
1997	8.9	0.4	4.3%	841	38	4.3%	13,130	386	2.8%	122,726	3,018	2.5%
1998	9.2	0.3	3.0%	882	41	4.3%	13,596	466	3.3%	125,930	3,204	2.6%
1999	9.7	0.5	5.0%	939	57	5.7%	13,992	396	2.7%	128,933	3,003	2.4%
2000	10.1	0.4	4.6%	988	50	4.8%	14,488	496	3.4%	131,785	2,852	2.2%
2001	10.5	0.3	3.4%	1,030	41	3.9%	14,602	114	0.8%	131,826	41	0.0%
2002e	10.8	0.4	3.6%	1,058	28	2.7%	14,477	-125	-0.9%	130,376	-1,450	-1.1%
2003f	11.1	0.2	2.2%	1,091	33	3.1%	14,591	115	0.8%	—	—	—
2004f	n/a	—	—	1,128	37	3.4%	14,842	251	1.7%	—	—	—
2005f	n/a	—	—	1,177	50	4.4%	15,179	337	2.3%	—	—	—
Average Annual Change												
1990-2000		0.2	2.2%		28	3.3%		232	1.8%		2,200	1.9%
1997-2002		0.4	3.9%		31	4.7%		255	2.0%		1,500	1.2%

NOTE: Riverside-San Bernardino MSA is comprised of Riverside and San Bernardino Counties.
SOURCE: U.S. Department of Labor, Bureau of Labor Statistics; Los Angeles County Economic Development Corp.; San Bernadino Association of Governments; Robert Charles Lesser & Co., LLC

Exhibit II-2A

HISTORICAL AND PROJECTED NON-AGRICULTURAL EMPLOYMENT GROWTH
RIVERSIDE-SAN BERNARDINO MSA
1990 - 2005

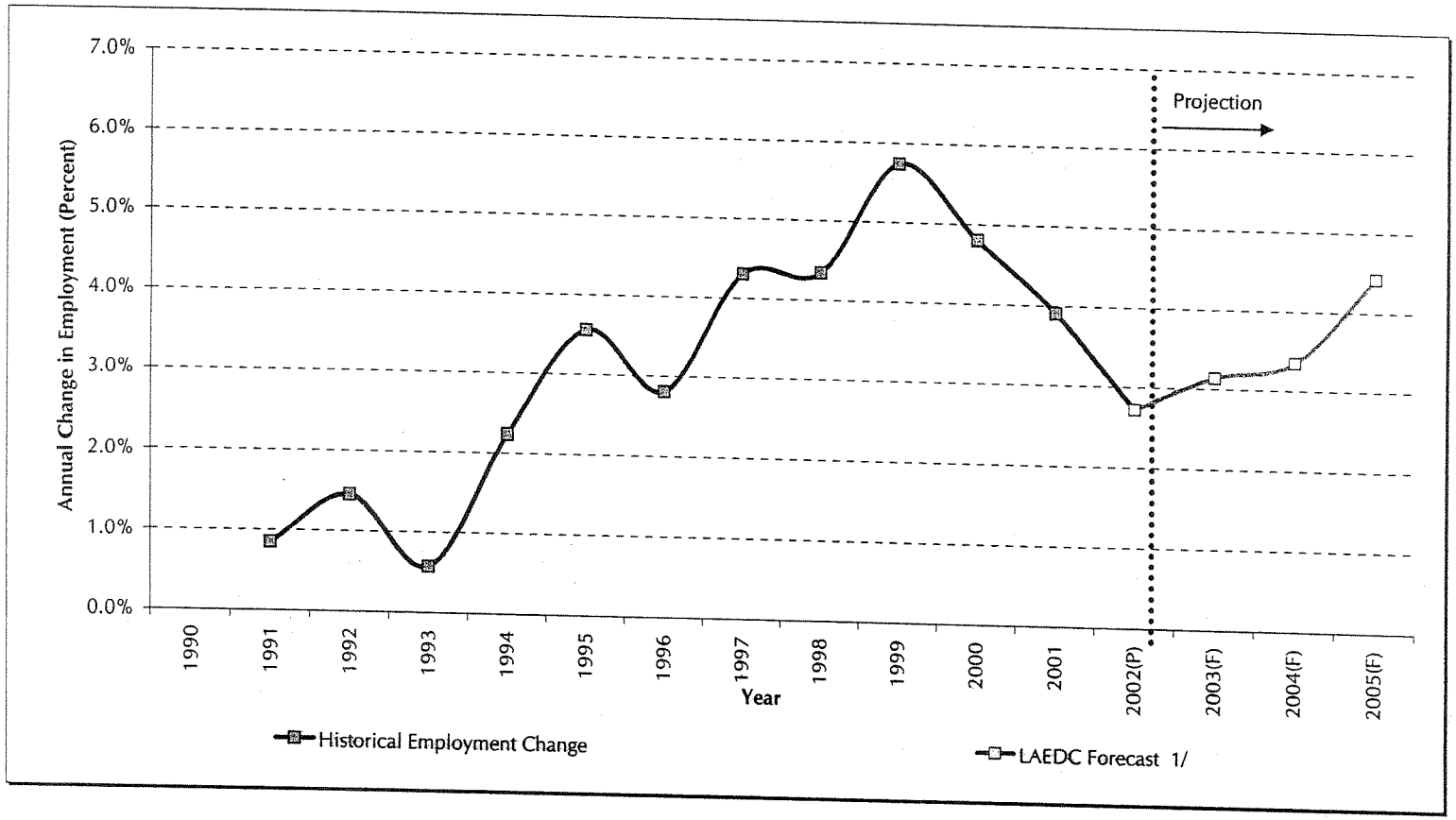


1/ LAEDC Forecast reflects L.A.Stats produced by The Los Angeles County Economic Development Corp. (Feb. 2003).

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics; Los Angeles County Economic Development Corp.; San Bernadino Association of Governments; Robert Charles Lesser & Co., LLC

Exhibit II-2B

HISTORICAL AND PROJECTED NON-AGRICULTURAL EMPLOYMENT GROWTH
RIVERSIDE-SAN BERNARDINO MSA
1990 - 2005



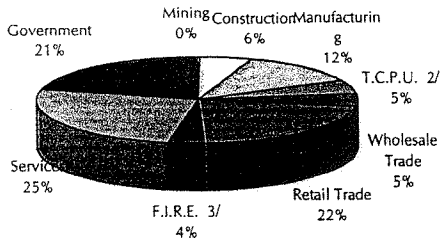
1/ LAEDC Forecast reflects L.A.Stats produced by The Los Angeles County Economic Development Corp. (Feb. 2003)
SOURCE: U.S. Department of Labor, Bureau of Labor Statistics; Los Angeles County Economic Development Corp.; San Bernadino Association of Governments; Robert Charles Lesser & Co., LLC

Exhibit II-3

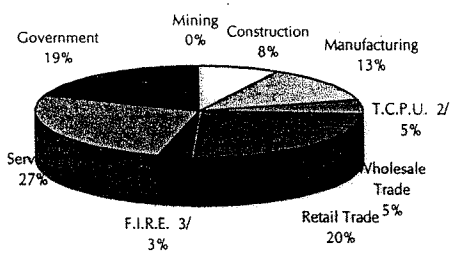
HISTORICAL CHANGE IN NON-AGRICULTURAL EMPLOYMENT
RIVERSIDE-SAN BERNARDINO MSA
(in thousands)
1995 - 2005

INDUSTRY	1995 TOTAL	1995 % TOTAL	1996 TOTAL	1996 % TOTAL	1997 TOTAL	1997 % TOTAL	1998 TOTAL	1998 % TOTAL	1999 TOTAL	1999 % TOTAL	2000 TOTAL	2000 % TOTAL	2001 TOTAL	2001 % TOTAL	2002e TOTAL	2002e % TOTAL	2003f TOTAL	2003f % TOTAL	2004f TOTAL	2004f % TOTAL	2005f TOTAL	2005f % TOTAL	AVG. ANNUAL GROWTH RATE 95-'02	AVG. ANNUAL GROWTH RATE 02-'05
GOODS PRODUCING	138.6	17.8%	146.6	18.2%	158.1	18.8%	173.2	19.6%	189.6	20.2%	204.6	20.7%	212.6	20.7%	216.9	20.5%	224.1	20.5%	233.1	20.7%	245.6	20.9%	6.6%	4.2%
Mining	1.1	0.1%	1.2	0.1%	1.2	0.1%	1.0	0.1%	1.0	0.1%	1.1	0.1%	1.2	0.1%	1.2	0.1%	1.3	0.1%	1.3	0.1%	1.3	0.1%	1.3%	2.7%
Construction	43.1	5.5%	46.2	5.8%	52.1	6.2%	60.8	6.9%	70.8	7.5%	78.9	8.0%	86.6	8.4%	91.5	8.6%	97.4	8.9%	104.4	9.3%	113.4	9.6%	11.4%	7.4%
Manufacturing	94.4	12.1%	99.2	12.3%	104.8	12.5%	111.4	12.6%	117.8	12.5%	124.6	12.6%	124.8	12.1%	124.2	11.7%	125.4	11.5%	127.4	11.3%	130.9	11.1%	4.0%	1.8%
SERVICE PRODUCING	478.7	61.4%	489.5	60.9%	511.8	60.8%	534.4	60.6%	566.2	60.3%	591.8	59.9%	615.9	59.8%	632.1	59.7%	652.6	59.8%	674.7	59.8%	705.6	59.9%	4.1%	3.7%
T.C.P.U. 2/	40.8	5.2%	41.1	5.1%	42.5	5.1%	45.7	5.2%	49.1	5.2%	50.5	5.1%	52.3	5.1%	52.2	4.9%	53.2	4.9%	54.7	4.9%	56.7	4.8%	3.6%	2.8%
Wholesale Trade	35.9	4.6%	37.5	4.7%	40.2	4.8%	42.2	4.8%	45.2	4.8%	48.2	4.9%	49.4	4.8%	50.1	4.7%	51.3	4.7%	52.9	4.7%	55.9	4.7%	4.9%	3.7%
Retail Trade	170.0	21.8%	172.6	21.5%	177.8	21.1%	181.0	20.5%	188.5	20.1%	199.5	20.2%	208.3	20.2%	212.7	20.1%	218.7	20.0%	223.7	19.8%	231.7	19.7%	3.3%	2.9%
F.I.R.E. 3/	29.4	3.8%	29.6	3.7%	29.8	3.5%	30.6	3.5%	31.9	3.4%	31.9	3.2%	33.8	3.3%	34.8	3.3%	36.0	3.3%	37.5	3.3%	39.5	3.4%	2.4%	4.3%
Services	202.6	26.0%	208.7	26.0%	221.5	26.3%	234.9	26.6%	251.5	26.8%	261.7	26.5%	272.1	26.4%	282.3	26.7%	293.4	26.9%	305.9	27.1%	321.8	27.3%	4.9%	4.5%
GOVERNMENT	162.6	20.8%	167.3	20.8%	171.6	20.4%	174.7	19.8%	183.1	19.5%	192.1	19.4%	200.7	19.5%	209.8	19.8%	214.2	19.6%	219.7	19.5%	226.2	19.2%	3.7%	2.5%
TOTAL NON-AG. EMPLOYMENT	779.9	100.0%	803.4	100.0%	841.5	100.0%	882.3	100.0%	938.9	100.0%	988.5	100.0%	1,029.2	100.0%	1,058.8	100.0%	1,090.9	100.0%	1,127.5	100.0%	1,177.4	100.0%	4.5%	3.6%

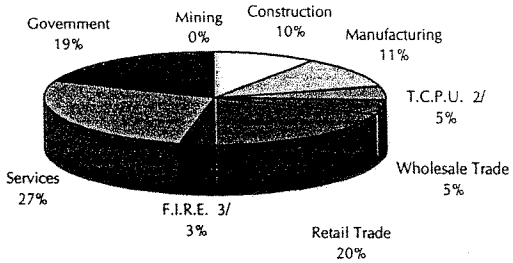
1995



2000



2005



1/ Riverside-San Bernardino MSA consists of Riverside and San Bernardino Counties.
3/ Transportation, Communications and Public Utilities.
3/ Finance, Insurance and Real Estate.

SOURCE: Los Angeles County Economic Development Corp.; Robert Charles Lesser & Co., LLC

Exhibit II-4

EMPLOYMENT PROJECTIONS
SAN BERNARDINO ASSOCIATED GOVERNMENTS
2000-2025

CITY	EMPLOYMENT					
	2000	2005	2010	2015	2020	2025
Barstow	12,396	15,851	19,671	21,884	23,928	26,116
Big Bear Lake	2,253	3,884	5,523	6,517	7,420	8,438
Chino	36,356	46,749	57,611	63,966	69,822	76,492
Chino Hills	8,055	13,024	17,974	20,992	23,822	26,802
Colton	20,961	24,441	27,879	30,057	32,080	34,180
Fontana	34,392	39,547	45,828	49,190	52,214	55,409
Grand Terrace	3,529	3,819	4,115	4,345	4,482	4,705
Highland	6,747	9,627	12,279	14,076	15,709	17,519
Loma Linda	14,733	21,580	28,698	32,727	36,429	40,383
Montclair	17,357	19,649	22,296	23,833	25,198	26,653
Needles	3,293	3,752	4,226	4,507	4,761	5,037
Ontario	71,410	84,756	103,032	113,216	122,262	132,473
Rancho Cucamonga	49,224	59,208	70,480	77,226	83,138	89,906
Redlands	27,170	33,832	40,867	45,105	48,876	53,160
Rialto	21,489	29,604	37,359	42,075	46,394	51,037
San Bernardino	97,921	111,630	127,118	135,475	142,653	150,754
Twentynine Palms	4,717	5,442	6,193	6,640	7,037	7,471
Upland	28,313	32,398	37,080	39,821	42,263	44,875
Yucaipa	8,148	9,728	11,365	12,425	13,376	14,402
Yucca Valley	2,540	3,717	4,939	5,645	6,306	7,004
Unincorporated County	41,161	52,573	64,277	71,774	78,528	86,096
TOTAL	512,165	624,811	748,810	821,496	886,698	958,912
Average Annual Growth Rates						
AVG. Annual Growth, SANBAG region	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AVG. Annual Growth, Loma Linda	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SOURCE: San Bernardino Associated Governments (SANBAG); Robert Charles Lesser & Co., LLC

Exhibit II-5

SUMMARY OF DEMOGRAPHICS
TWO, THREE, AND FIVE MILE RADIUS OF SUBJECT SITE, CITY OF LOMA LINDA, RIVERSIDE-SAN BERNARDINO MSA AND THE STATE OF CALIFORNIA
2002

AREA	POPULATION	HOUSEHOLDS	HOUSEHOLD SIZE	AVERAGE HOUSEHOLD INCOME	MEDIAN HOUSEHOLD INCOME	PER CAPITA INCOME
2-MILE RADIUS	28,591	11,002	2.54	$59,469	$44,142	$23,660
3-MILE RADIUS	56,179	21,246	2.59	$58,327	$41,548	$22,580
5-MILE RADIUS	176,826	59,556	2.60	$58,308	$42,532	$19,915
CITY OF LOMA LINDA	18,911	7,708	2.39	$64,482	$48,914	$26,514
RIVERSIDE-SAN BERNARDINO MSA	3,254,821	1,061,571	3.07	$60,110	$45,867	$19,058
STATE OF CALIFORNIA	34,876,616	11,803,522	2.95	$75,364	$54,280	$22,667
2-MILE VERSUS MSA	—	—	-21%	-1%	-4%	19%
3-MILE VERSUS MSA	—	—	-18%	-3%	-10%	16%
5-MILE VERSUS MSA	—	—	-18%	-3%	-8%	4%
CITY VERSUS MSA	—	—	-28%	7%	6%	28%

SOURCE: U.S. Census; Claritas, Inc.; Robert Charles Lesser & Co., LLC

Exhibit II-6

POPULATION AND HOUSEHOLD PROJECTIONS
SAN BERNARDINO ASSOCIATED GOVERNMENTS
2000-2025

CITY	POPULATION						HOUSEHOLDS					
	2000	2005	2010	2015	2020	2025	2000	2005	2010	2015	2020	2025
Barstow	23,460	24,995	27,639	30,663	34,528	37,904	8,004	8,222	9,100	10,018	11,196	12,422
Big Bear Lake	6,573	7,381	9,052	10,855	12,590	14,698	2,431	2,515	3,017	3,685	4,278	4,885
Chino	66,097	69,513	73,384	77,576	82,731	89,394	17,369	18,534	19,711	20,883	22,218	24,078
Chino Hills	58,273	65,561	69,495	73,813	79,115	86,598	18,016	20,476	21,578	22,707	24,011	25,804
Colton	47,974	51,575	56,425	61,626	67,770	76,253	14,814	15,668	17,397	19,121	21,066	23,929
Fontana	116,998	132,571	148,885	166,813	188,768	219,677	33,846	39,036	43,725	48,546	53,959	61,352
Grand Terrace	13,458	13,768	14,237	15,142	16,213	17,700	4,591	4,779	4,989	5,378	5,817	6,471
Highland	44,573	49,073	55,232	62,349	70,751	82,445	14,054	15,728	17,600	19,847	22,130	25,354
Loma Linda	22,975	25,415	28,281	31,529	35,378	40,498	8,001	8,907	9,939	11,092	12,472	14,716
Montclair	31,069	32,550	34,223	36,055	38,305	41,464	9,076	9,515	9,978	10,441	11,004	11,846
Needles	6,330	7,111	8,090	9,397	11,128	14,488	2,235	2,373	3,040	3,477	4,071	5,298
Ontario	148,460	155,820	162,795	170,449	179,837	193,070	42,917	44,289	46,026	47,783	49,884	53,066
Rancho Cucamonga	125,168	135,984	144,297	153,379	164,530	180,076	38,555	40,529	43,561	46,693	50,353	55,522
Redlands	67,322	69,229	70,817	72,642	74,804	77,786	24,029	25,161	27,363	29,801	32,632	37,059
Rialto	83,849	87,603	92,871	98,917	106,093	116,110	25,087	26,715	27,948	29,329	30,908	33,220
San Bernardino	190,360	201,983	218,938	238,419	260,762	291,183	60,889	63,391	69,474	76,746	83,758	94,197
Twentynine Palms	15,403	16,223	18,228	20,245	22,473	24,389	5,833	6,581	7,282	8,105	8,979	9,837
Upland	68,536	71,194	74,376	77,862	82,145	88,166	24,528	25,949	27,096	28,204	29,516	31,442
Yucaipa	40,203	43,350	46,247	49,600	53,557	59,042	14,908	15,922	17,096	18,425	19,955	22,271
Yucca Valley	18,512	19,424	20,834	21,766	22,793	23,680	7,720	8,070	8,484	8,771	9,079	9,386
Unincorporated County	251,596	284,938	342,067	403,433	472,213	555,875	78,198	92,110	110,028	131,469	153,521	179,888
TOTAL	1,447,189	1,565,261	1,716,413	1,882,530	2,076,484	2,330,496	455,101	494,470	544,432	600,521	660,807	742,043
Average Annual Growth Rates												
Avg. Annual Growth, SANBAG Region	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Avg. Annual Growth, Loma Linda	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SOURCE: San Bernardino Associated Governments (SANBAG); Robert Charles Lesser & Co., LLC

Exhibit II-7

HOUSEHOLD INCOME DISTRIBUTION
CITY OF LOMA LINDA, RIVERSIDE-SAN BERNARDINO MSA AND STATE OF CALIFORNIA
1990 - 2007

HOUSEHOLD INCOME	1990		2002 ESTIMATE		2007 PROJECTION		1990 - 2002 AVG. ANN. CHG.		2002 - 2007 AVG. ANN. CHG.	
	TOTAL	PERCENT	TOTAL	PERCENT	TOTAL	PERCENT	TOTAL	PERCENT	TOTAL	PERCENT
City of Loma Linda										
Under $49,999	4,628	70.4%	3,917	50.8%	3,809	46.9%	-59	-1.4%	-22	-0.6%
$50,000 -$74,999	1,087	16.5%	1,844	23.9%	1,781	21.9%	63	4.5%	-13	-0.7%
$75,000-$99,999	461	7.0%	1,079	14.0%	1,162	14.3%	52	7.3%	17	1.5%
$100,000-$149,999	253	3.9%	561	7.3%	904	11.1%	26	6.9%	69	10.0%
$150,000-$249,999	77	1.2%	164	2.1%	264	3.3%	7	6.5%	20	10.0%
$250,000-$499,999	39	0.6%	103	1.3%	129	1.6%	5	8.4%	5	4.6%
$500,000+	25	0.4%	40	0.5%	67	0.8%	1	4.0%	5	10.9%
Total	6,570	100.0%	7,708	100.0%	8,116	100.0%	95	1.3%	82	1.0%
Average Household Income	$43,471		$64,482		$72,700					
Median Household Income	$33,370		$48,914		$53,029					
Riverside-San Bernardino MSA										
Under $49,999	621,751	71.6%	574,164	54.1%	568,684	50.3%	-3,966	-0.7%	-1,096	-0.2%
$50,000 -$74,999	156,672	18.0%	234,594	22.1%	238,589	21.1%	6,494	3.4%	799	0.3%
$75,000-$99,999	53,078	6.1%	125,377	11.8%	143,360	12.7%	6,025	7.4%	3,597	2.7%
$100,000-$149,999	24,489	2.8%	87,239	8.2%	114,579	10.1%	5,229	11.2%	5,468	5.6%
$150,000-$249,999	7,874	0.9%	27,607	2.6%	43,928	3.9%	1,644	11.0%	3,264	9.7%
$250,000-$499,999	3,225	0.4%	8,749	0.8%	15,334	1.4%	460	8.7%	1,317	11.9%
$500,000+	1,212	0.1%	3,841	0.4%	6,142	0.5%	219	10.1%	460	9.8%
Total	868,301	100.0%	1,061,571	100.0%	1,130,616	100.0%	16,106	1.7%	13,809	1.3%
Average Household Income	$40,791		$60,110		$68,162					
Median Household Income	$33,280		$45,837		$49,643					
State of California										
Under $49,999	6,963,317	67.0%	5,429,266	46.0%	5,099,639	40.8%	-127,838	-2.1%	-65,925	-1.2%
$50,000 -$74,999	1,908,960	18.4%	2,355,731	20.0%	2,290,674	18.3%	37,231	1.8%	-13,011	-0.6%
$75,000-$99,999	792,449	7.6%	1,532,345	13.0%	1,660,289	13.3%	61,658	5.6%	25,589	1.6%
$100,000-$149,999	475,946	4.6%	1,415,389	12.0%	1,748,421	14.0%	78,287	9.5%	66,606	4.3%
$150,000-$249,999	161,073	1.5%	769,847	6.5%	1,055,524	8.4%	50,731	13.9%	57,135	6.5%
$250,000-$499,999	67,171	0.6%	212,008	1.8%	490,399	3.9%	12,070	10.1%	55,678	18.3%
$500,000+	29,938	0.3%	88,936	0.8%	166,592	1.3%	4,917	9.5%	15,531	13.4%
Total	10,398,854	100.0%	11,803,522	100.0%	12,511,538	100.0%	117,056	1.1%	141,603	1.2%
Average Household Income	$46,331		$75,364		$89,264					
Median Household Income	$35,800		$54,280		$62,035					

1/ Riverside-San Bernardino MSA is comprised of Riverside and San Bernardino Counties

SOURCE: Claritas Inc.; Robert Charles Lesser & Co., LLC

Exhibit II-8

HOUSEHOLD INCOME DISTRIBUTION
TWO, THREE AND FIVE MILE RADII OF SUBJECT SITE
1990 - 2007

HOUSEHOLD INCOME	1990		2002 ESTIMATE		2007 PROJECTION		1990 - 2002 AVG. ANN. CHG.		2002-2007 AVG. ANN. CHG.	
	TOTAL	PERCENT	TOTAL	PERCENT	TOTAL	PERCENT	TOTAL	PERCENT	TOTAL	PERCENT
2- Mile Radius 1/										
Under $24,999	3,724	38.6%	2,432	22.1%	2,005	17.5%	-108	-3.5%	-85	-3.8%
$25,000-$49,999	3,488	36.1%	3,726	33.9%	3,828	33.4%	20	0.6%	20	0.5%
$50,000 -$74,999	1,483	15.4%	2,516	22.9%	2,563	22.4%	86	4.5%	9	0.4%
$75,000-$99,999	555	5.7%	1,253	11.4%	1,438	12.6%	58	7.0%	37	2.8%
$100,000-$149,999	224	2.3%	723	6.6%	1,087	9.5%	42	10.3%	73	8.5%
$150,000-$249,999	105	1.1%	183	1.7%	310	2.7%	7	4.7%	25	11.1%
$250,000-$499,999	54	0.6%	118	1.1%	138	1.2%	5	6.7%	4	3.2%
$500,000+	24	0.2%	51	0.5%	82	0.7%	2	6.5%	6	10.0%
Total	9,657	100.0%	11,002	100.0%	11,451	100.0%	112	1.1%	90	0.8%
Average Household Income	$40,156		$56,469		$66,652					
Median Household Income	$31,724		$44,142		$49,037					
3- Mile Radius 1/										
Under $24,999	8,034	40.9%	5,519	26.0%	4,781	21.7%	-210	-3.1%	-148	-2.8%
$25,000-$49,999	6,683	34.0%	6,949	32.7%	7,188	32.6%	22	0.3%	48	0.7%
$50,000 -$74,999	2,910	14.8%	4,491	21.1%	4,574	20.7%	132	3.7%	17	0.4%
$75,000-$99,999	1,146	5.8%	2,258	10.6%	2,580	11.7%	93	5.8%	64	2.7%
$100,000-$149,999	539	2.7%	1,349	6.3%	1,940	8.8%	68	7.9%	118	7.5%
$150,000-$249,999	192	1.0%	418	2.0%	624	2.8%	19	6.7%	41	8.3%
$250,000-$499,999	91	0.5%	193	0.9%	259	1.2%	9	6.5%	13	6.1%
$500,000+	34	0.2%	74	0.3%	123	0.6%	3	6.7%	10	10.7%
Total	19,629	100.0%	21,251	100.0%	22,069	100.0%	135	0.7%	164	0.8%
Average Household Income	$39,467		$58,327		$65,308					
Median Household Income	$30,582		$41,548		$45,598					
5- Mile Radius 1/										
Under $24,999	22,920	41.2%	16,064	27.0%	14,476	23.4%	-571	-2.9%	-318	-2.1%
$25,000-$49,999	18,593	33.4%	18,420	30.9%	18,786	30.3%	-14	-0.1%	73	0.4%
$50,000 -$74,999	8,588	15.4%	12,166	20.4%	12,545	20.2%	298	2.9%	76	0.6%
$75,000-$99,999	3,315	6.0%	6,333	10.6%	7,129	11.5%	252	5.5%	159	2.4%
$100,000-$149,999	1,479	2.7%	4,454	7.5%	5,748	9.3%	248	9.6%	259	5.2%
$150,000-$249,999	497	0.9%	1,344	2.3%	2,104	3.4%	71	8.6%	152	9.4%
$250,000-$499,999	223	0.4%	550	0.9%	786	1.3%	27	7.8%	47	7.4%
$500,000+	67	0.1%	226	0.4%	383	0.6%	13	10.7%	31	11.1%
Total	55,682	100.0%	59,557	100.0%	61,957	100.0%	323	0.6%	480	0.8%
Average Household Income	$38,843		$58,308		$65,594					
Median Household Income	$30,557		$42,532		$46,195					

1/ Radii are measured from the intersection of Redlands Blvd. & California Ave.
SOURCE: Claritas Inc.; Robert Charles Lesser & Co., LLC

III. OFFICE / R&D

Exhibit III-1

OFFICE MARKET TRENDS
INLAND EMPIRE REGION SUBMARKETS
1998-2003

REGION	1998	1999	2000	2001	2002	2003 1/
INLAND EMPIRE REGION TOTAL						
SUPPLY	15,041,834	14,933,472	14,980,757	15,833,300	16,402,839	16,544,932
VACANCY RATE	23.1%	19.2%	16.5%	14.8%	10.4%	11.4%
NET ABSORPTION	794,512	865,080	546,758	866,538	708,475	112,256
OCCUPIED SPACE	11,569,580	12,064,311	12,504,116	13,496,671	14,704,154	14,656,686
VACANT SPACE	3,472,254	2,869,161	2,476,641	2,336,629	1,698,685	1,888,246
CANYON SPRINGS						
SUPPLY	416,060	451,560	451,560	471,339	475,250	475,250
VACANCY RATE	15.1%	11.2%	13.2%	3.0%	0.6%	3.1%
AVERAGE ASKING LEASE RATE 2/	$1.04	$0.99	$1.29	$1.36	$1.35	$1.35
NET ABSORPTION	4,018	13,127	16,161	45,342	6,346	-11,975
INLAND EMPIRE CAPTURE	1%	2%	3%	5%	1%	-11%
OCCUPIED SPACE	353,139	401,022	391,803	457,145	472,597	460,622
VACANT SPACE	62,921	50,538	59,757	14,194	2,653	14,628
COMMERCENTER/TRI-CITY						
SUPPLY	1,912,465	1,912,465	1,912,465	1,978,887	1,978,887	1,996,487
VACANCY RATE	21.1%	19.3%	18.6%	14.5%	9.6%	10.7%
AVERAGE ASKING LEASE RATE 3/	$1.06	$1.03	$1.27	$1.29	$1.34	$1.41
NET ABSORPTION	230,258	36,128	17,828	98,328	43,432	-6,662
INLAND EMPIRE CAPTURE	29%	4%	3%	11%	6%	-6%
OCCUPIED SPACE	1,508,083	1,544,211	1,556,193	1,691,149	1,788,575	1,781,913
VACANT SPACE	404,382	368,254	356,272	287,738	190,312	214,574
COOLEY RANCH						
SUPPLY	738,405	738,105	738,105	739,043	737,787	737,787
VACANCY RATE	21.9%	25.5%	15.7%	12.1%	7.8%	10.1%
AVERAGE ASKING LEASE RATE 2/	$1.05	$1.10	$1.08	$1.14	$1.23	$1.23
NET ABSORPTION	76,930	-25,707	73,512	25,950	19,953	-17,101
INLAND EMPIRE CAPTURE	10%	-3%	13%	3%	3%	-15%
OCCUPIED SPACE	576,827	549,645	622,367	649,255	680,463	663,362
VACANT SPACE	161,578	188,460	115,738	89,788	57,324	74,425

Exhibit III-1

OFFICE MARKET TRENDS
INLAND EMPIRE REGION SUBMARKETS
1998-2003

REGION	1998	1999	2000	2001	2002	2003 1/
DOWNTOWN RIVERSIDE						
SUPPLY	1,070,285	1,070,285	1,042,285	1,051,070	1,050,637	1,050,637
VACANCY RATE	33.2%	28.5%	23.1%	19.8%	15.0%	15.7%
AVERAGE ASKING LEASE RATE 3/	$1.25	$1.33	$1.50	$1.66	$1.83	$1.83
NET ABSORPTION	30,168	55,997	90,022	42,155	-16,285	-7,999
INLAND EMPIRE CAPTURE	4%	6%	16%	5%	-2%	-7%
OCCUPIED SPACE	715,297	764,734	800,999	843,154	893,385	885,386
VACANT SPACE	354,988	305,551	241,286	207,916	157,252	165,251
DOWNTOWN SAN BERN.						
SUPPLY	924,421	1,110,343	1,110,343	1,109,602	1,169,891	1,171,919
VACANCY RATE	33.1%	42.9%	30.3%	28.4%	24.1%	24.5%
AVERAGE ASKING LEASE RATE 2/	$0.94	$0.97	$1.17	$1.16	$1.39	$1.40
NET ABSORPTION	28,307	43,650	45,267	21,193	51,662	-3,326
INLAND EMPIRE CAPTURE	4%	5%	8%	2%	7%	-3%
OCCUPIED SPACE	618,567	633,678	773,635	794,828	887,695	884,369
VACANT SPACE	305,854	476,665	336,708	314,774	282,196	287,550
FAIRMOUNT PARK						
SUPPLY	233,634	233,634	233,634	233,634	233,634	233,634
VACANCY RATE	18.6%	17.9%	13.2%	7.6%	17.7%	19.9%
AVERAGE ASKING LEASE RATE 3/	$1.12	$1.03	$1.42	$1.47	$1.23	$1.27
NET ABSORPTION	29,089	1,672	11,011	13,025	-25,025	-5,287
INLAND EMPIRE CAPTURE	4%	0%	2%	2%	-4%	-5%
OCCUPIED SPACE	190,113	191,785	202,796	215,821	192,357	187,070
VACANT SPACE	43,521	41,849	30,838	17,813	41,277	46,564
HUNTER PARK						
SUPPLY	1,519,662	1,524,887	1,524,972	1,523,514	1,549,576	1,549,576
VACANCY RATE	22.4%	16.2%	15.6%	13.6%	13.7%	11.3%
AVERAGE ASKING LEASE RATE 2/	$0.80	$0.89	$1.63	$1.67	$1.68	$1.66
NET ABSORPTION	66,301	137,763	40,485	29,533	11,302	40,067
INLAND EMPIRE CAPTURE	8%	16%	7%	3%	2%	36%
OCCUPIED SPACE	1,178,544	1,277,248	1,287,735	1,315,869	1,337,350	1,374,917
VACANT SPACE	341,118	247,639	237,237	207,645	212,226	174,659

Exhibit III-1

OFFICE MARKET TRENDS
INLAND EMPIRE REGION SUBMARKETS
1998-2003

REGION	1998	1999	2000	2001	2002	2003 1/
MAGNOLIA CENTER						
SUPPLY	965,930	933,341	904,871	914,871	930,371	930,371
VACANCY RATE	27.4%	22.8%	13.9%	10.1%	5.5%	7.3%
AVERAGE ASKING LEASE RATE 3/	$1.27	$1.27	$1.28	$1.29	$1.48	$1.51
NET ABSORPTION	-2,475	32,124	59,557	43,009	68,356	-16,547
INLAND EMPIRE CAPTURE	0%	4%	11%	5%	10%	-15%
OCCUPIED SPACE	700,798	720,788	779,126	822,135	878,988	862,441
VACANT SPACE	265,132	212,553	125,745	92,736	51,383	67,930
ONTARIO						
SUPPLY	–	–	–	1,965,605	1,989,310	2,005,005
VACANCY RATE	–	–	–	11.6%	7.3%	6.7%
AVERAGE ASKING LEASE RATE 2/	–	–	–	$1.65	$1.62	$1.78
NET ABSORPTION	–	–	–	160,321	11,634	20,578
INLAND EMPIRE CAPTURE	–	–	–	19%	2%	18%
OCCUPIED SPACE	–	–	–	1,736,821	1,845,068	1,871,097
VACANT SPACE	–	–	–	228,784	144,242	133,908
RANCHO CUCAMONGA						
SUPPLY	–	–	–	2,321,703	2,344,523	2,497,293
VACANCY RATE	–	–	–	14.2%	5.5%	9.8%
AVERAGE ASKING LEASE RATE 2/	–	–	–	$1.49	$1.61	$1.57
NET ABSORPTION	–	–	–	141,415	227,286	132,900
INLAND EMPIRE CAPTURE	–	–	–	16%	32%	118%
OCCUPIED SPACE	–	–	–	1,992,924	2,214,665	2,252,490
VACANT SPACE	–	–	–	328,779	129,858	244,803
TYLER AREA						
SUPPLY	284,881	284,881	284,881	284,881	284,881	284,881
VACANCY RATE	12.6%	12.6%	10.6%	9.5%	12.6%	12.6%
AVERAGE ASKING LEASE RATE 2/	$0.94	$0.94	$1.23	$1.21	$1.10	$1.10
NET ABSORPTION	1,222	0	5,736	-3,322	-36,803	0
INLAND EMPIRE CAPTURE	0%	0%	1%	0%	-5%	0%
OCCUPIED SPACE	248,870	248,870	254,606	257,928	248,925	248,925
VACANT SPACE	36,011	36,011	30,275	26,953	35,956	35,956

Exhibit III-1

OFFICE MARKET TRENDS
INLAND EMPIRE REGION SUBMARKETS
1998-2003

REGION	1998	1999	2000	2001	2002	2003 1/
NON-SUBMARKET AREA 3/						
SUPPLY	6,976,091	6,673,971	6,777,641	3,239,151	3,658,092	3,612,092
VACANCY RATE	21.5%	14.1%	13.9%	16.0%	10.8%	11.8%
AVERAGE ASKING LEASE RATE 2/	$1.10	$1.10	$1.51	$1.42	$1.48	$1.47
NET ABSORPTION	330,694	570,326	187,179	249,589	346,617	-12,392
INLAND EMPIRE CAPTURE	42%	66%	34%	29%	49%	-11%
OCCUPIED SPACE	5,479,342	5,732,330	5,834,856	2,719,642	3,264,086	3,184,094
VACANT SPACE	1,496,749	941,641	942,785	519,509	394,006	427,998

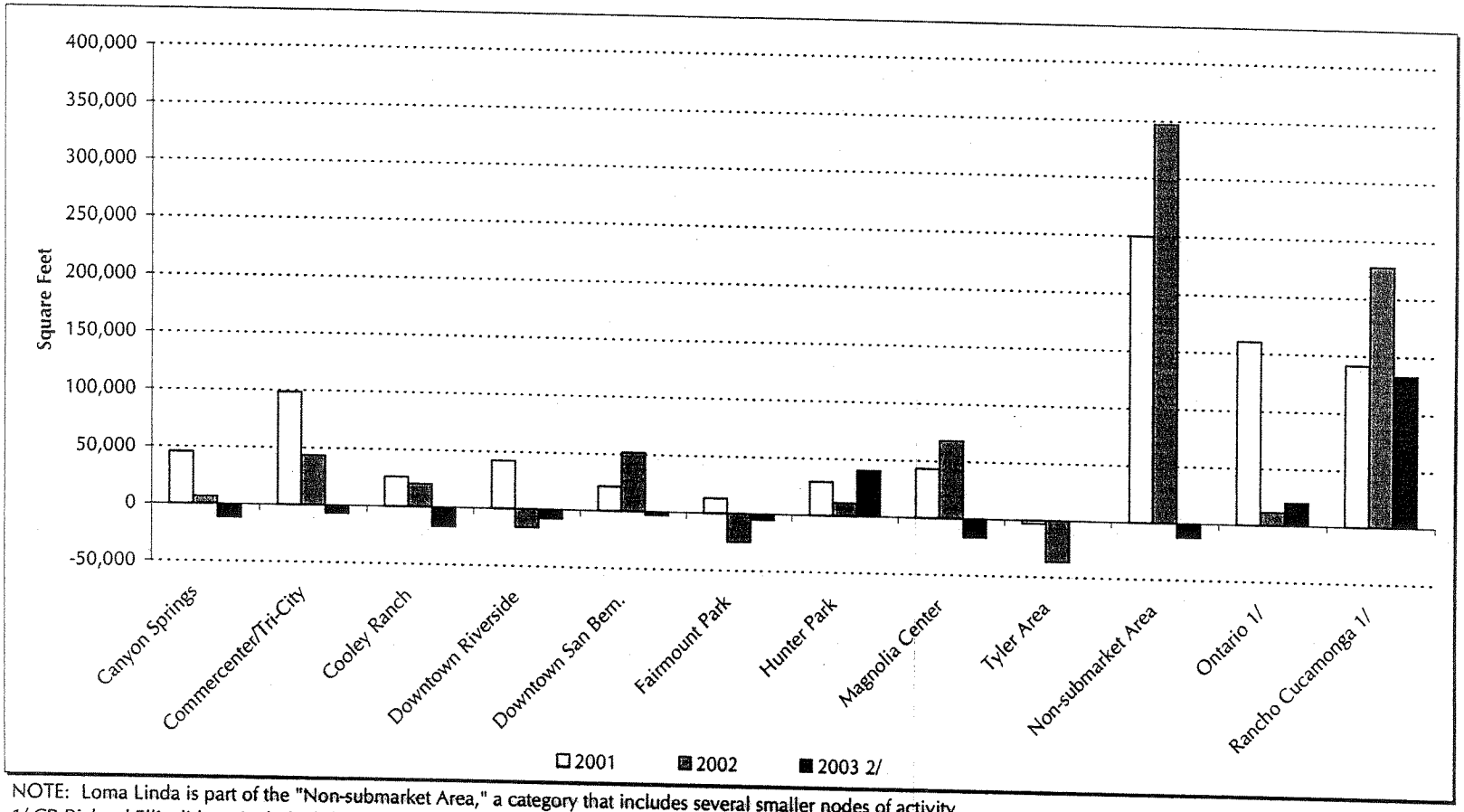
NOTE: CB Richard Ellis did not include the Ontario and Rancho Cucamonga submarkets prior to 2001.

1/ 2003 includes only First Quarter 2003 data.
2/ Lease rates are full service gross, per square foot, per month. Averages are weighted by the amount of vacant square feet
3/ Non-submarket area includes Grand Terrace, Mira Valley, Norco, Redlands, Rialto and Loma Linda.

SOURCE: CB Richard Ellis; Robert Charles Lesser & Co., LLC

Exhibit III-2

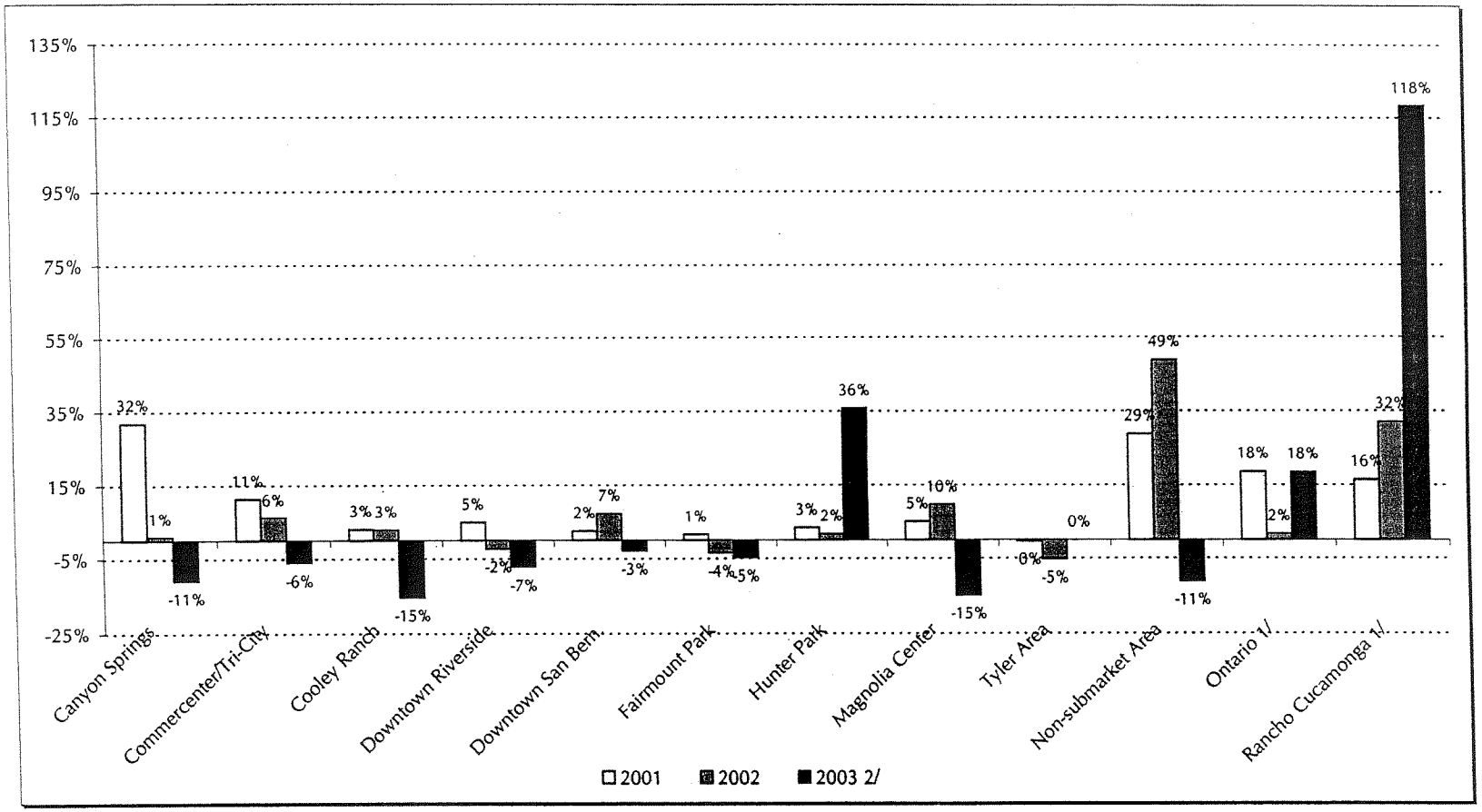
ANNUAL NET ABSORPTION
INLAND EMPIRE REGION OFFICE SUBMARKETS
ANNUAL NET ABSORPTION



NOTE: Loma Linda is part of the "Non-submarket Area," a category that includes several smaller nodes of activity.
1/ CB Richard Ellis did not include the Ontario and Rancho Cucamonga submarkets prior to 2001.
2/ 2003 includes only First Quarter 2003 data.
SOURCE: CB Richard Ellis; Robert Charles Lesser & Co., LLC

Exhibit III-3

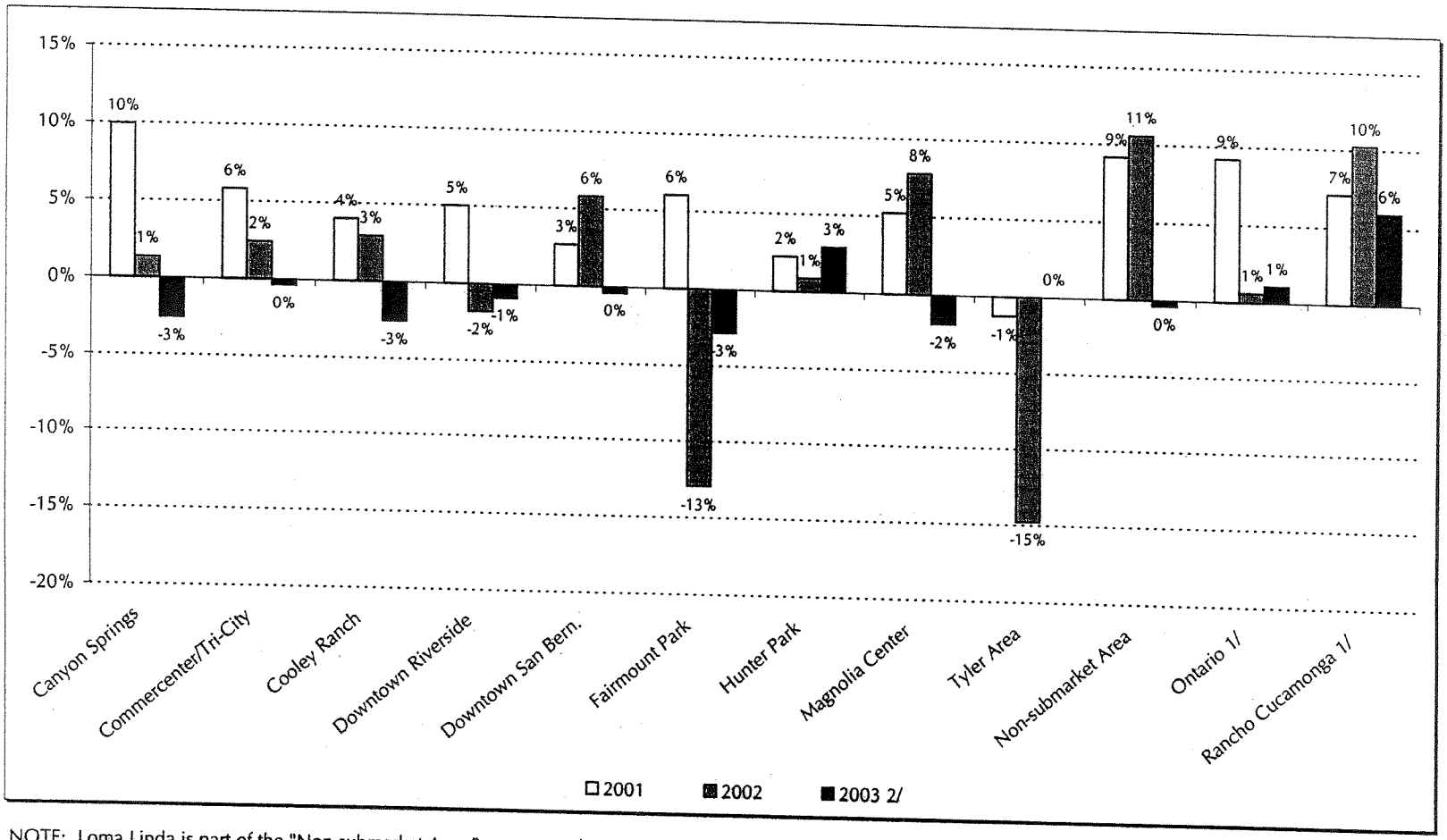
RELATIVE CAPTURE OF NET ABSORPTION
INLAND EMPIRE REGION OFFICE SUBMARKETS
2001-2003



NOTE: Loma Linda is part of the "Non-submarket Area," a category that includes several smaller nodes of activity.
1/ CB Richard Ellis did not include the Ontario and Rancho Cucamonga submarkets prior to 2001.
2/ 2003 includes only First Quarter 2003 data.
SOURCE: CB Richard Ellis; Robert Charles Lesser & Co., LLC

Exhibit III-4

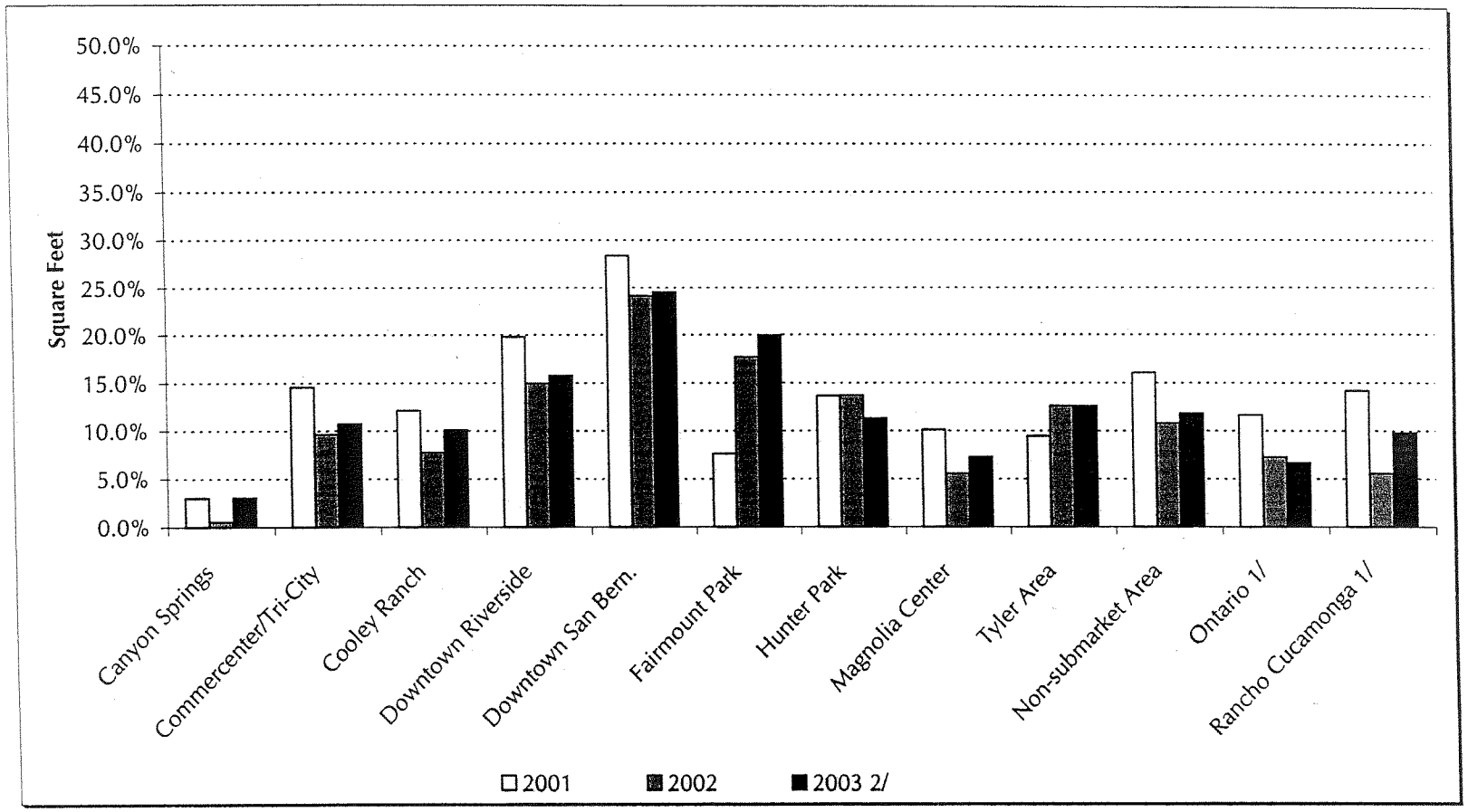
ANNUAL ABSORPTION AS A PERCENT OF OCCUPIED SPACE
INLAND EMPIRE REGION OFFICE SUBMARKETS
2001-2003



NOTE: Loma Linda is part of the "Non-submarket Area," a category that includes several smaller nodes of activity.
1/ CB Richard Ellis did not include the Ontario and Rancho Cucamonga submarkets prior to 2001.
2/ 2003 includes only First Quarter 2003 data.
SOURCE: CB Richard Ellis; Robert Charles Lesser & Co., LLC

Exhibit III-5

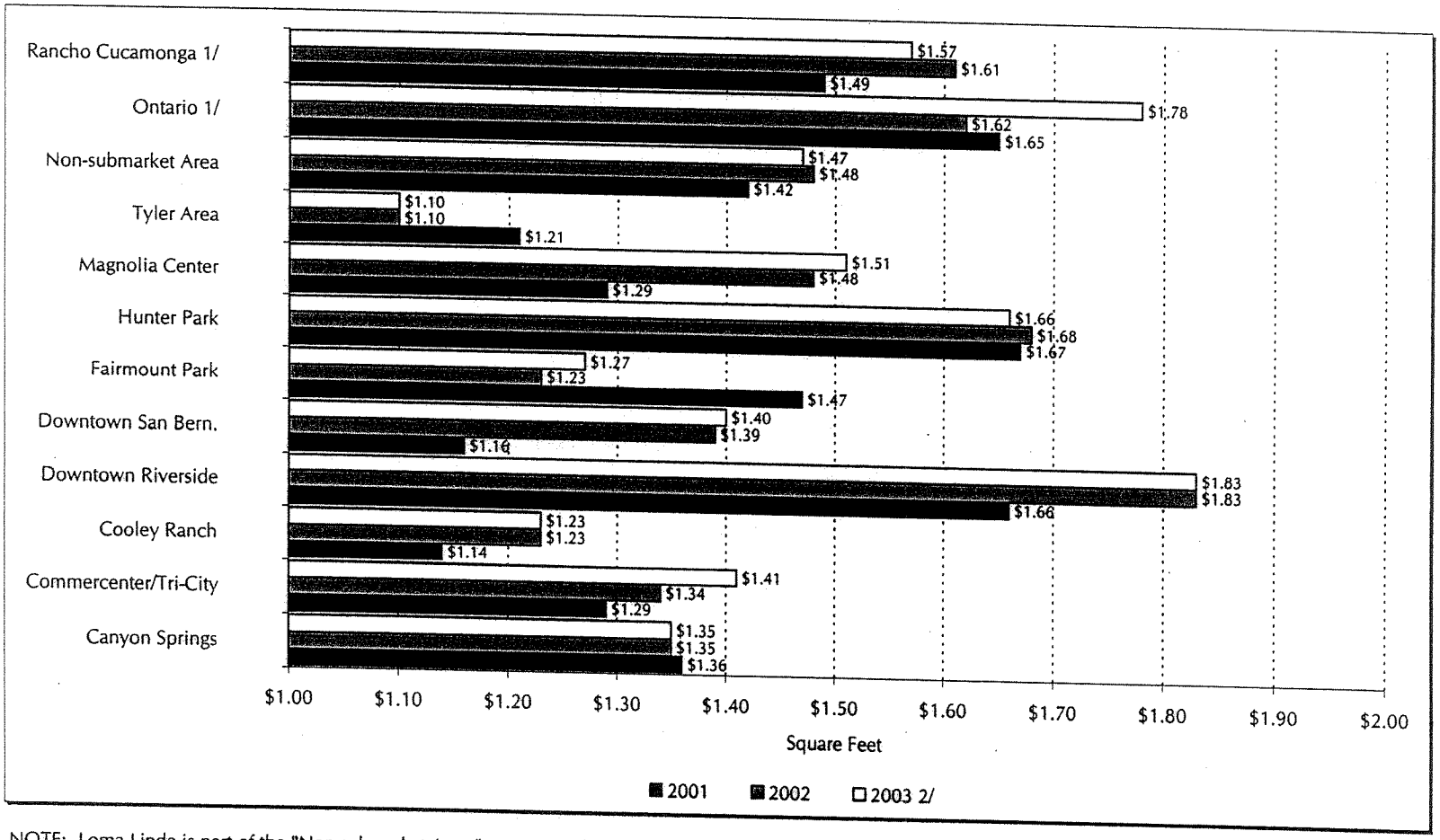
VACANCY RATES
INLAND EMPIRE REGION OFFICE SUBMARKETS
2001-2003



NOTE: Loma Linda is part of the "Non-submarket Area," a category that includes several smaller nodes of activity.
1/ CB Richard Ellis did not include the Ontario and Rancho Cucamonga submarkets prior to 2001.
2/ 2003 includes only First Quarter 2003 data.
SOURCE: CB Richard Ellis; Robert Charles Lesser & Co., LLC

Exhibit III-6

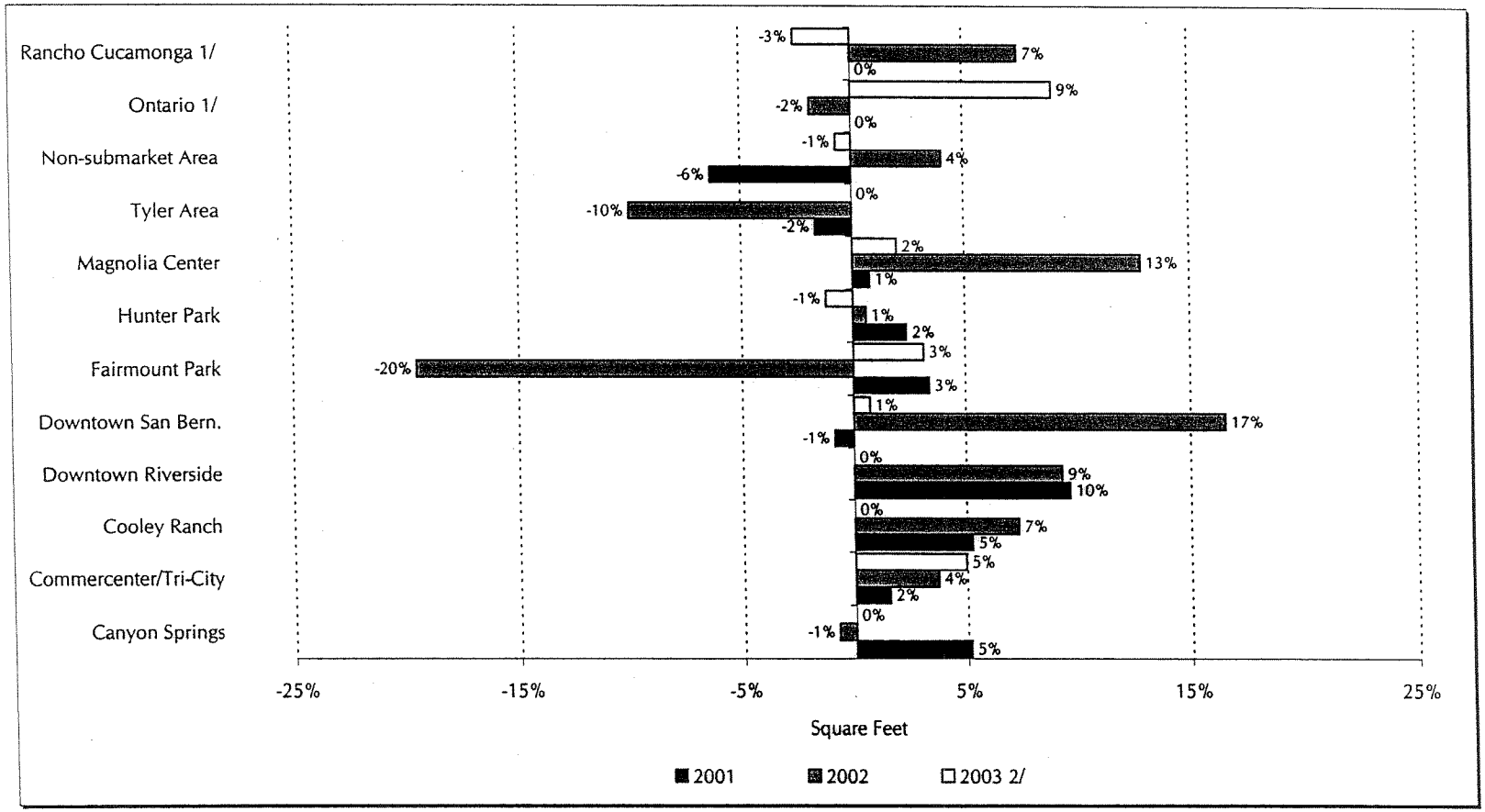
AVERAGE LEASE RATES
INLAND EMPIRE REGION SUBMARKETS
2001-2003



NOTE: Loma Linda is part of the "Non-submarket Area," a category that includes several smaller nodes of activity.
1/ CB Richard Ellis did not include the Ontario and Rancho Cucamonga submarkets prior to 2001.
2/ 2003 includes only First Quarter 2003 data.
SOURCE: CB Richard Ellis; Robert Charles Lesser & Co., LLC

Exhibit III-7

ANNUAL GROWTH IN LEASE RATES
INLAND EMPIRE REGION OFFICE SUBMARKETS
2001-2003



NOTE: Loma Linda is part of the "Non-submarket Area," a category that includes several smaller nodes of activity.
1/ CB Richard Ellis did not include the Ontario and Rancho Cucamonga submarkets prior to 2001.
2/ 2003 includes only First Quarter 2003 data.
SOURCE: CB Richard Ellis; Robert Charles Lesser & Co., LLC

Exhibit III-8

SELECTED OFFICE DEVELOPMENTS
LOMA LINDA COMPETITIVE MARKET AREA
JUNE 2003

	PROJECT NAME/ LOCATION/	MILES FROM SITE	YEAR BUILT	# BLDGS/ # FLOORS	TOTAL SPACE (SF)	AVAILABLE SPACE (SF)	OCCU-PANCY RATE	ASKING LEASE RATES	COMMENTS
1	**Citrus Business Center** 1174-1210 Nevada St. Redlands	0.8 miles	n/a	n/a	29,158	0	100%	TBD	
2	**10459 Mountain View Avenue** 10459 Mountain View Avenue Loma Linda	1.0 miles	1995	1	37,892	9,637	75%	$15.60	Converted to multi-tenant lease 2001
3	**25814-25834 Business Center** 25814-25834 Business Center Dr. Redlands	1.0 miles	n/a	n/a	22,056	8,064	63%	$15.00	
4	**10417 Mountain View Avenue** 10417 Mountain View Avenue Loma Linda	1.1 miles	1996	4	94,121	0	100%	N/A	Single-tenant lease
5	**Redlands Corporate Center II** Lugonia Ave. & Research Dr. Redlands	1.1 miles	n/a	n/a	102,507	36,879	64%	$5.04	
6	**Colton West** 1323 Colton Ave Redlands	1.4 miles	n/a	n/a	30,000	n/a	n/a	TBD	
7	**Regional Office Center I** 1615 Orange Tree Lane Redlands	1.5 miles	n/a	n/a	34,040	2,407	93%	$16.20	
	TOTAL/AVERAGE	**1.1 miles**			**315,734**	**54,580**	**83%**	**$11.88**	

NOTE: Distances are in driving miles from the intersection of Redlands Boulevard and California Street.

SOURCE: Lee and Associates; MapQuest; Robert Charles Lesser & Co., LLC

Exhibit III-9

PLANNED AND PROPOSED OFFICE DEVELOPMENTS
LOMA LINDA COMPETITIVE MARKET AREA
JUNE 2003

	PROPERTY NAME ADDRESS	MI. FROM SITE	ACRES 1/	ESTIMATED TOTAL SQ. FT 1/	STATUS	OWNER/ COMMENTS
LOMA LINDA						
1	**Corporate Plaza II** 10291 Mountain View Ave.	1.2	5.0 ac	97,800	Proposed	Available for preleasing
REDLANDS						
2	**Office Building** Orange Tree Lane and Nevada Street	0.9	1.5 ac	23,088	Plan check	Two-story building. Pence Construction is developer.
3	**Office Building** Idaho Street and Plum Lane	1.1	2.0 ac	38,960	Plan check	Two-story building. Berkson Realty Advisors is developer.
4	**Office Building** 1449 Redlands Boulevard	5.1	1.8 ac	10,775	Under construction	Imperial Industrial Group is developer
TOTAL (KNOWN)		2.1	10 ac	170,623		

1/ Where only acreage or square footage was known, an FAR of .45 was used to calculate acreage or estimated area.

SOURCE: Cushman & Wakefield; City of Loma Linda; City of Redlands; Robert Charles Lesser & Co., LLC

IV. INDUSTRIAL

Exhibit IV-1

INDUSTRIAL MARKET TRENDS
INLAND EMPIRE REGION SUBMARKETS
2000-2003

REGION	2000	2001	2002	2003 1/
INLAND EMPIRE TOTAL				
SUPPLY	230,074,862	249,561,256	261,607,496	268,273,019
VACANCY RATE	2.9%	4.6%	4.6%	4.7%
NET ABSORPTION	28,831,233	14,728,604	20,180,713	4,386,332
OCCUPIED SPACE	223,402,691	238,081,438	249,573,551	255,664,187
VACANT SPACE	6,672,171	11,479,818	12,033,945	12,608,832
INLAND EMPIRE EAST REGION				
SUPPLY	67,486,833	71,662,744	74,642,558	78,543,170
VACANCY RATE	2.3%	2.6%	2.8%	3.6%
NET ABSORPTION	5,298,292	3,856,949	3,221,200	2,327,754
OCCUPIED SPACE	65,934,636	69,799,513	72,552,566	75,715,616
VACANT SPACE	1,552,197	1,863,231	2,089,992	2,827,554
COLTON				
SUPPLY	4,744,156	5,574,096	5,618,823	5,618,823
VACANCY RATE	1.3%	0.5%	0.8%	0.8%
NET ABSORPTION	142,150	917,000	64,893	0
INLAND EMPIRE CAPTURE	0%	6%	0%	0%
INLAND EMPIRE EAST CAPTURE	3%	24%	2%	0%
OCCUPIED SPACE	4,681,876	5,544,516	5,573,996	5,573,996
VACANT SPACE	62,280	29,580	44,827	44,827
CORONA				
SUPPLY	20,434,753	21,906,597	22,393,289	22,929,416
VACANCY RATE	1.7%	4.9%	4.7%	3.6%
NET ABSORPTION	2,722,528	1,861,006	1,830,784	781,851
INLAND EMPIRE CAPTURE	9%	13%	9%	18%
INLAND EMPIRE EAST CAPTURE	51%	48%	57%	34%
OCCUPIED SPACE	20,097,223	20,824,210	21,347,903	22,102,007
VACANT SPACE	337,530	1,082,387	1,045,386	827,409

Exhibit IV-1

INDUSTRIAL MARKET TRENDS
INLAND EMPIRE REGION SUBMARKETS
2000-2003

REGION	2000	2001	2002	2003 1/
MORENO VALLEY				
SUPPLY	1,313,497	1,357,123	1,437,863	1,437,863
VACANCY RATE	19.1%	18.5%	17.5%	17.5%
NET ABSORPTION	300,210	0	0	0
INLAND EMPIRE CAPTURE	1%	0%	0%	0%
INLAND EMPIRE EAST CAPTURE	6%	0%	0%	0%
OCCUPIED SPACE	1,062,407	1,106,033	1,186,773	1,186,773
VACANT SPACE	251,090	251,090	251,090	251,090
PERRIS				
SUPPLY	3,299,793	3,377,537	3,443,464	3,505,284
VACANCY RATE	0.0%	0.0%	0.0%	0.0%
NET ABSORPTION	1,178,000	168,094	41,209	39,867
INLAND EMPIRE CAPTURE	4%	1%	0%	1%
INLAND EMPIRE EAST CAPTURE	22%	4%	1%	2%
OCCUPIED SPACE	3,299,793	3,377,537	3,443,464	3,505,284
VACANT SPACE	0	0	0	0
REDLANDS/LOMA LINDA				
SUPPLY	2,422,906	2,993,809	3,894,767	4,362,903
VACANCY RATE	6.4%	6.9%	7.2%	16.8%
NET ABSORPTION	61,285	631,438	849,798	0
INLAND EMPIRE CAPTURE	0%	4%	4%	0%
INLAND EMPIRE EAST CAPTURE	1%	16%	26%	0%
OCCUPIED SPACE	2,267,874	2,787,736	3,616,126	3,630,424
VACANT SPACE	155,032	206,073	278,641	732,479
RIALTO				
SUPPLY	3,112,801	4,425,974	4,586,054	5,875,356
VACANCY RATE	0.0%	0.0%	0.3%	0.2%
NET ABSORPTION	200,033	62,788	190,370	1,289,302
INLAND EMPIRE CAPTURE	1%	0%	1%	29%
INLAND EMPIRE EAST CAPTURE	4%	2%	6%	55%
OCCUPIED SPACE	3,112,801	4,425,974	4,573,104	5,862,406
VACANT SPACE	0	0	12,950	12,950

Exhibit IV-1

INDUSTRIAL MARKET TRENDS
INLAND EMPIRE REGION SUBMARKETS
2000-2003

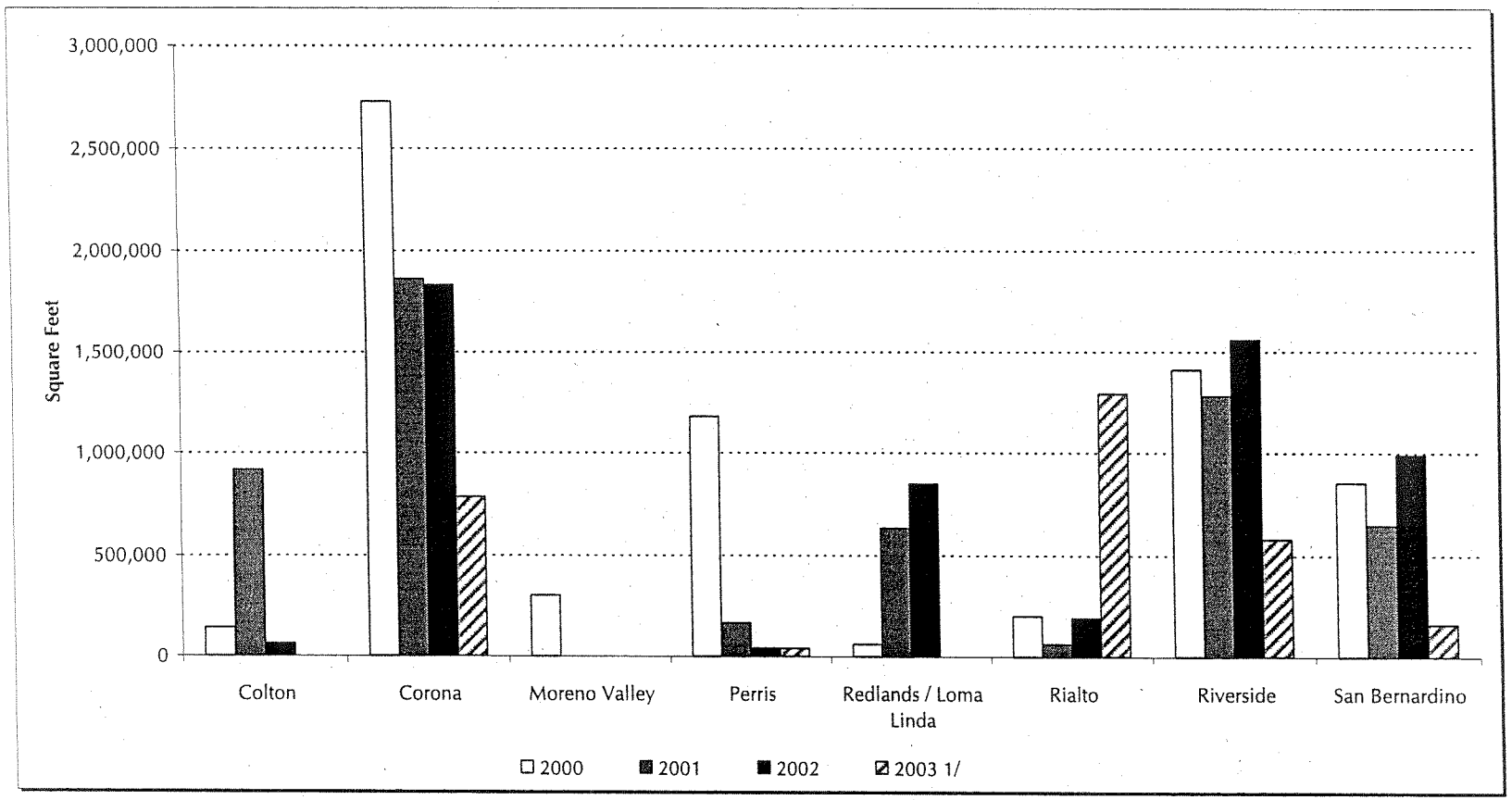
REGION	2000	2001	2002	2003 1/
RIVERSIDE				
SUPPLY	22,752,533	22,534,392	23,610,351	24,505,478
VACANCY RATE	1.9%	1.1%	1.0%	3.1%
NET ABSORPTION	1,410,400	1,280,322	1,558,879	580,127
INLAND EMPIRE CAPTURE	5%	9%	8%	13%
INLAND EMPIRE EAST CAPTURE	27%	33%	48%	25%
OCCUPIED SPACE	22,320,396	22,285,194	23,364,501	23,757,772
VACANT SPACE	432,137	249,198	245,850	747,706
SAN BERNARDINO				
SUPPLY	9,406,394	9,493,216	9,657,947	10,308,047
VACANCY RATE	3.1%	0.3%	2.2%	1.7%
NET ABSORPTION	853,554	647,172	991,013	160,692
INLAND EMPIRE CAPTURE	3%	4%	5%	4%
INLAND EMPIRE EAST CAPTURE	16%	17%	31%	7%
OCCUPIED SPACE	9,113,557	9,461,676	9,444,390	10,129,238
VACANT SPACE	292,837	31,540	213,557	178,809

NOTE: Market-wide net absorption figures for Inland Empire and Inland Empire-East differ slightly from the submarket-level absorption, as submarket absorption is reported as gross absorption.
1/ 2003 represents market data through the first quarter of 2003.

SOURCE: CB Richard Ellis; Robert Charles Lesser & Co., LLC

Exhibit IV-2

ANNUAL NET ABSORPTION
INLAND EMPIRE REGION INDUSTRIAL SUBMARKETS
2000-2003

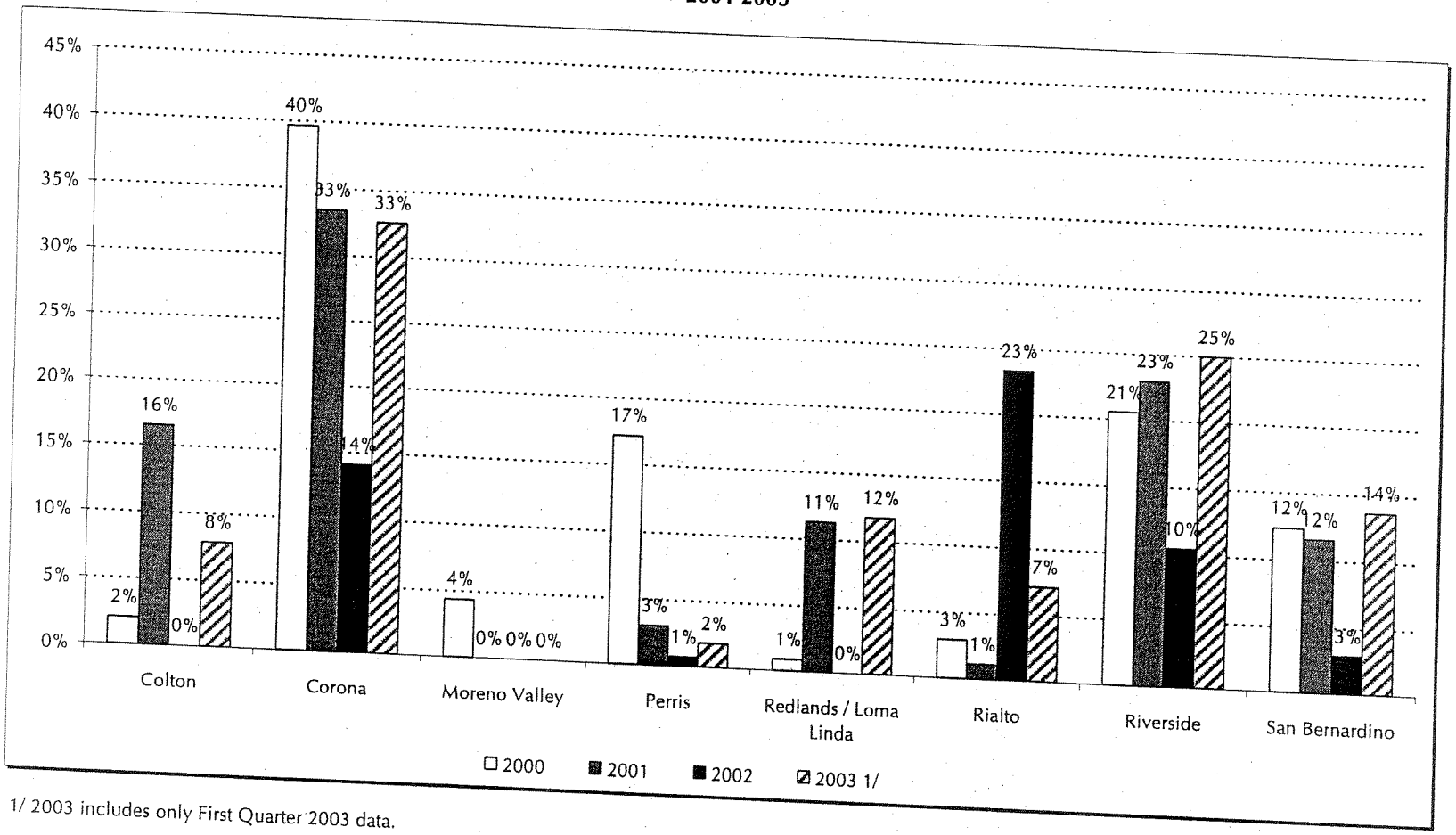


1/ 2003 includes only First Quarter 2003 data.

SOURCE: CB Richard Ellis; Robert Charles Lesser & Co., LLC

Exhibit IV-3

RELATIVE CAPTURE OF NET ABSORPTION
INLAND EMPIRE REGION INDUSTRIAL SUBMARKETS
2001-2003

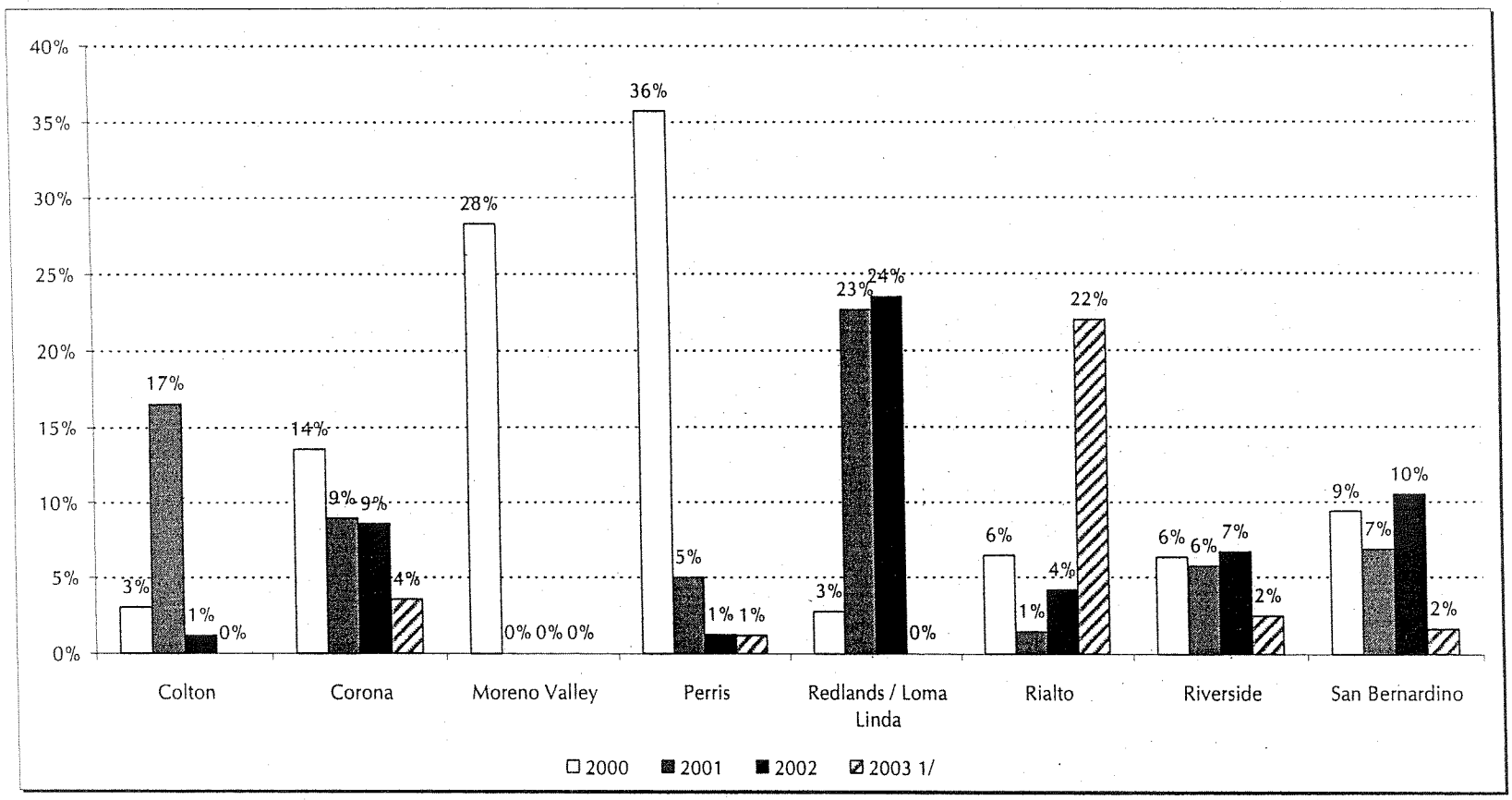


1/ 2003 includes only First Quarter 2003 data.

SOURCE: CB Richard Ellis; Robert Charles Lesser & Co., LLC

Exhibit IV-4

ANNUAL ABSORPTION AS A PERCENT OF OCCUPIED SPACE
INLAND EMPIRE REGION INDUSTRIAL SUBMARKETS
2001-2003

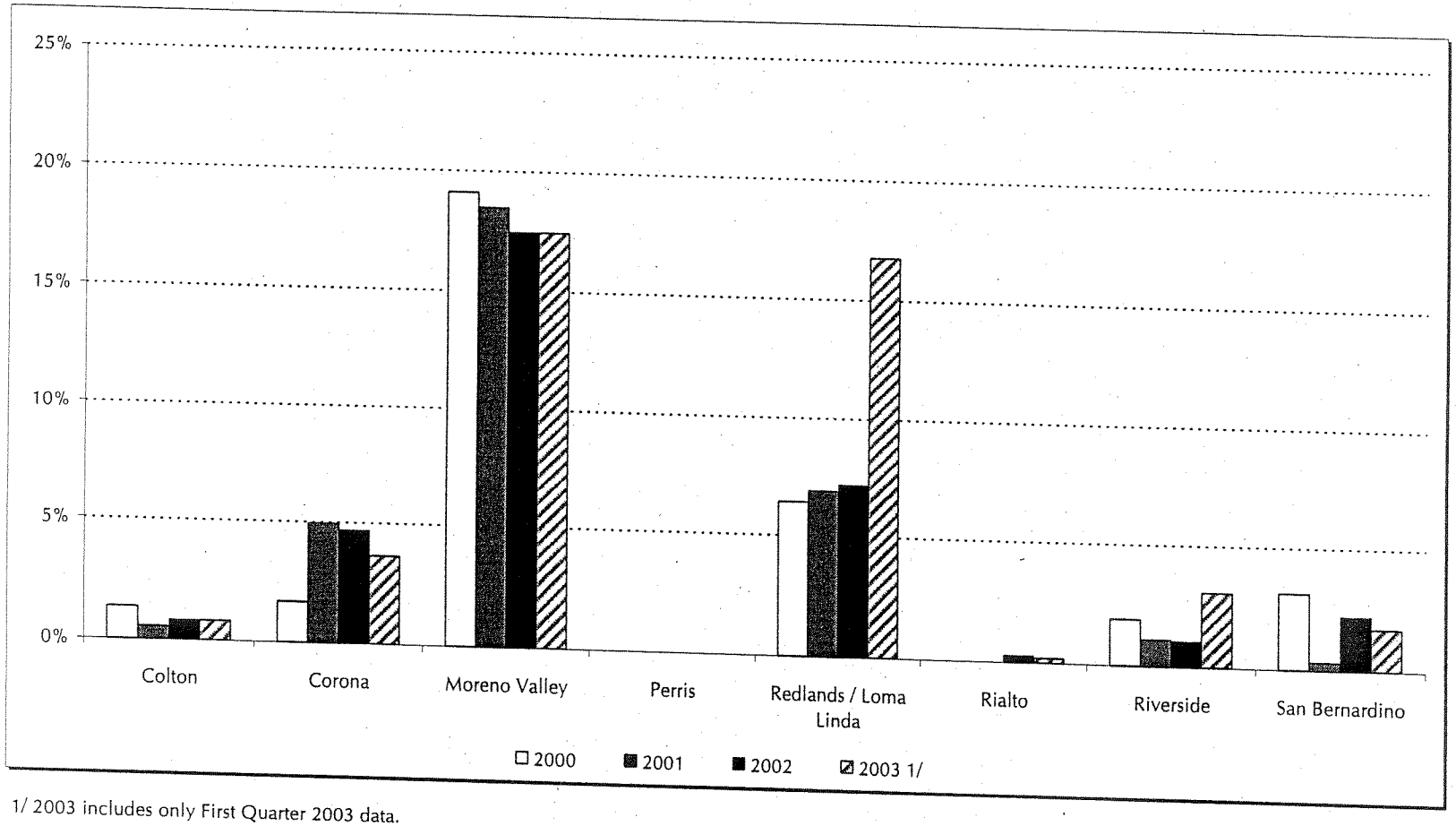


1/ 2003 includes only First Quarter 2003 data.

SOURCE: CB Richard Ellis; Robert Charles Lesser & Co., LLC

Exhibit IV-5

VACANCY RATES
INLAND EMPIRE REGION INDUSTRIAL SUBMARKETS
2001-2003



1/ 2003 includes only First Quarter 2003 data.

SOURCE: CB Richard Ellis; Robert Charles Lesser & Co., LLC

V. RETAIL

Exhibit V-1

COMPETITIVE NEIGHBORHOOD AND COMMUNITY SHOPPING CENTERS
FIVE-MILE TRADE AREA
JUNE 2003

NAME/ ADDRESS	SIZE (GLA)	YR. OPEN/ RENOVATION	MI. FROM SITE 4/	AC.	NUMBER OF STORES	OCCUP.	AVG. LEASE RATES	ANCHOR TENANTS	SQUARE FOOTAGE
WAL-MART SHOPPING CENTER NEC W. Redlands Blvd. & California St. Redlands 92373 Community	250,000	1991	0.2 miles	26	n/a	99%	$1.50 $.30 NNN	Food 4 Less 1/ Wal-Mart	50,000 125,000
THE COURTYARD Redlands Blvd. Loma Linda 92354 Neighborhood	25,158	1988	1.0 miles	n/a	11	n/a	n/a	–	–
LOMA LINDA PLAZA SWC Barton Rd. & Mountain View Ave. Loma Linda 92354	n/a	n/a	1.0 miles	n/a	n/a	n/a	$1.20 $.25 NNN	Stater Brothers 1/	50,000
BROOKSIDE PLAZA Barton Rd. & Alabama St. Redlands 92373 Community	102,000	1991	1.5 miles	n/a	31	60%	n/a	Stater Brothers 1/	50,000
LOMA LINDA TOWN PLAZA NEC Anderson & Redlands Blvd. Loma Linda 92354 Neighborhood	30,000	1991	2.0 miles	n/a	14	73%	$1.00	–	–
CITRUS VILLAGE NWC Redlands Blvd. & Palm Ave. Redlands 92373 Community	160,000	1999	2.5 miles	14	24	95%	$1.50-$2.25	Albertsons Rite Aid Pharmacy 24 Hour Fitness	65,000 17,710 19,149
ORANGE STREET PLAZA SEC Orange St. & Pearl Ave. Redlands 92374 Community	125,000	2003	2.5 miles	10	20	95%	n/a	Office Depot Trader Joe's Vons Supermarket Wherehouse Music	23,672 5,619 43,279 5,236

Exhibit V-1

COMPETITIVE NEIGHBORHOOD AND COMMUNITY SHOPPING CENTERS
FIVE-MILE TRADE AREA
JUNE 2003

NAME/ ADDRESS	SIZE (GLA)	YR. OPEN/ RENOVATION	MI. FROM SITE 4/	AC.	NUMBER OF STORES	OCCUP.	AVG. LEASE RATES	ANCHOR TENANTS	SQUARE FOOTAGE
UNIVERSITY PLAZA SHOPPING CENTER Lugonia Ave. & Church St. Redlands 92373 Neighborhood	50,000	1964	2.5 miles	5	10	100%	n/a	Save More Food Mart	21,500
COOLEY PLAZA Washington St. & Cooley Dr. Colton 92324 Neighborhood	94,952	1990	4.0 miles	n/a	4	100%	WND	Stater Brothers Supermarket	35,232
CENTRE POINTE AT COLTON Washington St. & Mt. Vernon Ave. Colton 92324 Community	240,000	1991	5.0 miles	40	25	97%	n/a	Wal-Mart	125,000 n/a
PLAZA LAS GLORIAS SWC Mt. Vernon Ave. & Olive St. Colton 92324 Neighborhood	n/a	1994	5.0 miles	13	17	n/a	n/a	Farm Fresh Rite Aid Pharmacy The Mart	31,152 20,250
GRAND TERRACE SHOPPING CENTER SWC Barton Rd. & Mt. Vernon Ave. Grand Terrace 92324 Neighborhood	61,226	1974	5.5 miles	7	16	75%	n/a	Stater Brothers Supermarket	25,556
TOTAL NEIGHBORHOOD SHOPPING WITHIN 2 MILES	**407,158**	**AVG. DIST.**	**1.1 miles**						

1/ Estimate based on industry averages for grocery stores.

NOTE: All average lease rates are quoted monthly per square foot triple-net.

SOURCE: National Research Bureau, "Shopping Center Directory – West 2002"; Mapquest; Robert Charles Lesser & Co., LLC

Exhibit V-2

COMPETITIVE ANALYSIS OF LOCAL GROCERY AND DRUG STORES
TRADE AREA OF UNIVERSITY VILLAGE/ORCHARD PARK
JUNE 2003

STORE	CENTER NAME/ LOCATION	MILES FROM SITE	SIZE (S.F.)	SCENARIO 1 COMPETITION 1/ PERCENT	SCENARIO 1 COMPETITION 1/ SQ. FT	SCENARIO 2 COMPETITION PERCENT	SCENARIO 2 COMPETITION SQ. FT.
GROCERY STORES							
Food 4 Less 2/	Wal-Mart Shopping Center	0.2	50,000	100%	50,000	100%	50,000
Wal-Mart 2/	Wal-Mart Shopping Center	0.2	50,000	100%	50,000	100%	50,000
Stater Brothers 2/	Barton/Mtn. View	1.0	50,000	100%	50,000	100%	50,000
Stater Brothers 2/	Brookside Plaza	1.5	50,000	100%	50,000	100%	50,000
Clarks Nutrition	Mountain View at Barton	2.1	25,000	0%	0	75%	18,750
Albertsons	Citrus Village	2.5	65,000	0%	0	75%	48,750
Vons	Orange Street Plaza	2.5	43,279	0%	0	75%	32,459
Trader Joe's	Orange Street Plaza	2.5	5,619	0%	0	75%	4,214
Save More Food Mart	University Plaza Shopping Center	2.5	21,500	0%	0	75%	16,125
Stater Brothers	Cooley Plaza	4.0	35,232	0%	0	25%	8,808
Wal Mart	Centre Pointe at Colton	5.0	50,000	0%	0	0%	0
Farm Fresh	Plaza Las Glorias	5.0	31,152	0%	0	0%	0
Stater Brothers	Grand Terrace	5.5	25,556	0%	0	0%	0
TOTAL			502,338	40%	200,000	66%	329,107
DRUG STORES							
Rite Aid Pharmacy	Mountain View Plaza	2.0	20,000	100%	20,000	100%	20,000
Rite Aid Pharmacy	Citrus Village	2.5	17,710	0%	0	75%	13,283
Rite Aid Pharmacy	Plaza Las Glorias	5.0	20,250	0%	0	25%	5,063
TOTAL			57,960	35%	20,000	66%	38,345

NOTE: Trade area for grocery stores is typically two miles. A larger format superstore like Wal-Mart can draw from an even larger geographic area (approximately three miles).
1/ Based on competition analysis, the overlap between trade areas is such that competition for demand (and thus support of grocery and drug stores) diminishes with distance.
2/ Size of these grocery stores based on industry averages.
SOURCE: National Research Bureau, "Shopping Center Directory – West 2002"; MapQuest; Robert Charles Lesser & Co., LLC

Exhibit V-3

COMPETITIVE ANALYSIS OF SHOPPING CENTERS
COMPETITIVE TRADE AREA
JUNE 2003

CENTER NAME/ LOCATION	MILES FROM SITE	SIZE (S.F.)	SCENARIO 1 COMPETITION		SCENARIO 2 COMPETITION 1/	
			%	SPACE (SF)	%	SPACE (SF)
WAL-MART SHOPPING CENTER NEC W. Redlands Blvd. & California St. Redlands 92373	0.2 miles	250,000	100%	250,000	100%	250,000
THE COURTYARD Redlands Blvd. Loma Linda 92354 Neighborhood	1.0 miles	25,158	100%	25,158	100%	25,158
BROOKSIDE PLAZA Barton Rd. & Alabama St. Redlands 92373 Community	1.5 miles	102,000	100%	102,000	100%	102,000
LOMA LINDA TOWN PLAZA NEC Anderson & Redlands Blvd. Loma Linda 92354 Neighborhood	2.0 miles	30,000	100%	30,000	100%	30,000
CITRUS VILLAGE NWC Redlands Blvd. & Palm Ave. Redlands 92373 Community	2.5 miles	160,000	75%	120,000	100%	160,000
ORANGE STREET PLAZA SEC Orange St. & Pearl Ave. Redlands 92374 Community	2.5 miles	125,000	75%	93,750	100%	125,000

Exhibit V-3

COMPETITIVE ANALYSIS OF SHOPPING CENTERS
COMPETITIVE TRADE AREA
JUNE 2003

CENTER NAME/ LOCATION	MILES FROM SITE	SIZE (S.F.)	SCENARIO 1 COMPETITION		SCENARIO 2 COMPETITION 1/	
			%	SPACE (SF)	%	SPACE (SF)
UNIVERSITY PLAZA SHOPPING CENTER Lugonia Ave. & Church St. Redlands 92373 Neighborhood	2.5 miles	50,000	75%	37,500	100%	50,000
COOLEY PLAZA Washington St. & Cooley Dr. Colton 92324 Neighborhood	4.0 miles	94,952	0%	0	0%	0
CENTRE POINTE AT COLTON Washington St. & Mt. Vernon Ave. Colton 92324 Community	5.0 miles	240,000	0%	0	0%	0
PLAZA LAS GLORIAS SWC Mt. Vernon Ave. & Olive St. Colton 92324	5.0 miles	n/a	0%	n/a	0%	n/a
GRAND TERRACE SHOPPING CENTER SWC Barton Rd. & Mt. Vernon Ave. Grand Terrace 92324 Neighborhood	5.5 miles	61,226	0%	0	0%	0
	2.9 miles	**1,138,336**		**658,408**		**742,158**

NOTE: Does not include stand-alone grocery and drug stores, including Rite Aid at Mountain View Plaza and Clarks Nutrition.
1/ Based on competition analysis, the overlap between trade areas is such that competition for demand (and thus support of regional shopping centers) diminishes with distance.
SOURCE: Robert Charles Lesser & Co., LLC

Exhibit V-4A

DEMAND POTENTIAL FOR NEIGHBORHOOD SHOPPING CENTER ANCHOR TENANTS
SUBJECT SITE COMPETITIVE MARKET AREA
AGGRESSIVE SCENARIO
2002 - 2007

DEMAND POTENTIAL	COMPETITIVE MARKET AREA 2002	2007
TRADE AREA 1/		
Population	28,591	29,762
Per Capita Income	$23,360	$26,866
GROCERY STORE		
Demand		
Percent of Per Capita Income Spent on Groceries 2/	9.0%	9.0%
Total Demand Potential	$60,109,700	$71,962,700
Net Supportable Grocery Store Potential (sq. ft.) 3/	176,800	211,700
Supply		
Existing Competitive Space (sq. ft.)	200,000	200,000
Demand Potential		
Net Unmet Demand (sq. ft.)	(23,200)	11,700
Net Unmet Demand, Supportable New Stores 4/	**(0.5)**	**0.2**
DRUG STORES		
Demand		
Percent of Per Capita Income Spent at Drug Stores 2/	1.4%	1.4%
Total Demand Potential	$9,350,400	$11,194,200
Supply		
Net Supportable Drug Store Potential (sq. ft.) 5/	30,700	36,700
Existing Space (sq. ft.) 6/	20,000	40,000
Demand Potential		
Net Unmet Demand (sq. ft.)	10,700	-3,300
Net Unmet Demand, Supportable New Stores 7/	**0.5**	**(0.2)**

1/ Trade Area is defined as the area within two miles of the intersection of Redlands Blvd. and California St.
2/ Bureau of Labor Statistics "Consumer Spending Survey"
3/ Assumes sales per square foot requirement of $385 which is the median sales figure for grocery stores in neighborhood centers in the Western US.
4/ Assumes a grocery store of 50,000 square feet.
5/ Assumes sales per square foot requirement of $432 which is the median sales figure for drugstores in neighborhood centers in the Western US.
6/ Assumes planned Sav-On drugstore will add 20,000 square feet of drug store space during this period.
7/ Assumes a drug store of 20,000 square feet.

SOURCE: Claritas; U.S. Department of Commerce; "Dollars & Cents of Shopping Centers, 2000," Urban Land Institute; Robert Charles Lesser & Co., LLC

Exhibit V-4B

DEMAND POTENTIAL FOR NEIGHBORHOOD SHOPPING CENTER ANCHOR TENANTS
SUBJECT SITE COMPETITIVE MARKET AREA
CONSERVATIVE SCENARIO
2002 - 2007

DEMAND POTENTIAL	COMPETITIVE MARKET AREA 2002	2007
TRADE AREA 1/		
Population	28,591	29,762
Per Capita Income	$23,360	$26,866
GROCERY STORE		
Demand		
Percent of Per Capita Income Spent on Groceries 2/	9.0%	9.0%
Total Demand Potential	$60,109,700	$71,962,700
Net Supportable Grocery Store Potential (sq. ft.) 3/	176,800	211,700
Supply		
Existing Competitive Space (sq. ft.)	329,107	329,107
Demand Potential		
Net Unmet Demand (sq. ft.)	(152,300)	(117,400)
Net Unmet Demand, Supportable New Stores 4/	**(3.0)**	**(2.3)**
DRUG STORES		
Demand		
Percent of Per Capita Income Spent at Drug Stores 2/	1.4%	1.4%
Total Demand Potential	$9,350,400	$11,194,200
Supply		
Net Supportable Drug Store Potential (sq. ft.) 5/	30,700	36,700
Existing Space (sq. ft.)	38,345	58,345
Demand Potential		
Net Unmet Demand (sq. ft.)	-7,645	-21,645
Net Unmet Demand, Supportable New Stores 6/	**(0.4)**	**(1.1)**

1/ Trade Area is defined as the area within two miles of the intersection of Redlands Blvd. and California St.
2/ Bureau of Labor Statistics "Consumer Spending Survey"
3/ Assumes sales per square foot requirement of $385 which is the median sales figure for grocery stores in neighborhood centers in the Western US.
4/ Assumes a grocery store of 50,000 square feet.
5/ Assumes sales per square foot requirement of $432 which is the median sales figure for drugstores in neighborhood centers in the Western US.
6/ Assumes a drug store of 20,000 square feet.

SOURCE: Claritas; U.S. Department of Commerce; "Dollars & Cents of Shopping Centers, 2000," Urban Land Institute; Robert Charles Lesser & Co., LLC