

Sterling Gateway, L.P.  
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(435)655-0890, (866)902-2758 fax

Mr. Steve Burger  
Los Angeles County Department of Public Works  
900 S. Fremont Ave.  
Los Angeles, Ca 91803-1331

Re: Sterling Gateway-PM 060030

Dear Steve,

We have reviewed the Draft Westside Bridge and Major Thoroughfare Construction Fee District Report dated February, 2011

Referenced below are our comments to the draft report which were also discussed at our meeting on June 3, 2011 which was also attended by Ron Horn and Chuck Moore.

General questions/comments:

Sterling Gateway has always been an independent family project and we do not want to become associated or encumbered by the Newhall Ranch project except to be good neighbors.

We believe consideration should be given to keeping our project separate from this plan and under the same B&T conditions as the adjacent Valencia Commerce Center.

We must be able to compete with the adjacent Valencia Commerce Center and should pay B & T fees that are consistent with adjacent properties.

We have asked Sikand to research the approved conditions for Valencia Commerce Center maps #'s 26363 & 19784 which are directly adjacent to our project.

The conditions of approval for these maps list the B & T fees at \$3,400 to \$3,000 per FDU, which is substantially less than the established Magic B & T fees, estimated at \$10,000/FDU. Could you please explain the difference?

The Sterling Gateway PM 060030 & "Exhibit A" has been approved with a detailed building plan layout for construction of 1,300,000 Sq. ft of gross building area.

The estimated total build out of this project is expected to be 3-5 years.

The Intersection & Interchange designation improvements referenced in the established Magic Mountain B & T District and referenced in our conditions of approval and Mitigation Monitoring Plan fully mitigated the impacts of our project.

We feel our project should be "grandfathered" for these impacts, which have not and will never change. Since there is a substantially increase caused by the Newhall Ranch project, this supports our project under the "Special Case" method.

It is our understanding the proposed district will not impact the approved traffic study and MMP for our project.

It was always our understanding that the Newhall Ranch Project would have its own separate traffic mitigation plan.

With the proposed inclusion of our project into the Westside Newhall Ranch specific plan area(for traffic), what effect do actions involving the Newhall Ranch project and Newhall Land potentially have on our project?

With the uncertainty of Newhall Ranch, how will this impact the proposed fully funded district?

What if the Newhall Ranch project continues to be delayed for whatever reason?

Projected build out timeline of Newhall Ranch? 20 years? 30 years? 40 years?

What if sufficient fees for constructing improvements are not collected as a result of continued delays in progress of Newhall Ranch?

What if the Newhall Ranch project changes in proposed size and scope?

The plan provides for a “fully” funded district assuming 100% build out of the Newhall Ranch. We will be required to pay our full fair share prior to issuance of building permits. We also understand that, If the size and scope of Newhall Ranch changes (reduces) that less district improvements will be required thus reducing the fees. If Sterling Gateway has paid fees, there should be a provision to receive reimbursement for overpayment of fees.

Specific Report Item questions:

P. 4 Map- Our project listed as “Pending”.

Our Project is actually “Approved”

We went to great detail in design and approval of our PM 060030 & “Exhibit “A” (building layout).

We request project be listed as approved.

Note: Our project must compete with the adjacent Valencia Commerce Center properties including LNR/ project No. 26363 which we understand may have secured an agreement with LA County prior to approval which capped B & T fees at \$10,000/FDU (Approved conditions say \$3,400/FDU). Could you please explain the difference, and what was actually paid?

This project is currently not built.

We believe a majority (if not all) of the adjacent Valencia Commerce Center property B&T obligations were at or below \$10,000/FDU.

Could you please confirm this?

The Sterling Gateway project should be obligated to pay comparable fair share B & T fees as other industrial properties within this zone. This is only fair.

P.5. A. Authority-“owners of more than one half of the area of property to be benefited by the improvements(s) file written protest.”

I believe we are the only other private property owner other than Newhall in the proposed district.

This seems to give Newhall Land 100% control over any final say on all decisions regarding district, i.e.: majority rules.

How can LA County assure that Sterling Gateway's "fairness" interest will be protected from a potential conflict with Newhall Ranch interest?

If we comply with the established Magic Mountain B & T District we would be protected and obligated to pay the same fees as the other properties approved under this plan.

P. 7 -Existing Circulation and proposed improvements: "The Westside B & T district is proposed as a full mitigation district".

The previously Established Magic Mtn B & T district was a full mitigation district and our project was approved under this assumption. We request that we be grandfathered under this plan, as this was the basis of our conditions of approval.

\*\*P. 8-19 Table 2: It is our understanding that all of the improvements proposed in the Magic Mountain B & T District are now included in the proposed Westside B & T district?

\*\*We would also like confirmation that all of the improvements required to be in place prior to issuance of building permits on the Sterling Gateway project are included in the proposed improvements of the Westside B & T District.

\*\*Our contribution to the Westside B & T district fees should cover 100% of the required traffic mitigation improvements as listed in our MMP and attached letter from Public Works dated June 20, 2007.

Please cross reference these improvements with those listed in the proposed Westside B & T district plan on pages 8-19.

Add additional language such as "Stripping" or other appropriate language to cover the improvements in 6/20/2007 letter.

Are the Sterling Gateway "fair share" percentages of costs for items referenced in the above referenced June 20, 2007 letter consistent with the fair share percentages and costs of these items in the proposed Westside B & T district?

Why should we be obligated to contribute to future improvements to the Newhall Ranch project that is project to be constructed many years from now?

P. 20- Boundary:

Our project actually abuts the Castaic B & T District.

We feel the fees should be comparable between the various districts.

We understand the Castaic B & T fees are less (18,000/FDU) than proposed Westside B & T Fees (\$21,400/FDU).

P. 24-FDU's assigned to Industrial Based on "Gross Acres"

This method is not applicable (or fair) in the case of our project.

Our site is 117 Gross Acres, however approx. 73 of the 117 acres are "Lands with Physical Development Constraints".

See approved TPM 060030 and Exhibit "A" (building layout) which highlights the restricted use areas. The areas are; Fault zones, landslides, setbacks, preserved open space and fuel modification areas.

These restricted use areas can never be used and will never increase the density of the site above the approved Gross Building Square Footage of 1,300,000. This would make our project financial infeasible and impossible to compete with similar properties in the Commerce Center area.

**\*\*P. 24-26 SPECIAL CASES:**

In the case of our project and as a matter of law this is the only relevant way to accurately determine the fair share impacts of our project.

The basis for the approval of our project and traffic related impacts were the approved traffic studies and mitigation measures assuming trip counts based on the maximum Gross Building Square Footage of 1,300,000.

See attached Austin-Foust memo dated June 9, 2011.

These fees will be paid at building permit issuance.

This can be verified by Austin Foust Associates and the approved traffic reports for our project.

I believe this also serves the intent and "fairness" of the Westside B & T District Plan to establish impacts on a per unit basis, i.e.; 1 dwelling unit & Gross Building Square footage.

Pursuant to the Industrial "Total District Fee Obligation" on Page 26,

The Sterling Gateway project total fee obligation would be as follows:

1,300,000 Gross building square feet

Total District Fee Obligation= 29,403 X 3 (FDU) X \$21,400/FDU= \$2,838,485.86

We believe this fee would still be higher than the comparable, competing properties in the Valencia Commerce Center.

P. 27- Non-Typical Cases

This provision gives Los Angeles County the discretion to consider special calculations for non-typical land uses such as the case with PM 060030.

This plan provides for two (2) methods for determining B & T fees.

Our project clearly falls into the "Special Cases" category, which would base the fees on the above referenced method.

P. 38- Attachment C-Development Analysis:

This analysis does not accurately represent the fair developable area of our PM 060030 and should be changed to reflect the "Special Cases" determination.

We appreciate the opportunity to review the draft report prior to submittal to the board for approval and look forward to working with you on our requested changes.

Please get back to me at your earliest convenience with any questions you may have.

Regards,



R. Hunt Williams



**MEMORANDUM**

**TO:** Hunt Williams, Sterling Gateway, L.P.

**FROM:** Daryl Zerfass, P.E.

**DATE:** June 9, 2011

**SUBJECT: STERLING GATEWAY (TPM 060030) PROJECT DESCRIPTION**

Austin-Foust Associates, Inc. prepared a traffic impact analysis for the Sterling Gateway (VTPM 060030) industrial park project in June 2007. A supplemental impact analysis was also prepared in November 2010.

For each of the analyses noted above, the project's traffic impacts were based on the project's actual building square footage as tabulated on the Vesting Tentative Parcel Map. Specifically, the traffic impacts were based on developing 1,221,360 square feet of industrial park development, which was estimated to generate approximately 7,300 average daily trips (ADT).

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