



**County of Los Angeles
Chief Executive Office**

Request for Information for Honor Ranch Development Opportunity

October 2018

1.0 PURPOSE

The County of Los Angeles (County) Chief Executive Office (CEO) is releasing this Request for Information (RFI) to obtain input from qualified developers, businesses, and/or organizations (Respondents) that are interested in a mixed-use development opportunity on the County-owned 206-acre Honor Ranch Site (Honor Ranch) in the Santa Clarita Valley area of Los Angeles County.

The CEO recently conducted its own preliminary site due diligence and market research for future Honor Ranch development, followed by the creation of sample development models. This preliminary work, together with a broad overview of existing site conditions and other background information is attached as the "EXECUTIVE SUMMARY" (*please note that the Executive Summary is provided for informational purposes only and is subject to verification by others, and no guarantee is made of its accuracy*).

The County is excited to present this unique opportunity to the development community, and intends to ultimately engage a Respondent to conceptualize a vision and later transform Honor Ranch into a state-of-the-art development that provides high-quality jobs within the diverse, growing economy of Santa Clarita Valley.

With this RFI the CEO seeks to obtain feedback to assess the interest of qualified Respondents who can work together with the County to realize Honor Ranch's highest and best development potential. Feedback should include: potential development concepts; tenant interest; and potential alternative uses. Among other examples, types of Respondents may include an entity seeking the site for its own use or a traditional real estate developer that will improve the site for future tenants.

While the CEO believes that a form of public-private partnership is in the best interests of the County, the CEO also seeks information about other types of transaction structures which should be considered.

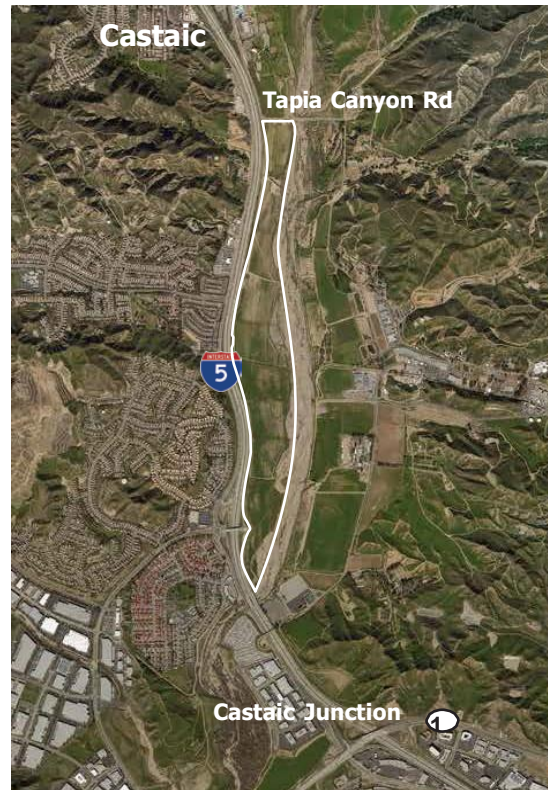
Note that in all scenarios, the County will retain ownership of the site. This RFI is an exploratory request. It does not commit Respondents, or the County, to contract or partner in any way. We ask Respondents to share their best ideas in supporting the County's potential development of the site.

2.0 BACKGROUND

About Honor Ranch

Located in the Santa Clarita Valley (SCV), Honor Ranch consists of 206 contiguous undeveloped acres owned by the County.

The site is located just south of Castaic, California, approximately 40 miles north of downtown Los Angeles. The site lies between the I-5 Freeway and the Castaic Creek Wash. It is bounded by Tapia Canyon Road to the north, and Biscailuz Drive to the south



County Policy Objectives

In 2015, the County Board of Supervisors made economic development a priority to stimulate regional job growth and lift residents out of poverty. A priority identified in the County's economic development strategy is the need to emphasize high-return asset utilization strategies. With this renewed focus on asset management, the CEO is increasingly looking to maximize value with respect to existing assets and future capital projects.

Per a May 20, 2016 CEO report to the Board of Supervisors:

Leverage Private Sector Input on County Projects

The January Motion referenced the need for a systematic approach to improving, developing, and disposing of County assets to help cultivate public and private sector partnerships. This can be done on County projects that may incorporate a commercial, retail, nonprofit or affordable housing component. It can also be done to capture value and generate revenue from an existing County asset, and use this financial gain to help offset the cost of critical capital projects for County facilities. Indeed, the goal of maximizing utility from existing County assets is one of the fundamental themes of the Program and will be actively managed by the CEO.

Per a July 12, 2016 Board motion related to Honor Ranch:

Honor Ranch currently incorporates County-owned land that has gone underutilized and has contributed to blight of the surrounding area. Honor Ranch provides key opportunities for the County to realize significant revenue streams, sustainable development at one of the largest County facilities, economic development that aligns with current Board actions for small business development and workforce, and a multi-benefit flood control zone. These project goals will be pursued to enhance the aesthetic and appeal of the landscape relative to Castaic Lake.

Specific County policy objectives include:

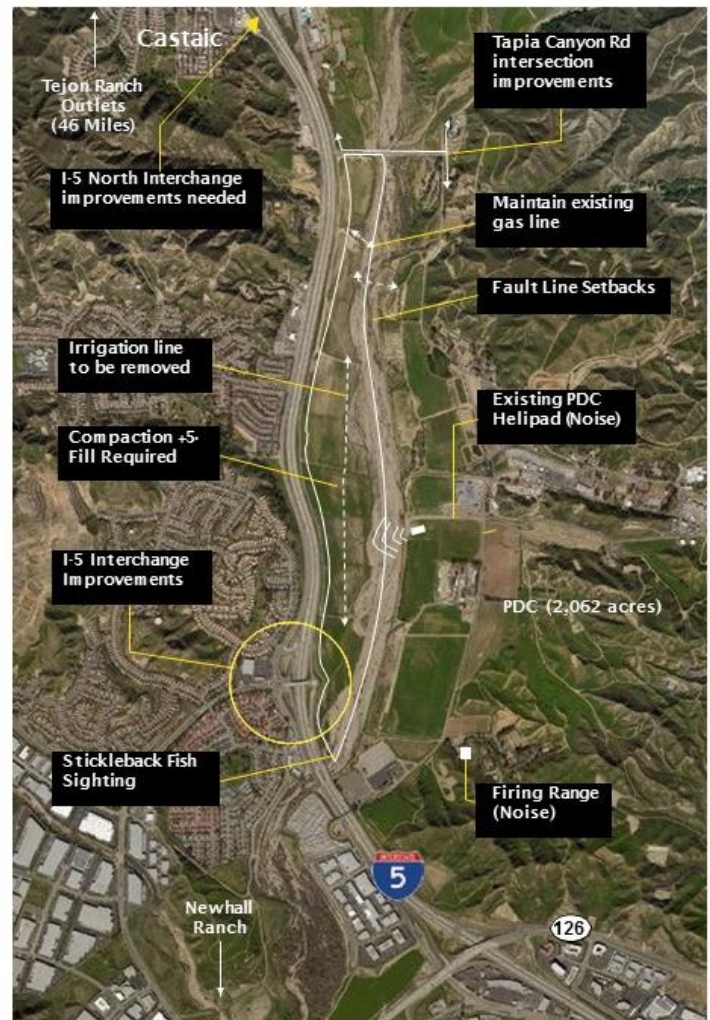
- create jobs that include various income levels, the potential for career advancement and career paths;
- provide opportunity for small businesses and local workers;
- maximize multiple revenue streams;
- create sustainable development projects; and
- mitigate the current physical challenges at the site (flood control, seismic, etc) to allow for development of the site.

Physical Site Conditions

The site's two miles of I-5 freeway frontage offer substantial direct views of the site. The abundant freeway visibility and access from an existing interchange are considered key value-adding attributes of the site's location and configuration.

The eastern boundary of the site is the Castaic Creek Wash, east of which is the County's Pitchess Detention Center (PDC). North of the site is Tapia Canyon Road and Castaic Sports Complex. West of the site beyond I-5 is predominately single family residential use. Castaic Junction development is located southwest of the site and south of the site is Biscailuz Drive, which provides access to the PDC.

The diversity of land uses surrounding Honor Ranch present both benefits and challenges for development. Nearby commercial and light industrial developments such as the Valencia Commerce Center and Southern California Innovation Park help create an existing concentration of high-salary sectors, offering increased opportunity for synergistic relationships between Honor Ranch and surrounding uses. However, other nearby land uses may create noise issues for Honor Ranch, particularly those associated with an existing PDC firing range, and traffic from the I-5. Additionally, the site's proximity to the PDC and associated perceptions concerning safety may need to be addressed.



Summary of Honor Ranch Opportunities and Constraints

In addition to the site's surrounding land uses, there are various aspects of the site's physical conditions that may favorably impact, as well as pose challenges to the development of Honor Ranch. The site's generally flat topography is more conducive to development than the more hilly and disjointed undeveloped sites in SCV. Value-added site attributes include the presence of Castaic Creek as well as the sight lines to the surrounding mountains and natural beauty of SCV.

Physical site conditions related to Honor Ranch's hydrology, geotechnical suitability, environmental concerns, accessibility, and utilities are detailed in the Executive Summary. Key points regarding these preliminary findings concerning site conditions are:

- **Hydrology.** Although a majority of the Honor Ranch site is impacted by the FEMA 100-year Flood Insurance Rate Map (FIRM), preliminary hydrologic modeling revealed that some of the site immediately east of the I-5 appears to not be in the 100-year FEMA FIRM zone. The western side of the site may lie predominantly outside of the floodplain. However, for on-site areas within the flood zone, approximately five feet of fill is recommended to meet current County Department of Public Works requirements.
- **Geotechnical Suitability.** A geotechnical suitability study dated March 1988 by LeRoy Crandall and Associates indicates that the site is located on the alluvial plain of Castaic Creek as well as on a fault line (part of the San Gabriel Fault zone) in the northern portion of the site. Other County resources show varying fault information, therefore further geotechnical investigation is needed to define the locations and level of fault activity. Additional soil investigation is also needed because the upper alluvial soils could be subject to hydro-compaction, subsidence, or similar effects.
- **Environmental.** The California Natural Biodiversity Database (July 2017) indicates a 2005 recorded sighting of a special-status wildlife species, the Unarmored Threespine Stickleback, at the edge of the southern point of the project site. Because the Unarmored Threespine Stickleback is protected under both the federal and state Endangered Species Acts, development would need to include measures to avoid potential impacts to the species during project construction and operation. Prior to any development, further biological, wetland, and cultural investigation should occur.
- **Accessibility.** Honor Ranch is located directly adjacent to the I-5 with over two miles of interstate frontage. Although the site is accessible from the I-5 via existing interchanges to the north and south, improvements to the interchanges and connecting road networks to the planned development will likely be needed.

- Utilities. Honor Ranch has many existing utilities and related easements, including water lines, non-active oil wells, and existing gas lines. Prior to development, an American Land Title Association (ALTA) survey is needed along with further confirmation of easements, particularly those associated with oil and gas. Contact with utility providers will also be needed to determine the ability to expand utilities to serve the Honor Ranch site and to confirm the capacity for water, sewer, gas, electric, and communications.

3.0 DEVELOPMENT OPPORTUNITY

The Opportunity

Honor Ranch presents a rare opportunity for development on a large contiguous site with high-visibility along the I-5 Freeway in the SCV. Initial studies suggest the site's 206 total acres could yield approximately 160 developable acres and over two million square feet of new development. The remaining acres could be devoted to infrastructure, circulation, as well as parks and passive or active open space.

The County seeks to retain a qualified Respondent with a long-term vision for the site that achieves the County's policy objectives.

The large size of the site presents an opportunity for many types of nonresidential land uses, ranging from light industrial and flex space to Class-A office products. Proposed land use types should reflect the diversity of the SCV economy, with potential tenants ranging from local start-up companies to a more aspirational corporate end-user seeking a high-profile flagship location.

As stated in the Executive Summary, given the proximity to the I5 and the PDC, and the abundance of residential development in the area, residential uses are not recommended for the site, as the County prefers a development with high-job density land uses. However, the County will consider land use programs that incorporate other uses if they can be positioned in a manner that advances the County's policy objectives.

Guiding Principles

The County developed the following guiding principles for developing Honor Ranch:

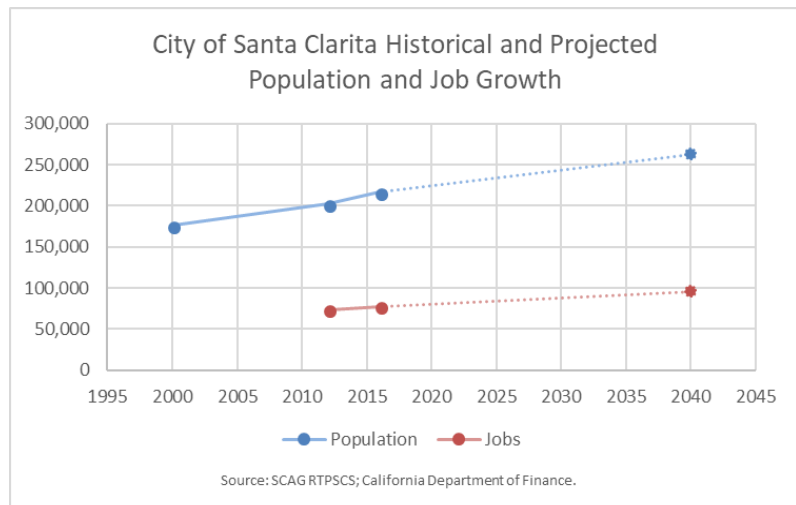
1. Realistically evaluate the wide array of constraints to ensure feasibility.
2. Pursue a multi-benefits concept addressing the goals of the County and surrounding community.
3. Enhance the region's employment base with high quality jobs and best-in-class workplace environments.
4. Optimize value and absorption in a 'complete business community' of supporting/food services, wellness, and accessible open land.

5. Develop a phased strategy that realistically balances long-term benefits with near-term economic feasibility.
6. Create a stair-step of job types from incubator through corporate campus to support local business growth and increase absorption velocity.
7. Exploit I-5 frontage, viewshed, and access with product types most responsive to such benefits.
8. Achieve a balance between built-form and landscape, providing an attractive workplace environment with high-quality placemaking.
9. Showcase best sustainability practices regarding renewable energy, potable water, storm water treatment, mobility, and landscaping.

Santa Clarita Valley Economy

The SCV has experienced significant population and economic growth over the last few decades. The City of Santa Clarita (Santa Clarita) is the largest community in the SCV and has become the third most populous city in Los Angeles County with a population of 220,000 residents in 2016. The Santa Clarita residential population and employment are

projected to continue to grow through 2040 along with the rest of the SCV (more detailed demographic and market information can be found in the Executive Summary). Key growth characteristics for the Santa Clarita population and job sectors are summarized below:



- projected Santa Clarita population growth of 30% by 2040 is nearly twice the overall County rate of 16%;
- projected Santa Clarita job growth of 30% compared to 21% in the overall County; and
- Santa Clarita jobs/household ratio is projected to drop slightly to 1.06, compared to 1.32 for the County, as the City remains a net "out commuter."

Honor Ranch is within a 45-minute commute from employment centers in Los Angeles and Ventura Counties. As of 2017, 150,938 people lived within a 15-minute drive from the site in Castaic and Santa Clarita; 1.2 million people lived in the Central San Fernando Valley within a 30-minute drive from the site; and 2.9 million people lived within a 45-minute drive from the site in the San Fernando Valley, Pasadena, Glendale, Hollywood, and parts of Brentwood/Westwood.

The SCV has a diverse economy including: aerospace and defense; medical devices; advanced manufacturing; digital media and entertainment; and information technology.

The SCV area features a relatively high concentration of goods-producing jobs and a moderate concentration of professional services. SCV has significant clustering in higher-salary sectors for high-tech manufacturing, which may be tied to the area's historically strong aerospace industry. Although the aerospace industry's presence has generally declined across Southern California, the industry remains an important part of the SCV economy due to its proximity to related facilities in the Antelope Valley communities of Lancaster, Palmdale, and Edwards Air Force Base.

The increasing diversity of the SCV is demonstrated by the types of companies that are moving to the area, including the headquarters of corporations like Princess Cruise Lines and Sunkist Growers. Other major businesses range from internet marketing company Scorpion to Boston Scientific's Neuromodulation Group. As the SCV grows, both in population and as a choice location for a diverse set of business sectors, development sites like Honor Ranch have great potential to capture expected growth and further enhance the economic development of the area.

4.0 INFORMATION REQUESTED

The County requests that Respondents submit a letter or narrative response to the inquiries below. Please include the name, address, telephone, and email address of the primary contact person for the Respondent on the first page of the narrative.

1. Organizational Background

Please provide information covering the following:

- A brief introduction of the Respondent and each member of the Respondent Team (if applicable);
- A brief description of the project concept(s) and anticipated approach to the development opportunity at Honor Ranch;
- A summary of the Respondent's experience with development projects similar to Respondent's anticipated approach to Honor Ranch; and
- Identify the primary contact person for the Respondent so that s/he can be notified if there are any announcements regarding the Honor Ranch development opportunity.

2. Project Understanding and Assessment

Please provide a narrative description of the Respondent's vision for Honor Ranch, and how this is consistent with the County's Guiding Principles described in Section 3 of this RFI. Respondents are encouraged to offer any feedback they may have regarding the Respondent's assessment of the development opportunity, such as site compatibility, cost considerations, preferred deal structures, or other aspects of the overall opportunity.

3. Approach to Development

Please provide a narrative description of the specific project concept(s) and contribution(s) proposed, and how the proposed project realizes the County's objectives and Guiding Principles.

Please define a land use program for Honor Ranch, indicating the proposed mix of land uses and product types offered, and any thoughts on potential tenants. Formal site plans are not required at this stage; however, support graphics and images are encouraged.

Describe the Respondent's approach to master planning and development of the site, including potential strategies for phasing. Financing capacity and funding strategies are also key components of the Respondent's approach. Please provide a description of how the Respondent will approach the overall structure for financing, delivery, and operation of the project, including preferred deal structure and proposed development/partnership structure.

4. Qualifications and Relevant Experience

In narrative form, please demonstrate the Respondent's or Respondent team's experience developing and operating relevant large-scale projects. The County is looking for relevant experience with respect to the development and operation of undertakings of similar uses and scale where the Respondent held a financial interest throughout the duration of the project.

5.0 SUBMISSION INSTRUCTIONS & COMMUNICATION

If you are interested in responding to this RFI, please send us a narrative responding to our inquiries. Responses should be submitted in the form of a single PDF (if possible). All sections must be labeled by number in the sequence above. Please limit the narrative to fifteen pages or less, excluding the cover letter, drawings, and exhibits.

If you have any clarifying questions about this RFI or need additional information, please email your questions to economicdevelopment@ceo.lacounty.gov by December 12, 2018.

Responses to this RFI are due on or before 12:00 noon (Pacific Time) on January 17, 2019. Late submittals may be accepted at the County's sole discretion.

Responses should be sent by email to:
Economic Development Division
County of Los Angeles - Chief Executive Office

economicdevelopment@ceo.lacounty.gov

Please include "RFI – Honor Ranch" in the subject line of the email, attaching a PDF of the narrative.

All RFI submissions and questions will receive a confirmation email from the County that the message has been received.

It is anticipated that the County may issue a Request for Proposals after the completion of the initial RFI process, the content of which will likely be informed by the responses received.

6.0 ADDITIONAL NOTICES

This RFI does not commit the County to make an investment or contract for any services whatsoever. Further, the County shall not be liable in any way or have any responsibility for any costs incurred regarding the preparation, submittal, or presentation of any response to this RFI.

Responses to this RFI shall become the exclusive property of the County. Responses to this RFI become a matter of public record, except for those parts of each proposal which are justifiably defined as business or trade secrets, and, if by the proposer, plainly marked as "Trade Secret," "Confidential," or "Proprietary." Please mark your response as appropriate.

A blanket statement of confidentiality or the marking of each page of the proposal as confidential shall not be deemed sufficient notice of exception. The Respondents must specifically label only those provisions of their respective proposal which are "Trade Secrets," "Confidential," or "Proprietary" in nature.

Executive Summary

Honor Ranch Long Range Planning Study

Prepared for County of Los Angeles

Prepared by AECOM

Economics by EPS

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AECOM



June 2018





View of Honor Ranch Site looking Northbound

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1. Introduction

Los Angeles (LA) County led a team of consultants, AECOM and EPS, to develop alternative long-range site plans for an LA County property site in Castaic, California known as Honor Ranch. This report summarizes the findings and recommendations from the planning study, and is intended to assist in guiding future decisions concerning possible future commercial/economic development opportunities, which will include County administrative functions. Prior to draft development of the long-range site plan, high level studies were made of both site and project opportunities and constraints, followed by financial analysis of predicted economic development as of 2017-2018.

The 206 acre site is located in the Santa Clarita Valley along the Interstate 5 (I-5) with approximately 2 miles of freeway frontage. The study process included the development of guiding principles; an understanding of site context; and high level reviews of hydrology, geology, environmental issues, transportation, utilities, and easements. The process also included a market assessment, development of land use alternatives, a high level rough order of magnitude (ROM) cost estimate, and a summary of findings including alternative strategies.

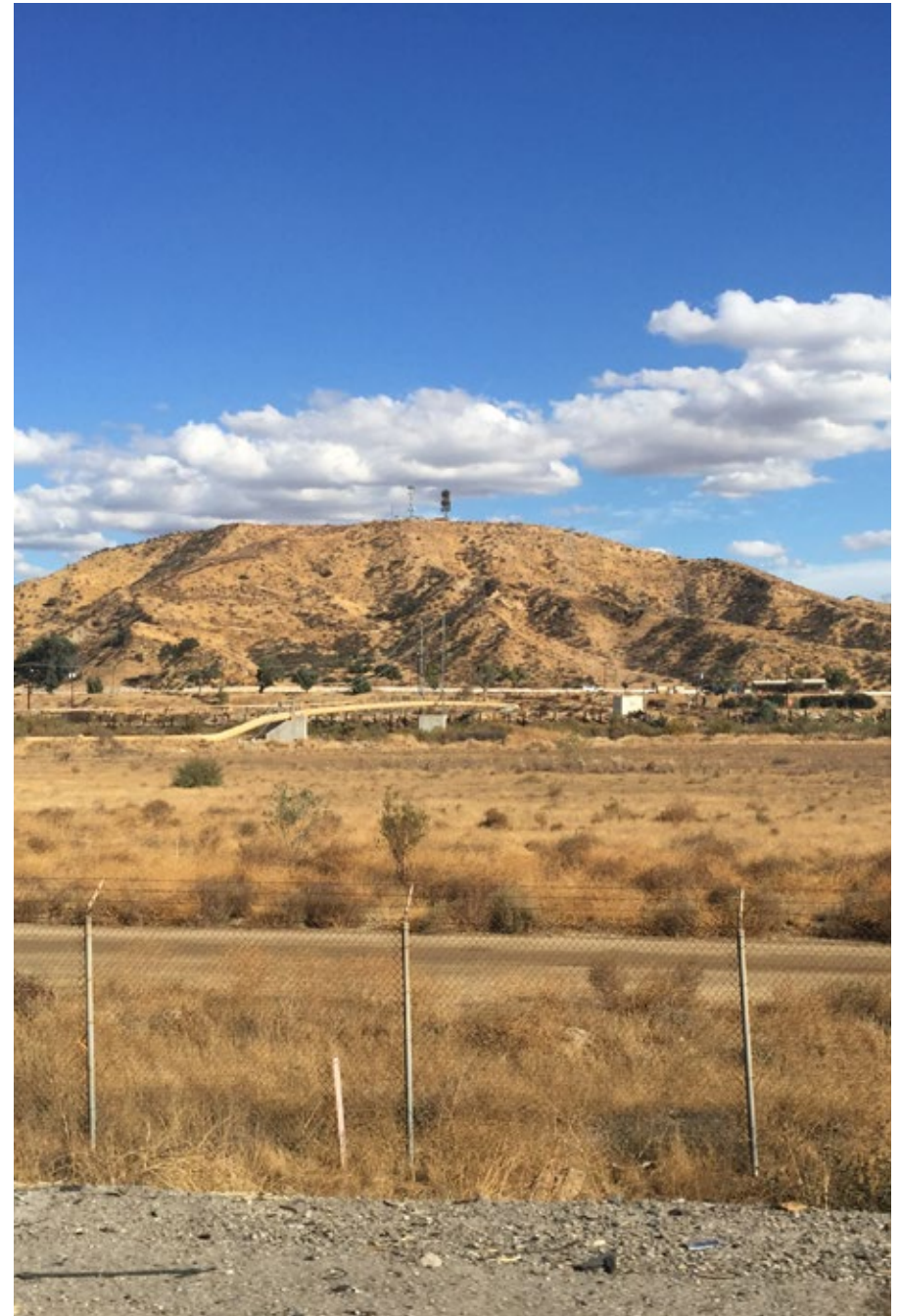


Honor Ranch Location Map

2. Executive Summary

The Honor Ranch site is a unique development opportunity. It presents a rare 206 contiguous acres immediately adjacent to an interstate freeway, with interesting challenges. Recent study of hypothetical development options has initially produced the following main findings:

- **Site Area Summary:**
 - 206 contiguous acres
 - 160.5 developable acres
 - 24 acres set aside for existing seismic fault(s)
 - 20 acres set aside for revetment to prevent flooding from the adjacent Castaic Creek Wash area
 - 1.5 acres set aside for Santa Clarita Valley Water Agency easement
- **Project Guiding Principles:** The team developed a number of guiding principles for the Honor Ranch site (Section 3, Project Guiding Principles). High quality job growth was deemed one of the most important Principles.
- **Hydrology:** FEMA 100-year mapping indicates that most of the site is within the 100-year floodplain, and is subject to flooding along its eastern boundary from the Castaic Creek Wash area. As one result, revetment and approximately 5' of site fill were assumed as required mitigation measures. High-level hydrology modeling however appears to indicate the site is partially impacted by flooding. Therefore updating the FEMA mapping with a Letter of Map Revision appears desirable.
- **Geotechnical:** A 1988 geotechnical investigation (Section 5B, Geotechnical) indicates that in-situ site soils are located within an alluvial plain, and that such soils are subject to settlement. Furthermore, 1-2 fault lines exist on the site requiring setbacks of developable areas and further study.
- **Environmental:** California Natural Biodiversity Database records report finding(s) of Unarmored Three-spine Stickleback fish (a protected species), which were sighted in the area at the edge of the



Northeasterly view of Honor Ranch site in the foreground, looking toward the north-western edge of Pitchess Detention Center on the other side of Castaic Creek Wash

southernmost point of the Honor Ranch site. Therefore, a development project would need to develop and implement measures to completely avoid potential impacts to this special status wildlife species during project construction and operation.

- **Transportation:** The site can be accessed from Tapia Canyon Road on the northern boundary. Tapia Canyon Road and Castaic Road (just north of Tapia Canyon Road and running parallel with the I-5) will need improvements if substantial development occurs. The existing interchange roundabout off of I-5 on the southwest portion of the site will also need expanded capacity and improvements to access the Honor Ranch site from the south.
- **Utilities and Easements:** Honor Ranch has a number of existing utilities and related easements. (Section 5E, Utilities and Easements) Prior to development, an American Land Title Association (ALTA) survey is needed along with further confirmation of oil and gas line easements.
- **Market Assessment:** A preliminary assessment indicates Santa Clarita residential and worker populations are projected to grow substantially through 2040, with currently strong light industrial demand. Phasing that couples near-term light industrial opportunity with a small initial infrastructure investment may allow later phases to fund remaining pre-planned infrastructure.
- **Land Use:** Two preliminary land use alternatives were developed with approximately 2-2.5 million square feet. (Section 7, Land Use Alternatives)
- **Cost Estimate:** A high level cost estimate totaling \$230 million was developed based on the land use alternatives with County preferences including prevailing wage but not incorporating housing or hotel uses.

The cost estimate section indicates a number of strategies that may reduce the overall cost estimate. (Section 8, Cost Estimate)

- **Residual Land Value Analysis:** To estimate the potential land value that development programs could generate, the team prepared initial residual land value analyses of two potential land use alternatives. As tested under then-current market conditions (in which light industrial was found in high demand while office relatively underperformed), Development Alternative 1 generated an estimated \$126 million in potential land value, while Alternative 2 generated an estimated \$74 million. In both Alternatives, potential land value fell short of the estimated \$230 million required for site preparation. The funding deficit was estimated as \$104 million for Alternative 1 and an estimated \$156 million for Alternative 2. As a result of both shortfalls, and the assumption that land value will eventually grow as the market matures to support higher-density products such as office, associated development implications included discussion concerning:
 - Retention of a qualified Master Developer team with a long-term vision
 - The possibility that phasing, which might for example initially couple near-term light Industrial opportunity with a smaller initial infrastructure investment, then support successful incremental development of later pre-planned phases with varied uses
 - The aspiration that a corporate end-user seeking a high-profile flagship location could overcome short-term and long-term feasibility challenges

3. Project Guiding Principles

The team developed the following guiding principles for Honor Ranch:

- 1) Realistically evaluate the wide **array of constraints** to ensure project feasibility
- 2) Pursue a **multi-benefits concept** addressing the goals of the County and surrounding community
- 3) Enhance the district employment base with **high quality jobs** and best-in-class work place environment
- 4) Optimize value and absorption in a '**complete business community**' of supporting/food services, wellness, and accessible open space
- 5) Develop a phased strategy that realistically **balances long-term benefits with near-term** economic feasibility
- 6) Create a **stair-step of job types** from incubator through corporate campus to support local business growth and increase absorption velocity
- 7) Exploit **I-5 frontage, viewshed, and access** with product types most responsive to such benefits
- 8) Achieve a balance **between built-form and landscape**, providing an attractive work place environment with high quality place-making
- 9) Showcase **best sustainability practices** regarding renewable energy, potable water, storm water treatment, mobility, and landscaping

Principle #3 emphasizes high quality job growth. To avoid competition with surrounding residential properties and commercial development, housing or hotels were not recommended for the site.



4. Site Context

The Honor Ranch site is in Castaic, CA, located approximately 40 miles north of downtown Los Angeles. The site is bounded by 2 miles of I-5 freeway frontage on the west, which offers substantial views of the site. The abundant freeway visibility and direct access from an interchange are considered key value-adding attributes of the site's location and configuration. The current site zoning is "Heavy Agriculture" (A-2).

The eastern boundary of the site is the Castaic Creek Wash. East of the wash is the Pitchess Detention Center (PDC), North of the site is Tapia Canyon Road and Castaic Sports Complex. West of the site, beyond I-5, is predominately single-family residential use and the Castaic Junction located southwest of the site. South of the site is Biscailuz Drive, which provides access to the PDC.



Honor Ranch Site Context

5. Opportunities and Constraints

Opportunities and constraints evaluated for Honor Ranch include surrounding land uses, site characteristics, hydrology, geotechnical, environmental, transportation and utilities and easements. The primary opportunities for development of Honor Ranch include:

- 206 contiguous acres that make the site one of the largest, flat, undeveloped properties in the region
- 2 miles of highly visible frontage along the I-5, which is the dominant north/south transportation corridor in the state
- Existing full-movement I-5 interchange on the southwest side of the site that provides access (future improvements required)
- Generally flat topography due to the site's formation as a creek-adjacent alluvial plain
- Situated in a sub-region of Los Angeles demonstrating sustained economic growth

The primary constraints for development of Honor Ranch include:

- The floodplain designation by the Federal Emergency Management Agency (FEMA) indicates that substantial portions of the site are within the 100 year flood zone (see Section 5A, Hydrology)
- A major fault line on the northern portion of the site possibly requires substantial development setbacks (see Section 5B, Geotechnical)



Summary of Honor Ranch Opportunities and Constraints

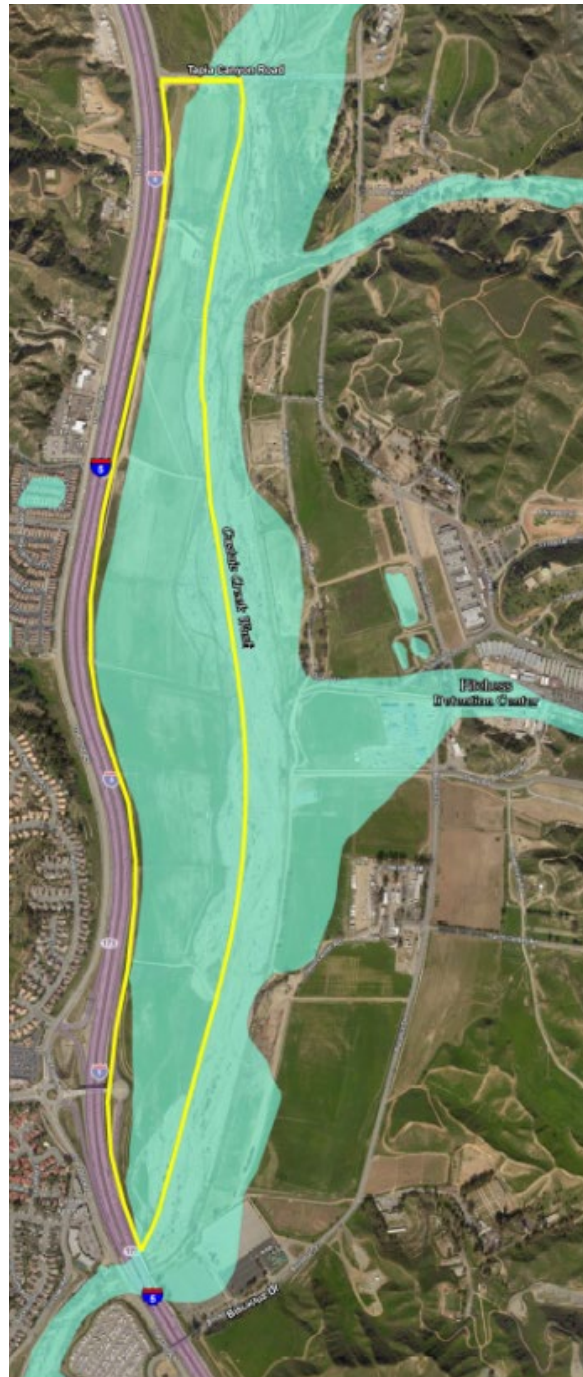
- Stickleback Fish sighting (see Section 5C, Environmental)
- Transportation improvements needed, including Tapia Canyon Road and expansion of the interchange roundabout on the southeast side of the I-5
- Existing utilities and easements on the site require some corridors to be preserved and others to be relocated (see Section 5E, Utilities and Easements)
- Noise associated with:
 - Existing PDC helipad
 - Existing PDC Firing Range
 - I-5 traffic
- Proximity to PDC

Through a strategically integrated planning process, hydrology, transportation/civil engineering, and cost estimates were evaluated at a high level to identify fatal flaws as well as key opportunities. The following sections describe the site's hydrology, geotechnical studies, environmental setting, transportation, and utilities and easements.

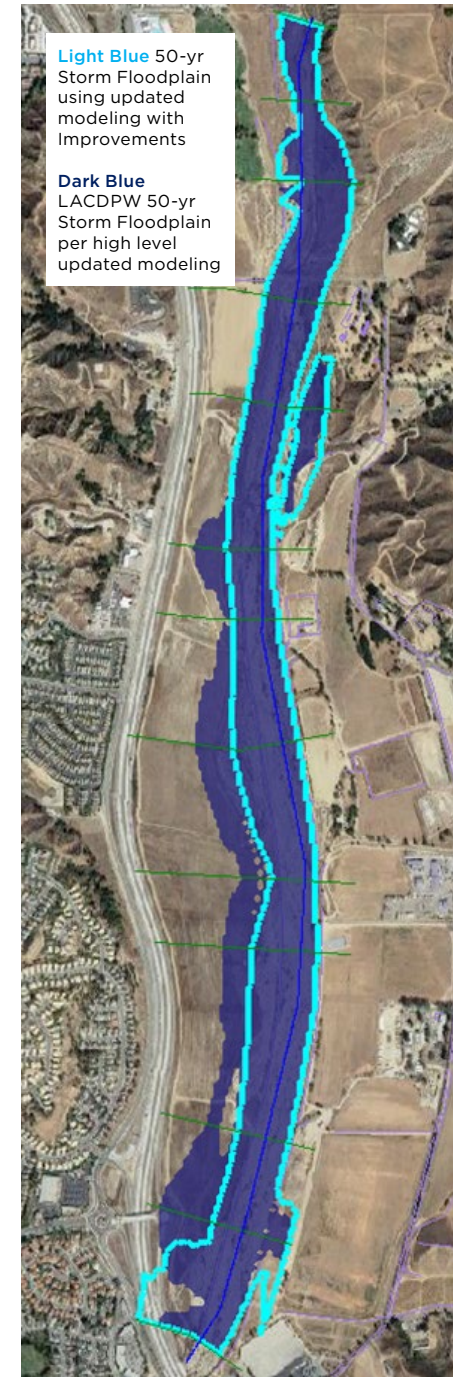
A. Hydrology

The team completed high level hydrology modeling because majority of the site is impacted by the FEMA 100 year Flood Insurance Rate Map (FIRM). The team used the 50 year burn and bulk rate information provided by LA County Department of Public Works (DPW). Based on preliminary hydrologic modeling, some of the site just east of the I-5 appears to not be in the 100 year FEMA FIRM zone. Submission of a Letter of Map Revision (LOMR) is recommended to apply for an official modification to a revised, corrected FIRM zone definition. Results of preliminary hydrologic modeling indicate that the western side of the Honor Ranch site is predominantly outside of the floodplain.

However, for on-site areas within the flood zone, approximately 5 feet of fill is recommended to meet



FEMA 100-Year Floodplain (2008)



Preliminary Hydrologic Modeling of Floodplain

current LA County DPW requirements. A structural revetment along the western side of the Castaic Creek Wash is also recommended.

B. Geotechnical

A geotechnical suitability study dated March 1988 by LeRoy Crandall and Associates indicates that the site is located on the alluvial plain of Castaic Creek. The alluvial deposits on site include gravel and sedimentary rocks with medium dense soils. The geotechnical study indicates a fault line (part of the San Gabriel Fault zone) in the northern portion of the site. The LA County GIS database indicates one fault on the Honor Ranch site and two faults approaching near the site. However, an older geotechnical sketch provided by the County indicates that there could be two inferred fault lines on the site. Therefore, further geotechnical investigation is needed to define the locations and level of activity of the faults. Such a study would provide specific setback guidelines (if any) and increase the level of confidence in potential development representations. Additional soil investigation is also needed because the preliminary analysis found that the upper alluvial soils could be subject to hydro-compaction.

C. Environmental

The California Natural Biodiversity Database (July 2017) indicates a record from 2005 of a special-status wildlife species, the Unarmored Threespine Stickleback, which was sighted at the edge of the southern point of the project site. The Unarmored Threespine Stickleback is protected under both the federal and state Endangered Species Acts as an Endangered species. The Unarmored Threespine Stickleback is also a California Department of Fish and Wildlife “Fully Protected” species. Therefore, the project would need to develop and implement measures to completely avoid potential impacts to the species during project construction and operation. The database also indicates a record of special-status bat species within close proximity of the site that was documented 80+ years ago. This is not necessarily an indication that the bat species are still present or that the habitat suitable for them is present. Prior to any development, further biological, wetland, and cultural investigation should occur.



Views of Honor Ranch Site looking Northbound

D. Transportation

Honor Ranch is located directly adjacent to the I-5 with over 2 miles of interstate frontage. The site can be accessed from Tapia Canyon Road on the northern boundary. Tapia Canyon Road and Castaic Road (just north of Tapia Canyon Road and running parallel with the I-5) will need improvements if substantial development occurs on Honor Ranch.

The existing interchange roundabout on the southwest portion of the site will also need expanded capacity and improvements to access the Honor Ranch site from the south. For development to occur, an existing baseline and trip generation study is needed to evaluate potential impacts of the proposed development, including identification of 'tipping points' where specific levels of development could trigger related interchange and roadway improvements.

E. Utilities and Easements

Honor Ranch has a number of existing utilities and related easements. The southern portion of the site has a Santa Clarita Lake Water Association easement, a 24" water line crossing east/west, and one non-active oil well. Approximately seven additional non-active oil wells are located on the northwest portion of the site adjacent to I-5. The northeastern portion of the site has existing gas lines and water lines adjacent to Tapia Canyon Road. Prior to development, an American Land Title Association (ALTA) survey is needed along with further confirmation of oil and gas line easements. Contact with utility providers has not occurred to date; therefore, meetings with utility providers are needed to determine the ability to expand utilities to serve the Honor Ranch site and to confirm the capacity for water, sewer, gas, electric, and communications.



View of Honor Ranch Site looking Northbound

6. Market Assessment

A preliminary market assessment for Honor Ranch was completed in 2018. Santa Clarita residential and worker populations are projected to grow substantially through 2040. See the breakdown below:

- Projected Santa Clarita population growth of 30% by 2040 is nearly twice the overall County rate of 16%
- Projected Santa Clarita job growth of 30% compared to 21% in the overall County
- Santa Clarita jobs/household ratio is projected to drop slightly to 1.06, compared to 1.32 for the County, as the City remains a net out-commuter

Honor Ranch is within a 45-minute commute from employment centers in LA and Ventura Counties. A **15-minute drive** from the site reaches 2017 population of 150,938—largely confined to Castaic and Santa Clarita. A **30-minute drive** from the site reaches 2017 population of 1,208,036—including Central San Fernando Valley. A **45-minute drive** from the site reaches 2017 population of 2,933,031—including San Fernando Valley, Pasadena, Glendale, Hollywood, and parts of Brentwood/Westwood.

- The key findings regarding market opportunity are as follows:
- The fast-growing Santa Clarita Valley can capture expected County growth in **infotech and aerospace, bio-medical, and electronics manufacturing**
 - The site features a **large contiguous land area, freeway access, and high visibility** that is unique in the submarket
 - **Light industrial** represents the strongest market opportunity in the short-to-mid-term
 - Location and visibility may offer a unique opportunity for the right **build-to-suit tenant/owner** despite a weak office market
 - **Competitive supply** from 18 million entitled commercial square feet at nearby master-planned communities is a major consideration for timing and phasing
- The key implications for development include:
- **Phasing** that couples near-term light industrial opportunity with a small initial infrastructure investment may allow later phases to fund the remaining infrastructure
 - A **corporate** end-user seeking a high-profile flagship location as a build-to-suit or a build-to-own could overcome short-term feasibility challenges
 - **Land value** will eventually grow as the market matures to support higher-density products such as offices

Santa Clarita Historical Population and Growth Trends

	Santa Clarita City			Los Angeles County		
	2000	2016	% Change	2000	2016	% Change
Population	151,088	216,350	43%	9,519,338	10,182,961	7%
Households	50,787	71,254	40%	3,133,774	3,326,255	6%

7. Land Use Alternatives

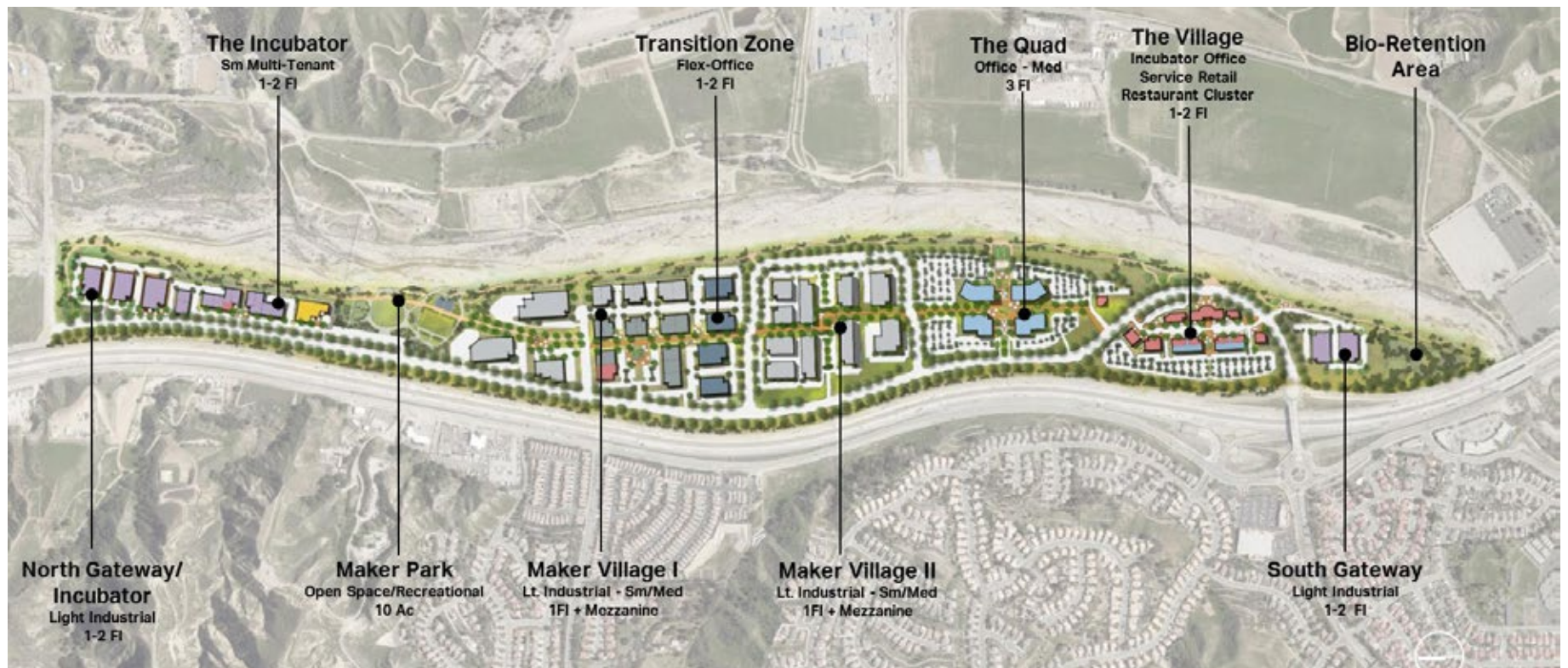
Alternative land use master plans were developed to ascertain site carrying capacity, optimal land use locations, and backbone roadway networks. Land use focused on high quality job creation with a variety of employment product types and a modest amount of local service retail, food, and beverage as amenities. The land use mix excluded residential because it was deemed inappropriate due to freeway noise and proximity to the detention center. The site comfortably accommodates over 2 million square feet of commercial development, utilizing surface parking along with site amenities such as pedestrian paths, parks, open space, and circulation.

Of the two alternative master plans, Alternative 1 was based on a product mix that strove for the highest residual land value (based on current market parameters). The mix of uses is dominated by light industrial, flex tech, and incubator building types that are currently

most in demand in the sub-region. A moderate amount of Class A office was located where visibility from the interstate is optimal and where a local services/amenities “village” was configured directly adjacent to the freeway interchange. This complex of restaurants, local service retail, and modest amount of creative offices is seen as value-adding to the overall Honor Ranch work place environment.

Alternative 2 increases the amount of Class A office to foster a larger proportion of higher income white-collar jobs. The increase in office may result in a longer absorption period due to the current supply of office relative to demand in the sub-region. Other than this product mix difference, the urban design and circulation structure of the two alternatives is similar.

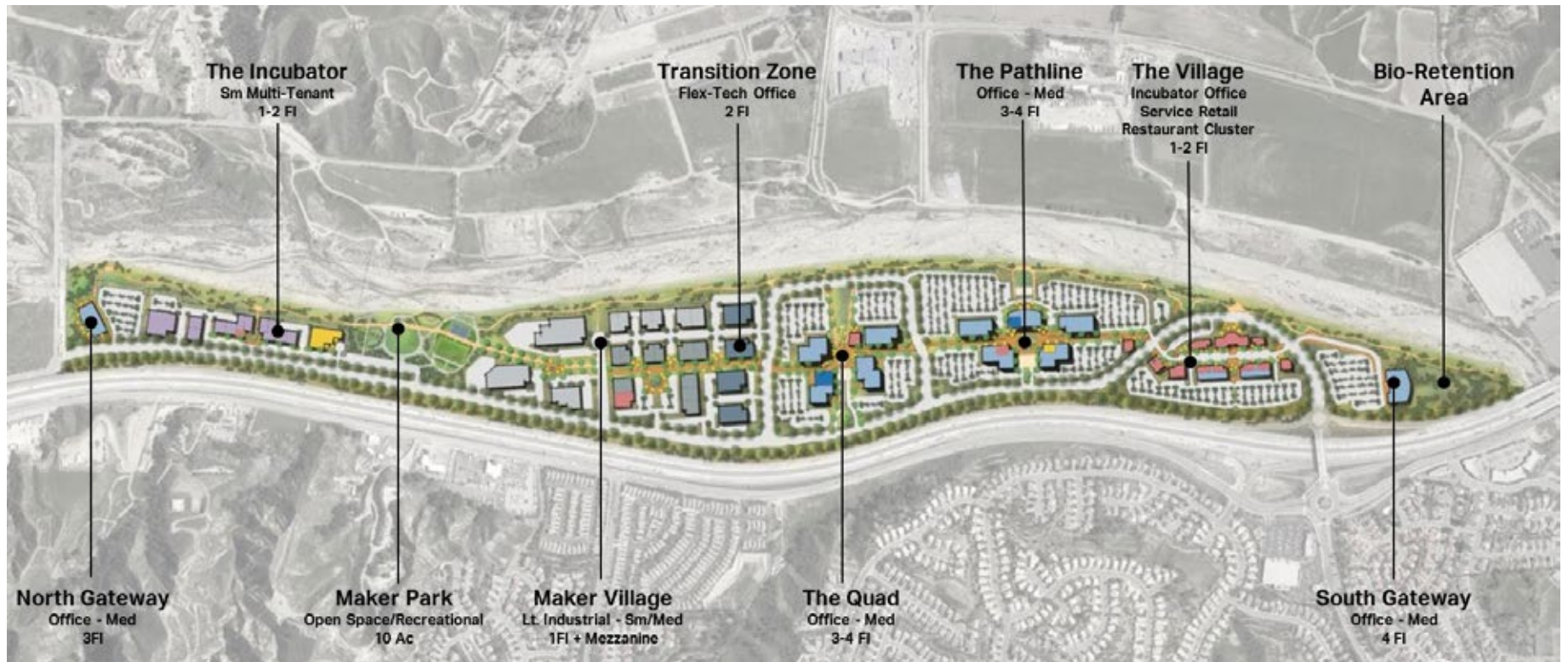
The resulting land use and product mix for Alternatives 1 and 2 is outlined following.



Alternative 1: Land Use Master Plan Totalling Approximately 2.5 Million SF

Product Mix Summary:

Alternative 1:		
	Sq. Ft.	%
3/4 Story office	557,000	53%
Flex Office/Incubator	330,000	12%
Light Industrial	1,500,000	30%
Retail	106,000	5%
Total:	2,493,000	100%



Alternative 2: Land Use Master Plan Totalling Approximately 2.0 Million SF

Product Mix Summary:

	Alternative 2:	
	Sq. Ft.	%
3/4 Story office	1,078,000	53%
Flex Office/Incubator	250,000	12%
Light Industrial	609,000	30%
Retail	103,500	5%
Total:	2,040,500	100%

Urban Design Framework

The current trends in employment work place design put emphasis on providing 18-hour support services and enhanced indoor and exterior place-making as a foundation for premium employee recruitment and retention. The plan's urban design framework seeks to provide this foundation by emphasizing opportunities for both functional and engaging people spaces and connectivity between workers and support services.

The first connectivity element is the frontage boulevard, which runs the length of the site and provides vehicular access to its constituent parts. The boulevard is envisioned to be a signature visual element lined with native street trees and accented entry points into each super block. Trees would be carefully located to maximize buffering from the freeway while maintaining visibility to key office and retail tenants.

Internal to the development, a pedestrian promenade links the amenity and services village to the Class A office complex and further to the various light industrial, incubator, and flex tech districts. The promenade is enhanced by seating pockets, plazas, outdoor classrooms, and work spaces. A fitness course is envisioned to run the length of the promenade and back along the Creekside Trail, running the length of the site along Castaic Creek.



Pedestrian Promenade: Trails, Outdoor Rooms and Meeting Areas

Maker Villages

To create market distinction for the light industrial and multi-tenant incubator components, the concept of a “Maker Village” has been suggested, providing opportunities to showcase new product development. A central gathering and exhibition space provides a focus for the northern portion of the business park, which could be used during promotional and special event activities.

Gateways

The configuration of the site provides an opportunity for both north and south “Gateway” parcels to visually demark arrival at the business park. Higher-end product types, enhanced architecture, and landscape components would help create distinct visual statements.



Districts—Maker Villages



South and North Gateways

Trail System

This trail system would provide worker and public access to the creek as an open space and environmental resource. Seating areas and a fitness course would encourage use and provide visual and wellness relief to the adjacent workforce.

The Village

As noted previously, the village is proposed as a cluster of service and leisure uses serving the Honor Ranch working population while being economically supplemented by passing travelers. This is a unique opportunity to provide a larger food and retail services array than projects of similar scale could normally support. The configuration as a mixed use “main street” responds to the character of an engaging place currently demanded by the younger worker demographics.

Sustainability

The Honor Ranch site has the opportunity to be a good example of environmental stewardship and resiliency with regard to:

- energy conservation and renewable energy production
- water conservation and water infiltration
- native landscaping and water reuse for irrigation
- recycling and material reuse
- sustainable mobility with pedestrian and bikeways and bus stop(s)

The team's high level solar analysis indicated that net zero energy could be achieved with a combination of rooftop solar (approximately 50% of buildings in Alternative 1 or 2) and



Linear Park Along Castaic Creek Wash



The Village



parking canopy solar (approximately 10% of the parking areas in Alternative 1 or 2). Net zero energy can be defined as generating as much renewable energy on site as energy consumed.

8. Cost Estimate

This initial study includes a high level cost estimate was developed based on the land use alternatives described in Section 7. A summary of the cost estimate with County preferences including prevailing wage but not incorporating housing or hotel uses is summarized following.

A number of strategies may reduce the overall cost estimate total of \$230 million, including:

- Land Use—Revisit the County's land use preferences to include housing and hotel.
- Prevailing Wage—Revisit the County's preference of incorporating prevailing wage.
- Floodplain Reduction—Reduce the FEMA 100 year Floodplain designation as described in the Section 4A Hydrology.
- Fault Line Designation—Reduce the land set aside for fault line setbacks based on a geotechnical investigation.
- Earthwork—Refinement of earthwork logistics/phasing and peer review of earthwork estimate. The site is unique in its earthwork needs due to the soil type, need for compaction, and fill required to address floodplain issues. The current study was limited in its ability to get specialized grading logistics and strategy input. Consider a

Site Development Hard Cost Estimates				
[160.5 developable ac + 24 ac fault easement, plus 20 ac revetment area, +1.5 acre Santa Clarita Valley Water Agency easement = 206 gross ac]				
Area description		Subtotal (in millions)	Percent of Grand Total	Most notable components
1	Grading excavation and recompaction of existing soil	55.8	24%	Includes import of 5 feet of soil over the entire project area and required year-round Storm Water Pollution Prevention
2	Primary Site Prep, Site Utilities, Roadway Infrastructure	48.0	21%	Water, sanitary sewer, storm drainage
		35.0	15%	Site electrical service, high end fiber optics, street lights, traffic signalization
		18.0	8%	Roadways, site landscaping, offsite road improvements
		13.7	6%	Freeway roundabout, off ramp, street widening
		12.0	5%	Utility excavation and grading
3	Ground up Community Park	12.0	5%	Due to required no-build area 500' on either side of the existing fault
4	Revetment	10.1	4%	Two mile long dam required to address adjacent creek floods
5	Multi-purpose trail	9.5	4%	75' setback transition area between the creek revetment and building pads
6	Water Bio retention	7.4	3%	Required to mitigate contamination of an adjacent protected fish habitat
7	Misc General Requirements	6.5	3%	Temporary facilities, disposal charges, existing utility protection
8	Sheriff-requested fence	2.0	1%	Over two miles long
TOTAL		\$230	100%	Cost per 160.5 developable acres = \$1,432,354
				Cost per 206 gross acres = \$1,116,680

*Note \$230 million is land and infrastructure development cost (does not include pad site work nor vertical construction)

- modified approach to fill and revetment to save on costs based on hydrologic studies.
- Communication/Fiber—Broadband fiber connectivity is essential for current tech-related industries. There are multiple strategies for its provision with impacts on infrastructure cost. Such strategies should be reviewed and discussed with potential network providers. The cost estimate provided include in place costs.
- Phasing Strategy—As noted above, the land development costs are high relative to projected land value. Incremental phasing strategies could be developed that accelerate development feasibility. Such strategies need to be further studied to minimize upfront capital costs and optimize revenue relative to cost over time.

9. Residual Land Value Analysis

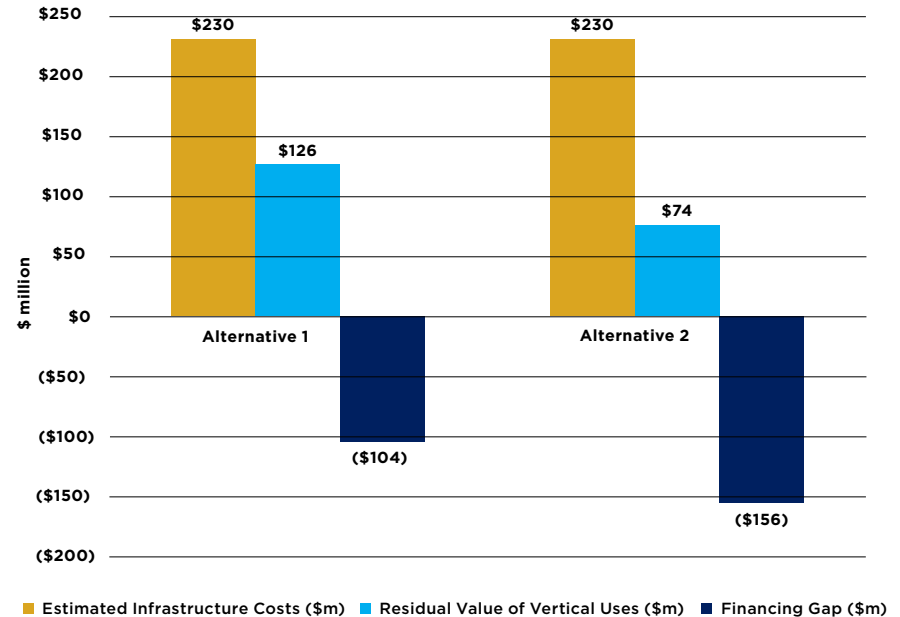
To estimate the potential land value that hypothetical development programs could generate, the consultant team prepared initial residual land value analyses of two potential land use development alternatives. The analyses took place between November 2017 and February 2018, and built upon assessments of industry sector opportunities, surveys of real estate market trends, and selections of potentially feasible land uses. For study of the foregoing initial proformas, minimal retail and food uses were included, with no housing.

As tested under then-current market conditions (in which light industrial was found in high demand while office relatively underperformed), Development Alternative 1 generated an estimated \$126 million in potential land value, while Alternative 2 generated an estimated \$74 million. It was determined that the difference in values was clearly attributable to programmatic differences in land use mixes: Alternative 1 prioritized Light-Industrial uses with a relatively smaller component of Flex-Office, while Alternative 2 prioritized Class A office, also with a relatively smaller component of Flex-Office.

In both Alternatives, potential land value fell short of the estimated \$230 million required for site preparation. The funding deficit, as shown (in the chart to the right), was estimated as \$104 million for Alternative 1 (\$230 million less \$126 million) and an estimated \$156 million for Alternative 2 (\$230 million less \$74 million). As a result of both shortfalls, and the assumption that land value will eventually grow as the market matures to support higher-density products such as office, associated development implications included discussion concerning:

- Retention of a qualified Master Developer team with a long-term vision could be critical to overcoming challenges associated with land development structure, use mix(es), and market fluctuations

Infrastructure Financing Capacity for Tested Alternatives



- The possibility that phasing, which might for example initially couple near-term light Industrial opportunity with a smaller initial infrastructure investment, then support successful incremental development of later phases with varied uses, serving to benefit both from market appreciation and ultimately fund remaining required infrastructure
- The aspiration that a corporate end-user seeking a high-profile flagship location could overcome short-term and long-term feasibility challenges

END OF REPORT.