Disposal of the Cal Sorrento Property

SAN DIEGO COUNTY, CALIFORNIA
DISTRICT 11 – SD – I-5/805
PM 28.4-55.3/PM 27.3 Merge
EA# 11-0301U, PI# 1100000013

Final Environmental Impact Report

Prepared by the
State of California Department of Transportation

October 2016

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Disposal of the Cal Sorrento Property in the City and County of San Diego, California

FINAL ENVIRONMENTAL IMPACT REPORT

Submitted Pursuant to: Division 13, California Public Resources Code (PRC) – California Environmental Quality Act

STATE OF CALIFORNIA
Department of Transportation

Responsible Agencies:
City of San Diego
Office of Historic Preservation

10/20/14
Date of Approval

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ABSTRACT: The project proposes the disposal (sale) of the Cal Sorrento Property located within Sorrento Valley in San Diego, California. The property has been vacant since 2010 and is being maintained as-is. All five buildings on Industrial Court comprise a small historic district known as the Sorrento Valley Industrial Park (SVIP) Historic District, which includes the individually eligible Sorrento Tower Complex. All historic properties within the SVIP Historic District, including all five buildings, the courtyard, and façade landscaping are contributing elements to the SVIP Historic District. After researching the potential to market the buildings with historic preservation covenants for rehabilitation and adaptive use, Caltrans has determined that it is neither prudent nor feasible to sell the property with historic preservation covenants for the buildings. The SVIP Historic District and Sorrento Tower Complex represent two historical resources that are eligible for inclusion in the California Register of Historical Resources (CRHR) and National Register of Historic Places (NRHP). Project alternatives that have been considered for the proposed project include the sale of the property as a whole parcel or divided into smaller parcels, as follows: 1) sell the property as-is, without historic preservation covenants, and without changes to the buildings; 2) sell property with all structures demolished (without the buildings); and 3) taking no action. Caltrans has concluded, pursuant to PRC§ 5024.5 and PRC § 5024(f), that both build alternatives even with the proposed mitigation, would constitute an adverse effect, and pursuant to California Environmental Quality Act (CEQA) Guidelines § 15064.5(b)(3)(c), both build alternatives would result in a substantial adverse change and significant unavoidable impact due to the reasonably foreseeable potential for alterations or demolition of the property's character defining features such that the significance of the historical resources would be impaired. Impacts associated with any future development would be subject to environmental review in accordance with CEQA.

The project consists of two build alternatives that ultimately dispose of State property. Under Alternative 1, Caltrans would transfer all five historic properties out of State ownership in "as-is" condition and without historic preservation covenants. Under Alternative 2, Caltrans would sell the property without the five historic properties by demolishing the buildings prior to transfer out of State ownership.

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Chapter 1.0 Proposed Project

1.1 Project Location

The project is located on Industrial Court and Sorrento Valley Road, which is within Sorrento Valley in the City of San Diego, California. The project site occupies approximately 6.65 acres (289,674 square feet) within a built-out commercial and industrial-zoned area of Sorrento Valley, which is defined by Carmel Mountain Road (north), the I-5 freeway (east), Sorrento Valley Road and San Diego Northern Railway (west), and the I-5/805 Merge (south). Before being acquired by the State, there were seven properties with buildings having separate addresses and individual assessor parcel numbers. Once acquired by the State, the individual parcels were combined into one State-owned property. The entire property is currently vacant.

The project site and surrounding area contain a high density of office buildings and warehouses dating back to the 1960s, with paved driveways and parking area filling in much of the space between the buildings. There is no building located at 11777 Sorrento Valley Road, because it was demolished on February 15, 2013.

This EIR focuses on the following addresses of the five buildings within the Cal Sorrento Property in San Diego, CA 92121:

- 11803 Sorrento Valley Road;
- 3330 Industrial Court;
- 3336-3346 Industrial Court;
- 3337 Industrial Court;
- 3347 Industrial Court; and
- 11777 Sorrento Valley Road (demolished site).

See Figure 1-1: Project Vicinity Map, Figure 1-2: Project Location Map, and Figure 1-3: The Cal Sorrento Property. Figure 1-3 identifies the addresses within the property, including the Sorrento Tower Complex and Sorrento Tower, the Sorrento Valley Industrial Park (SVIP) Historic District, and the Plantable Geosynthetic Reinforced (PGR) retaining wall.

1.2 Purpose and Need

The project proposes the disposal (sale) of the Cal Sorrento Property. The purpose of the project is to dispose of excess State-owned property that is not being occupied or utilized. A few buildings had tenants when Caltrans acquired the property in 2010; however, the property has been vacant since 2012. The total cost associated with maintaining the property has been in excess of approximately $160,000. The need for the project is to save the State money and resources that are otherwise devoted to maintaining a vacant and unproductive facility.

The objectives of the project are to:

- Reduce Caltrans' inventory of properties that serve no transportation purpose.
- Eliminate the nonessential expenditure of State funds and resources for properties with high maintenance costs.

Caltrans is assessing the release of the Cal Sorrento Property (all seven addresses) from Caltrans' property inventory, following standard procedures for the sale of excess-land, because the property is not and cannot be used for transportation purposes. After Caltrans purchased the Cal Sorrento Property, the agency incurred large expenses to maintain it, including construction of a drainage system to reduce flooding from the high water table. Additionally, since the property has been vacant, there have been a number of concerns, including break-ins, vandalism, and evidence that homeless people are living in the buildings. These events have necessitated extra patrolling of the area by law enforcement.

As a matter of policy, Caltrans disposes of excess parcels or properties if they are no longer needed for future transportation purposes or if they are not suitable for use in restoring, preserving, or improving the scenic beauty next to the highway. Streets and Highways Code Section 118 permits Caltrans to sell, contract to sell, sell by trust deed, or exchange real properties or interests in properties, in the manner and upon terms, standards, and conditions established by the California Transportation Commission (CTC) when Caltrans determines that any real property or interest acquired by Caltrans for transportation purposes is no longer necessary for those purposes. Once these properties have been identified, they can be disposed of through public sale. State agencies are required to dispose of excess property at fair market value unless directed otherwise by legislation. Excess land disposal activities are considered projects under the California Environmental Quality Act (CEQA), but are categorically exempt. However, when a project may cause substantial adverse change to the significance of a historical resource, such as this project, further environmental study and documentation is required.

Because future use of the property after its sale would be speculative, and because any future change to the property would require additional permitting, this EIR is focused upon the potential sale of the property and does not speculate as to its future use.

1.3 Background and Additional Property Information

Purchase of the Property

On June 24, 2010, Caltrans acquired seven parcels with buildings, which have been combined to form the Cal Sorrento Property. The building located at 11777 Sorrento Valley Road was demolished on February 15, 2013. A CEQA Categorical Exemption was completed on June 13, 2012 for the demolition.

Deterioration and Maintenance of Buildings at the Site

Currently, the buildings on the Cal Sorrento Property are sitting vacant, with boarded up doors and windows, and chain link security fencing. The interior of the buildings are in very poor condition, and the wood is heavily infested with dry rot and termite damage. Due to vandalism, there is missing plumbing, heating, ventilating, and air conditioning (HVAC), ceiling tiles, and electrical including lighting and copper wiring. The continual break-ins and vandalism of these buildings has required ongoing property maintenance to repair the damage to the interior and exterior.

The baseline conditions of the buildings on the Cal Sorrento Property were identified in Caltrans' Property Management's *Cal Sorrento August 31, 2010: Baseline Property Conditions* that includes the initial field inspection of the seven addresses within the Cal Sorrento Property. Deterioration to the building's exterior was noted as deteriorated roofing and overhangs, and deferred landscape maintenance. Various building materials are falling and hanging off of the buildings, including roof material, pipes, boards, blocks, and fixtures. The concrete stairs leading to various floors of the three-story Sorrento Tower Complex building are showing significant cracking, as do some balconies may be unsafe. There is concern over the Sorrento Tower Complex's ability to withstand seismic events due to the additional lateral loads from earthquakes that would be distributed throughout the multi-story structure. The ceilings and roofs of the buildings on the Cal Sorrento Property are leaking and failing. The balconies' interior ceiling tiles are falling to the floor, then wick water from underlying cement slabs and grow mildew.

Caltrans began work in 2010 to repair and upgrade the Cal Sorrento Property, which included maintenance and repair of leaky roofs, air conditioning units, and landscaping. During a site visit following a break-in in March 2014, interior walls showed signs of mold growth, and Caltrans personnel noticed high levels of humidity and the smell of mold and mildew. Much of the deterioration to the buildings on the Cal Sorrento Property since Caltrans acquired the property in 2010 has been due to the multiple break-ins to the vacant buildings. Caltrans Property Management, along with the California

Highway Patrol, has been patrolling the cul-de-sac of Industrial Court and, and when feasible, parking in this cul-de-sac at night to write their daily police reports while keeping an eye out for trespassers and intruders. However, it is not feasible to have 24-hour surveillance of the Cal Sorrento Property.

Frequently, many transients illegally access the property for shelter to take materials from the buildings, and have left graffiti on the buildings. Defacement of the exteriors and interiors of the property include stripping out copper wiring from walls, pulling copper pipes out, ripping open entry doors, and spreading human waste throughout the bathrooms. These actions, along with the property's vacancy, have altered the appearance of the Cal Sorrento Property and it is considered to be a blight on the surrounding community by neighbors and the Torrey Pines Community Planning Board.

High Groundwater

The property has historically been affected by a high groundwater table due to its location within the Los Peñasquitos Canyon watershed, just upstream from the Los Peñasquitos Lagoon. In the last century, Sorrento Valley has been flooded on several occasions, with one of the worst floods occurring in 1938. At that time, only ranches and farms existed in Sorrento Valley, and structures were generally above flood level. In the mid to late 1960s, extensive development took place in this section of the valley, forming what is known as Sorrento Valley Industrial Park (SVIP) (HRER 2011). Flooding periodically occurs in the valley because the flood control channel is insufficient to handle large volumes of water. The lack of sufficient water drainage in the area continues to affect the Cal Sorrento Property. Currently, the high water table is a continuous source of water infiltration of the property, causing pooling of water in many of the parking areas. When the water is high, there is often standing water in the gutters, promoting algae growth and causing a swamp-like appearance to the sidewalk and vegetated areas. Water is continually draining from the property and down the street to the local storm drains. Water seeps out of the utility access holes in the sidewalks, and Sorrento Valley Road is full of potholes and patches where the water has caused deterioration of the road. Annually, the intersection of Sorrento Valley Road and Carmel Mountain Road is frequently flooded and traffic must be rerouted to avoid the pooling water.

Since purchasing the Cal Sorrento Property, Caltrans has installed a passive drainage system during the fall of 2015.

1.4 Why an Environmental Impact Report?

Determining whether a project may have a significant effect plays a critical role in the CEQA process. CEQA Section 15064(f)(1) provides guidance for determining potential significant effects caused by a project. If a lead agency is presented with a fair argument that a project may have a significant effect on the environment, the lead agency shall prepare an Environmental Impact Report (EIR) even though it may also be presented with other substantial evidence that the project will not have a significant effect. There are two historical resources that are eligible for inclusion in the National Register of Historic Places (NRHP) and the California Register of Historical Resources (CRHR) within the Cal Sorrento Property that are identified on Figure 1-3 and discussed in Section 3.3 of this EIR.

Caltrans previously evaluated the Caltrans-owned Cal Sorrento Property on Industrial Court, a cul-de-sac, and Sorrento Valley Road in November 2011 in accordance with PRC §5024(a) and (b), and determined that there are two historical resources that are eligible for inclusion in the NRHP: The State Historic Preservation Officer concurred with this finding in a letter to Caltrans dated May 21, 2012.

1) *The Sorrento Valley Industrial Park (SVIP) Historic District, consisting of five* [historic] *properties that face onto Industrial Court, a cul-de-sac and eligible for inclusion in the NRHP under Criterion C and Criteria Consideration (g) at the local level of significance as good example of an industrial park that was*

intentionally designed as a Modernist campus. Its period of significance is 1965-1967. All five [historic] *properties, the courtyard, and façade landscaping are contributing elements. The district also meets California Register of Historical Resources (CRHR) Criterion 3 and is a historical resource for purposes of CEQA.*

2) *Sorrento Tower Complex located at 3336-3346 Industrial Court, which also is a contributing property to the historic district. The complex is eligible at the local level of significance under NRHP Criterion C and Criteria Consideration (g) and as a historical resource under CEQA under California Register Criterion 3 and Special Consideration (d)(2) because it is a very good example of Wrightian Modern architecture identified in the City of San Diego's "Modernism Historic Context Statement," and as a good example of Loch Crane's commercial designs. The period of significance is 1965, the boundaries* [of the SVIP Historic District] *are the parcel boundaries, and contributing features are Buildings A-E, the courtyard and landscaping* [See Items 3 and 4 from Figure 1-3].

This EIR has been prepared following CEQA requirements, and complies with all other substantive environmental laws where they are relevant to the proposed project, as the environmental studies have been conducted following Caltrans standards, policies, and procedures for environmental compliance. While the potential impacts to environmental resources have been considered, this document focuses on one particular topic, as historical resources do exist on the project site and could potentially be affected by the proposed action. Caltrans has concluded, pursuant to PRC Section 5024.5, that the sale of the property without historic preservation covenants and sale of the property with demolition would both constitute an adverse effect.

1.5 Project Maps

Figure 1-1: Project Vicinity Map

Figure 1-2: Project Location Map

0 0.1 0.2 0.4 0.6 0.8 Miles

Figure 1-2: Project Location Map

Figure 1-3: The Cal Sorrento Property

Photo: Google Earth November 2013

Figure 1-3: The Cal Sorrento Property

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Chapter 2.0 Project Description/Preferred Alternative

The project proposes to sell the Cal Sorrento Property, with possible options to 1) sell the property as-is without historic preservation covenants, and without changes to the buildings, or 2) sell property with all structures demolished (without the buildings). These build alternatives are identified below. The Cal Sorrento Property is a State-owned property that occupies approximately 6.65 acres in an industrial park containing buildings. Before the State acquired this property, there were seven properties on site with buildings having separate addresses and individual assessor parcel numbers. Once acquired by the State, the individual parcels were combined into one State-owned property. The property is currently vacant.

2.1 Build Alternatives

The project alternatives that have been considered for the proposed project include the sale of the property as a whole parcel or divided into smaller parcels, as follows:

- Alternative 1 – Sell property as-is, without historic preservation covenants, and without changes to the buildings.
- Alternative 2 – Sell property with all structures demolished (without the buildings).

Preferred Alternative

Caltrans has determined that either build alternative would result in a similar outcome where the preservation of the historic resources is not likely due to the lack of preservation covenants. Both build alternatives allow for the sale of the property, which meets the need for the project to save the State money and resources that are otherwise devoted to maintaining a vacant and unproductive facility. The Caltrans Project Development Team (PDT) met on July 12, 2016, and determined that the sale of the property was preferred. The expedient sale of the property would help Caltrans meet its objective to reduce Caltrans' inventory of properties that serve no transportation purpose, and eliminate the nonessential expenditure of State funds and resources for properties with high maintenance costs.

Alternative 1 is selected as the Preferred Alternative, because no additional funds are required to remove the property from State inventory. Alternative 2 requires additional funds for the demolition of the buildings on the property. Because there are no historic preservation covenants, changes to the historic resources are likely. Therefore, both Alternative 1 and Alternate 2 have similar impacts and the same mitigation.

No Action Alternative

No action is taken. Caltrans would continue to own the property, and therefore would not meet agency requirements to reduce the State-owned inventory of property that is unnecessary for transportation purposes. The property would continue to be vacant due to the dilapidated condition of the property, and deterioration of the buildings would continue. High maintenance costs would continue to be incurred by the State, and the State would potentially be at risk for payment of substantial future construction costs for further improvements to the property. In addition, the current treatment of water is on a five year permit from the City of San Diego. As of April 2016, the total cost associated with maintaining the property has been in excess of approximately $160,000 since its acquisition in 2010 according to Caltrans Property Management staff.

2.2 Alternatives Considered But Eliminated From Further Discussion

Several alternatives have been considered to sell the property with different combinations of features to either fix-up the property, and/or move or demolish the buildings. The project alternatives that have been considered but eliminated from further discussion include:

Passively drain water. Passive drainage relies on gravity to move the water. This alternative would passively drain the water off of the property through a system of perforated pipes that would collect and distribute the water to areas with less water. The perforated pipe would both collect and filter water along the pipe system. This alternative was eliminated because a feasible, passive drainage system was identified that became a separate project (Cal Sorrento Property Passive Drainage CEQA Categorical Exemption [CE] signed and approved on September 3, 2014). Construction of the passive drainage system occurred during the fall of 2015.

Passively drain water and demolish buildings. Passive drainage was considered as previously described above. Demolishing the buildings would include bringing in heavy equipment to destroy the buildings and remove all of the associated debris, including landscaping hardscape and trash. This alternative was eliminated because a feasible, passive drainage system was identified that became a separate project (Cal Sorrento Property Passive Drainage CEQA CE signed and approved on September 3, 2014), and because demolishing the buildings is considered to be an adverse effect to historical resources, as described above in Section 1.4 of this EIR.

Actively drain water. Active drainage involves continuous or intermittent action to move the water. This alternative would actively drain the water with pumps to move water off of the property after filtering the water. An active drain water system would cost more than passively draining the water. Caltrans is not moving forward with evaluating this alternative based on the approval of the Cal Sorrento Property Passive Drainage CE project (to meet requirement to passively drain water), and the excessive cost to actively drain the water as determined in the July, 2013 Project Development Team (PDT) Meeting.

Actively drain water and demolish buildings. Active drainage and demolition would be performed as previously described above. Caltrans is not moving forward with evaluating this alternative based on approval of the Cal Sorrento Property Passive Drainage CE project (to meet requirement to passively drain water), and the excessive cost to actively drain the water at the project site, as determined in the July, 2013 PDT Meeting. Actively draining the water using pumping methods costs more than passively draining the water.

Re-grade project site to improve drainage problems, and demolish buildings. Regrading the project site would consist of bringing truckloads of topsoil to the property. The topsoil would be leveled to raise the existing grade as desired. Demolition of the buildings must occur to provide access to change the grade. Demolition was rejected as previously described above. This alternative has been eliminated because the water table is too high, as determined in the July, 2013 PDT Meeting. Based on the TYLin report, it was determined that vertically lifting the structures in place would allow for a new foundation to be built at a higher elevation to avoid the groundwater issues, and the structures would be set back down on new foundations. After consulting with a contractor who specializes in moving structures, it was determined that this scenario is feasible, however, based on the poor soil conditions due to high groundwater, it is not ideal.

Sell property as-is with historic preservation covenants. A historic preservation covenant is where the property is sold with legally binding requirements that would include stipulations to protect the cultural resources. After researching the potential to market the Cal Sorrento Property with historic preservation covenants for rehabilitation and reuse, Caltrans determined that it is neither prudent nor feasible to sell the Cal Sorrento Property with historic preservation covenants. In 2016, structural engineers estimated

the cost to rehabilitate the buildings and bring them up to decent, safe, and sanitary conditions, all in accordance with the *Secretary of the Interior's Standards for the Treatment of Historic Properties* would cost about $1,450 per square foot (TYLin 2014). This cost is considered to be exceedingly high when compared to the estimated purchase price of equivalent office space at $250 per square foot, or industrial space at $130 per square feet, respectively, for property in for-sale condition. The total costs would include the vertical lifting of the structures to be placed on new foundations to be elevated above the high water table. This would be the only guaranteed approach to remediate the water table issue to protect the buildings in place as a historic district. In addition, the high cost reflects the encapsulation of hazardous materials, and estimates for the cost of improvements needed to comply with the American with Disabilities Act (ADA). The high price of this alternative renders it financially infeasible, and was removed as an option on April 24, 2015. In May of 2015, Caltrans' cultural resources staff also identified that there would be substantial additional costs required by any potential buyers of the Cal Sorrento Property to fulfill the requirements needed to save the numerous exterior, character-defining features of the buildings in accordance with the Secretary of the Interior Standards (see Section 3.3.3). Caltrans determined this would limit the list of potential buyers, as it would be too cost-prohibitive to pay for the required repairs and maintenance. The cost to save and restore the interior and exterior defining character features of the historic properties would far exceed their property value.

Based on the Cal-Sorrento Historic District Preservation Evaluation prepared by TYLin and dated August 18, 2014, the estimated cost to rehabilitate the property at the SVIP Historic District is $1,450 per square foot or $110,000,000. The cost is based on several factors that includes ADA compliance, and encapsulation of hazardous materials for mold, lead-based paint (LBP), and asbestos containing materials (ACMs). The ACMs may cost $63,000 to simply review the buildings and prepare a management plan to estimate the cost of the hazardous material work. The buildings are not in compliance with ADA code, and that would cost about $1,364,000 for ADA improvements. In addition, if the water table issue could be resolved and a new foundation installed for the structures after vertically lifting the buildings, the total cost for rehabilitation would be about $110,000,000.

<u>Relocate historical resources, re-grade, and maintain original placement.</u> This alternative considered three options: 1) Relocation of the Sorrento Tower Complex and Sorrento Valley Industrial Park (SVIP) Historic District buildings to permanently move them to another location in order to preserve the buildings; 2) Temporarily move the buildings to re-grade the property and correct the drainage concern and build new elevated foundations for the buildings; or 3) Leave the buildings in place, and make some improvement for drainage and landscaping. This alternative and the options were not considered feasible and were eliminated because temporary moving of the buildings could damage the masonry structures, there is only limited space to temporarily place the buildings on the properties in the area, and there are excessive costs of conducting these improvements. In addition, re-grading the property was considered not feasible because the water table is too high (July, 2013 PDT Meeting). Please refer to the Cal-Sorrento Historic District Preservation Evaluation prepared by TYLin for more information on how the determination was made, specifically page 17 and 18 of this report (TYLin 2014).

<u>Re-use, with minimal repairs and maintenance.</u> The Cal Sorrento Property was acquired by Caltrans in 2010 in an already dilapidated condition due to deferred maintenance from the previous owner. In 2014, the cost to improve structures for re-use, which includes the cost to vertically lift the structures in place, rehabilitate, and retrofit, is estimated to be $1,450 per square foot. However, the purchase price of equivalent office space is estimated to be $250 per square foot. The purchase price of equivalent industrial space is estimated to be $130 per square foot. Please refer to the Cal-Sorrento Historic District Preservation Evaluation prepared by TYLin for more information. Therefore, the cost for re-use is excessive. The 2014 values are used to assess costs and are anticipated to be similar to the 2010 cost values.

2.3 Permits and Approvals Needed

The following permits, reviews, and approvals would be required for project construction:

Table 1: Permits, Reviews, and Approvals

Agency	Permits/Approvals
City of San Diego	Coastal Development Permit (CDP)/Local Coastal Program (LCP)
City of San Diego	Potential Demolition Permit
City of San Diego	Two Site Development Permits (for the Historic Resources for non-public entities)

The proposed project is located within the Coastal Zone jurisdiction of the City of San Diego. A Coastal Development Permit (CDP) is required for Alternative 2. A CDP is not required if the buildings are not demolished, as identified in Alternative 1 (Preferred Alternative) and the No Action Alternative. The California Transportation Commission (CTC) would provide the final approval for the disposal of the Cal Sorrento Property. Streets and Highways Code Section 118 permits Caltrans to sell, contract to sell, sell by trust deed, or exchange real properties or interests in properties, in the manner and upon terms, standards, and conditions established by the CTC when Caltrans determines that any real property or interest acquired by Caltrans for transportation purposes is no longer necessary for those purposes. In addition, non-public entities would need Site Development Permits for both the Sorrento Tower Complex and the Sorrento Valley Industrial Park Historic District to make any modifications.

Chapter 3.0 Affected Environment, Environmental Consequences, Avoidance, Minimization, and/or Mitigation Measures

3.1 Determining Significance Under CEQA

CEQA requires the lead agency to identify each "significant effect on the environment" resulting from the project and ways to mitigate each significant effect. If the project may have a significant effect on any environmental resource, then an EIR must be prepared. Each and every significant effect on the environment must be disclosed in the EIR and mitigated, if feasible. In addition, CEQA Guidelines list a number of mandatory findings of significance, which also require the preparation of an EIR. This chapter discusses the effects of this project and its CEQA significance.

This chapter primarily focuses on the potential impacts to Cultural Resources, with the remaining environmental resources discussed in Appendix A – CEQA Checklist and Appendix D – Environmental Commitments Record.

3.2 Effects of the Proposed Project

3.2.1 No Effects

The proposed project would have no impacts to:

- Agriculture and Forestry Resources
- Biological Resources
- Geology and Soils
- Greenhouse Gas Emissions
- Hazards and Hazardous Materials
- Hydrology and Water Quality
- Land Use and Planning
- Mineral Resources
- Population and Housing
- Public Services
- Recreation
- Transportation and Traffic
- Utilities and Service Systems

For further information regarding determination of impacts and/or environmental commitments for hazards and hazardous materials, hydrology and water quality (stormwater/National Pollutant Discharge Elimination System [NPDES] compliance), see Appendix A: CEQA Checklist and Appendix C: Environmental Commitments Record.

3.2.2 Less than Significant Effects of the Proposed Project

This section lists the resources that would have a less than significant impact from implementation of the proposed project. As part of the scoping and environmental analysis conducted for the proposed project, the following environmental issues were considered, but no significant impacts were identified. Refer to these relative sections in the Appendix A: CEQA Checklist and Appendix C: Environmental Commitments Record discussing the potential project impacts.

The proposed project would have less than significant impacts to:

- Aesthetics
- Air Quality
- Noise

3.3 Significant Environmental Effects of the Proposed Project

Only cultural resources have the potential for significant effects. All of the other resources are less than significant and are discussed in Appendix A – CEQA Checklist, with any avoidance, minimization, or mitigation listed in Appendix D – Environmental Commitments Record.

3.3.1 Regulatory Setting – Cultural Resources

"Cultural resources", as used in this document, refers to all historical and archaeological resources, regardless of significance. The relevant laws and regulations dealing with cultural resources for this project include: Historical resources are considered under the California Environmental Quality Act (CEQA), as well as California Public Resources Code (PRC) Section 5024.1, which established the California Register of Historical Resources (CRHR). PRC Section 5024 requires State agencies to identify and protect State-owned resources that meet National Register of Historic Places (NRHP) listing criteria. It further specifically requires Caltrans to inventory State-owned structures in its right-of-way. Sections 5024(f) and 5024.5 require State agencies to provide notice to and consult with the State Historic Preservation Officer (SHPO) before altering, transferring, relocating, or demolishing State-owned historical resources that are listed on or are eligible for inclusion in the National Register or are registered or eligible for registration as California Historical Landmarks.

3.3.2 Affected Environment – Cultural Resources

This cultural resource discussion relies on studies prepared for the proposed project that were performed within the Project Area Limits (PAL). The following documents were prepared to assess the project for potential impacts to cultural resources. Some of the cultural reports and/or documents listed below are not available for general public review, because the sensitive resources discussed in them are protected by state and federal law.

TYLin International
2014 Cal-Sorrento Historic District Preservation Evaluation

State Historical Preservation Officer (SHPO)
2012 Determination of Eligibility for the National Register and the California Register of Historical Resources

Crafts, Karen
2012 Historical Resources Compliance Report (HRCR)
2014 Historical Resources Compliance Report (HRCR) for Sorrento Valley Industrial Park Passive Drainage System

Davis, Shannon
2015, Second Supplemental HRCR for Sorrento Valley Industrial Park

Scott, Gloria, and Dana Supernowicz
2011 Historical Resources Evaluation Report (HRER) for State-Owned Properties in Sorrento Valley Industrial Park, San Diego County. Prepared by Caltrans.

The SVIP Historic District is a significant historical resource for the purposes of CEQA because it meets Criterion 3 and Special Consideration 2 at the local level of significance. All five historic properties, the courtyard, and façade landscaping are contributing elements. See Table 2.

Table 2. State-owned Historical Resources within Project Area Limits

Name/Function	Address/Location	Community	OHP Status Code
Sorrento Tower Complex*	3336-3346 Industrial Court	San Diego	4CM
Sorrento Valley Industrial Historic District	3330-3347 Industrial Court and 11803 Sorrento Valley Road	San Diego	4CM
District Contributor	3330 Industrial Court	San Diego	4CM
District Contributor	3336-3346 Industrial Court	San Diego	4CM
District Contributor	3337 Industrial Court	San Diego	4CM
District Contributor	3347 Industrial Court	San Diego	4CM
District Contributor	11803 Sorrento Valley Road	San Diego	4CM

*Also determined to be a district contributor

Sorrento Valley Industrial Park Historic District

The SVIP Historic District meets NRHP Criterion C at the local level of significance as a good example of an industrial park that was intentionally designed as a Modernist campus. Criterion C is classified as distinctive characteristics of a type, period, or method of construction, work of a master, high artistic values, or that represents a significant and distinguishable entity whose components may lack individual distinction. Criterion C correlates to the California Register Criteria (3) Distinctive characteristics of a type, period, region, or method of construction, work of an important creative individual, or possess high artistic values. Although at the time of study, the SVIP Historic District was less than 50 years old, it meets the Criteria Consideration G for achieving exceptional significance within that time period, as supported by scholarly research. Criteria Consideration G is classified as a property achieving significance within the past 50 years and is eligible if it is of exceptional importance. The period of significance for the SVIP Historic District is 1965-1967, the period in which the buildings within the District were constructed. The SVIP Historic District includes 3330 Industrial Court, 3336-3346 Industrial Court (Sorrento Tower Complex), 3337 Industrial Court, 3347 Industrial Court, and 11803 Sorrento Valley Road. The SVIP Historic District retains high integrity of location, setting, and design, and fair integrity of materials, workmanship, feeling, and association. Boundaries for the SVIP Historic District are the legal parcel boundaries for 3330, 3336-3346, 3337 and 3347 Industrial Court, and 11803 Sorrento Valley Road (Figure 1-3).

Sorrento Tower Complex

In addition to being a contributing property to the SVIP Historic District, the Sorrento Tower Complex (3336-3346 Industrial Court) individually meets NRHP Criterion C at the local level of significance because it is a very good example of Wrightian Modern architecture identified in the City of San Diego's "Modernism Historic Context Statement," and as a good example of Loch Crane's commercial designs. Although the complex was less than 50 years old at the time it was evaluated, it meets the Criteria Consideration G for achieving exceptional significance within that time period, as supported by scholarly research. The period of significance is 1965, the boundaries are the parcel boundaries, and contributing features are Buildings A-E, the courtyard and landscaping.

Exempt from Evaluation

The following building is not considered part of the SVIP Historic District. The Sorrento Arts Center, located at 11777 Sorrento Valley Road, was constructed in 1970 (Figure 1-3, X). At the time this survey was conducted, the PRC 5024 MOU had not been drafted and the SHPO allowed Caltrans to use the guidelines in the Section 106 PA Attachment 4 for compliance with PRC 5024. A CEQA Categorical Exemption was completed on June 13, 2012 for the demolition of the buildings at 11777 Sorrento Valley Road, and the buildings were subsequently demolished on February 15, 2013.

3.3.3 Environmental Consequences – Cultural Resources

In determining significance for cultural resources, Caltrans reviewed the balanced of the economic, legal, social, technological, and/or other benefits for the proposed alternatives against its unavoidable environmental risks.

The Second Supplemental HRCR, documenting Caltrans' efforts to determine the feasibility of disposing of the State-owned SVIP Historic District and the Sorrento Tower Complex with historic preservation covenants and proposed measures to mitigate adverse effects, was prepared and submitted to Caltrans Headquarters Cultural Studies Office (CSO) on June 22, 2015 for concurrence with a finding of "Adverse Effect." In preparing the above, specialists working in the preservation field in San Diego were contacted in February and March 2015 about the prudence and feasibility of marketing the SVIP Historic District and the Sorrento Tower Complex with historic preservation covenants and restrictions (See Section 4.5 Consulting Parties/Public Participation). Although the Tower and Complex could be used for various types of businesses, the costs associated with bringing them up to a decent, safe, and sanitary condition while adhering to the Secretary of Interiors Standards, and abating the groundwater issues, would not only be cost prohibitive, but it would be difficult to sell with historic preservation covenants due to the property's character-defining features which would limit the list of potential buyers.

On May 21, 2012, the SHPO concurred with the eligibility determination and as a result and pursuant to PRC § 5024.1, the State-owned SVIP Historic District and the Sorrento Tower Complex were placed on the Master List of Historical Resources.

Both build alternatives under consideration for the Project result in the transfer or demolition of eligible, State-owned historical resources due to adverse ground water conditions, financial infeasibility of rehabilitation, and lack of a viable market for the sale of the property with historic preservation covenants. Mitigation measures include preparation of Heritage documentation of the Sorrento Tower Complex and the Sorrento Valley Industrial Park Historic District and to develop an article discussing Loch Crane's body of work, and that of his students and peers within the San Diego Modernism Historic Context. Caltrans will conduct an historic resource Survey utilizing the City of San Diego's Modernism Historic Context. The emphasis of the survey will be on the work of architect Loch Crane and the Organic Geometric style. Both residential and commercial/industrial properties will be included in the Survey.

Caltrans has concluded that pursuant to *Memorandum of Understanding Between the California Department of Transportation and the California State Historic Preservation Officer Regarding Compliance with Public Resources Code Section 5024 and Governor's Executive Order W-26-92* (5024 MOU) Stipulation X.C.2a and PRC 5024.5, both Alternatives 1 and 2 would result in an adverse effect to the SVIP Historic District and the Sorrento Tower Complex. Pursuant to CEQA and PRC 15064.5(b)(3)(c), Caltrans has determined both Alternatives 1 and 2 would result in substantial adverse change and significant unavoidable impacts to the SVIP Historic District and the Sorrento Tower Complex, and is a substantial adverse change and significant unavoidable impact due to the reasonably

foreseeable potential for alteration or demolition of the property's character-defining features such that the significance of the historical resources would be impaired.

The Second Supplemental HRCR concluded, pursuant to PRC§ 5024.5 and PRC§ 5024(f), that the disposal of the Tower and Complex without historic preservation covenants, even with mitigation proposed, would constitute an adverse effect; therefore, any demolition of the buildings would also be an adverse effect. On May 18, 2016 SHPO provided their concurrence of Caltrans' determination that the project would constitute an adverse effect on historical resources before approval of the Final EIR (Figure 3-2).

Caltrans then determined, pursuant to CEQA Guidelines 15064.5(b)(3)(c), that disposal of the property without historic preservation covenants would be a substantial adverse change due to the reasonably foreseeable potential for demolition or alteration of the property's historic characteristics. For the proposed project alternatives, Caltrans determined the following:

- Alternative 1 has the potential to cause an adverse effect to the significant historical features and fabric of both the Sorrento Tower Complex and the SVIP Historic District through foreseeable alterations or complete demolition [by the subsequent purchaser(s)];

- Alternative 2 would cause an adverse effect to the significant historical features and fabric of both the Sorrento Tower Complex and the SVIP Historic District through complete demolition. Caltrans' Professionally Qualified Staff (PQS) have determined that there is an adverse effect to the two historical resources within the PAL. As a result, Caltrans has concluded that both build alternatives would result in an adverse effect to the Sorrento Tower Complex and the SVIP Historic District.

In considering the protection of the historical resources, there are limiting factors regarding the financial infeasibility of rehabilitation, and lack of a viable market for the sale of the properties. In addition, there is a reasonably foreseeable potential for alteration or demolition of the properties that would impair the character-defining features. Impacts to these historical resources would remain significant and unmitigable, even with the avoidance, minimization, and mitigation methods implemented as described in the next section.

3.3.4 Avoidance, Minimization and/or Mitigation Measures – Cultural Resources

Caltrans prepared a Historic American Buildings Survey (HABS) that created "Heritage" documentation of the Sorrento Tower Complex and SVIP Historic District.

The "Heritage" documentation of the SVIP and Sorrento Tower Complex followed the outline in the Caltrans Environmental Handbook, Volume 2, Exhibit 7.6. (Caltrans 2014). The documentation consists of two documentation packages:

1) Sorrento Tower Complex Heritage Documentation package:
   a) Complete documentation following HABS Level II standard
   b) Views were photographed guided by the character-defining features
   c) Photographs followed HABS photograph standard, i.e., large format negative, archival paper and inks
   d) Print images were scanned to create electronic versions, and files were saved following the guidance for digital images per Caltrans Exhibit 7.6 *Heritage Documentation for HABS/HAER/HALS*

   e) Select as-built drawings were reproduced on mylar sheets measuring 24 by 36 inches, meeting the HABS Level II standard

2) Sorrento Valley Industrial Park (SVIP) Historic District Heritage Documentation package:
   a) Completed documentation followed HABS Level III standard
   b) Views photographed guided by the character-defining features
   c) No large format negatives; photos were taken with digital cameras and printed per Caltrans Exhibit 7.6-11 guidelines and meet the permanence standards established in the NRHP photo policy
   d) Select as-built drawings were reproduced on mylar sheets measuring 24 by 36 inches, meeting the HABS Level II standard

One hard copy of each package would be submitted to each of the following repositories:

- Caltrans Headquarters Transportation Library and History Center
- Caltrans District 11 archives
- Office of Historic Preservation
- San Diego History Center

Additionally, Caltrans will conduct an historic resource Survey utilizing the City of San Diego's Modernism Historic Context. The emphasis of the Survey will be on the work of architect Loch Crane and the Organic Geometric style. Both residential and commercial/industrial properties will be included in the Survey.

STATE OF CALIFORNIA—BUSINESS, TRANSPORTATION AND HOUSING AGENCY EDMUND G. BROWN, Jr., Governor

DEPARTMENT OF TRANSPORTATION
DIVISION OF ENVIRONMENTAL ANALYSIS, MS 27
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P. O. BOX 942874
SACRAMENTO, CA 94274-0001
PHONE (916) 653-7507
FAX (916) 653-7757
TTY (916) 653-4086

Flex your power!
Be energy efficient!

April 17, 2012

Mr. Milford Wayne Donaldson, FAIA
State Historic Preservation Officer
Office of Historic Preservation
Department of Parks and Recreation
1725 23rd Street, Suite 100
Sacramento, CA 95816-7100

RECEIVED
APR 19 2012
OHP

Attention: Mark Beason

Subject: PRC120124A: PRC §5024 Notification and Request for Concurrence
Sorrento Valley Industrial Park, San Diego, CA Determinations of Eligibility

To comply with PRC §5024(b) and (d), the California Department of Transportation (Caltrans) is providing notice to, and seeks your concurrence regarding the reconsideration of eligibility for state-owned resources within the Sorrento Valley Industrial Park, San Diego, San Diego County.

On March 8, 2012 Caltrans received a letter from you stating that you disagreed with our conclusions that the six state-owned properties adjacent to the Carmel Mountain Road onramp to the Interstate 5 local road bypass do not meet the criteria for inclusion in the National Register of Historic Places (National Register). Caltrans requested a meeting to discuss the disagreement and seek clarification on "exceptional significance" under National Register Criteria Consideration (g) for properties less than fifty years old. On March 22, 2012, Caltrans Headquarters Principal Architectural Historian Gloria Scott and I met with Susan Stratton, Natalie Lindquist, Dwight Dutschke and Mark Beason of your staff regarding these properties. Different interpretations of the National Register and California Register of Historical Resources (California Register) regulations for properties less than fifty years old were at the core of this disagreement.

National Register Criteria Consideration (g) guidance states that a property must have "exceptional importance," for which sufficient time must have passed to develop historical perspective, supported by scholarly research, and for which both historic context and the specific property's role in that context must be considered. This guidance, in *National Register Bulletin 15: How to Apply the National Register Criteria*

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Figure 3-1: State Historic Preservation Office: Concurrence on Eligibility

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April 17, 2012
Page 2

for Evaluation, Part VII, also states that the phrase "'exceptional importance' may be applied to the extraordinary importance of an event or to an entire category of resources so fragile that survivors of any age are unusual." California Register Special Consideration 2, on the other hand, states that a resource less than fifty years old may meet the criteria for inclusion in the California Register "if it can be demonstrated that sufficient time has passed to understand its historical importance." [CCR §4852(d)(2)]. The regulation is silent on exceptional importance and there is no further guidance in the California regulations. One can interpret the differences in the language to mean that the two regulations have different thresholds for significance, with the National Register having a higher threshold for "exceptional significance," i.e. extraordinary importance. Caltrans applied both National Register and California Register criteria and originally concluded that while there is scholarly research and historical perspective for evaluating these mid-1960s properties, per the National Register criteria and PRC §5024(b), none rose to the level of exceptional significance to meet the National Register criteria. However, because Caltrans interpreted the California Register criteria to mean that *exceptional* significance was not required, Caltrans, as lead agency under CEQA, determined that the Sorrento Tower Complex did meet California Register Special Consideration (d)(2), based on historical perspective and scholarly research.

Office of Historic Preservation (OHP) staff clarified that the overarching guidance is the same for both the CR and the NR; the programs are the same. *The guidance with "exceptional significance" is to give breathing room for assessing a property.* The intent of the California Register) regulations is to be the same as the National Register criteria and guidance, differing only in three things: California Historical Landmarks from 770 would be automatically listed in the California Register, moved properties would be considered differently, and whole surveys could be listed in the California Register, but California regulations were never written to implement the latter two categories. The intent of the California Register is to allow local entities to have more control over what they view as historical resources. OHP staff clarified that if a property is border line eligible, treat it as eligible. OHP staff also thought that because the properties are so close to fifty years of age that they would be treated as though they are fifty.

Because the state-owned resources are nearing fifty years of age and there appears to be a historic district, based on scholarly research and the extant buildings from the original industrial park complex, Caltrans agreed to reconsider the properties as a historic district that meets National Register criteria, and Sorrento Tower Complex as individually eligible for the National Register, pursuant to PRC §5024 and request SHPO's concurrence. In addition, this letter also serves as documentation that for future Caltrans consultations with SHPO, Caltrans will assume there is no difference between the National Register and California Register criteria, with the exception that for the California Register: California Historical Landmarks from #770 on are automatically

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Figure 3-1: State Historic Preservation Office: Concurrence on Eligibility (continued)

Mr. Milford Wayne Donaldson, FAIA
April 17, 2012
Page 3

listed, moved buildings are treated differently, and whole surveys that meet OHP survey standards could be listed.

Caltrans has concluded that the five properties listed below comprise a small historic district that meets the criteria for inclusion in the National Register of Historic Places at the local level of significance under Criterion C and Criteria Consideration (g) as The Sorrento Valley Industrial Park Historic District. The period of significance is 1965-1967, the period in which these buildings were constructed. Although the district is less than fifty years old, it meets Criteria Consideration (g) for achieving exceptional significance within the past fifty years because sufficient time has passed and to understand its significance, which is supported by scholarly research.

- 3330 Industrial Court
- 3336-3346 Industrial Court (Sorrento Tower Complex)
- 3337 Industrial Court
- 3347 Industrial Court
- 11803 Sorrento Valley Road

In addition, Caltrans has concluded that the Sorrento Tower Complex at 3336-3346 Industrial Court, individually meets the criteria for inclusion in the National Register of Historic Places at the local level of significance under Criterion C because it is a very good example of Modernist architecture in the "Organic Geometric" sub-style, as identified in the City of San Diego's "Modernism Historic Context Statement." Although the Sorrento Tower Complex is less than fifty years old, it meets Criteria Consideration (g) for achieving exceptional significance within the past fifty years because sufficient time has passed to understand its significance, which is supported by scholarly research. On February 26, 2009, the City of San Diego designated the three-story tower section of the complex (Building E, 3344 Industrial Court) as City of San Diego Historic Landmark #897 (Industrial Developers/Loch Crane Office Building) for its architectural significance.

Caltrans also has reevaluated these properties in accordance with Section 15064.5(a)(2)-(3) of the CEQA Guidelines, using the criteria outlined in PRC §5024.1, and determined that:

- The Sorrento Valley Industrial Park Historic District is a significant historical resource for the purposes of CEQA because it meets Criterion 3 of the California Register of Historical Resources for the same reasons as for inclusion in the National Register, with the same boundaries, contributing buildings.
- The Sorrento Tower Complex, 3336-3346 Industrial Court, San Diego, is a significant historical resource for the purposes of CEQA because it meets Criterion 3 of the California Register of Historical Resources for the same reasons as for inclusion in the National Register, with the same boundaries, contributing components.

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Figure 3-1: State Historic Preservation Office: Concurrence on Eligibility (continued)

Mr. Milford Wayne Donaldson, FAIA
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One building, 11777 Sorrento Valley Road, was constructed ca. 1970 and was exempted from evaluation because it meets the criteria set forth in the Section 106 Programmatic Agreement Attachment 4 (Properties exempt from Evaluation) and does not meet any criteria outlined in the CEQA Guidelines at PRC §15064.5(a).

The attached revised DPR 523 Forms detail these determinations.

Under PRC §5024(d), Caltrans is requesting that you add the contributing state-owned buildings within the historic district, and the Sorrento Tower Complex individually to the Master List of Historical Resources.

When Caltrans has developed more specific actions and their potential impacts to these properties, Caltrans will continue consultation with you by providing notice and documentation pursuant to relevant provisions of PRC §5024.5.

If you concur, please sign this letter and return it via e-mail to Gloria Scott. If you have any questions, please contact Gloria Scott at (916) 653-1029.

Sincerely,

ANMARIE MEDIN
Chief
Cultural Studies Office

Enclosures

Concur:

Milford Wayne Donaldson — 21 MAY 2012

Milford Wayne Donaldson, FAIA – SHPO — Date

c: MBeason – OHP
DDutschke – OHP
SStratton – OHP

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Figure 3-1: State Historic Preservation Office: Concurrence on Eligibility (continued)

STATE OF CALIFORNIA – THE NATURAL RESOURCES AGENCY EDMUND G. BROWN, JR., *Governor*

OFFICE OF HISTORIC PRESERVATION
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May 18, 2016

Reply In Reference To: CATRA_2013_0325_001

Jill Hupp
Chief, Built Environment Services Branch
Caltrans
Division of Environmental Analysis, MS 27
P. O. Box 942874
Sacramento, CA 94274-0001

RE: Second Supplemental HRCR for the Transfer of Sorrento Valley Industrial Park: Finding of Adverse Effect, PRC 5024.5, San Diego, San Diego County, 11-SD-5, 1100000013

Dear Ms. Hupp:

Thank you for continuing consultation pursuant to Public Resources Code Section 5024.5 and your March 17, 2016 letter. The California Department of Transportation (Caltrans) has provided additional information in response to my August 12, 2015 letter and questions. Caltrans is seeking my concurrence on an Adverse Effect Finding for the transfer out-of state ownership of historical resources that comprise of the Sorrento Tower Complex and the Sorrento Valley Industrial Park Historic District.

The historic properties are: 1) the Sorrento Valley Industrial Park Historic District consisting of five properties, and 2) the Sorrento Tower Complex, as contributor the Historic District.

Caltrans provided the following answers to the questions posed in my August 12, 2015 letter:

- A new estimate for the costs of encapsulating hazardous materials as compared to removing and remediating them. A more in depth analysis of this would amount to a cost of $ 63,000. This estimate, however, does not include the actual cost for the work of encapsulating the materials, if encapsulation was feasible. Caltrans determined that encapsulation of the hazardous materials due to the on-site conditions and the friable condition of the materials from age, vandalism, and water damage make encapsulation infeasible.
- A new estimate for ADA compliance based on conservative construction costs broken into the components comprising sections 8-603 of the State Historical Building Code (SHBC), with a contingency. The new estimate to bring all five buildings to ADA compliance is $1,364,000.00. And because the three-story Sorrento Tower has staggered floor elevations, two elevators would be necessary.

Figure 3-2: State Historic Preservation Office: Concurrence on Effect

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Page **2** of **3**

- Caltrans revised the engineering costs for rehabilitation/retrofit engineering support services that appeared to have been duplicative in the Cal Sorrento Historic District Preservation Evaluation resulting in a reduction of the engineering costs of approximately $2.7 million.
- Caltrans concluded that the relocation of Sorrento Valley Industrial Park Historic District is infeasible providing the following: that no property site exists within the vicinity of the historical district, sufficient in size for relocation (between 4 and 20 acres in size). The closest comparable site zoned for industrial or commercial use for the buildings is located over 20 miles away.
- The cost for the demolition of the historic buildings, including the costs for the abatement and removal of the hazardous materials, and any necessary soil remediation is $715,000.00. Demolition of all five buildings (with removal backfill and grading) is $325,000.00; hazardous materials abatement and removal is $240,000.00, and an additional $150,000.00 for the flatwork at the site.
- The installed passive drainage system currently results in a reduction of the ground water elevation but this temporary solution is entirely predicated upon the short-term, one-time agreement in place with the City of San Diego allowing the drainage of the ground water into the sewer system. A passive drainage solution is not permanent and the groundwater will never fully abate; it is infeasible as a viable, long-term option. An active drainage system could solve the groundwater problem but for the active system to work, a water treatment facility would have to be constructed on site.

Caltrans has concluded that the rehabilitation of the historic district to a safe, decent and sanitary condition would be approximately $110 million and concluded that the rehabilitation of the historic resource is both infeasible and cost prohibitive comparing the demolition costs of $715, 00.00 with the rehabilitation costs and because the groundwater will never abate to a level that would allow for the rehabilitation of the historic resources.

Caltrans maintains that there are two viable options for the disposal of the resources: 1) selling the historic properties as-is without protective covenants; or 2) the demolition of the historic resources prior to transfer out of state ownership and concludes that the proposed project pursuant to PRC5024.5 is an adverse effect.

The proposed mitigation measures consist of documentation of all the buildings and the district consistent with the Historic American Buildings Survey (HABS) and additional public outreach mitigation measures such as videos (one of the architect Loch Crane and one about the historic district), one published article about the architect and the historic resource; and if feasible, offering local interested parties the opportunity to salvage some of the architectural elements.

OHP reviewed the documentation provided and offers the following comments.

On the basis of the existing and other provided documentation subsequently received after a phone call between my staff, yourself, and District 11 Caltrans staff and Mr. Ken Hovey conducted on April 19, 2016, I concur that the proposed action pursuant to

Figure 3-2: State Historic Preservation Office: Concurrence on Effect (continued)

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PRC5024.5. constitutes an adverse effect of a Master-listed historical resource, the Sorrento Valley Industrial Park Historic District, consisting of five properties, including the Sorrento Tower Complex.

I look forward to our consultation of developing measures to mitigate the adverse effects.

If you have any questions or concerns, please contact Michelle C. Messinger, Historian II of my staff at (916) 445-7005 or at Michelle.Messinger@parks.ca.gov.

Sincerely,

Julianne Polanco
State Historic Preservation Officer

CC: Ken Hovey, Chief, District Environmental Analysis

Figure 3-2: State Historic Preservation Office: Concurrence on Effect (continued)

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Chapter 4.0 – Comments and Coordination

Early and continuing coordination with the appropriate public agencies and the general public is an essential part of the environmental process to determine the scope of environmental documentation, the level of analysis, potential impacts, mitigation measures, and related environmental requirements. Agency consultation and public participation for this project have been accomplished through formal and informal methods, including community group and planning group presentations, and by the Notice of Preparation (NOP) process.

4.1 Project Scoping Process

Pursuant to CEQA, an EIR is being prepared for the project. The NOP was issued by the State Clearinghouse March 18, 2013, and the review was completed April 19, 2013. Comments on the NOP were received from the Native American Heritage Commission (NAHC), the Department of Toxic Substances Control (DTSC), and the Torrey Pines Community Planning Board (TPCPB). They have been carefully considered in the preparation of this EIR.

In response to the NOP, a letter was received from the NAHC, which recommended that Caltrans contact the appropriate Information Center for a record search to determine if a part or all of the area of potential effect (APE) has been previously surveyed for cultural resources, and that known cultural resources recorded on or adjacent to the APE be listed in the Draft EIR. The NAHC also identified that lead agencies should include in their mitigation plan provisions for the identification and evaluation of accidentally discovered archaeological resources, per CEQA Section 15064.5(f). The appropriate record searches were conducted and no archaeological resources of any kind were identified.

The DTSC recommends that the hazardous materials be properly identified, assessed, and, handled in the manner that complies with Health and Safety Codes and Hazardous Waste laws, regulations, and policies.

The letter from the TPCPB contends the Sorrento Tower Complex qualifies for inclusion in the National Register of Historic Places (NRHP). Caltrans has completed the historical resources review and has made the same determination. Please refer to Section 3.3 in the EIR for information regarding the Sorrento Tower Complex qualifying for inclusion in the NRHP. The TPCPB further contends that Cal Sorrento Industries appealed City of San Diego's Historical Resources Board (HRB) recommendation that Loch Crane Building located at 3344 Industrial Court be designated under HRB Criterion C as a very good example of the Contemporary style which retains a high degree of integrity to its 1965 period of significance. Caltrans agrees with this recommendation. The TPCPB contends that the alternative of "taking no action" is not an option as Cal Sorrento Property is a blighted, non-productive asset, and presents an environmental hazard to the Los Peñasquitos Lagoon. Caltrans made a concerted effort to not include a "no action" alternative as a viable option by rejecting this alternative. Lastly, the TPCPB recommends historic conveyance should include the Sorrento Tower Complex, 3344 Industrial Court, and that this conveyance needs to include Building E and the trellised walkway with vertical pierced concrete block posts and wood slat roof that leads to Building E, and also that this alternative include the 'adaptive reuse' of the Sorrento Tower to allow for flexibility in design and development of the Cal Sorrento Property while preserving the most important historical features. Caltrans recommended historic conveyance for the entire Sorrento Tower Complex. Caltrans did consider re-use as an alternative, however, the Cal-Sorrento Historic Preservation Evaluation determined that the cost to repair, rehabilitate, and retrofit the site was too excessive with an estimated $1,450 per square foot, while the purchase price of equivalent industrial space is estimated to be only $130 per square foot. Please refer to Section 2.2 for further information.

4.2 Public Review Period – Public Hearing and Public Comments for the Draft EIR

A public hearing was held on June 15, 2016, from 5 p.m. to 7 p.m. at the California Department of Transportation District 11 Office, 4050 Taylor Street, Garcia Room, San Diego, CA 92110. There were no attendees.

The public review period on the Draft EIR was from May 12, 2016 to June 27, 2016. Caltrans received a comment letter from the City of San Diego's Planning Department dated June 27, 2016. This comment letter and Caltrans responses are in Appendix C – Response to Comments. The California Department of Fish and Wildlife emailed Caltrans on May 31, 2016, to indicate they had no comments, and the State Clearinghouse provided a letter dated June 28, 2016 acknowledging that Caltrans has complied with State Clearinghouse review requirements for draft environmental documents, pursuant to CEQA.

4.3 Coordination with State Historic Preservation Officer (SHPO)

In accordance with Sections 5024(f) and 5024.5 that require State agencies to provide notice to and consult with the State Historic Preservation Officer (SHPO) before altering, transferring, relocating, or demolishing State-owned historical resources that are listed on or are eligible for inclusion in the National Register or are registered or eligible for registration as California Historical Landmarks. Caltrans has had on-going coordination with the SHPO since early 2012. SHPO concurred with the eligibility of the historic resources on May 21, 2012 (Figure 3-1). On May 18, 2016, the SHPO concurred that demolition of the buildings is an adverse impact (Figure 3-2).

4.4 Coordination with State Historical Building Safety Board Regarding Use of California Historical Building Code

Because Caltrans determined, and SHPO concurred, that these resources meet the NRHP eligibility criteria, they are "qualified historical buildings" for the purposes of the California Historical Building Code (CHBC) Section 8-201 Definitions. Caltrans, as a State agency, is required to consult with the State Historical Building Safety Board (SHBSB) "prior to taking action or making decisions or appeals that affect qualified historical buildings or properties, per Section 18961 of the Health and Safety Code," pursuant to CHBC Section 8-104.2.1. On April 21, 2015, Gloria Scott, Built Environmental Preservation Services Branch Chief in the Division of Environmental Analysis Cultural Studies Office, and liaison with the SHBSB, contacted the SHBSB. The SHBSB stated that because the proposed demolition was not a code-related issue, it was outside the purview of the SHBSB, and consultation was not required.

4.5 Consulting Parties/Public Participation

During the evaluation of the Sorrento Valley Industrial Park, and development of the initial HRCR in 2011, Caltrans consulted with the staff of the City of San Diego Planning and Community Investment Department's Historical Resources Board.

In 2011, Caltrans also consulted with the San Diego Historical Society and Save Our Heritage Organization (SOHO). In 2013, Caltrans circulated a Notice of Preparation (NOP) for the DEIR for the proposed disposal of the property. In 2015, in response to comments to the NOP and prior to determining the final alternatives in the DEIR, ASM Affiliates (ASM), on behalf of Caltrans, contacted several area experts and interested parties to assess the marketability of the property with historic preservation covenants but without guarantee that the passive drain would remediate the water table issue. Interested parties that ASM spoke with over the phone in February and April of 2015 included David Marshall, Marie Burke-Lia, Tim Winslow, and Dennis Ridz. These parties were identified from a list of names of specialists the California Office of Historic Preservation (OHP) provided to Caltrans in 2011 for a similar project, to identify specialists working in the field of preservation in San Diego who

could best comment on the prudence and feasibility of marketing the property with historic preservation covenants and restrictions.

On February 25 and March 23, 2015, ASM contacted David Marshall of Heritage Architecture. Mr. Marshall communicated that there would be a good market for the property assuming the water table was remediated. Mr. Marshall was familiar with the SVIP Historic District; also discussed were costs of potential rehabilitation in accordance with the *Secretary of the Interior's Standards for the Treatment of Historic Properties*. Based on his prior experience, Mr. Marshall stated that $300 per square foot was a typical rehabilitation cost for these types of Modernist concrete buildings, and that costs included the scope of mold and asbestos remediation, new mechanical and air systems, and seismic retrofit that would be required to bring the SVIP Historic District to decent, safe, and sanitary conditions. The TYLIN report supports Mr. Marshall's ballpark estimate for the rehabilitation costs, but concluded that due to poor soil conditions that may continue to exist even after the installation of a passive drain, there would be extremely high costs to vertically lift the buildings to prepare new foundations at a higher elevation. Mr. Marshall's conclusion was that "given that the fix can't be guaranteed I would think that selling the buildings would be impossible."

On February 25 and March 23, 2015, ASM also contacted Marie Burke-Lia, a land use attorney who specializes in historical properties. Ms. Burke-Lia felt that the historic preservation covenants proposed would be a deterrent to potential buyers. She further stated that because there was no guarantee that the passive drainage would remediate the water table, Caltrans would not be likely to find a buyer. Ms. Burke-Lia referenced the City of San Diego Code 1260504(h) to follow with regard to site development permits for demolition of historical resources when preservation is not economically feasible.

On February 26, 2015, ASM also contacted Tim Winslow, a real estate broker with Cassidy Turley BRE Commercial's Investment Division. He was referred by Ms. Burke-Lia due to his experience marketing City of San Diego-owned buildings and experience with a similar project. Mr. Winslow stated that "fixing the water table issue is critical to be able to sell it [the property] with or without the buildings." He did not see a viable market for the property until the water table issue is fixed. He further did not see a viable market for rehabilitation, even if the costs were as little as $300 per square foot, as he didn't feel there is a large market for these types of small Modernist concrete buildings. Because he felt strongly that the property is more marketable without the buildings on it (land value only), he didn't think it mattered whether the property was to be sold with historic preservation covenants.

Finally, ASM contacted Dennis E. Ridz with Torrey Pines Community Planning Board, in response to his comments on the NOP. Mr. Ridz, on behalf of the Torrey Pines Community Planning Board, had asked Caltrans to consider a project alternative that retained solely 3336-3346 Industrial Court (Sorrento Tower Complex) instead of all five buildings of the SVIP Historic District. Like the other specialists contacted, Mr. Ridz foresaw no viable market if there is no guarantee that the water table issue would be abated at the time the property is sold. Torrey Pines Community Planning Board would like to see the Sorrento Tower Complex retained even if the other [historic] properties are demolished, but Mr. Ridz indicated that it was unlikely any buyer would be interested in purchasing the property if the potential to rehabilitate the building could be as high as $1,450 per square foot (if the passive drain does not remediate the water table).

Because Caltrans determined, and CA SHPO concurred, that these resources meet the NRHP eligibility criteria, they are "qualified historical buildings" for the purposes of the California Historical Building Code (CHBC) Section 8-201 Definitions. Caltrans, as a State agency, is required to consult with the State Historical Building Safety Board (SHBSB) "prior to taking action or making decisions or appeals that affect qualified historical buildings or [historic] properties, per Section 18961 of the Health and Safety Code," pursuant to CHBC Section 8-104.2.1. On April 21, 2015, Gloria Scott, Built Environmental Preservation Services Branch Chief in the Division of Environmental Analysis Cultural Studies Office,

and liaison with the SHBSB, contacted the SHBSB. The SHBSB stated that because the proposed demolition was not a code-related issue, it was outside the purview of the SHBSB, and consultation was not required.

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Chapter 7.0 – References

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Chapter 8.0 – Acronyms

ACMs – asbestos containing materials
APE – area of potential effect
Caltrans – California Department of Transportation
CAA – Clean Air Act
CDP – Coastal Development Permit
CE – Categorical Exemption
CEQA – California Environmental Quality Act
CERCLA – Comprehensive Environmental Response, Compensation and Liability Act
CERFA – Community Environmental Response Facilitation Act
CGP – Construction General Permit
CHBC – California Historical Building Code
CRHR – California Register of Historical Resources
CSO – Cultural Studies Office
CTC – California Transportation Commission
CWA – Clean Water Act
DTSC – Department of Toxic Substances Control
EIR – Environmental Impact Report
FIFRA – Federal Insecticide, Fungicide, and Rodenticide Act
gpm – gallons per minute
HABS – Historic American Buildings Survey
HAER – Historic American Engineering Record
HALS – Historic American Landscapes Survey
HRB – Historical Resources Board
HRCR – Historical Resources Compliance Report
HRER – Historical Resources Evaluation Report
HRRR – Historical Resources Regulations
HSAA – Hazardous Substance Account Act
HVAC – heating, ventilating, and air conditioning
IWCP – Industrial Wastewater Control Program
LBP – lead based paint
LCP – Local Coastal Program
mg/L – milligrams per liter
NAHC – Native American Heritage Commission
NOP – Notice of Preparation
NPDES – National Pollutant Discharge Elimination System
NRHP – National Register of Historic Places
NCWRP – North City Water Reclamation Plant
OHP – Office of Historic Preservation
OSHA – Occupational Safety and Health Act
PA – Programmatic Agreement
PAL – project area limits
PDT – Project Development Team
PGR – Plantable Geosynthetic Reinforced
PQS – Professionally Qualified Staff
PRC – Public Resources Code
RCRA – Resource Conservation and Recovery Act
SDWA – Safe Drinking Water Act
SHBSB – State Historical Building Safety Board
SHPO – State Historic Preservation Officer
SOHO – Save Our Heritage Organization

SVIP – Sorrento Valley Industrial Park
SWPPP – Stormwater Pollution Prevention Plan
TDS – total dissolved solids
TPCPB – Torrey Pines Community Planning Board
TSCA – Toxic Substances Control Act
WPCP – Water Pollution Control Program

Appendix A – CEQA Checklist

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This section presents the CEQA Checklist Questions for the environmental topics required for study under CEQA Guidelines Appendix G. Beside each question is a box with an "x" identifying the level of potential environmental impact, indicated by the "Lead Agency," Caltrans, as a result of the analysis conducted for the Cal Sorrento Property project. Additionally, at the end of each environmental topic section there is relevant information provided to inform and/or to put any specific project issues to rest.

1.1 Aesthetics

Would the project:	Potentially Significant Impact	Less Than Significant with Mitigation	Less Than Significant Impact	No Impact
a) Have a substantial adverse effect on a scenic vista?	☐	☐	☐	☒
b) Substantially damage scenic resources, including, but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway?	☐	☐	☐	☒
c) Substantially degrade the existing visual character or quality of the site and its surroundings?	☐	☐	☒	☐
d) Create a new source of substantial light or glare which would adversely affect day or nighttime views in the area?	☐	☐	☐	☒

1.1.1 Discussion of Environmental Evaluation Question 1.1 – Aesthetics

The project site is not located within a scenic resource area or scenic vista. The potential sale of the property, including demolishing the buildings onsite prior to selling the property, would not substantially degrade the existing visual character or quality of the site and its surroundings, because any new structures to be built would be required to comply with the City of San Diego zoning use regulations and be subject to review and approval in accordance with CEQA and City of San Diego land use regulations. No lighting is proposed, therefore, the project would not create a new source of substantial light or glare which would adversely affect day or nighttime views in the area. Caltrans Landscape Architect assessed the potential project impacts and determined no further study is required. This information was verified as remaining valid in April 2016.

1.1.2 Avoidance, Minimization, and/or Mitigation Measures

No mitigation is required.

1.2 Agriculture and Forestry Resources

In determining whether impacts to agricultural resources are significant environmental effects, lead agencies may refer to the California Agricultural Land Evaluation and Site Assessment Model (1997) prepared by the California Department of Conservation as an optional model to use in assessing impacts on agriculture and farmland. In determining whether impacts to the California Agricultural Land Evaluation and Site Assessment Model (1997) prepared by the California Department of Conservation as an optional model to use in assessing impacts on agriculture and farmland. In determining whether impacts to forest resources, including timberland, are significant environmental effects, lead agencies may refer to information compiled by the California Department of Forestry and Fire Protection regarding the State's inventory of forest land, including the Forest and Range Assessment Project and the Forest Legacy Assessment project; and forest carbon measurement methodology provided in Forest Protocols adopted by the California Air Resources Board. Would the project:

	Potentially Significant Impact	Less Than Significant with Mitigation	Less Than Significant Impact	No Impact
a) Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?	☐	☐	☐	☒
b) Conflict with existing zoning for agricultural use, or a Williamson Act contract?	☐	☐	☐	☒
c) Conflict with existing zoning for, or cause rezoning of, forest land (as defined in Public Resources Code section 12220(g)), timberland (as defined by Public Resources Code section 4526), or timberland zoned Timberland Production (as defined by Government Code section 51104(g))?	☐	☐	☐	☒
d) Result in the loss of forest land or conversion of forest land to non-forest use?	☐	☐	☐	☒
e) Involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland, to non-agricultural use?	☐	☐	☐	☒

1.2.1 Discussion of Environmental Evaluation Question 1.2 - Agriculture and Forestry Resources

The Cal Sorrento Property is in an area that does not contain agricultural uses. The site is currently zoned IL-3-1, which is Industrial-Light, and is not zoned for agricultural use. Neither conveyance of the property to a new owner, nor demolishing the buildings onsite prior to selling the property, would change this Industrial-Light zoning designation.

1.2.2 Avoidance, Minimization, and/or Mitigation Measures

No mitigation is required.

1.3 Air Quality

Where available, the significance criteria established by the applicable air quality management or air pollution control district may be relied upon to make the following determinations. Would the project:

	Potentially Significant Impact	Less Than Significant with Mitigation	Less Than Significant Impact	No Impact
a) Conflict with or obstruct implementation of the applicable air quality plan?	☐	☐	☐	☒
b) Violate any air quality standard or contribute substantially to an existing or projected air quality violation?	☐	☐	☐	☒

	Potentially Significant Impact	Less Than Significant with Mitigation	Less Than Significant Impact	No Impact
c) Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal or State ambient air quality standard (including releasing emissions which exceed quantitative thresholds for ozone precursors)?	☐	☐	☐	☒
d) Expose sensitive receptors to substantial pollutant concentrations?	☐	☐	☐	☒
e) Create objectionable odors affecting a substantial number of people?	☐	☐	☐	☒

1.3.1 Discussion of Environmental Evaluation Question 1.3 - Air Quality

The potential sale of the property, including demolishing the buildings onsite prior to selling the property, would not affect the capacity or location of major roads or other elements of the transportation system that would cause air quality impacts. Demolition may have temporary construction impacts that would be minimized with Standard Specifications Caltrans implements during demolition activities. Furthermore, no change to odors would be anticipated. Caltrans specialists assessed the potential project impacts and determined no further study is required. This information was verified as remaining valid in April 2016.

1.3.2 Avoidance, Minimization, and/or Mitigation Measures

No mitigation is required.

1.4 Biological Resources

Would the project:	Potentially Significant Impact	Less Than Significant with Mitigation	Less Than Significant Impact	No Impact
a) Have a substantial adverse effect either directly or through habitat modifications, on any species identified as a candidate, sensitive or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Wildlife or U.S. Fish and Wildlife Service?	☐	☐	☐	☒
b) Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, regulations or by the California Department of Fish and Game or US Fish and Wildlife Service?	☐	☐	☐	☒
c) Have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?	☐	☐	☐	☒

	Potentially Significant Impact	Less Than Significant with Mitigation	Less Than Significant Impact	No Impact
d) Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites?	☐	☐	☐	☒
e) Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?	☐	☐	☐	☒
f) Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or State habitat conservation plan?	☐	☐	☐	☒

1.4.1 Discussion of Environmental Evaluation Question 1.4 - Biological Resources

The potential sale of the property, including demolishing the buildings onsite prior to selling the property, would not have an impact on any sensitive biological resources because no habitat or sensitive biological resources are located on the project site. The Caltrans biologist assessed the potential project impacts and determined no further study is required. This information was verified as remaining valid in April 2016.

1.4.2 Avoidance, Minimization, and/or Mitigation Measures

No mitigation is required.

1.5 Cultural Resources

Would the project:	Potentially Significant Impact	Less Than Significant with Mitigation	Less Than Significant Impact	No Impact
a) Cause a substantial adverse change in the significance of a historical resource as defined in §15064.5?	☒	☐	☐	☐
b) Cause a substantial adverse change in the significance of an archaeological resource pursuant to §15064.5?	☐	☐	☐	☒
c) Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?	☐	☐	☐	☒
d) Disturb any human remains, including those interred outside of formal cemeteries?	☐	☐	☐	☒

Please see Section 3.3 Significant Environmental Effects of the Proposed Project, which identifies all of the cultural resource analyses.

1.6 Geology and Soils

	Potentially Significant Impact	Less Than Significant with Mitigation	Less Than Significant Impact	No Impact
Would the project:				
a) Expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death involving:	☐	☐	☐	☒
i) Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area, or based on other substantial evidence of a known fault? Refer to Division of Mines and Geology Special Publication 42.	☐	☐	☐	☒
ii) Strong seismic ground shaking?	☐	☐	☐	☒
iii) Seismic-related ground failure, including liquefaction?	☐	☐	☐	☒
iv) Landslides?	☐	☐	☐	☒
b) Result in substantial soil erosion or the loss of topsoil?	☐	☐	☐	☒
c) Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction or collapse?	☐	☐	☐	☒
d) Be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994), creating substantial risks to life or property?	☐	☐	☐	☒
e) Have soils incapable of adequately supporting the use of septic tanks or alternative waste-water disposal systems where sewers are not available for the disposal of waste water?	☐	☐	☐	☒

1.6.1 Discussion of Environmental Evaluation Question 1.6 - Geology and Soils

The potential sale of the property, including demolishing the buildings onsite prior to selling the property, would not have an impact on any geological and soil resources, or seismic conditions. The Caltrans geotechnical specialist assessed the potential project impacts and determined no further study is required. This information was verified as remaining valid in April 2016.

1.6.2 Avoidance, Minimization, and/or Mitigation Measures

No mitigation is required.

1.7 Greenhouse Gas Emissions

	Potentially Significant Impact	Less Than Significant with Mitigation	Less Than Significant Impact	No Impact
Would the project:				
a) Generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment?	☐	☐	☐	☒
b) Conflict with an applicable plan, policy or regulation adopted for the purpose of reducing the emissions of greenhouse gases?	☐	☐	☐	☒

1.7.1 Discussion of Environmental Evaluation Question 1.7 – Greenhouse Gas Emissions

The potential sale of the property, including demolishing the buildings onsite prior to selling the property, would not have an impact on greenhouse gas emissions, because no change in air quality is anticipated.

1.7.2 Avoidance, Minimization, and/or Mitigation Measures

No mitigation is required.

1.8 Hazards and Hazardous Materials

	Potentially Significant Impact	Less Than Significant with Mitigation	Less Than Significant Impact	No Impact
Would the project:				
a) Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?	☐	☐	☐	☒
b) Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?	☐	☐	☐	☒
c) Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?	☐	☐	☐	☒
d) Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, would it create a significant hazard to the public or the environment?	☐	☐	☐	☒
e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard for people residing or working in the project area?	☐	☐	☐	☒
f) For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working in the project area?	☐	☐	☐	☒
g) Impair implementation of, or physically interfere with an adopted emergency response plan or emergency evacuation plan?	☐	☐	☐	☒

	Potentially Significant Impact	Less Than Significant with Mitigation	Less Than Significant Impact	No Impact
h) Expose people or structures to a significant risk of loss, injury or death involving wildland fires; including where wildlands are adjacent to urbanized areas, or where residences are intermixed with wildlands?	☐	☐	☐	☒

1.8.1 Regulatory Setting

Hazardous materials and hazardous wastes are regulated by many State and federal laws. These include not only specific statutes governing hazardous waste, but also a variety of laws regulating air and water quality, human health and land use.

The primary federal laws regulating hazardous wastes/materials are the Resource Conservation and Recovery Act of 1976 (RCRA) and the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA). The purpose of CERCLA, often referred to as Superfund, is to clean up contaminated sites so that public health and welfare are not compromised. RCRA provides for "cradle to grave" regulation of hazardous wastes. Other federal laws include:

- Community Environmental Response Facilitation Act (CERFA)
- Clean Water Act (CWA)
- Clean Air Act (CAA)
- Safe Drinking Water Act (SDWA)
- Occupational Safety and Health Act (OSHA)
- Atomic Energy Act
- Toxic Substances Control Act (TSCA)
- Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA)

In addition to the acts listed above, Executive Order 12088, Federal Compliance with Pollution Control, mandates that necessary actions be taken to prevent and control environmental pollution when federal activities or federal facilities are involved.

Hazardous waste in California is regulated primarily under the authority of the federal Resource Conservation and Recovery Act of 1976, and the California Health and Safety Code. The Hazardous Substance Account Act (HSAA) is the State version of CERCLA which also regulates hazardous waste on the State level. Other California laws that affect hazardous waste are specific to handling, storage, transportation, disposal, treatment, reduction, cleanup and emergency planning.

Worker health and safety and public safety are key issues when dealing with hazardous materials that may affect human health and the environment. Proper disposal of hazardous material is vital if it is disturbed during project construction.

1.8.2 Affected Environment

Testing performed by JMR Environmental Services during January 2012 confirmed the presence of hazardous waste materials including lead-based paint (LBP), and asbestos containing materials (ACMs) in the building materials on the project site.

There are many hazardous materials that were used in the construction of older buildings that must be removed to meet the current building and health codes. Caltrans has identified that lead paint and asbestos exist inside the buildings. Removal of these materials requires specialized equipment and

disposal. Any lead pipes found in the structures would be considered hazardous and would need to be removed and replaced. The Caltrans hazardous waste specialist assessed the potential project impacts and determined no further study is required. This information was verified as remaining valid in April 2016.

1.8.3 Environmental Consequences

Mitigation measures are identified below in Section 1.8.4 to ameliorate any potential hazardous waste impacts.

1.8.4 Avoidance, Minimization and/or Disclosure

Mitigation of LBP and ACM abatement would be performed by a certified ACM contractor and lead contractor according to Cal-OSHA guidelines, Title 8, Section 1532.1(e)(2)(B) and Section 1529 of the California Code of Regulations, and Federal EPA guidelines. The contractor would be advised of the presence of ACMs and LBP issues.

1.9 Hydrology and Water Quality

	Potentially Significant Impact	Less Than Significant with Mitigation	Less Than Significant Impact	No Impact
Would the project:				
a) Violate any water quality standards or waste discharge requirements?	☐	☐	☐	☒
b) Substantially deplete groundwater supplies or interfere substantially with groundwater recharge, such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted)?	☐	☐	☐	☒
c) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner which would result in substantial erosion or siltation on- or off-site?	☐	☐	☐	☒
d) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in a manner which would result in flooding on- or off-site?	☐	☐	☐	☒
e) Create or contribute runoff water, which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff?	☐	☐	☐	☒
f) Otherwise substantially degrade water quality?	☐	☐	☐	☒
g) Place housing within a 100-year flood hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map, or other flood hazard delineation map?	☐	☐	☐	☒
h) Place within a 100-year flood hazard area, structures which would impede or redirect flood flows?	☐	☐	☐	☒

	Potentially Significant Impact	Less Than Significant with Mitigation	Less Than Significant Impact	No Impact
i) Expose people or structures to a significant risk of loss, injury, or death involving flooding; including flooding as a result of the failure of a levee or dam?	☐	☐	☐	☒
j) Inundation by seiche, tsunami, or mudflow?	☐	☐	☐	☒

1.9.1 Discussion of Environmental Evaluation Question 1.9 - Hydrology and Water Quality

The potential sale of the property, including demolishing the buildings onsite prior to selling the property, would not violate or degrade any water quality standards or waste discharge requirements, affect groundwater supply, alter existing drainage patterns, create or contribute to runoff that would exceed the capacity of planned or existing drainage systems.

This property has a high groundwater table. A passive drainage system has been approved to be installed at the Cal Sorrento Property, and as previously mentioned, a CEQA Categorical Exemption was approved on September 3, 2014 for this action. Construction of the passive drainage system occurred during the fall of 2015.

The City of San Diego Municipal Code prohibits the discharge of groundwater and storm water to the sanitary sewer. Furthermore, waiver of capacity purchase requirements for remediation and long-term construction projects is only provided for two years. It is the City of San Diego's understanding that Caltrans' request to discharge groundwater seepage to the North City Water Reclamation Plant (NCWRP) is a short term solution intended to resolve an unanticipated groundwater seepage problem.

The Industrial Wastewater Control Program (IWCP) would issue a discharge permit subject to approval of the extracted groundwater permit application and required documentation, and an on-site inspection. Caltrans believes the proposed project may take three to five years to complete. According to the IWCP's Groundwater Policies and Procedures, sewer capacity is waived for the second year only if the discharger purchases capacity or applies to discharge with a NPDES permit. Because Caltrans has purchased the Cal Sorrento Property and is demolishing the surrounding buildings to conduct the discharge activities, the sewer capacity vested to the demolished buildings would apply to this discharge.

The City of San Diego requires that Caltrans would perform periodic testing to ensure to the City that Caltrans is within the constituent parameters that Caltrans estimated and not introducing excess levels of expected constituents or new items that would cause the City's treatment systems downstream issues.

The City of San Diego Municipal Code prohibits the discharge of groundwater and storm water to the sanitary sewer but has considered Caltrans' circumstances unique and granted Caltrans a waiver. Furthermore, the City recognizes that the Cal Sorrento Property structures are not utilizing the existing sewer system, and therefore, has also waived the new sewer connection capacity fees for the proposed short term solution. This waiver of the capacity purchase requirements for remediation and long-term construction projects is only provided for two years. After the two years the capacity fees may be required. The City of San Diego understands that Caltrans' request and the City's approval of the groundwater discharge to the NCWRP is a short term solution intended to resolve an unanticipated groundwater seepage problem during the three to five year period needed to seek and obtain necessary approvals of the environmental process as well as execute the Preferred Alternative to sell the property under Alternatives 1 with the buildings existing. During that five year time frame, Caltrans or the purchaser of the Cal Sorrento Property, would need to provide for an infiltration strategy or some other acceptable treatment strategy prior to discharge to the water table of the Los Peñasquitos Lagoon. The City has confirmed that Caltrans has purchased parcels that have their own sewer capacity sufficient for the proposed average discharge rate. Caltrans has determined that the flow would decrease from 10

gpm to 1-2 gpm when the initial water pressure on the wall is relieved. Both the Total Dissolved Solids (TDS) and the manganese concentrations in the post-treatment discharge are predicted to exceed reclaimed water criteria (1,200 mg/L TDS and 0.05 mg/L manganese), but, at the stabilized post construction flow rate, the post-treatment concentrations are not calculated to result in a noticeable increase in plant loadings or concentrations influent to the NWRCP. The NCWRP has technology in place to remove TDS to a level in compliance with recycled water permit requirements.

The City has submitted a request and is in negotiations with to the Regional Water Quality Control Board for an increase in the recycled water permit manganese limit of 0.05 mg/L to 0.10 mg/L, which is still lower than Caltrans' anticipated manganese post-treatment discharge level of 1.13 mg/L.

Prior to the passage of five years, Caltrans would have the option of selling the property as-is with the stipulation that as a long term solution, the City of San Diego sewer system cannot be used to discharge the groundwater and storm water, and that the water quality issues created by the seeping water must be addressed long term or demolishing the buildings and installing a long term water quality solution such as an infiltration system. If the sale of the property results in future development, the new owner would be responsible for discharge of the groundwater and storm water per CEQA guidance.

1.9.2 Avoidance, Minimization, and/or Mitigation Measures

The following storm water and NPDES commitments would apply:

This project would be designed and constructed in compliance with State Water Resources Control Board adopted Order No. 2012-0011-DWQ NPDES No. CAS000003 National Pollutant Discharge Elimination System (NPDES) permit. The permit became effective on July 1, 2013.

This project would be constructed in compliance with the State Water Resources Control Board issued National Pollutant Discharge Elimination System (NPDES) General Permit for Storm Water Discharges Associated with Construction and Land Disturbance Activities, Order No. 2009-009-DWQ, as amended by 2010-0014-DWQ and 2012-0006-DWQ (NPDES No. CAS000002 commonly called the Construction General Permit [CGP]), on September 2, 2009. The permit became effective on July 1, 2010.

The project must develop a Water Pollution Control Program (WPCP) or Stormwater Pollution Prevention Plan (SWPPP).

1.10 Land Use and Planning

	Potentially Significant Impact	Less Than Significant with Mitigation	Less Than Significant Impact	No Impact
Would the project:				
a) Physically divide an established community?	☐	☐	☐	☒
b) Conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?	☐	☐	☐	☒
c) Conflict with any applicable habitat conservation plan or natural community conservation plan?	☐	☐	☐	☒

1.10.1 Discussion of Environmental Evaluation Question 1.10 - Land Use and Planning

The potential sale of the property, including demolishing the buildings onsite prior to selling the property, would not have any impacts to the existing land use and planning requirements. A Coastal Development Permit (CDP) must be acquired prior to any demolition activities. The project site has a general plan designation of Industrial Employment as identified within the City of San Diego's General Plan. The project site zoning use is IL-3-1, which is Industrial-Light. The proposed project would not conflict with the City of San Diego's general plan or zoning use regulations.

Impacts associated with any future proposed development of the site may or may not be compatible with the Sorrento Valley Industrial Park, but would be subject to review and approval in accordance with CEQA and City of San Diego land use requirements. These requirements include the potential for a City of San Diego Site Development Permit.

The Historical Resources Regulations (HRRR) of the City of San Diego's LDC states that all modifications to a designated historic resource are subject to a Site Development Permit, unless the modification is minor and consistent with the U.S. Secretary of the Interior's Standards. In addition, relocation, substantial alteration or demolition of a designated historic resource requires a deviation with supplemental permit findings. Because the SVIP Historic District and Sorrento Tower Complex were determined eligible for listing on both the National Register and the California Register, demolition of these resources by a private owner after purchase from Caltrans (Alternative 1) would require the processing of a Site Development Permit with deviation findings. Impacts to historic resources would also need to be addressed through the associated environmental review process.

The City of San Diego's Historical Resources Board (HRB) designated the Sorrento Tower building (3344 Industrial Court) under HRB Criterion C as a very good example of the Contemporary style, embodying all of the primary and most of the applicable secondary character defining features of the style, which retains a high degree of integrity to its 1965 period of significance. The designation included the Sorrento Tower and the trellised walkway with vertical pierced concrete block posts and wood slat roof that leads this building. Both the SVIP District and the Sorrento Tower were added to the Master List of Historic Resources. The designation action was appealed to the City Council by the property owner at the time, Cal-Sorrento Ltd, following the Board's action. Once a historic designation appeal is filed with the City Clerk, the City's municipal code does not provide for an expiration of that appeal or a time frame in which it must be heard. The appeal was never brought before City Council prior to Caltrans' acquisition of the property in 2010, and remains unresolved. Therefore, the new private property owner of the Cal Sorrento Property would be required to contact the City of San Diego to address the Cal-Sorrento Ltd appeal regarding the HRB's designation of the Sorrento Tower building, before proceeding with development of the site.

1.10.2 Avoidance, Minimization, and/or Mitigation Measures

The proposed project is located within the Coastal Zone jurisdiction of the City of San Diego. A Coastal Development Permit (CDP) is required for Alternative 2. A CDP is not required if the buildings are not demolished as identified in Alternative 1 and the No Action Alternative.

1.11 Mineral Resources

	Potentially Significant Impact	Less Than Significant with Mitigation	Less Than Significant Impact	No Impact
Would the project:				
a) Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the State?	☐	☐	☐	☒
b) Result in the loss of availability of a locally-important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan?	☐	☐	☐	☒

1.11.1 Discussion of Environmental Evaluation Question 1.11 - Mineral Resources

The potential sale of the property, including demolishing the buildings onsite prior to selling the property, would not result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the State.

1.11.2 Avoidance, Minimization, and/or Mitigation Measures

No mitigation is required.

1.12 Noise

	Potentially Significant Impact	Less Than Significant with Mitigation	Less Than Significant Impact	No Impact
Would the project result in:				
a) Exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?	☐	☐	☐	☒
b) Exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels?	☐	☐	☐	☒
c) A substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project?	☐	☐	☐	☒
d) A substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?	☐	☐	☒	☐
e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels?	☐	☐	☐	☒
f) For a project within the vicinity of a private airstrip, would the project expose people residing or working in the project area to excessive noise levels?	☐	☐	☐	☒

1.12.1 Discussion of Environmental Evaluation Question 1.12 - Noise

No change in noise levels would be anticipated except during demolition activities, which would expose people to groundborne vibration or groundborne noise levels. Demolition would have the potential for temporary noise impacts and groundborne vibrations, and would be completed in accordance to Caltrans specifications that minimize noise impacts. The project is not located near an airport or private air strip. The Caltrans noise specialist assessed the potential project impacts and determined no further study is required. This information was verified as remaining valid in April 2016.

1.12.2 Avoidance, Minimization, and/or Mitigation Measures

For noise control measures, the project would be required to comply with Caltrans Standard Specification Section 14-8.02A during construction. Therefore, noise levels cannot exceed 86 decibels at 50 feet from the job site activities from 9 p.m. to 6 a.m.

1.13 Population and Housing

	Potentially Significant Impact	Less Than Significant with Mitigation	Less Than Significant Impact	No Impact
Would the project:				
a) Induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure)?	☐	☐	☐	☒
b) Displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere?	☐	☐	☐	☒
c) Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?	☐	☐	☐	☒

1.13.1 Discussion of Environmental Evaluation Question 1.13 - Population and Housing

The potential sale of the property, including demolishing the buildings onsite prior to selling the property, would not have any impacts on population or housing.

1.13.2 Avoidance, Minimization, and/or Mitigation Measures

No mitigation required.

1.14 Public Services

	Potentially Significant Impact	Less Than Significant with Mitigation	Less Than Significant Impact	No Impact
a) Would the project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities; need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the following public services:	☐	☐	☐	☒
Fire protection?	☐	☐	☐	☒
Police protection?	☐	☐	☐	☒
Schools?	☐	☐	☐	☒
Parks?	☐	☐	☐	☒
Other public facilities?	☐	☐	☐	☒

1.14.1 Discussion of Environmental Evaluation Question 1.14 – Public Services

The proposed project would not cause disruption of service ratios, response times or other performance objectives for fire protection, police protection, schools, parks or other public facilities.

The City provides solid waste collection, recycling and disposal services to residences and small businesses that comply with regulation set forth in the Municipal Code and meet specific eligibility

criteria. Any proposed future project should consider and plan for the mitigation of solid waste impacts during all phases, including demolition, construction, and occupancy.

1.14.2 Avoidance, Minimization, and/or Mitigation Measures

No mitigation is required.

1.15 Recreation

	Potentially Significant Impact	Less Than Significant with Mitigation	Less Than Significant Impact	No Impact
a) Would the project increase the use of existing neighborhood and regional parks or other recreational facilities, such that substantial physical deterioration of the facility would occur or be accelerated?	☐	☐	☐	☒
b) Does the project include recreational facilities or require the construction or expansion of recreational facilities, which might have an adverse physical effect on the environment?	☐	☐	☐	☒

1.15.1 Discussion of Environmental Evaluation Question 1.15 - Recreation

The potential sale of the property, including demolishing the buildings onsite prior to selling the property, would not result in any impacts to recreational uses or recreational facilities. The project site is located in a light industrial zone that does not include these recreation elements.

1.15.2 Avoidance, Minimization, and/or Mitigation Measures

No mitigation required.

1.16 Transportation and Traffic

Would the project:	Potentially Significant Impact	Less Than Significant with Mitigation	Less Than Significant Impact	No Impact
a) Conflict with an applicable plan, ordinance or policy establishing measures of effectiveness for the performance of the circulation system, taking into account all modes of transportation including mass transit and non-motorized travel and relevant components of the circulation system, including but not limited to intersections, streets, highways and freeways, pedestrian and bicycle paths, and mass transit?	☐	☐	☐	☒
b) Conflict with an applicable congestion management program, including, but not limited to level of service standards and travel demand measures, or other standards established by the county congestion management agency for designated roads or highways?	☐	☐	☐	☒

	Potentially Significant Impact	Less Than Significant with Mitigation	Less Than Significant Impact	No Impact
c) Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks?	☐	☐	☐	☒
d) Substantially increase hazards due to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?	☐	☐	☐	☒
e) Result in inadequate emergency access?	☐	☐	☐	☒
f) Conflict with adopted policies, plans, or programs regarding public transit, bicycle, or pedestrian facilities, or otherwise decrease the performance or safety of such facilities?	☐	☐	☐	☒

1.16.1 Discussion of Environmental Evaluation Question 1.16 - Transportation and Traffic

The proposed project would not have any transportation or traffic related impacts. No new trips would be generated. If the sale of the property results in future development, the new owner would be responsible for determining the number of trips they would be generating per CEQA guidance.

1.16.2 Avoidance, Minimization, and/or Mitigation Measures

No mitigation is required.

1.17 Utilities and Service Systems

Would the project:	Potentially Significant Impact	Less Than Significant with Mitigation	Less Than Significant Impact	No Impact
a) Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board?	☐	☐	☐	☒
b) Require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?	☐	☐	☐	☒
c) Require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?	☐	☐	☐	☒
d) Have sufficient water supplies available to serve the project from existing entitlements and resources, or are new or expanded entitlements needed?	☐	☐	☐	☒
e) Result in a determination by the wastewater treatment provider, which serves or may serve the project, that it has adequate capacity to serve the project's projected demand in addition to the provider's existing commitments?	☐	☐	☐	☒
f) Be served by a landfill with sufficient permitted capacity to accommodate the project's solid waste disposal needs?	☐	☐	☐	☒
g) Comply with federal, State, and local statutes and regulations related to solid waste?	☐	☐	☐	☒

1.17.1 Discussion of Environmental Evaluation Question 1.17 - Utilities and Service Systems

The potential sale of the property, including demolishing the buildings onsite prior to selling the property, would not have any impacts to utilities and service systems. Any new and/or replacement public water and sewer facilities associated with future development of the site would be subject to the most current version of the City's Water Facility Design Guidelines, Sewer Design Guide and any other applicable regulations, standards and practices. Any work would require review by Development Services and the Public Utility Department, and approval of the City Engineer.

1.17.2 Avoidance, Minimization, and/or Mitigation Measures

No mitigation is required.

1.18 Mandatory Findings of Significance

	Potentially Significant Impact	Less Than Significant with Mitigation	Less Than Significant Impact	No Impact
a) Does the project have the potential 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?	☒	☐	☐	☐
b) Does the project have impacts that are individually limited, but cumulatively considerable? ("Cumulatively considerable" means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects.)	☐	☐	☐	☒
c) Does the project have environmental effects which will cause substantial adverse effects on human beings, either directly or indirectly?	☐	☐	☐	☒

1.18.1 Discussion of Environmental Evaluation Question 1.18 - Mandatory Findings of Significance

The proposed project does not have the potential to degrade the quality of the environment for fish or wildlife species, does not threaten to eliminate a plant or animal community, or have environmental effects which would be cumulatively considerable, or cause substantial adverse effects on human beings, either directly or indirectly.

Impacts associated with any future proposed development of the site may or may not be compatible with the Sorrento Valley Industrial Park, but would be subject to review and approval in accordance with CEQA and City of San Diego requirements.

Potential impacts to the identified historical resources would remain significant and unmitigable, even with the avoidance, minimization, and mitigation methods implemented as described in Section 3.3.4 Avoidance, Minimization, and/or Mitigation Measures – Cultural Resources.

The project does not have impacts that are cumulatively considerable. There are no direct or indirect environmental effects that would cause a substantial adverse effect on human beings.

1.18.2 Avoidance, Minimization and/or Mitigation Measures

Caltrans would implement the avoidance, minimization, and mitigation methods described in Section 3.3.4 Avoidance, Minimization, and/or Mitigation Measures – Cultural Resources.

Appendix B - Title VI Policy Statement

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STATE OF CALIFORNIA—BUSINESS, TRANSPORTATION AND HOUSING AGENCY EDMUND G. BROWN Jr., Governor

DEPARTMENT OF TRANSPORTATION
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March 2013

NON-DISCRIMINATION
POLICY STATEMENT

The California Department of Transportation, under Title VI of the Civil Rights Act of 1964 and related statutes, ensures that no person in the State of California shall, on the grounds of race, color, national origin, sex, disability, religion, sexual orientation, or age, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity it administers.

For information or guidance on how to file a complaint based on the grounds of race, color, national origin, sex, disability, religion, sexual orientation, or age, please visit the following web page: http://www.dot.ca.gov/hq/bep/title_vi/t6_violated.htm.

Additionally, if you need this information in an alternate format, such as in Braille or in a language other than English, please contact the California Department of Transportation, Office of Business and Economic Opportunity, 1823 14th Street, MS-79, Sacramento, CA 95811. Telephone: (916) 324-0449, TTY: 711, or via Fax: (916) 324-1949.

MALCOLM DOUGHERTY
Director

"Caltrans improves mobility across California"

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Appendix C – Response to Comments

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The City of SAN DIEGO
Planning Department

June 27, 2016

Shay Lynn M. Harrison, Chief
Environmental Analysis, Branch C
California Department of Transportation, District 11
4050 Taylor Street, M.S. 242
San Diego, CA 92110
Shay.Lynn.Harrison@dot.ca.gov

Reference/Subject: Comment on the Draft Environmental Impact Report for the Disposal of the Cal Sorrento Property

Dear Ms. Harrison,

The City of San Diego ("City") Planning Department has received the Draft EIR prepared by Caltrans and distributed it to applicable City departments for review. Thank you for the opportunity to provide comments on the Draft EIR for the Disposal of the Cal Sorrento Property.

The DEIR presents two alternatives for the disposal of the Cal Sorrento Property. Alternative 1 would sell property as-is, without historic preservation covenants, and without changes to the buildings. Alternative 2 would sell property with all structures demolished (without the buildings). Upon review of the DEIR and its attachments, the City of San Diego Planning Department has a few comments and issues which we would like to bring to your attention.

First, although the DEIR makes some reference to the local designation of the Sorrento Tower building in 2009 which was appealed, there is little discussion of the Historical Resources Board's (HRB's) action or the current status of the appeal. The HRB designated the Sorrento Tower building under HRB Criterion C as a very good example of the Contemporary style, embodying all of the primary and most of the applicable secondary character defining features of the style, which retains a high degree of integrity to its 1965 period of significance. The designation included building E and the trellised walkway with vertical pierced concrete block posts and wood slat roof that leads to building E. The designation action was appealed to the City Council by the property owner at the time, Cal-Sorrento Ltd, following the Board's action. Once a historic designation appeal is filed with the City Clerk, the City's municipal code does not provide for an expiration of that appeal or a time frame in which it must be heard. The appeal was never brought before City Council prior to CalTrans' acquisition of the property, and remains unresolved. Any future owner of the property would need to address the appeal of the property prior to proceeding with development of the site. 1

In addition, the DEIR states that the Sorrento Valley Industrial Park (SVIP) Historic District and the Sorrento Tower Complex were both found eligible for listing on the National Register and California Register, with concurrence from the State Historic Preservation Officer (SHPO). As a result, the SVIP Historic District and Sorrento Tower Complex were added to the Master List of Historic Resources. The City's Land Development Code (LDC) defines a "designated historic resource" as a historical building, historical district, historical 2

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Comment 1 Response

Thank you for your information that explains that the new provate property owner of the Cal Sorrento Property would be required to contact the City of San Diego to address the Cal-Sorrento Ltd appeal reqarding the Historical Resources Board's Designation of the Sorrento Tower building, before proceeding with development of the site. This information is now included in Section 1.10.1 of the Final EIR.

Comment 2 Response is on the next page

Page 2
Ms. Shay Lynn M. Harrison
June 27, 2016

landscape, historical object, or historical structure, important archaeological site or traditional cultural property which has been designated by the Historical Resources Board pursuant to Land Development Code Chapter 12, Article 3, Division 2, is included in the City of San Diego Historical Resources Board Register, *or has been listed in or determined to be eligible for listing in the California Register of Historic Resources or the National Register of Historic Places*." (Emphasis added.) 2 cont.

The Historical Resources Regulations (HRRR) of the City's LDC states that all modifications to a designated historic resource are subject to a Site Development Permit, unless the modification is minor and consistent with the U.S. Secretary of the Interior's Standards. In addition, relocation, substantial alteration or demolition of a designated historic resource requires a deviation with supplemental permit findings. Because the SVIP Historic District and Sorrento Tower Complex were determined eligible for listing on both the National Register and the California Register, demolition of these resources by a private owner under Alternative 1 would require the processing of a Site Development Permit with deviation findings. Impacts to historic resources would also need to be addressed through the associated environmental review. This requirement should be added to Section 2.2 of the DEIR. I have enclosed the relevant LDC sections for your review. 3

Should you have any questions, please feel free to contact me at amuto@sandiego.gov or 619.533.3103; or Senior Planner Kelley Stanco at kstanco@sandiego.gov or 619.236.6545.

Sincerely,

Alyssa Muto
Deputy Director

AM/ks

Enclosures: 1. San Diego LDC Chapter 11, Article 3, Division 1, Page 6
2. San Diego LDC Chapter 14, Article 3, Division 2
3. San Diego LDC Chapter 12, Article 6, Division 5

cc: Kelley Stanco, Senior Planner, Planning Department
Designation File for HRB Site #897

Comment 2 Response

Thank you for your information that identifies the City of San Diego's LDC definition of a "designated historic resource." This information is now included in Section 1.10.1 of the Final EIR.

Comment 3 Response

Thank you for the comment that addresses land use and permitting requirements. Caltrans has selected Alternative 1 as the Preferred Alternative, which is to sell the Cal Sorrento Property as-is. Caltrans, as the property owner, is not subject to the City of San Diego's Land Development Code (LDC). Therefore, there is not a LDC requirement under either Alternative 1 or Alternative 2. Once Caltrans sells the property, the new property owner would be subject to the City's LDC and associated environmental review process, including the requirement of a Site Development Permit with variance findings. Section 1.10.1 has been updated in the Final EIR to explain the land use and permitting requirements as identified in your comment letter.

Condominium conversion means the change in ownership from a single *structure* or group of *structures* used for residential rental units to individual ownership of apartments or units under a condominium plan or to a cooperative or stock apartment project pursuant to the applicable provisions of the laws of the State of California.

Construction permit means a permit issued pursuant to Land Development Code Chapter 12, Article 9. Construction permits include the following: Building Permits, Electrical Permits, Plumbing/Mechanical Permits, Demolition/Removal Permits, Grading Permits, Public Right-of-Way Permits, Fire Permits, and Sign Permits.

Court, interior (See *interior court*)

Coverage, lot (See *lot coverage*)

Date of final action means the date all rights of appeal are exhausted for a permit, map, or other matter.

Decision date means the date a designated staff person approves or denies a permit or other matter.

Dedication means real property or an interest in real property offered to and accepted by the City for public use.

Dedication, unaccepted offer of (See *unaccepted offer of dedication*)

Deemed complete means that the City Manager has determined that an application includes all of the information, materials, fees, and deposits required.

Density means the relationship between the number of *dwelling units* existing or permitted on a *premises* and the area of the *premises*.

Designated historical resource means a *historical building*, *historical district*, *historical landscape*, *historical object*, or *historical structure*, *important archaeological site* or *traditional cultural property* which has been designated by the Historical Resources Board pursuant to Land Development Code Chapter 12, Article 3, Division 2, is included in the City of San Diego Historical Resources Board Register, or has been listed in or determined to be eligible for listing in the California Register of Historic Resources or the National Register of Historic Places.

Article 3: Supplemental Development Regulations

Division 2: Historical Resources Regulations
(Added 12-9-1997 by O-18451 N.S.)

§143.0201 Purpose of Historical Resources Regulations

The purpose of these regulations is to protect, preserve and, where damaged, restore the *historical resources* of San Diego, which include *historical buildings*, *historical structures* or *historical objects*, *important archaeological sites*, *historical districts*, *historical landscapes*, and *traditional cultural properties*. These regulations are intended to assure that *development* occurs in a manner that protects the overall quality of *historical resources*. It is further the intent of these regulations to protect the educational, cultural, economic, and general welfare of the public, while employing regulations that are consistent with sound historical preservation principles and the rights of private property owners.

(Added 12-9-1997 by O-18451 N.S.; effective 1-1-2000.)

§143.0210 When Historical Resources Regulations Apply

(a) This division applies to proposed *development* when the following *historical resources* are present on the site, whether or not a Neighborhood Development Permit or Site Development Permit is required;

(1) *designated historical resources*;

(2) *historical buildings*;

(3) *historical districts*;

(4) *historical landscapes*;

(5) *historical objects*;

(6) *historical structures*;

(7) *important archaeological sites*; and

(8) *traditional cultural properties*.

(b) Where any portion of a *premises* contains *historical resources*, this division shall apply to the entire *premises*.

(c) Table 143-02A shall be used to determine the appropriate regulations and the required decision for various types of *development* proposals when *historical resources* are located on the *premises*.

(d) A Construction Permit is required for any *development* on a *premises* that has *historical resources* on the site that will not adversely affect the *historical resources* and is consistent with one or more of the exemption criteria in accordance with Section 143.0220.

(e) A Neighborhood Development Permit or Site Development Permit is required for the following types of *development* proposals that do not qualify for an exemption in accordance with Section 143.0220:

(1) Neighborhood Development Permit. *Single dwelling unit* residential *development* on a *single dwelling unit lot* of any size when a *traditional cultural property* or *important archaeological site* is present.

(2) Site Development Permit in Accordance With Process Four.

(A) *Single dwelling unit* residential *development* on a *single dwelling unit lot* of any size when a *designated historical resource* or *historical district* is present.

(B) *Multiple dwelling unit* residential, commercial, or industrial *development* on any size *lot*, or any *subdivision* on any size *lot*, or any City public works construction project other than any *capital improvement program project*, or any project specific *land use plan* when a *historical resource* is present.

(C) *Development* that proposes to deviate from the development regulations for *historical resources* as described in this division, except for any *capital improvement program* project.

(3) Site Development Permit in Accordance With Process CIP-Two. *Capital improvement program projects* that comply with the regulations of this division without deviation.

(4) Site Development Permit in Accordance With Process CIP-Five. *Capital improvement program projects* that deviate from any of the regulations of this division.

Table 143-02A
Applicability of Historical Resources Regulations

Type of Development Proposal		Historical Resources Potentially Impacted by Project		
		Designated Historical Resources* or *Historical Districts	***Traditional Cultural Properties***	***Important Archaeological Sites***
1. Any project exempt from obtaining a development permit in accordance with Section 143.0220	R	143.0251	143.0251	143.0252
	P	Construction Permit/Process One	Construction Permit/Process One	Construction Permit/Process One
2. *Single dwelling units* on any size *lot*	R	143.0251	143.0252	143.0253
	P	SDP/Process Four	NDP/Process Two	NDP/Process Two
3. *Multiple dwelling unit*, non-residential *development, subdivisions* and public works construction projects on any size *Lot*, other than *capital improvement program projects*	R	143.0251	143.0252	143.0253
	P	SDP/Process Four	SDP/Process Four	SDP/Process Four
4. Project-Specific *Land Use Plans*	R	143.0251	143.0252	143.0253
	P	SDP/Process Four	SDP/Process Four	SDP/Process Four
5. *Development*, other than *capital improvement program projects*, that deviates from any of the regulations in this division.	R	143.0251	143.0252	143.0253
	P	SDP/Process Four	SDP/Process Four	SDP/Process Four
6. *Capital improvement program projects* that comply with the regulations of this division without deviation	R	143.0251	143.0252	143.0253
	P	SDP/ Process CIP-Two	SDP/ Process CIP-Two	SDP/ Process CIP-Two
7. *Capital improvement program projects* that deviate from any of the regulations in this division	R	143.0251	143.0252	143.0253
	P	SDP/ Process CIP-Five	SDP/ Process CIP-Five	SDP/ Process CIP-Five

Legend to Table 143-02A	
R	Development regulation sections (in addition to Section 143.0250) applicable to the *historical resources* present.
P	Type of Permit/Decision process required. Neighborhood Development Permit (NDP) Site Development Permit (SDP)

(Added 12-9-1997 by O-18451 N.S.; effective 1-1-2000.)
(Amended 11-13-08 by O-19805 N.S; effective 12-13-2008.)
(Amended 10-22-2013 by O-20309 N.S.; effective 12-12-2013.)

§143.0211 Duty to Submit Required Documentation and to Obtain Permit

The property owner or *applicant* shall submit required documentation and obtain a *construction permit*, a Neighborhood Development Permit, a Site Development Permit as required pursuant to this division before any *development* activity occurs on a *premises* that contains *historical resources*.
(Added 12-9-1997 by O-18451 N.S.; effective 1-1-2000.)

§143.0212 Need for Site-Specific Survey and Determination of Location of Historical Resources

(a) The City Manager shall determine the need for a site-specific survey for the purposes of obtaining a *construction permit* or *development permit* for *development* proposed for any parcel containing a *structure* that is 45 or more years old and not located within any area identified as exempt in the Historical Resources Guidelines of the Land Development Manual or for any parcel identified as sensitive on the Historical Resource Sensitivity Maps. The following *development* shall be exempt from the requirements of Section 143.0212:

(1) Interior *development* and any modifications or repairs that are limited in scope to an electrical or plumbing/mechanical permit where the *development* would not include a change to the exterior of existing *structures*;

(2) In kind roof repair and replacement;

(3) In kind foundation repair and replacement, except for *structures* with a decorative block or cobblestone foundation; and

(4) Construction of a swimming pool in a rear *yard*, except on a property that requires a survey in accordance with Section 143.0212(b).

(b) The Historical Resource Sensitivity Maps shall be maintained by City Manager and shall be used to identify properties that have a likelihood of containing archaeological sites based on records from the South Coastal Information Center at San Diego State University and the San Diego Museum of Man, and based on site-specific information on file with the City. If it is demonstrated that archaeological sites exist on or immediately adjacent to any property, whether identified for review or not, the City Manager shall require a survey. If it is demonstrated that archaeological sites do not exist on any property identified for review, the Historical Resource Sensitivity Maps shall be updated to remove that property from the review requirements.

(c) The City Manager shall evaluate proposed *development* to determine the need for a site-specific survey. The determination shall be made within 10 *business days* of an application for a *construction permit* or within 30 calendar days of an application for a *development permit*, as applicable. A site-specific survey shall be required when the City Manager determines that a *historical resource* may exist on the parcel, and if the *development* proposes a substantial alteration according to Section 143.0250(a)(3). If the City Manager determines that a site-specific survey is not required for a proposed *development* within the time-period specified above, then a permit in accordance with Section 143.0210 shall not be required. If a site-specific survey is prepared to the satisfaction of the City Manager for a proposed *development*, additional site-specific surveys shall not be required pursuant to Section 143.0212.

(d) If a site-specific survey is required, it shall be conducted consistent with the Historical Resources Guidelines of the Land Development Manual. Based on the site-specific survey and the best information available, the City Manager shall determine whether a *historical resource* exists, whether a potential *historical resource* is eligible for designation as a *designated historical resource* by the Historical Resources Board in accordance with Chapter 12, Article 3, Division 2 of the Land Development Code, and the precise location of the resource.

(Added 12-9-1997 by O-18451 N.S.; amended 10-18-1999 by O-18691 N.S.; effective 1-1-2000.)
(Amended 8-4-2011 by O-20081 N.S.; effective 10-6-2011.)
(Amended 6-18-2013 by O-20261 N.S.; effective 7-19-2013.)
(Amended 5-5-2015 by O-20481 N.S.; effective 6-4-2015.)
(Amended 4-5-2016 by O-20634 N.S.; effective 5-5-2016.)

[Editors Note: Amendments as adopted by O-20634 N.S. will not apply within the Coastal Overlay Zone until the California Coastal Commission certifies it as a Local Coastal Program Amendment.
Click the link to view the Strikeout Ordinance highlighting changes to prior language http://docs.sandiego.gov/municode_strikeout_ord/O-20634-SO.pdf

§143.0213 Procedures and Regulations for Project-Specific Land Use Plans

(a) The regulations in this division shall apply to project-specific *land use plans*, including specific plans, precise plans, privately initiated *land use plan* amendments, and *Proposition A Land* subarea plans, when *historical resources* are present. These regulations are applied in order to ensure an adequate analysis of the constraints and opportunities of the planning area relative to *historical resources*.

(b) This section provides two options for processing project-specific *land use plans* which depend on the level of detail available pertaining to the proposed *development*. Compliance with either Section 143.0213(b)(1) or Section 143.0213(b)(2) will be required based on whether or not a Site Development Permit is processed concurrently with the project-specific *land use plan*.

(1) Where a Site Development Permit for *historical resources* is requested concurrently with the processing of a project-specific *land use plan*, the proposed *development* shall be subject to the following:

(A) The boundaries of the Site Development Permit shall be the boundaries of the project-specific *land use plan*, including all individual interior *lots* within the plan area;

(B) The development regulations applicable shall be determined in accordance with Table 143-02A. Sufficient information must be submitted for the entire plan area in order to evaluate potential impacts to *historical resources*; and

(C) Subsequent individual *development* proposals within the plan area will be reviewed in accordance with the *substantial conformance* procedures. If the *development* is determined to be in conformance with the approved project-specific *land use plan* and any required mitigation is provided, no Site Development Permit will be required for the individual *development*. If the proposed *development* is not in conformance with the approved project-specific *land use plan*, an individual Site Development Permit will be required for the *development* in addition to an amendment to the approved project-specific *land use plan*; or

(2) Where a Site Development Permit for *historical resources* is not requested concurrently with the processing of a project-specific *land use plan*, an analysis shall be provided in the project-specific *land use plan* that indicates how the subsequent *development* of the plan area will be consistent with the *historical resources* regulations. Project-specific *land use plans* and subsequent *development permits* reviewed in accordance with this option shall be subject to the following:

(A) The project-specific *land use plan* shall indicate how individual subsequent *developments* within the plan area will conform to the *historical resources* regulations and the associated guidelines in the Land Development Manual;

(B) Subsequent to the approval of the project-specific *land use plan*, a Neighborhood Development Permit or a Site Development Permit shall be required for all proposed individual *developments* within the plan area and shall be reviewed in accordance with Table 143-02A. Additional information pertaining to *historical resources* may be required in order to conduct a detailed analysis of the specific *development* proposal. Approval of the individual Site Development Permits will require conformance with the approved project-specific *land use plan* and any required mitigation shall be provided.

(Added 12-9-1997 by O-18451 N.S.; effective 1-1-2000.)
(Amended 4-8-2008 by O-19734 N.S; effective 5-8-2008.)

§143.0214 Emergency Authorization When Historical Resources Are Present

Whenever *development* activity on a *premises* containing *historical resources*, or for any parcel identified as containing a *historical resource* in any community plan or in an historical resource inventory, or for any parcel identified as sensitive on the Historical Resource Sensitivity Maps is deemed necessary by order of the City Manager to protect the public health or safety, the City Manager may authorize, without a public hearing, the minimum amount of work necessary to protect the public health or safety, subject to the following:

(a) If the emergency work does not adversely affect the *historical resources* and is consistent with one or more of the exemption criteria in accordance with Section 143.0220, a subsequent Construction Permit is required in accordance with this division.

(b) If the emergency work results in impacts to *historical resources*, a subsequent Neighborhood Development Permit or Site Development Permit is required in accordance with this division.

(c) The application for a Construction or Development Permit shall be submitted within 60 days of completion of the emergency work.

(d) An emergency Coastal Development Permit may be required. If so, any permanent *coastal development* allowed under the emergency permit must be authorized through a follow-up Coastal Development Permit submitted within 60 days of the date of issuance of the emergency permit.

(Added 12-9-1997 by O-18451 N.S.; amended 10-18-1999 by O-18691 N.S.; effective 1-1-2000.)

§143.0220 Development Exempted from the Requirement to Obtain a Development Permit for Historical Resources

The following *development* activities are exempt from the requirement to obtain a Neighborhood Development Permit or Site Development Permit. However, in all cases a *construction permit* is required.

(a) Any *development* that proposes minor alterations or improvements consistent with Section 143.0250(a), to a *designated historical resource*, or any *historical building* or *historical structure* located within a *historical district*, or any new construction within a *historical district* that will enhance, restore, maintain, repair, or allow adaptive reuse of the resource and which will not adversely affect the special character or special historical, architectural, archaeological, or cultural value of the resource when all feasible measures to protect and preserve the *historical resource* are included in the *development* proposal consistent with the Secretary of Interior's Standards and Guidelines.

(b) Interior modifications or repairs or the ordinary maintenance or repair of any exterior architectural feature in or on any *historical building* or *historical structure* that does not adversely affect the special character or special historical, architectural, or cultural value or designated interior elements of the property consistent with the Secretary of Interior's Standards and Guidelines. Exterior architectural features shall mean the architectural elements embodying style, design, general arrangement and components of all of the outside surfaces of an improvement or *structure*, including the type of building materials and the type and style of all windows, doors, lights, *signs*, and other fixtures appurtenant to the improvement or *structure*.

(c) Substantial alteration of a non-significant *structure* within a *historic district* consistent with the Secretary of Interior's Standards and Guidelines. However, new construction within a *historic district* is not exempt from the requirement to obtain a Site Development Permit except in accordance with Section 143.0220(a).

(d) Any *development* on a parcel that has an *important archaeological site* and will not result in substantial alteration, demolition, destruction, removal, relocation, or *encroachment* into such resources during or after construction, subject to the following requirements.

(1) All feasible measures to protect and preserve the resource shall be included in the *development*.

(2) All documentation necessary to verify consistency with this subsection shall be provided by the *applicant* consistent with the Historical Resources Guidelines of the Land Development Manual.

(3) The property owner shall sign an acknowledgment that no further *development* can occur on the property unless the *development* is reviewed and approved in accordance with this division.

e) Except in the case of a *designated historical resource*, the modification of an existing *structure* or the replacement of a *single dwelling unit* with another *single dwelling unit*, including modification or replacement of paved areas, brush management for fire protection purposes, and any other landscaping improvements, or alterations that do not alter the existing *development* area by more than 10 percent.

(f) *Development* in the OF zone or the floodplain (formerly the FW and FPF zones) of Mission Valley.

(g) *Development* in the Calle Cristobal Assessment District area that is outside the coastal zone.

(h) *Development* in the Miramar Ranch North Community Plan area and the 70-acre high *school* project in Scripps Ranch.

(i) *Development* in the 178 acres of land known as Sorrento Hills that was the subject of the land exchange approved by the voters as Proposition D on November 4, 1986.

(j) Outside of the Coastal Overlay Zone, public works projects for which plans, specifications, and funding have been approved by the City Council or the City Manager before July 1, 1991.

(Added 12-9-1997 by O-18451 N.S.; amended 10-18-1999 by O-18691 N.S.; effective 1-1-2000.)
(Amended 6-18-2013 by O-20261 N.S.; effective 7-19-2013.)

§143.0225 Limited Exceptions from the Historical Resources Regulations

The decision maker may grant an exception from the 25 percent *encroachment* limitation for *important archaeological sites* according to Section 143.0253 for brush management activities in Zone 2 provided that the following circumstances exist:

(a) The area cleared or thinned for such brush management is the minimum necessary to comply with existing City fire codes;

(b) No *grading* occurs in these brush management areas;

(c) Native root stock is retained;

(d) No permanent irrigation is provided; and

(e) No non-native plants are introduced.

(Added 12-9-1997 by O-18451 N.S.; amended 10-18-1999 by O-18691 N.S.; effective 1-1-2000.)

§143.0250 General Development Regulations for Historical Resources

Development that does not qualify for an exemption pursuant to Section 143.0220 is subject to the following regulations and the Historical Resources Guidelines of the Land Development Manual.

(a) For purposes of this division, the terms "alteration," minor alteration," and "substantial alteration" shall mean the following:

(1) Alteration means any change or modification, through public or private action, of any *historical resource* or of any property located within a *historical district* including changes to designated interior architectural features; exterior changes to or modification of structural details, architectural details, or visual characteristics such as doors, windows, surface materials and texture, *grading*, or surface paving; addition of new *structures*; cutting or removal of trees, landscaping, or other historical features; disturbance of *archaeological sites*; and the placement or removal of any exterior objects such as *signs*, plaques, light fixtures, *street* furniture, walls, *fences*, steps, plantings, and landscape accessories affecting the exterior visual qualities of the property.

(2) Minor alteration means improvements that enhance, restore, maintain, repair, or allow adaptive reuse of a *historical resource* that do not adversely affect the special character or special historical, architectural, archaeological, or cultural value of the resource and will conform to standards embodied in the designation of a *historical district* when applicable.

(3) Substantial alteration means demolition, destruction, relocation, new construction or alteration activities that would impair the significance of a *historical resource*.

(b) All areas with *designated historical resources*, *traditional cultural properties* or *important archaeological sites* that remain undisturbed or are restored or enhanced as a result of a *development* approval shall be preserved as a condition of that approval.

(c) Upon notification to a property owner of a pending Historical Resources Board hearing to consider designation of a *historical resource*, the property owner or any authorized agent shall not undertake any alteration, construction, *grading*, demolition, relocation, or removal of the property, and no permit to undertake such work shall be approved by the City Manager, for a time period of at least two scheduled Board meetings, but in no event more than 90 calendar days, unless an extension is requested by the owner. This section shall not apply to the construction, *grading*, alteration, demolition, relocation, or removal of any *structure* or other feature, where a permit for the performance of such work was issued before the date of notice of the public hearing. In addition, this section shall not apply where such permit has not expired or been canceled or revoked, provided that construction is started and diligently pursued to completion in accordance with the Land Development Code.

(d) Before the Historical Resources Board's hearing on the designation of a property, and upon application by the property owner, the City Manager may approve a permit for minor alterations or reconstruction consistent with the ordinary maintenance or repair of the property, to the extent that such work does not adversely affect the special character or special historical, architectural, archaeological, or cultural value of the property.

(e) *Designated historical resources* that are occupied shall be maintained in the same manner as all other occupied *structures* in accordance with the Uniform Building Code and State Historic Building Code and in a manner that preserves their historical integrity.

(f) *Designated historical resources* that are unoccupied shall be maintained in a manner that preserves their historical integrity.

(g) All proposed *subdivisions* that contain *designated historical resources*, *traditional cultural properties* or *important archaeological sites* shall provide a conceptual *grading* plan that indicates future limits of *grading* and future *development* potential of all *lots*. Future *development* of any newly created *lot* shall conform to this *grading* plan. In addition, no building *lot* shall be created that provides such a small *development* area that future reasonable *development* of that *lot* will require *encroachment* into an *important archaeological site* beyond 25 percent.

(Added 12-9-1997 by O-18451 N.S.; amended 10-18-1999 by O-18691 N.S.; effective 1-1-2000.)

§143.0251 Development Regulations for Designated Historical Resources and Historical Districts

In addition to the general development regulations in Section 143.0250, the following regulations apply to *designated historical resources* and *historical districts*.

(a) It is unlawful to substantially alter, demolish, destruct, remove, or relocate any *designated historical resource* or any *historical building*, *historical structure*, *historical object* or *historical landscape* located within a *historical district* except as provided in Section 143.0260.

(b) Minor alteration of any *designated historical resource*, or any *historical building*, *historical structure*, *historical object* or *historical landscape* located within a *historical district*, or any new construction within a *historical district* may be permitted if the minor alteration or new construction would not adversely affect the special character or special historical, architectural, archaeological, or cultural value of the resource consistent with the Secretary of Interior's Standards and Guidelines.

(c) *Development* affecting *designated historical resources* or *historical districts* shall provide full mitigation for the impact to the resource, in accordance with the Historical Resources Guidelines of the Land Development Manual, as a condition of approval.

(Added 12-9-1997 by O-18451 N.S.; effective 1-1-2000.)

§143.0252 Development Regulations for Traditional Cultural Properties

In addition to the general development regulations in Section 143.0250, *development* shall not be permitted on any *traditional cultural property* unless all feasible measures to protect and preserve the resource are required as a condition of *development* approval except as provided in Section 143.0260.
(Added 12-9-1997 by O-18451 N.S.; effective 1-1-2000.)

§143.0253 Development Regulations for Important Archaeological Sites

In addition to the general development regulations in Section 143.0250, the following regulations apply to *important archaeological sites*.

(a) *Important archaeological sites* shall be preserved in their natural state, except that *development* may be permitted as provided in this section or as provided in Section 143.0260.

(1) *Development* may be permitted in areas containing *important archaeological sites* if necessary to achieve a reasonable *development* area, with up to 25 percent *encroachment* into any *important archaeological site* allowed. This 25 percent *encroachment* includes all *grading*, *structures*, public and private streets, brush management except as provided in Section 143.0225, and any project-serving utilities.

(2) An additional *encroachment* of up to 15 percent, for a total *encroachment* of 40 percent, into *important archaeological sites* may be permitted for essential public service projects that are sited, designed, and constructed to minimize adverse impacts to *important archaeological sites*, where it has been demonstrated that there is no feasible, less environmentally damaging location or alternative. Essential public service projects include publicly owned parks and recreation facilities, fire and police stations, publicly owned libraries, public *schools*, major *streets* and primary arterials, and *public utility* systems.

(b) Any *encroachment* into *important archaeological sites* shall include measures to mitigate for the partial loss of the resource as a condition of approval. Mitigation shall include the following methods, consistent with the Historical Resources Guidelines of the Land Development Manual:

(1) The preservation through avoidance of the remaining portion of the *important archaeological site*; and

(2) The implementation of a research design and *excavation* program that recovers the scientific value of the portion of the *important archaeological site* that would be lost due to *encroachment*.

(c) The following types of *development* shall not be considered *encroachment* provided that no *structures*, other than portable *structures* are erected or maintained on the *premises* and that adequate measures to preserve and protect the *important archaeological site*, consistent with the Historical Resources Guidelines of the Land Development Manual, are included as conditions of approval:

(1) Parks and playgrounds;

(2) Low-intensity, passive recreational uses such as trails, access paths, and public viewpoints; and

(3) Parking lots.

(Added 12-9-1997 by O-18451 N.S.; effective 1-1-2000.)

§143.0260 Deviations from the Historical Resources Regulations

(a) If a proposed *development* cannot to the maximum extent feasible comply with this division, a deviation may be considered in accordance with decision Process Four, or Process CIP-Five for *capital improvement program projects*.

(b) The minimum deviation to afford relief from the regulations of this division and accommodate *development* may be granted only if the decision maker makes the applicable *findings* in Section 126.0504.

(c) If a deviation for demolition or removal of a *designated historical resource* or a contributing *structure* within a *historical district* is approved, the *applicant* shall obtain approval for new *development* on the same *premises* before issuance of a Demolition/Removal Permit.

(Added 12-9-1997 by O-18451 N.S.; amended 10-18-1999 by O-18691 N.S.; effective 1-1-2000.)
(Amended 10-22-2013 by O-20309 N.S.; effective 12-12-2013.)

§143.0270 Administrative Guidelines

The City Manager is authorized to promulgate and publish Historical Resources Guidelines and other support documents to be located in the Land Development Manual, as necessary to implement this division. These administrative guidelines shall serve as baseline standards for processing Construction Permits, Neighborhood Development Permits, and Site Development Permits issued pursuant to this division.
(Added 12-9-1997 by O-18451 N.S.; effective 1-1-2000.)

§143.0280 Violations and Remedies

The provisions of this division shall be enforced pursuant to Chapter 12, Article 1, Division 2 (Enforcement Authorities for the Land Development Code) and the Historical Resources Guidelines of the Land Development Manual.
(Added 12-9-1997 by O-18451 N.S.; effective 1-1-2000.)

Article 6: Development Permits

Division 5: Site Development Permit Procedures
(Added 12-9-1997 by O-18451 N.S.; effective 1-1-2000.)

§126.0501 Purpose of the Site Development Permit Procedures

The purpose of the Site Development Permit procedures is to establish a review process for proposed *development* that, because of its site, location, size, or some other characteristic, may have significant impacts on resources or on the surrounding area, even if developed in conformance with all regulations. The intent of these procedures is to apply site-specific conditions as necessary to assure that the *development* does not adversely affect the applicable *land use plan* and to help ensure that all regulations are met.
(Added 12-9-1997 by O-18451 N.S.; effective 1-1-2000.)

§126.0502 When a Site Development Permit is Required

(a) A Site Development Permit decided in accordance with Process Three is required where *environmentally sensitive lands* are present for the following types of *development*.

(1) City public works projects, except for *capital improvement program projects*, on a *premises* containing *environmentally sensitive lands,* as described in Section 143.0110.

(2) *Single dwelling unit development* that involves any of the following:

(A) *Development* on a *premises* containing *sensitive coastal bluffs* or *coastal beaches*, as described in Section 143.0110;

(B) *Development* on *lots* greater than 15,000 square feet containing *sensitive biological resources* or *steep hillsides*- as described in Section 143.0110; or

(C) *Development* on *lots* less than or equal to 15,000 square feet that are joined in ownership to a contiguous *lot* so that the total area of contiguous ownership exceeds 15,000 square feet where *sensitive biological resources* or *steep hillsides* are present, as described in Section 143.0110.

(3) Multiple unit residential *development* on a *premises* containing *environmentally sensitive lands*, as described in Section 143.0110.

(4) Commercial *development* on a *premises* containing *environmentally sensitive lands*, as described in Section 143.0110.

(5) Industrial *development* on a *premises* containing *environmentally sensitive lands*, as described in Section 143.0110.

(b) A Site Development Permit decided in accordance with Process Three is required for residential *development* that involves any of the following:

(1) *Development* with an affordable housing *density* bonus within the RE, RS, RX, RT, and AR zones.

(2) *Development* of *mobilehome parks* within the RS or RX zones, as described in Section 143.0302.

(3) Within the Mobilehome Park Overlay Zone, discontinuance of a *mobilehome park*, as described in Section 143.0630.

(4) Within any multiple unit residential zone, multiple unit residential *development* that exceeds the number of dwelling units indicated in Table 126-05A on *lots* which are consolidated or otherwise joined together for the purpose of accommodating the *development*.

Table 126-05A
Multiple Dwelling Unit Developments
Requiring a Site Development Permit

Multiple dwelling unit zones	Number of dwelling units on consolidated *lots*
RM-1-1	3 Dwelling Units
RM-1-2	4 Dwelling Units
RM-1-3	7 Dwelling Units
RM-2-4	9 Dwelling Units
RM-2-5	11 Dwelling Units
RM-2-6	16 Dwelling Units
RM-3-7	19 Dwelling Units
RM-3-8	20 Dwelling Units
RM-3-9	20 Dwelling Units
RM-4-10	20 Dwelling Units
RM-4-11	20 Dwelling Units

(5) Multiple unit residential *development* that varies from minimum parking requirements, as described in Section 142.0525(a).

(6) *Development* of a small *lot subdivision* in accordance with Section 143.0365.

(c) A Site Development Permit decided in accordance with Process Three is required for the following types of *development*.

(1) In the Community Plan Implementation Overlay Zone, as described in Section 132.1402, *development* in the area designated "Type B" or *development* in the area designated "Type A" that does not comply with the *development* standards in the applicable community plan.

(2) *Development* in the Mission Trails Design District, as described in Section 132.1202.

(3) *Development* in the Urban Village Overlay Zone, as described in Section 132.1102.

(4) *Public improvements* required in association with private *development* that involve *development* of more than 3,000 feet of property frontage, as described in Section 142.0612.

(5) *Public improvements* required in association with private *development* for which adopted City standards do not apply, as described in Section 142.0612.

(6) *Development* of manufactured slopes at a gradient steeper than 25 percent (4 horizontal feet to 1 vertical foot) and a height of 25 feet or more as described in Section 142.0103.

(7) Nonresidential *development* that varies from the minimum parking requirements by proposing a Transportation Demand Management Plan, as described in Section 142.0540(c).

(8) *Development* within the Airport Land Use Compatibility Overlay Zone as required for safety compatibility in accordance with Section 132.1515.

(d) A Site Development Permit decided in accordance with Process Four is required for the following types of *development*.

(1) Within *historical districts* or when *designated historical resources* are present, unless exempt under Section 143.0220:

(A) *Subdivisions*;

(B) Single or multiple unit residential *development*;

(C) Commercial or industrial *development*;

(D) Public works projects; and

(E) *Development* that deviates from the *historical resources* regulations, as described in Section 143.0210.

(2) Where *historical resources* other than *historical districts* or *designated historical resources* are present, unless exempt under Section 143.0220:

(A) *Subdivisions*;

(B) *Multiple dwelling unit* residential *development*;

(C) Commercial or industrial *development*;

(D) Public works construction projects; and

(E) *Development* that deviates from the *historical resources* regulations, as described in Section 143.0210.

(3) *Subdivision* of a *premises* that contains *environmentally sensitive lands*, as described in Section 143.0110.

(4) *Development* that deviates from any portion of the *environmentally sensitive lands* regulations, as described in Section 143.0110.

(5) *Development* for which the *applicant*, using the Affordable Housing Density Bonus Regulations, seeks a deviation from the applicable development regulations that exceeds the allowable incentives provided for in Section 143.0740.

(6) *Development* for which the *applicant* seeks a deviation from the development regulations in Section 144.0507 for *condominium conversions*.

(7) Any *encroachment* or object which is erected, placed, constructed, established or maintained in the *public right-of-way* when the *applicant* is not the *record owner* of the property on which the proposed *encroachment* will be located in accordance with Section 129.0710(b).

(8) *Development* of a *large retail establishment* of 100,000 or more square feet *gross floor area* in all commercial and industrial zones, and in all planned districts.

(9) A request for a deviation from the applicable development regulations for affordable/in-fill housing and sustainable building projects in accordance with Section 143.0920.

(e) A Site Development Permit decided in accordance with Process Five is required for the following types of *development*.

(1) In the Airport Approach Overlay Zone, *development* proposals that receive an FAA determination of hazard and that are not exempt, as described in Section 132.0202.

(2) In the Airport Environs Overlay Zone, *development* for which a City Council override is requested, as described in Section 132.0302.

(3) In the Clairemont Mesa Height Limit Overlay Zone, *development* for which an exception to the height limit is requested, as described in Section 132.1306.

(4) *Development* within the Airport Land Use Compatibility Overlay Zone proposing deviations from the overlay zone requirements, or *development* that includes a rezone or *land use plan* approval.

(5) Development in accordance with section 129.0710(c) that includes major underground or overhead *structures* which extend into the *public right-of-way* beyond the ultimate curb line or other *encroachments* which, in the opinion of the City Manager, are of sufficient public interest to warrant City Council approval.

(f) A Site Development permit in accordance with Process CIP-Two is required for the following types of *development*.

(1) *Capital improvement program projects* on a *premises* containing *environmentally sensitive lands* where the *development* is determined to be in compliance with the Environmentally Sensitive Lands Regulations without deviation.

(2) *Capital improvement program projects* on a *premises* containing *historical resources* where the *development* is determined to be in compliance with the Historical Resources Regulations without deviation, unless exempt under Section 143.0220.

(g) A Site Development Permit in accordance with Process CIP-Five is required for the following types of *development*.

(1) *Capital improvement program projects* on a *premises* containing *environmentally sensitive lands* that deviate from the Environmentally Sensitive Lands Regulations.

(2) *Capital improvement program projects* on a *premises* containing *historical resources* that deviate from the Historical Resources Regulations, unless exempt under Section 143.0220.

(Amended 4-22-2002 by O-19051 N.S.; effective 10-8-2002.)
(Amended 2-9-2006 by O-19461 N.S.; effective 3-9-2006.)
(Amended 6-15-2007 by O-19624 N.S.; effective 7-15-2007.)
(Amended 11-13-08 by O-19803 N.S; effective 12-13-2008.)

(Amended 8-4-2011 by O-20081 N.S.; effective 10-6-2011.)
(Amended 10-25-2011 by O-20047 N.S.; effective 1-1-2012.)
(Amended 1-23-2013 by O-20235 N.S.; effective 2-22-2013.)
(Amended 10-22-2013 by O-20309 N.S.; effective 12-12-2013.)
(Amended 5-5-2015 by O-20481 and O-20483 N.S.; effective 6-4-2015.)

§126.0503 Decision Processes for Site Development Permits

(a) Process Three

A decision on an application for a Site Development Permit for the types of *development* listed in Section 126.0502(a), (b) and (c) shall be made in accordance with Process Three. The decision may be appealed to the Planning Commission in accordance with Section 112.0506.

(b) Process Four

(1) A decision on an application for a Site Development Permit for the types of *development* listed in Section 126.0502(d) shall be made in accordance with Process Four.

(2) A recommendation of the Historical Resources Board is required prior to the Planning Commission decision on a Site Development Permit when a *historical district* or *designated historical resource* is present.

(c) Process Five

A decision on an application for a Site Development Permit for the types of *development* listed in 126.0502(e) shall be made in accordance with Process Five.

(d) Process CIP-Two

A decision on an application for a Site Development Permit for the types of *development* listed in Section 126.0502(f) shall be made in accordance with Process CIP-Two.

(e) Process CIP- Five

A decision on an application for a Site Development Permit for the types of *development* listed in Section 126.0502(g) shall be made in accordance with Process CIP-Five.

(Added 12-9-1997 by O-18451 N.S.; amended 10-18-1999 by O-18691 N.S.; effective 1-1-2000.)
(Amended 10-22-2013 by O-20309 N.S.; effective 12-12-2013.)

§126.0504 Findings for Site Development Permit Approval

A Site Development Permit may be approved or conditionally approved only if the decision maker makes all of the *findings* in Section 126.0504(a) and the supplemental *findings* in Section 126.0504(b) through (o) that are applicable to the proposed *development* as specified in this section.

(a) Findings for all Site Development Permits

(1) The proposed *development* will not adversely affect the applicable *land use plan*;

(2) The proposed *development* will not be detrimental to the public health, safety, and welfare; and

(3) The proposed *development* will comply with the regulations of the Land Development Code including any allowable deviations pursuant to the Land Development Code.

(b) Supplemental Findings--Environmentally Sensitive Lands

A Site Development Permit required in accordance with Section 143.0110 because of potential impacts to *environmentally sensitive lands* may be approved or conditionally approved only if the decision maker makes the following supplemental *findings* in addition to the *findings* in Section 126.0504(a):

(1) The site is physically suitable for the design and siting of the proposed *development* and the *development* will result in minimum disturbance to *environmentally sensitive lands*;

(2) The proposed *development* will minimize the alteration of natural land forms and will not result in undue risk from geologic and erosional forces, *flood* hazards, or fire hazards;

(3) The proposed *development* will be sited and designed to prevent adverse impacts on any adjacent *environmentally sensitive lands*;

(4) The proposed *development* will be consistent with the City of San Diego's Multiple Species Conservation Program (MSCP) Subarea Plan;

(5) The proposed *development* will not contribute to the erosion of public beaches or adversely impact local shoreline sand supply; and

(6) The nature and extent of mitigation required as a condition of the permit is reasonably related to, and calculated to alleviate, negative impacts created by the proposed *development*.

(c) Supplemental Findings--Environmentally Sensitive Lands Deviations

A Site Development Permit required in accordance with Section 143.0110 because of potential impacts to *environmentally sensitive lands* where a deviation is requested in accordance with Section 143.0150 may be approved or conditionally approved only if the decision maker makes the following supplemental *findings* in addition to the *findings* in Section 126.0504(a) and the supplemental *findings* in Section 126.0504(b):

(1) There are no feasible measures that can further minimize the potential adverse effects on *environmentally sensitive lands*; and

(2) The proposed deviation is the minimum necessary to afford relief from special circumstances or conditions of the land, not of the applicant's making.

(d) Supplemental *Findings*-Environmentally Sensitive Lands Deviation from Federal Emergency Management Agency Regulations

A Site Development Permit required in accordance with Section 143.0110 because of potential impacts to *environmentally sensitive lands* where a deviation is requested from the *Special Flood Hazard Area* regulations as specified in Section 143.0150(b) may be approved or conditionally approved only if the decision maker makes the following supplemental *findings* in addition to the *findings* in Section 126.0504(a) and the supplemental *findings* in Sections 126.0504(b) and 126.0504(c):

(1) The City Engineer has determined that the proposed *development* within a designated *floodway* will not result in an increase in *flood* levels during the base *flood* discharge except as allowed under Code of Federal Regulations Title 44, Chapter 1, Part 60.3(c)(13);

(2) The City Engineer has determined that the deviation would not result in additional threats to public safety, extraordinary public expense, or create a *public nuisance*.

(e) Supplemental Findings--Steep Hillsides Development Area Regulations Alternative Compliance

A Site Development Permit required in accordance with Section 143.0110 because of potential impacts to *steep hillsides* where alternative compliance is requested in accordance with Section 143.0151 may be approved or conditionally approved only if the decision maker makes the following supplemental *findings* in addition to the findings in Section 126.0504(a) and the supplemental *findings* in Section 126.0504(b):

(1) The proposed *development* is in conformance with the Steep Hillside Guidelines;

(2) The proposed *development* conforms to the applicable *land use plan*; and

(3) Strict application of the steep hillside development area regulations would result in conflicts with other City regulations, policies, or plans.

(f) Supplemental Findings--Important Archaeological Sites and Traditional Cultural Properties

A Site Development Permit required in accordance with Section 143.0210 because of potential impacts to an *important archaeological site* or *traditional cultural property* may be approved or conditionally approved only if the decision maker makes the following supplemental *findings* in addition to the *findings* in Section 126.0504(a) :

(1) The site is physically suitable for the design and siting of the proposed *development*, the *development* will result in minimum disturbance to *historical resources*, and measures to fully mitigate for any disturbance have been provided by the *applicant*; and

(2) All feasible measures to protect and preserve the special character or the special historical, architectural, archaeological, or cultural value of the resource have been provided by the *applicant*.

(g) Supplemental Findings--Historical Resources Deviation for Important Archaeological Sites and Traditional Cultural Properties

A Site Development Permit required in accordance with Section 143.0210 because of potential impacts to an *important archaeological site* or *traditional cultural property* where a deviation is requested in accordance with Section 143.0260 may be approved or conditionally approved only if the decision maker makes the following supplemental *findings* in addition to the *findings* in Section 126.0504(a):

(1) There are no feasible measures, including a less environmentally damaging location or alternative, that can further minimize the potential adverse effects on *historical resources*;

(2) The proposed deviation is the minimum necessary to afford relief and accommodate the *development* and all feasible measures to mitigate for the loss of any portion of the resource have been provided by the *applicant*; and

(3) There are special circumstances or conditions apart from the existence of *historical resources*, applying to the land that are peculiar to the land and are not of the applicant's making, whereby the strict application of the provisions of the *historical resources* regulations would deprive the property owner of reasonable use of the land.

(h) Supplemental Findings--Historical Resources Deviation for Relocation of a Designated Historical Resource

A Site Development Permit required in accordance with Section 143.0210 because of potential impacts to *historical resources* where a deviation is requested in accordance with Section 143.0260 for relocation of a *designated historical resource* may be approved or conditionally approved only if the decision maker makes the following supplemental *findings* in addition to the *findings* in Section 126.0504(a):

(1) There are no feasible measures, including maintaining the resource on site, that can further minimize the potential adverse effects on *historical resources*;

(2) The proposed relocation will not destroy the historical, cultural, or architectural values of the *historical resource*, and the relocation is part of a definitive series of actions that will assure the preservation of the *designated historical resource*.

(3) There are special circumstances or conditions apart from the existence of *historical resources*, applying to the land that are peculiar to the land and are not of the applicant's making, whereby the strict application of the provisions of the *historical resources* regulations would deprive the property owner of reasonable use of the land.

(i) Supplemental Findings--Historical Resources Deviation for Substantial Alteration of a Designated Historical Resource or Within a Historical District

A Site Development *Permit* required in accordance with Section 143.0210 because of potential impacts to *designated historical resources* where a deviation is requested in accordance with Section 143.0260 for substantial alteration of a *designated historical resource* or within a *historical district* or new construction of a *structure* located within a *historical district* may be approved or conditionally approved only if the decision maker makes the following supplemental *findings* in addition to the *findings* in Section 126.0504(a):

(1) There are no feasible measures, including a less environmentally damaging alternative, that can further minimize the potential adverse effects on the *designated historical resource* or *historical district*;

(2) The deviation is the minimum necessary to afford relief and accommodate the *development* and all feasible measures to mitigate for the loss of any portion of the *historical resource* have been provided by the *applicant*; and

(3) The denial of the proposed *development* would result in economic hardship to the owner. For purposes of this finding, "economic hardship" means there is no reasonable beneficial use of a property and it is not feasible to derive a reasonable economic return from the property.

(j) Supplemental Findings--Clairemont Mesa Height Limit

A Site Development Permit required in accordance with Section 132.1306 because an exception from the Clairemont Mesa height limit is requested may be approved or conditionally approved only if the decision maker makes the following supplemental *findings* in addition to the *findings* in Section 126.0504(a):

(1) The granting of an exception will not significantly interfere with public views from western Clairemont Mesa to Mission Bay and the Pacific Ocean within the surrounding area; and

(2) The granting of an exception is appropriate because there are existing *structures* over 30 feet in height and the proposed *development* will be compatible with surrounding one, two, or three-story *structures*; or the granting of an exception is appropriate because there are topographic constraints peculiar to the land; or the granting of the exception is needed to permit roofline and facade variations, accents, tower elements, and other similar elements and the elements will not increase the *floor* area of the *structure*.

(k) Supplemental Findings--Mobilehome Park Discontinuance

A Site Development Permit required in accordance with Section 132.0702 because a discontinuance of a *mobilehome park* is proposed may be approved or conditionally approved only if the decision maker makes the following supplemental *findings* in addition to the *findings* in Section 126.0504(a):

(1) The discontinuance of use of the land for a *mobilehome park* or *mobilehome* spaces will not deprive the community of a needed facility;

(2) The discontinuance of use of the land for a *mobilehome park* or *mobilehome* spaces, because of the associated relocation plan and conditions that have been applied to the discontinuance, will not be detrimental to the public health, safety, and welfare of persons living in the *mobilehome park*; and

(3) The use to which the *applicant* proposes to put the property will provide a greater public benefit than continued use of the property as a *mobilehome park* or *mobilehome* spaces.

(l) Supplemental Findings--Deviation for Affordable Housing

A *development* that requires a Site Development Permit in accordance with Section 143.0750 because the *applicant* has requested a deviation from the applicable development regulations as an additional incentive to a *density* bonus for providing affordable housing may be approved or conditionally approved only if the decision maker makes the following supplemental *findings* in addition to the *findings* in Section 126.0504(a):

(1) The proposed *development* will materially assist in accomplishing the goal of providing affordable housing opportunities in economically balanced communities throughout the City;

(2) The *development* will not be inconsistent with the purpose of the underlying zone.

(3) The deviation is necessary to make it economically feasible for the *applicant* to utilize a *density* bonus authorized for the *development* pursuant to Section 143.0725.

(m) Supplemental Findings - Deviations for Affordable/In-Fill Housing Projects and Sustainable Buildings

A development that requires a Site Development Permit in accordance with Section 143.0920 because the applicant has requested a deviation from the applicable development regulations for affordable/in-fill housing and Sustainable Building projects may be approved or conditionally approved only if the decision maker makes the following supplemental findings in addition to the findings in Section 126.0504(a):

(1) The proposed development will materially assist in accomplishing the goal of providing affordable housing opportunities in economically balanced communities throughout the City, and/or the proposed development will materially assist in reducing impacts associated with fossil fuel energy use by utilizing alternative energy resources, self-generation and other renewable technologies (e.g. photovoltaic, wind, and/or fuel cells) to generate electricity needed by the building and its occupants;

(2) The development will not be inconsistent with the purpose of the underlying zone;

(3) Any proposed deviations are appropriate for this location and will result in a more desirable project than would be achieved if designed in strict conformance with the development regulations of the applicable zone.

(n) Supplemental Findings - *Condominium Conversions*

A Site Development Permit required in accordance with Section 144.0509, because of potential impacts to the surrounding neighborhood, may be approved or conditionally approved only if the decision maker makes either of the following supplemental *findings* in addition to the *findings* in Section 126.0404 (a):

(1) The decision maker has considered the project-specific constraints and has determined that the *condominium conversion* as proposed would, to the maximum extent feasible, address the requirements of Section 144.0507, and has been developed to provide specific community benefits; or

(2) Strict adherence to the requirements of Section 144.0507 would result in the demolition of *structures* or loss of the architectural character of *structures* that contribute to the community character.

(o) Supplemental Findings-*Public Right-of-Way* Encroachments. A Site Development Permit in accordance with Section 126.0502(d)(7) for any *encroachment* or object which is erected, placed, constructed, established or maintained in the *public right-of-way* when the *applicant* is not the *record owner* of the property on which the proposed *encroachment* will be located may be approved or conditionally approved only if the decision maker makes the following supplemental *findings* in addition to the *findings* in Section 126.0504(a):

(1) The proposed *encroachment* is reasonably related to public travel, or benefits a public purpose, or all *record owners* have given the applicant written permission to maintain the *encroachment* on their property;

(2) The proposed *encroachment* does not interfere with the free and unobstructed use of the *public right-of-way* for public travel;

(3) The proposed *encroachment* will not adversely affect the aesthetic character of the community; and

(4) The proposed *encroachment* does not violate any other Municipal Code provisions or other local, state, or federal law; and

(5) For *coastal development* in the *coastal overlay zone*, the *encroachment* is consistent with Section 132.0403 (Supplemental Use Regulations of the Coastal Overlay Zone).

(Amended 6-3-2003 by O-19188 N.S.)
(Amended 11-28-2005 by O-19444 N.S.; effective 2-09-2006)
(Amended 2-9-2006 by O-19461 N.S.; effective 3-9-2006.)
(Amended 3-1-2006 by O-19466 N.S.; effective 4-1-2006)
(Amended 7-5-2006 by O-19505 N.S.; effective 8-5-2006.)
(Amended 8-4-2011 by O-20081 N.S.; effective 10-6-2011.)
(Amended 6-18-2013 by O-20261 N.S.; effective 7-19-2013.)

§126.0505 Violations of a Site Development Permit

It is unlawful for any person to maintain, use, or develop any *premises* without a Site Development Permit if such a permit is required for the use or *development*, or to maintain, use, or develop any *premises* contrary to the requirements or conditions of an existing Site Development Permit. Violation of any provision of this division shall be subject to the enforcement provisions contained in Chapter 12, Article 1. Violations of this division shall be treated as strict liability offenses regardless of intent.
(Added 12-9-1997 by O-18451 N.S.; effective 1-1-2000.)

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Appendix D – Environmental Commitments Record

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Task and Brief Description	Ref.	PS&E Responsible Branch / Staff	Construction Responsible Branch / Staff	Timing / Phase	NSSP, SSP, Std Spec, Permit	Action Taken to Comply/Remarks	PS&E Task Completed		Construction Task Completed	
Stormwater / NPDES										
This project will be designed and constructed in compliance with State Water Resources Control Board adopted Order No. 2012-0011-DWQ NPDES No. CAS000003 National Pollutant Discharge Elimination System (NPDES) permit. The permit became effective on July 1, 2013.	Draft EIR, Section 3.9.2	Design Engineer and Contractor	RE, Contractor, and Construction Storm Water Coordinator	Design and Construction	Permit, Standard Spec (State Water Resources Control Board adopted Order No. 2012-0011-DWQ NPDES					
This project will be constructed in compliance with the State Water Resources Control Board issued National Pollutant Discharge Elimination System (NPDES) General Permit for Storm Water Discharges Associated with Construction and Land Disturbance Activities, Order No. 2009-009-DWQ, as amended by 2010-0014-DWQ and 2012-0006-DWQ (NPDES No. CAS000002 commonly called the Construction General Permit [CGP]), on September 2, 2009. The permit became effective on July 1, 2010.	Draft EIR, Section 3.9.2	Design Engineer and Contractor	RE, Contractor, and Construction Storm Water Coordinator	Design and Construction	Permit, Standard Spec #13-3.01, and Construction General Permit					
The project must develop a Water Pollution Control Program (WPCP) or Stormwater Pollution Prevention Plan (SWPPP).	Draft EIR, Section 3.9.2	Design Engineer and Contractor	RE, Contractor, and Construction Storm Water Coordinator	Design and Construction	Standard Spec #13-3.01					
Hazardous Materials										
Mitigation of LBP and ACM abatement shall be performed by a certified ACM contractor and lead contractor according to Cal-OSHA guidelines, Title 8, Section 1532.1(e)(2)(B) and Section 1529 of the California Code of Regulations, and Federal EPA guidelines. The contractor shall be advised of the presence of ACMs and LBP issues.	Draft EIR, Section 3.8.4	Haz. Waste	RE, Contractor	Design and Construction	NSSP					

Cultural Resources										
Task and Brief Description	**Ref.**	**PS&E Responsible Branch / Staff**	**Construction Responsible Branch / Staff**	**Timing / Phase**	**NSSP, SSP, Std Spec, Permit**	**Action Taken to Comply/Remarks**	**PS&E Task Completed**		**Construction Task Completed**	
Caltrans shall perform a Historic American Buildings Survey (HABS) that would create "Heritage" documentation of the Sorrento Tower Complex and Sorrento Valley Industrial Park Historic District.	Draft EIR, Section 3.3.4	Cultural	N/A	Post Const		Mitigation measures will be implemented once approval is received from CA-SHPO				
Noise										
For noise control measures, the project would be required to comply with Caltrans Standard Specification Section 14-8.02A during construction. Therefore, noise levels cannot exceed 86 decibels at 50 feet from the job site activities from 9 p.m. to 6 a.m.	Draft EIR, Appendix A, Section 1.12.2	Noise	RE, Contractor	Construction	Standard Spec #14-8.02A					

Appendix E – Cal Sorrento Historic District Preservation Evaluation and Memorandum for Estimated Cost

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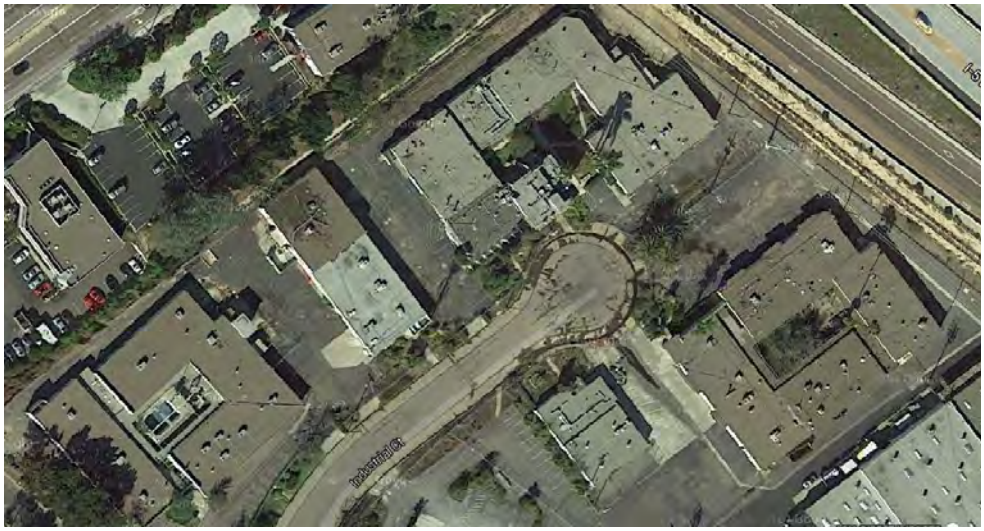
Contract No. 11A1991
Task Order No. 3
Amendment No. 1

Cal-Sorrento Historic District Preservation Evaluation



Prepared for

California Department of Transportation, District 11

August 18, 2014

T·Y·LIN INTERNATIONAL

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Executive Summary

The purpose of this study was to evaluate the feasibility and order of magnitude costs associated with bringing the buildings located within the Sorrento Valley Park district up to an occupiable state. This report does not assess the reasonableness of any option. The options reviewed to achieve this criterion were vertically lifting and rehabilitating in place or relocating and rehabilitating the structures. The buildings under consideration are located at 11803 Sorrento Valley Rd., and 3330, 3336-3346, 3347, and 3337 Industrial Court. These buildings are on land owned by Caltrans and were determined to have historical significance according to the Historical Resources Evaluation Report for Properties on Industrial Court in Sorrento Valley Industrial Park San Diego, San Diego County (Sorrento Valley Industrial Park HRER). Caltrans is currently preparing an environmental document to evaluate the relative impacts and options for how to treat these structures.

The Sorrento Tower and the one-story reinforced concrete masonry unit (CMU) wall structures in the immediate area suffer from similar conditions. There are concerns over the containment of lead based paint and asbestos within these buildings, and they all suffer from broken/missing electrical components, poor plumbing conditions, and water saturation – they have been determined to be uninhabitable. In many cases, the wooden diaphragm supporting the CMU wall structures contain mold, show excessive deformation, and deterioration from harsh environmental conditions.

This study considered the feasibility of three basic options:

1. Rehabilitate/retrofit and lift vertically
2. Move buildings within parcel
3. Move the buildings off-site

This study is limited and it is understood that should Caltrans elect to move forward with any of these options substantial additional studies would be required. All three options assume that the buildings would be rehabilitated to occupiable status and thus would require extensive rehabilitation efforts.

This study has determined that moving the buildings both on-site and off-site is not feasible due to a myriad of factors which are discussed later in the report. However, vertically lifting the structures in place, retrofitting, and rehabilitating them to an occupiable state is a feasible option. Table 1 summarizes the feasibility and order of magnitude cost associated with each option.

Table 1 Feasibility Summary

Structure	Option	Feasible?	Order of Magnitude Costs		
			Retrofit and Rehabilitation Costs	Building Movement cost	Total Cost
Sorrento Tower	Lift Vertically in Place	Yes	$1,890,000	$5,000,000 - $6,000,000	$7,000,000- $9,000,000
	On-site Relocation	No	n/a	n/a	n/a
	Off-site Relocation	No	n/a	n/a	n/a
3336-3346 Industrial Court	Lift Vertically in Place	Yes	$6,210,000	$20,800,000 - $24,800,000	$29,000,000- $34,000,000
	On-site Relocation	No	n/a	n/a	n/a
	Off-site Relocation	No	n/a	n/a	n/a
11803 Sorrento Valley Road	Lift Vertically in Place	Yes	$5,440,000	$18,300,000 - $21,800,000	$25,000,000- $30,000,000
	On-site Relocation	No	n/a	n/a	n/a
	Off-site Relocation	No	n/a	n/a	n/a
3330 Industrial Court	Lift Vertically in Place	Yes	$2,520,000	$8,500,000 - $10,100,000	$11,000,000- $14,000,000
	On-site Relocation	No	n/a	n/a	n/a
	Off-site Relocation	No	n/a	n/a	n/a
3347 Industrial Court	Lift Vertically in Place	Yes	$6,250,000	$21,000,000 - $25,000,000	$29,000,000- $34,000,000
	On-site Relocation	No	n/a	n/a	n/a
	Off-site Relocation	No	n/a	n/a	n/a
3337 Industrial Court	Lift Vertically in Place	Yes	$1,360,000	$4,600,000 - $5,400,000	$6,000,000- $8,000,000
	On-site Relocation	No	n/a	n/a	n/a
	Off-site Relocation	No	n/a	n/a	n/a

1. Project Background

On June 24, 2010 Caltrans acquired a group of properties adjacent to Interstate 5 (I-5). The properties acquired by Caltrans are located west of I-5 and south of Carmel Mountain Road, on Industrial Court between Sorrento Valley Road to the west and the Plantable Geosynthetic Reinforced (PGR) wall supporting I-5 to the east (Figure 2). Since the properties are subject to groundwater infiltration and were in a state of substantial disrepair upon purchase, Caltrans proposed to demolish all of the structures located on the acquired properties. However, the structures located in the industrial park have been identified as a historic district after consultation with the State Historic Preservation Office (SHPO). In the 2011 Historical Resources Evaluation Report (HRER), Caltrans determined that there were no eligible properties. SHPO did not concur with the findings of the HRER, so Caltrans agreed to reconsider the properties as if they were fifty years old and concluded that the five properties comprised a small historic district and the Sorrento Tower was individually eligible for the National Register of Historic Places. Caltrans tasked T.Y. Lin International with preparing this report to evaluate the existing condition of the structures and the feasibility and associated costs of bringing them up to code in their current locations or moving them on the site or to another site altogether.

Figure 1 Vicinity Map

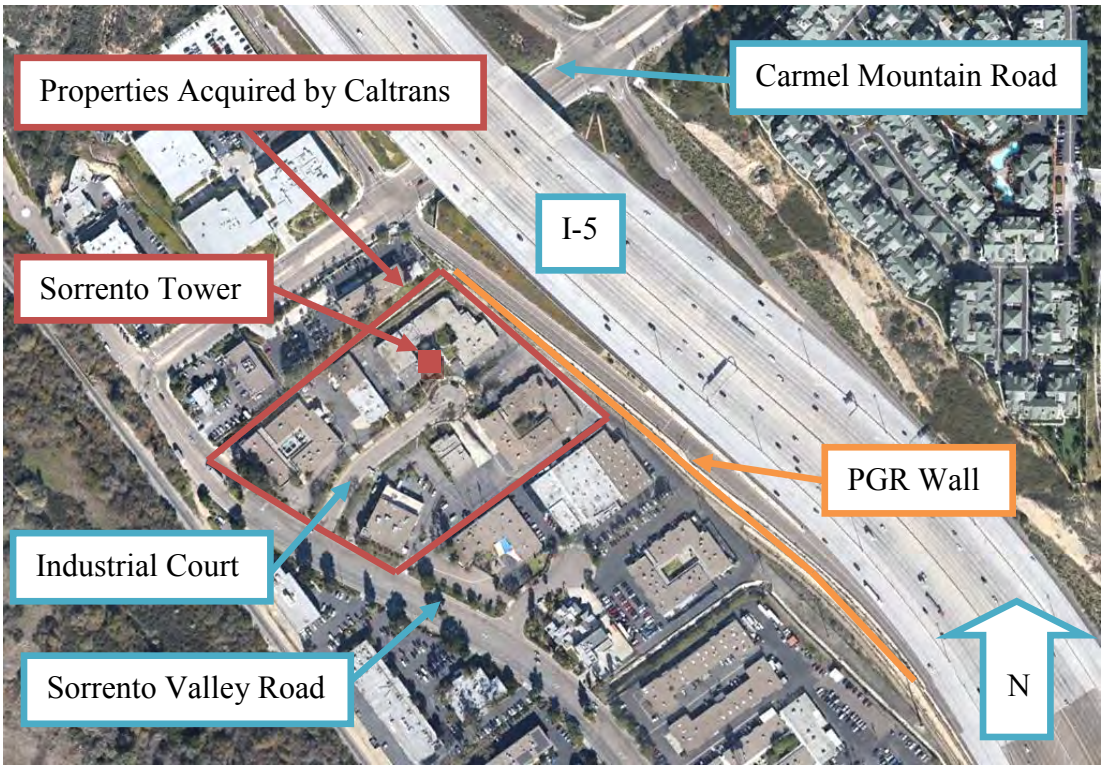

Figure 2 Properties Acquired by Caltrans

1.1 BUILDING DESCRIPTIONS

1.1.1 Sorrento Tower

Sorrento Tower is located at 3344 Industrial Court (Figure 2). It is situated on the north side of the cul-de-sac at the end of Industrial Court. Sorrento Tower is a three story masonry and wood structure comprising roughly 5,340 square feet of office space. Exterior dimensions of the building measure approximately 49' wide by 40' deep. The tower features a flat roof with overhanging eaves and a concrete block exterior with vertical wood detailing. Roughly centered on the front of the building is the exterior stairwell leading to the upper floors. Reinforced Concrete Masonry Unit (CMU) bearing walls in combination with wood bearing walls and wood diaphragms comprise the structural system of the building. Surrounding the Sorrento Tower are five single story warehouse and manufacturing buildings forming a "U" shape around the tower and an open courtyard.

Figure 3 Isometric View of Sorrento Valley Industrial Park

1.1.2 Complex Surrounding Sorrento Tower

Four connected one-story buildings arranged in a U-shape surround the Sorrento Tower, located at 3336-3346 Industrial Court (Figure 3). The complex contains industrial and commercial structures on a concrete foundation with concrete block walls and flat roofs, comprising roughly 22,145 square feet of work space. Reinforced CMU bearing walls in combination with wood bearing walls and wood diaphragms comprise the structural system of the building. The building contains roll up doors in the rear and is surrounded by asphalt parking lots.

1.1.3 Building at 11803 Sorrento Valley Road

The complex located at the west corner of the district at 11803 Sorrento Valley Road (Figure 3) is a one-story, flat roof structure on a concrete foundation, with concrete block walls. The east two-thirds of the building is a U-shape structure comprising roughly 13,160 square feet of work space, with a central courtyard containing an above ground tank once used for hydro-dynamic testing. The west one-third is a rectangular structure comprising 6,280 square feet of work space. Reinforced CMU bearing walls in combination with wood bearing walls and wood diaphragms comprise the structural system of the building.

1.1.4 Building at 3330 Industrial Court

The building at 3330 Industrial Court is located between the 11803 Sorrento Valley Rd and the Sorrento Tower complex (Figure 3), with asphalt parking lots on the east and west. It is a one-story, flat-roofed, rectangular structure on a concrete foundation, with concrete block walls, containing roughly 9,000 square feet of work space. Reinforced CMU bearing walls in combination with wood bearing walls and wood diaphragms comprise the structural system of the building.

1.1.5 Building at 3347 Industrial Court

The building at 3347 Industrial Court is located at the east-most section of the district (Figure 3). It is a single-story, flat roof structure composed of two L-shaped concrete block wall structures that enclose a central courtyard. Reinforced CMU bearing walls in combination with wood bearing walls and wood diaphragms comprise the structural system of the building. Roll up doors exist in the rear and the interior courtyard can be accessed by two concrete covered walkways at opposite sides of the building. Partially shaded concrete walkways with wooden supports and awnings frame the rectangular courtyard. There is about 22,320 square feet of work space in the structure.

1.1.6 Building at 3337 Industrial Court

The building at 3337 Industrial Court (Figure 3) is a one-story, flat roof, square structure with roughly 4,850 square feet of work space. It resides on a concrete foundation, with reinforced CMU bearing walls in combination with wood bearing walls and wood diaphragms, which comprise the structural system of the building. It is flanked by concrete and asphalt parking lots east and west of it.

Figure 4 Sorrento Tower

Figure 5 Isometric View of Sorrento Tower Location

1.2 HISTORY

The Sorrento Tower and surrounding buildings were built in 1965 for partial owner Clark Higgins by friend and local architect Loch Crane. The tower was originally designed as an office building to house Loch Crane and Associates and Industrial Developers, LTD. It remained a commercial property until Caltrans acquired it in 2010.

1.3 CONDITION OF THE EXISTING STRUCTURE

1.3.1 Sorrento Tower

Currently the Sorrento Tower is sitting vacant, with boarded up doors and windows. The wood balconies, roof elements, wood vertical and horizontal wall detailing are heavily infested with dry rot, termite damage, and are in a very poor condition. The balconies are unsafe to stand on and present a significant safety hazard. Nearly all of the wood in the structure needs replacement. There are also signs of water damage from the roof and floors leading to mold. Many electrical components are broken and missing, and copper piping has been pulled out of the walls, and the HVAC system contains damage.

1.3.2 Complex Surrounding Sorrento Tower

The exterior of the tower and its surrounding complex appears to have minor cosmetic issues associated with being poorly maintained for a long period of time. The complex has been altered over the decades with the addition of new doors and windows, outdoor storage sheds, and the placement of air conditioning units. The interior of the complex currently exhibits damage from vandalism and many years without maintenance. The electrical, plumbing, HVAC, ceiling tiles, and lighting are all damaged and missing from vandalism and a lack of upkeep. It is apparent that minor retrofits to the wooden beams in the structure's roof diaphragm have been attempted in the form of externally attached wooden beams. Many wooden structural components throughout the structure also appear to be in a state of disrepair. Evidence of leaking roofs can be found from the visible water and mold can be found in many areas on the floor and walls as a result. Other Issues include dry rot and termites on the wood portions of the exterior walls, roof elements, and wood awnings over the exterior windows.

Figure 6 Exterior of Sorrento Tower Complex

1.3.3 Building at 11803 Sorrento Valley Road

In the exterior courtyard of 11803 Sorrento Valley Road, there is a collapsed outdoor roof with extensive damage. The wooden components show evidence of dry rot and termites, which may have contributed to the failure of members. There is also a steel crane and a tank once used for hydro-dynamic testing in the outdoor courtyard.

Figure 7 Collapsed Roof in Courtyard

The interior of the complex is in very poor condition. There are missing and loose ceiling tiles/fixtures, as well as hanging wires and other components. Visible water damage to the ceiling and walls can be observed, as

well as evidence of standing water located on the floor. Mold can also be found on the ceiling, floors, and walls. Nearly all of the wooden components appear to be deteriorating. There are also broken/missing electrical components, copper piping removed from the walls, and the HVAC system needs repair or replacement. There is also evidence of water flow through the structure as there are streaks of sand left over from water flow from the entrances to the more inner portions of the building.

1.3.4 Building at 3330 Industrial Court

Currently the building at 3330 Industrial Court is guarded with boarded up doors and entering was not possible for this investigation. As a result, all investigation of the structure occurred through reviewing available plans and viewing the exterior of the structure. Since this building is nearly identical to the others in the area, it is assumed similar damage exists. Likely conditions include poor quality of timber members, missing electrical components, HVAC damage, missing copper piping, and water damage on the roof and floor.

1.3.5 Building at 3347 Industrial Court

The structure contains doors and windows that are boarded up and the exterior wood awnings are subject to deterioration. The building exhibits damage from vandalism and many years without maintenance. The interior is subject to loose and hanging wires and ceiling segments, as well as damaged and missing electrical components. The HVAC system, electrical components, and copper piping will need to be replaced. Above the dropped ceiling, the wooden roof diaphragm is in general disrepair from dry rot, termites, and water damage. Mold is visible on the ceiling and walls throughout the buildings, with evidence of water leaking from the ceiling. There is also evidence of damage on the interior walls caused by physical force. Part of the building's exterior contains a courtyard that is host to overgrown vegetation. The wooden awning in this area contains serious damage at its connections and members.

Figure 8 Interior Ceiling of 3347

1.3.6 Building at 3337 Industrial Court

Some of the ceiling tiles and components are broken and missing, and there is a general mess due to vandalism and the lack of maintenance. There is mold visible throughout the building, serving as evidence of water damage that seems to originate from the ceiling and floor. Furthermore, it is apparent that the wooden

diaphragm is deteriorating due to dry rot and termites. Electrical components are broken and missing, the HVAC system will need to be repaired or replaced, and copper wire and piping has been stripped from the walls.

2. Building Retrofit and Rehabilitation Measures

Only a partial set of architectural plans for the Sorrento Tower and its surrounding complex were obtained, many sheets were missing; most notably the structural details sheets. Architectural plans for the buildings at addresses 11803 Sorrento Valley Rd. and 3347 Industrial Court have also been obtained. Since the scope of this report only deals with bringing the structures up to code, no considerations were made regarding the costs associated with interior or exterior finishing, cabinetry, or any other aesthetic features. Based on a review of the available architectural plans and an on-site inspection of the buildings, the following areas were identified as likely needing addressing in order to bring the structures up to current code.

2.1 STRUCTURAL RETROFIT AND REHABILITATION

Sorrento Tower Complex and other structures within the historical district were designed and built in accordance with the 1961 Uniform Building Code (UBC). Currently the City of San Diego requires structures to be built in accordance with the 2013 California Building Code (CBC) with local amendments, however due to the historical nature of the structures, rehabilitation and retrofit will conform with the California Historic Building Code (CHBC). The majority of differences between the current code and the 1961 UBC deal with the lateral force resisting systems and seismic detailing. The following are typical problems and solutions for structures similar to those within the Sorrento Valley Industrial Park.

The connections between wood and concrete or wood and CMU such as the connection of wood bearing walls to the foundation and the connection of wood diaphragms to CMU bearing walls will need improvement. Although the CMU walls in this structure are reinforced, it is likely that they do not have the capacity required to withstand the prescribed seismic loads. Many measures may be taken to improve the capacity of the walls if necessary. These improvements may include adding reinforcement to the wall internally, adding reinforcement to the wall externally by attaching steel angles and plates to the face of the wall, or strengthening the wall through adding high strength cement or fiber reinforced polymer (FRP) overlay, which will likely change the visual character of the structures.

2.1.1 Sorrento Tower

The Sorrento Tower is a 3-story masonry and wood frame structure. There is greater concern over the structure's ability to withstand seismic events due to the additional lateral loads that would distribute throughout the multi-story structure. It is likely the damage to the wood floor/roof diaphragms from water/dry rot/termites is extreme enough that they need to be entirely replaced.

Numerous seismic retrofits of this nature have occurred in California with the prices ranging from $20-$100 per square foot. Higher costs are usually associated with historic buildings whose appearance and materials cannot be altered by construction. Sorrento Tower would likely fall in the middle of this price range, therefore, $60 per square foot is used for estimating structural retrofit costs. Structural rehabilitation to the wooden roof diaphragms, roofs, and walls for commercial office structures have occurred in California with the prices averaging about $20 per square foot. A total structural rehab and retrofit cost of $80 per square feet will therefore be used.

Another area of the structure that needs to be addressed is its foundation. Since the ground water table currently sits near the ground surface at this site the potential for large settlements or differential settlements during a seismic event is very high. A full geotechnical investigation specific to the Sorrento Tower is necessary to determine the measures required to mitigate the possibility of differential settlement. It is necessary to raise the finished floor elevation of the structure to alleviate surface water flow and groundwater percolation into the structure. The Sorrento Tower is currently on a foundation which consists of strip and isolated footings in conjunction with a 4 inch floor slab. A more rigid foundation is likely needed to be constructed based on the findings of a geotechnical investigation. A new mat foundation would likely cost around $200,000.

2.1.2 Remaining Structures Within the Sorrento Valley District

Most of the wooden members, which include framing and roof diaphragms, are in poor condition due to general deterioration, dry rot, and termites. Single story structures will likely not need much seismic retrofit, but these structures will need extensive replacement of timber roofs and walls as evidenced by the wooden member shown in Figure 9. Wooden awnings will also need to be replaced in structures that contain them.

Figure 9 Existing Condition of a Support

Structural Rehabilitation to the wooden roof diaphragms, roofs, and walls for similar structures has occurred in California with the prices averaging about $20 per square foot. Numerous seismic retrofits of this nature have occurred in California with the prices ranging from $20-$100 per square foot. Higher costs are usually associated with historic buildings whose appearance

and materials cannot be altered by construction. These structures are not likely to require much seismic retrofit; therefore $20 per square feet will be used to estimate the seismic retrofit cost of these structures. A total structural rehab and retrofit cost of $40 per square foot will be used.

The ground water table currently sits near the ground surface at these sites; therefore the potential for large settlements or differential settlements during a seismic event is very high. A full geotechnical investigation specific to these complexes is necessary to determine the measures required to mitigate the possibility of settlement. It may also be necessary to raise the finished floor elevation of the structure to alleviate surface water flow into the structure.

Table 2 shows a summary of the rehab, retrofit, and foundation cost for each of the structures in the Sorrento Valley Industrial Park.

Table 2 Summary of Structural Rehabilitation and Retrofit Cost

Structure	Square Footage	Cost per sqft	Foundation Cost	Total Cost
Sorrento Tower	5336	$80	$200,100	$630,000
3336-3346 Industrial Court	22145	$40	$830,438	$1,720,000
11803 Sorrento Valley Rd	19440	$40	$729,000	$1,510,000
3330 Industrial Court	9000	$40	$337,500	$700,000
3347 Industrial Court	22320	$40	$837,000	$1,730,000
3337 Industrial Court	4850	$40	$181,875	$380,000

2.2 HAZARDOUS MATERIAL ABATEMENT

There are many hazardous materials that were used in the construction of older buildings which must be removed to meet current building and health codes. Caltrans has already identified that lead paint and asbestos exist inside the buildings. Removal of these materials requires specialized equipment and disposal. Also any lead pipes found in the structures will be considered hazardous and will need to be removed and replaced. Since the buildings have experienced standing water and roof leaks, mold will be a hazard. Depending on the extent of the mold, solutions may range from minor cleaning to full replacement of drywall and wood elements. According to a contractor that specializes in demolition, the material abatement can be estimated at $28.00 per square foot for each structure, assuming the hazardous materials are in place, not strewn about the interior, and that the mold is primarily located on material that is already being removed. If the hazardous materials have been disturbed and are all over the place or extensive mold is found this price could increase.

2.3 ADA COMPLIANCE

Title III of the Americans with Disabilities Act (ADA) provides protection against discrimination for disabled Americans by defining one form of discrimination as the failure to remove architectural barriers from existing public accommodations and commercial facilities. In simple terms this requirement means providing access to the buildings for all, including those people requiring wheelchairs or with limited mobility. For all structures, considerations include increasing door and walkway widths, providing ramps, handrails, and handicap suitable restroom accommodations. ADA renovation to most buildings are expected to be less extensive than the Sorrento Tower due to their already spacious entrance and walkways, stemming from their previous function as commercial/industrial complexes. The ADA states that these upgrades must be carried out to the extent feasible but that disproportionately high costs for ADA compliance may be cause for omitting certain items.

To guarantee access for all within a multistory building like Sorrento Tower, including those with wheelchairs or limited mobility, adding an elevator may be a viable option. Based on the current configuration, two elevators would be required to access all floors. As another option, ramps could be added inside the building to allow access between the two elevations of each level.

A cost that is disproportionately high is one that exceeds 20% of the original improvement costs. In addition to the disproportionality rule, historical buildings may also forego improvements that “threaten to destroy the historical quality of the building”. Since 20% of the improvement cost is the maximum that can be required to be spent on ADA compliance, this is used for estimating purposes. Table 3 summarizes the cost of ADA compliance on each structure.

Table 3 Summary of ADA Compliance Cost

Structure	Rehab and Retrofit cost	ADA Compliance (20%)
Sorrento Tower	$1,049,408	$210,000
3336-3346 Industrial Court	$3,450,060	$690,000
11803 Sorrento Valley Rd	$3,024,320	$600,000
3330 Industrial Court	$1,402,000	$280,000
3347 Industrial Court	$3,474,960	$690,000
3337 Industrial Court	$755,800	$150,000

2.4 NON-STRUCTURAL IMPROVEMENTS AND REPAIRS

Given the evidence collected from photos and on-site inspections, it can be concluded that extensive improvements will need to be made to the interior and exterior of the structures within the Sorrento Valley Industrial Park. These include improving or replacing the electrical, plumbing, heating/air conditioning, and fire sprinkler systems to make them fully functional and code compliant. Additionally, the entire ceiling and the interior and exterior walls will need to be completely

replaced due to mold and water damage. Typical remodel and improvement projects carry a $30 to $70 per square foot price tag for electric, plumbing, HVAC, and fire sprinkler systems. For estimating purposes, $50 per square foot will be used for the facilities. Table 4 summarizes the cost of non-structural improvements and repairs.

Table 4 Non-Structural Improvements and Repairs

Structure	Square Footage	Cost per sqft	Total Cost
Sorrento Tower	5336	$50	$270,000
3336-3346 Industrial Court	22145	$50	$1,110,000
11803 Sorrento Valley Rd	19440	$50	$970,000
3330 Industrial Court	9000	$50	$450,000
3347 Industrial Court	22320	$50	$1,120,000
3337 Industrial Court	4850	$50	$240,000

2.5 SUMMARY OF REHABILITATION AND RETROFIT COSTS

Table 5 Summary of Retrofit and Rehabilitation Costs

	Sorrento Tower	3336-3346 Industrial Court	11803 Sorrento Valley Rd	3330 Industrial Court	3347 Industrial Court	3337 Industrial Court
Structural Rehab and Retrofit	$630,000	$1,720,000	$1,510,000	$700,000	$1,730,000	$380,000
Hazardous Material Abatement	$149,408	$620,060	$544,320	$252,000	$624,960	$135,800
ADA Compliance	$210,000	$690,000	$600,000	$280,000	$690,000	$150,000
Non-structural Improvements and Repair	$270,000	$1,110,000	$970,000	$450,000	$1,120,000	$240,000
Engineering Investigation and Design @ 20%	$251,900	$828,000	$724,900	$336,400	$833,000	$181,200
Construction Management @10%	$125,900	$414,000	$362,400	$168,200	$416,500	$90,600
Contingency @ 20%	$251,900	$828,000	$724,900	$336,400	$833,000	$181,200
Total	$1,890,000	$6,210,000	$5,440,000	$2,520,000	$6,250,000	$1,360,000

3. Relocation Options

3.1 ON-SITE

Moving the structures across the site would allow more flexibility for the space to be repurposed and still provide a new higher foundation for the buildings. After the analysis of the report was expanded to take into account the historic significance of the entire district, an on-site relocation was deemed infeasible due to the lack of available space. The structure sizes in Figure 10 are referenced to depict the infeasibility of having an on-site relocation.

Vertically lifting the structures in place would allow for a new foundation to be built at a higher elevation to avoid the groundwater issues, the structures would then be set back down on this new foundation. After consulting with a contractor specializing in moving structures, it was determined that this scenario is feasible, although the primary concern was the poor soil conditions due to high groundwater. Since the entire weight of the structures will have to transfer from their current distributed condition to being carried by a handful of supports, this will create a few very heavily loaded support locations. Methods should be considered to avoid ground settlement due to these conditions.

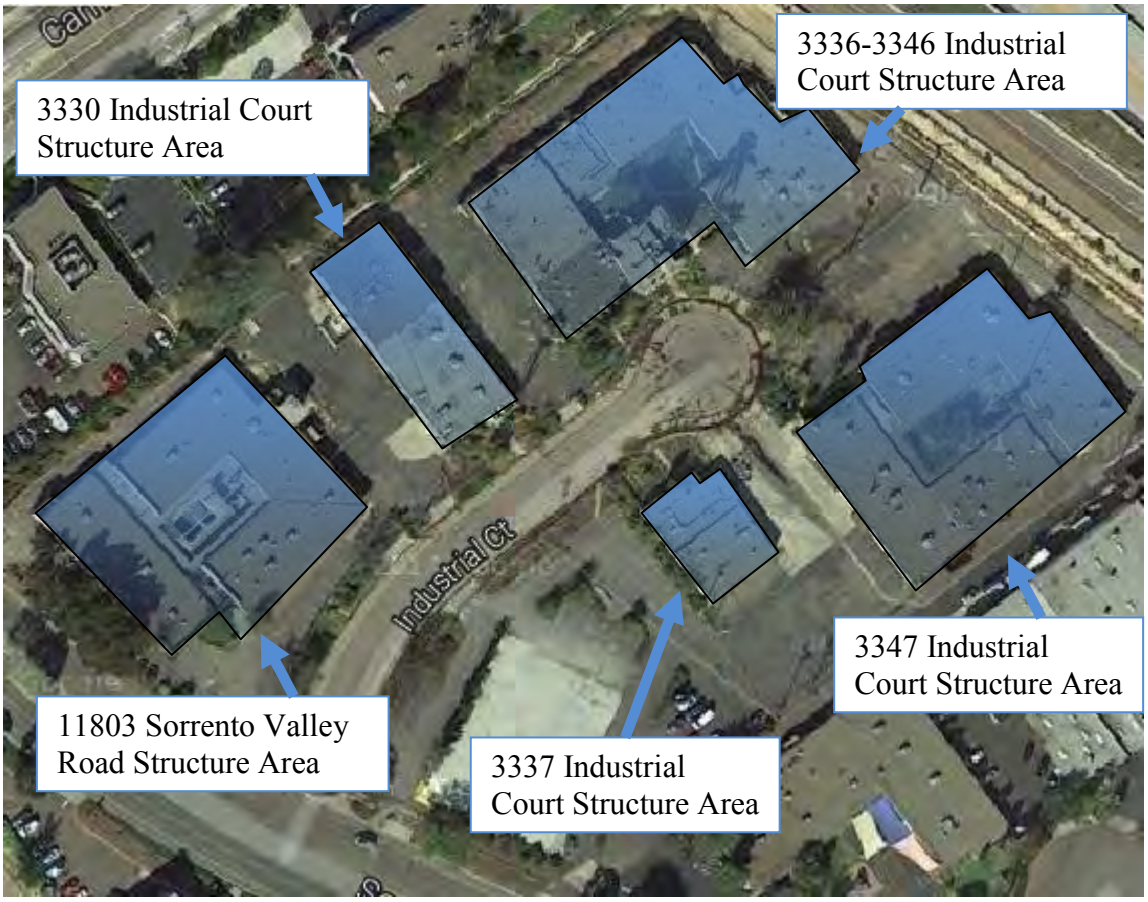

Figure 10 On-Site Relocation Options

3.2 OFF-SITE

Similarly to moving the structures on site, an off-site move was also analyzed. Due to the entire district having historical significance, the district's layout must be taken into consideration. To preserve the historic presence of the district, the relative placements of each structure and their proximity to one another must be retained. An off-site move would require an area that is large enough to hold all the structures in a similar arrangement, and be close enough to the original location to ensure the feasibility of off-site transportation. Furthermore, the route of travel must have sufficient space for the structures to be transported. Due to the insufficient availability of suitable plots needed for an off-site relocation, this option is deemed infeasible. Figure 11 shows the required area size of the Sorrento Valley Industrial Park and the unavailability of sufficient space in the vicinity.

Figure 11 Off-Site Move Area

3.3 SUMMARY OF RELOCATION COSTS

Table 6 Summary of Relocation Costs

	Sorrento Tower	3336-3346 Industrial Court	11803 Sorrento Valley Rd	3330 Industrial Court	3347 Industrial Court	3337 Industrial Court
Vertically Lift Structure in Place	$5,000,000 - $6,000,000	$20,800,000 - $24,800,000	$18,300,000 - $21,800,000	$8,500,000 - $10,100,000	$21,000,000 - $25,000,000	$4,600,000 - $5,400,000
Retrofit and Rehabilitation	$1,890,000	$6,210,000	$5,440,000	$2,520,000	$6,250,000	$1,360,000
Engineering Investigation and Design @ 7%	$552,300	$2,170,700	$1,906,800	$883,400	$2,187,500	$473,200
Range of Total Costs	**$7,000,000-$9,000,000**	**$29,000,000-$34,000,000**	**$25,000,000-$30,000,000**	**$11,000,000-$14,000,000**	**$29,000,000-$34,000,000**	**$6,000,000-$8,000,000**

4. Conclusion

Feasibility and order of magnitude costs associated with rehabilitating in place, retrofitting and rehabilitating Sorrento Tower and other structures in the residing district were evaluated based on reviewing the available architectural plans and performing an on-site inspection. It is determined that rehabilitating, retrofitting, and vertically lifting the structures in place is a feasible option. Relocating the structures on-site is not feasible due to the lack of available space in the area. Moving the structures off site is determined not feasible due to a long list of barriers and complications associated with such a move.

For evaluation of the 'reasonableness' aspect of this project we have converted the approximate costs to $/square foot (SF):

Vertically lift in place, rehab, and retrofit: $1,450/SF

Purchase price of equivalent office space: $250/SF
Purchase price of equivalent industrial space: $130/SF

Appendix A

THE CITY OF SAN DIEGO

Historical Resources Board

DATE ISSUED: February 12, 2009 REPORT NO. HRB-09-008

ATTENTION: Historical Resources Board
Agenda of February 26, 2009

SUBJECT: **ITEM #5 – Industrial Developers/Loch Crane Office Building**

APPLICANT: Cal-Sorrento, LTD, owners; represented by the Office of Marie Burke Lia

LOCATION: 3344 Industrial Court, Torrey Pines Community, Council District 1

DESCRIPTION: Consider the designation of the Industrial Developers/Loch Crane Office Building located at 3344 Industrial Court as a historical resource.

STAFF RECOMMENDATION

Designate the Industrial Developers/Loch Crane Office Building located at 3344 Industrial Court as a historical resource with a period of significance of 1965 under HRB Criterion C. This recommendation is based on the following finding:

> The resource embodies the distinctive characteristics through the retention of character defining features of the Contemporary sub-style of Modernism and retains a very good level of architectural integrity from its 1965 period of significance.

The designation shall include building E and the trellised walkway with vertical pierced concrete block posts and wood slat roof that leads to building E.

City Planning & Community Investment
202 C Street, MS 5A ● San Diego, CA 92101-3865
Tel (619) 235-5200 Fax (619) 533-5951

BACKGROUND

This item is being brought before the Historical Resources Board in conjunction with a discretionary permit application for a proposed building demolition of a structure located at 3344 Industrial Court. A historic resource technical report was required as part of the CEQA review process. The building site consists of a central three-story Contemporary style office building surrounded by a small courtyard and four single story buildings to the east, north and west. The complex was built in 1965 for Clark Higgins, partial owner under the name Industrial Developers Ltd, who commissioned friend and architect Loch Crane to design the project. The completed building would house Crane's office on the ground floor, Industrial Developers' offices on the second floor, and a gym space on the third floor.

The historic name of the resource, the Industrial Developers/Loch Crane Office Building, has been identified consistent with the Board's adopted naming policy and includes the name of Industrial Developers and Loch Crane, the original tenants of the building.

ANALYSIS

A historical resource research report was prepared by Kathleen Crawford of the Offices of Marie Burke Lia, which concludes that the resource is not significant under any HRB Criteria. Staff disagrees, and finds that the site is a significant historical resource under HRB Criterion C as follows:

CRITERION C - *Embodies distinctive characteristics of a style, type, period or method of construction or is a valuable example of the use of natural materials or craftsmanship.*

The subject property is a Contemporary style office and warehouse/manufacturing complex built in 1965 for partial owner Clark Higgins by friend and architect Loch Crane. Higgins had seen an office complex in La Mesa that had buildings grouped around a central courtyard and he liked the concept. The decision was made to incorporate these ideas into the overall design as they corresponded with Crane's views towards nature and use of structures. The site consists of five buildings, labeled A-E on the original plot plan. Buildings A-D are single story warehouse/manufacturing buildings which are grouped in a general "U" configuration around a small central courtyard and building E, which is a three story office building.

Buildings A, B and C are one contiguous single-story structure consisting of concrete block with vertical wood siding and a flat roof. The facades which face the interior courtyard includes vertical wood posts connected to the front of the building with horizontal wood posts, creating an "L" shaped design motif. These posts are placed at intervals along the façade to add an additional horizontal/vertical element to the design. Windows vary in size, shape and placement around the structure and include metal framed, rectangular shaped fixed pane and slider windows. Entrance doors are composed of a variety of materials, including metal, metal and glass, wood, and wood and glass. The main entrance on building C is more elaborate than others and visually connects with building E through the use of similar stylistic elements. The entrance area has a corrugated metal flat roof which extends out over the entrance and is supported by a pierced, openwork, concrete pillar and supplementary posts. The south, north and east façades of

the structure contain bays with metal service doors for delivery and distribution. Building D is a one story concrete block building with vertical wood siding and a flat roof. The south façade of the building contains an entrance area to the offices which includes a concrete trellised walkway framed by a series of rectangular shaped arches. The arches are composed of vertical pierced concrete block posts with a wood slat roof over walkway which leads to building E. The west façade has several openings for different retail units with different interior configurations. The building's windows vary in size, shape and style and include metal framed, rectangular shaped fixed pane and slider windows. Entry doors include metal and wood. The west façade also contains bays with metal service doors for delivery and distribution. Buildings A-D are largely utilitarian structures with minimal expression of the Contemporary style. In addition, these buildings have undergone various modifications which, although relatively minor, do have an adverse impact on the very simple structures. Therefore, staff does not recommend designation of buildings A-D under HRB Criterion C. The only exception is the trellised walkway in front of building D which leads to building E.

Building E is sited as the focal point and central element of the complex. Building E is a three story Contemporary style commercial/office structure on a concrete foundation. It features a flat roof with overhanging eaves and a concrete block exterior with vertical wood detailing. Roughly centered on the building is the exterior stairwell leading to the upper floors. The stairs themselves are recessed inside a concrete block mass which projects slightly forward of the building. A simple railing with vertical wood balusters set on thin top and bottom rails are present at each landing. Access to the building is taken at each level through single metal doors. To the left of the central stairwell two columns of large fixed pane picture windows are present at the second and third floors. The columns are separated by decorative concrete block which runs from the foundation up past the roofline. The windows are metal frame and consist of a larger upper pane over a smaller lower pane. A corner balcony with a simple wood railing sits to the left of the windows at the second and third floors. Metal frame slider windows with vertical wood siding below look out onto the corner balconies. Horizontal wood slat sunshades accent the windows and balconies at each level on this façade, which receives considerable sun exposure. Large fixed pane metal frame windows and metal frame doors are present at the ground floor, which is taller than the two upper floors. To the right of the central stairwell is a large decorative vertical mass consisting of stacked, pierced cement block. To the right and set back from this decorative mass is a recessed plane consisting of more fixed metal frame windows with horizontal wood siding above and below. The recessed bay is topped with a flat roof and overhanging eaves. The three remaining facades are less ornate and consist of concrete block and horizontal wood siding that accents metal frame windows of varying sizes and operations. Some windows appear to have been replaced within the original openings; however, all existing windows are metal frame and sash.

Unlike buildings A-D, building E clearly embodies the distinctive characteristics of the Contemporary style, as identified in the San Diego Modernism Historic Context Statement, including all of the primary character defining features and many of the secondary character defining features. Primary character defining features are considered fundamental elements of the design and are more essential to the expression of the style. Secondary character defining features may be commonly found on examples of the style, but are not critical to its expression. The primary and secondary character defining features of the Contemporary style found on the building include:

Character Defining Features of the Contemporary Style (from the Modernism Context Statement)	Character Defining Features Found on Building E
Primary	
Strong roof forms including flat, gabled, shed or butterfly, typically with deep overhangs.	A strong flat roof. Overhangs are present at the southeast corner. The illusion of overhangs is created through the use of sunshades.
Large windows, often aluminum framed.	Large aluminum frame windows throughout.
Non-traditional exterior finishes include vertical wood siding, concrete block, stucco, flagstone and mullion-free glass.	Extensive use of vertical wood siding, concrete block and mullion-free glass throughout.
Secondary	
Angular massing.	Strong angular massing is seen in both vertical and horizontal elements. Angular elements are emphasized through the use of concrete block and wood siding. No curvilinear or arched elements are found on the building.
Sun shades, screens or shadow block accents.	Sunshades are present above the windows and balconies at the second and third floors.
Attached garages or carports for homes.	N/A; commercial site.
Split-level design, especially on sloped residential sites.	N/A; commercial site on a flat lot.
Horizontally oriented commercial buildings.	Horizontal emphasis on an otherwise vertical building is achieved through strong horizontal elements including the flat roof; wood slat sunshades which break up the vertical massing and emphasize horizontal lines; and large picture windows which create greater transparency and de-emphasize the vertical nature of the three story building.
Distinctive triangular, parabolic or arched forms.	Not present.
“Eyebrow” overhangs on commercial buildings.	Not present.
Integrated, stylized signage on commercial buildings.	Not present. The building was designed as an office building in an otherwise undeveloped area and signage was not an important element.

The applicant’s report states that the building is not a good example of the Contemporary style due to the vertical nature of the 3-story building. The report also asserts that the building does not express any secondary character defining features of the Contemporary style, which is not consistent with the analysis above. As to the vertical nature of the building, the office use and needs of the client, Mr. Higgins, required a multi-story structure. Employing his fundamental principle of “form follows function” which states that the shape of a building or object should be

primarily based upon its intended function or purpose, architect Loch Crane designed a building which met the functional needs of his client while at the same time expressing a strong Contemporary design aesthetic. As a very good example of the Contemporary style, embodying all of the primary and most of the applicable secondary character defining features of the style, which retains a high degree of integrity to its 1965 period of significance, staff recommends designation under HRB Criterion C. The designation shall include building E and the trellised walkway with vertical pierced concrete block posts and wood slat roof that leads to building E.

CRITERION D - *Is representative of a notable work of a master builder, designer, architect, engineer, landscape architect, interior designer, artist or craftsman.*

Loch Crane was born in Wyoming and his family moved to Point Loma in 1929. Crane's childhood interest in drawing led to high school drafting classes, after which he worked in the offices of Richard Requa and William Templeton Johnson. In March of 1941 Crane was accepted to Frank Lloyd Wright's Taliesin West in Scottsdale, Arizona. Under Frank Lloyd Wright's tutelage, Crane adopted Wright's credo of "form follows function", borrowed from his own mentor Louis Sullivan, as his most fundamental principle of design. After the attack on Pearl Harbor Crane relinquished his fellowship and joined the Army Air Corps in April 1942. During the postwar period he stayed in Japan and during his travels he was able to explore his love of Japanese culture, lifestyle, housing and architecture, which would influence his design philosophy. Crane appreciated the "human scale" of Japanese architecture, which emphasized flexibility and versatility of spaces. The connection between indoor and outdoor elements and the blending of the two through the use of natural elements and materials was a value which Crane also shared and would incorporate into his design.

Crane returned to San Diego in 1946 and began an architectural practice. His first project was his own family residence on Udall Street in Point Loma, which was designed to be built in stages and expand as the family grew. Soon Crane was obtaining commissions for various projects, including private residences, business buildings and warehouses. As an unlicensed architect, Crane soon came under pressure from the City of San Diego to obtain his architect's license. Under the G.I. Bill, Crane received his education at the University of Southern California, completing the five year degree program in just three years (1954-1957). Crane worked as an architect designing both residential and commercial buildings in San Diego during the 1950's and 1960's. A partial list of Crane's known work was provided in the applicant's report.

Crane's core beliefs in architecture were influenced by his time spent with Wright at Taliesin, his experiences in Japan, and his early work with Requa and Johnson. In a 2009 interview discussed in detail in the report, Crane stated that his primary design philosophies and principles were:

1. Form follows function.
2. The honesty of the exposed structure.
3. The structure should be open and spacious.
4. Natural materials in texture and color should be used.
5. The modular unit was essential to a sense of scale and proportion.
6. The use of the hexagon as a measure to ensure openness of the interior and allow for different activities within the interior space.

The applicant's report states that the subject property is not representative of Crane's work, as it reflects the preferences of his client and lacks the horizontal layout of his residential design. The fact that several of his commercial buildings, including two of his other former offices, are multi-story show that Crane was not at all adverse to constructing a multi-story Modern building when the function required it. In addition, Modern structures, including Contemporary style structures, are not limited to single story buildings by nature. As to the building reflecting only the preferences of his client, the building clearly exhibits Crane's design aesthetic when compared to his other commercial buildings, most notably the La Jolla Racquet Club. The two buildings share some striking similarities, including a flat roof, extensive use of decorative pierced concrete block, vertical wood siding, large fixed pane windows, covered walkways, and the same balcony railing seen on the landings on the subject property.

Although building E appears to be representative of Crane's commercial work, it is not clearly documented at this point in time that the building is a *notable example* of his work. More importantly, while the report does provide a good deal of information on Crane, it stops short of providing an analysis of Crane's work and whether or not he could be considered a Master Architect. An analysis of Crane's work within the context of the Modernist movement is not provided and a clear and compelling case for his overall body of work reflecting that of a Master has not been made. Therefore, it is not appropriate at this time to establish Loch Crane as a Master Architect. With further research and analysis this may be possible, at which time building E could be reconsidered for its association with Crane as a Master Architect. Therefore, staff does not recommend designation under HRB Criterion D at this time.

As a side note, although building E did serve as Crane's office from 1965 through an unknown date, it would not be appropriate to designate the building for that particular association under any criteria. Crane has not been established as a Master Architect or a historically significant individual, and there is insufficient evidence to show that this building would be the most appropriate to reflect an association with him or his work.

OTHER CONSIDERATIONS

Should the applicant chose to apply for a Mills Act, conditions related to restoration or rehabilitation of the resource may be identified by staff during the Mills Act application process, and included in any future Mills Act contract.

CONCLUSION

Based on the information submitted and staff's field check, it is recommended that the Industrial Developers/Loch Crane Office Building located at 3344 Industrial Court be designated under HRB Criterion C as a very good example of the Contemporary style, embodying all of the primary and most of the applicable secondary character defining features of the style, which retains a high degree of integrity to its 1965 period of significance. The designation shall include building E and the trellised walkway with vertical pierced concrete block posts and wood slat roof that leads to building E. Designation brings with it the responsibility of maintaining the building in accordance with the Secretary of the Interior's Standards. The benefits of designation

include the availability of the Mills Act Program for reduced property tax; the use of the more flexible Historical Building Code; flexibility in the application of other regulatory requirements; the use of the Historical Conditional Use Permit which allows flexibility of use; and other programs which vary depending on the specific site conditions and owner objectives.

Kelley Saunders
Senior Planner

Cathy Winterrowd
Senior Planner/Program Coordinator

KS/cw

Attachment(s): Applicant's Historical Report under separate cover

Appendix B

HISTORICAL RESOURCES COMPLIANCE REPORT

1. Project / Activity Description and Location

District	County	Route	Post Miles	Unit	E-FIS Project Number	Phase
11	SD	5/805	31.8	2733	1100000072	2

Project Description:

Caltrans owns properties on Industrial Court and Sorrento Valley Road in the Sorrento Valley Industrial Park, adjacent to the I-5/I-805 Split along the eastern margin of Soledad Valley in the northern section of the City of San Diego. Caltrans intends to demolish the improvements on Industrial Court and Sorrento Valley Road and sell the land due to the high ground water levels associated with the developments proximity to the Soledad Valley floodplain and the Los Peñasquitos Marsh. Caltrans Office of Geotechnical Design conducted studies in 2010 to determine if a passive system to handle ground water could be used at Industrial Court. The results of these studies determined that the groundwater could not be abated in such a manner.

This Historical Resources Compliance Report (HRCR) evaluates the non-archaeological resources on Industrial Court in accordance with PRC § 5024 (a)-(b) and CEQA PRC § 15064.5(a)(2)-(3), and the California Register criteria outlined in PRC § 5024.1.

Caltrans is requesting the SHPO's concurrence on the eligibility findings pursuant to PRC § 5024(b).

The attached Historical Resources Evaluation Report (HRER) contains the Project Location and Vicinity Map (Figure 1).

2. Project Area Limits

The Project Area Limits (PAL) for the project was established in consultation with Karen Crafts, Co-Principal Investigator Prehistoric Archaeology, and Anastasia Hunter, Associate Right-of-Way Agent on June 29, 2011. The PAL Map is Figure 2 in the attached HRER. The PAL consists of four parcels on Industrial Court and two parcels on Sorrento Valley Road.

3. Consulting Parties / Public Participation

X Local Government

- City of San Diego Planning and Community Investment Department, Historical Resources Board staff.

X Native American Tribes, Groups and Individuals

- The PAL is within the larger project limits established for the I-5 North Coast Corridor Project (11-SD-5/805 PM 28.4-55.3/PM 27.3-Merge) which has had ongoing consultation with the Native American community.

X Native American Heritage Commission

- The NAHC was consulted for the I-5 North Coast Corridor Project (11-SD-5/805 PM 28.4-55.3/PM 27.3-Merge) on November 2, 2004 and again in 2006. No Native American cultural resources were identified within the PAL.

X Local Historical Society / Historic Preservation Group

- Save Our Heritage Organisation (SOHO), San Diego, 2011
- San Diego Historical Society, 2011

4. SUMMARY OF IDENTIFICATION EFFORTS

X	National Register of Historic Places	Month & Year: 1979-2002 & supplements
X	California Register of Historical Resources	Year: 1992 & supplemental information to date
X	California Inventory of Historic Resources	Year: 1976
X	California Historical Landmarks	Year: 1995 & supplemental information to date
X	California Points of Historical Interest	Year: 1992 & supplemental information to date
X	State Historic Resources Commission	Year: 1980-present, minutes from quarterly meetings
X	Caltrans Historic Highway Bridge Inventory	Year: 2006 & supplemental information to date

X Archaeological Site Records

- Record searches for the I-5 North Coast Corridor Project (11-SD-5/805 PM 28.4-55.3/PM 27.3-Merge) were conducted at the South Coastal Information Center (SCIC) of the California Historical Information System (CHRIS) at San Diego State University in 2005 and 2006. No cultural resources were recorded within or adjacent to the PAL.

X Other sources consulted

- City of San Diego "San Diego Modernism Historic Context Statement," 2007.
- San Diego County Assessor's Building Records, 2011
- "Loch Crane Biography," Modern San Diego Dot Com.
- City of San Diego Historical Resources Board, "Report No. HRB-09-008," February 12, 2009, with attachment: K.A. Anderson, "DPR 523 Primary, Building Structure Object and Continuation forms for 3344 Industrial Court," September 2008.
- Caltrans Headquarters Library, 2011
- California State Library, History Room, 2011

X Results:

- One resource was previously identified with in the PAL, the "Industrial Developers/Loch Crane Office Building" located at 3444 Industrial Court, Building E, of the Sorrento Tower Complex which was designated as a City of San Diego Historic Landmark #897 on February 26, 2009.

5. EXEMPT FROM EVALUATION / NO CEQA HISTORICAL RESOURCES IDENTIFIED

X One **cultural resource** present within the Project Area Limits **is exempt from evaluation** because it meets the criteria set forth in the Section 106 Programmatic Agreement (Section 106 PA) Attachment 4 (Properties Exempt from Evaluation) and does not meet any criteria outlined in CEQA Guidelines §15064.5(a): 11777 Sorrento Valley Road (map reference No. 6)

X Gloria Scott who meets the Professionally Qualified Staff Standards in Section 106 Programmatic Agreement (Section 106 PA) Attachment 1 as a Principal Architectural Historian, has determined that the only other resources present within the Project Area limits meet the criteria for Section 106 PA Attachment 4 (Properties Exempt from Evaluation).

X Caltrans, pursuant to CEQA Guidelines §15064.5(a)(1) – (4), evaluated the following resources within the Project Area Limits and has determined that they are **not historical resources for purposes of CEQA**:

- 3330 Industrial Court, San Diego
- 3337 Industrial Court, San Diego
- 3347 Industrial Court, San Diego
- 11803 Sorrento Valley Road, San Diego

6. CEQA Historical Resources Identified

X Caltrans, pursuant to CEQA Guidelines §15064.5(a), evaluated the following resources within the Project Area Limits and determined that they **do not meet National Register criteria but ARE historical resources for purposes of CEQA** because they: are listed in the **California Register** or were determined eligible for the California Register by the State Historical Resources Commission [§15064.5(a)(1)], are included in a **local register** or identified as **significant in a local survey** meeting OHP standards [§15064.5(2)],or Caltrans, as the lead agency, has determined that they meet the criteria for listing in the California Register [§15064.5(a)(3)-(4)]:

- Sorrento Tower Complex, 3336-3346 Industrial Court, San Diego

7. CEQA Impact Findings

X Not applicable. This document covers only the identification phase under CEQA, PRC §15064.5(a).

8. Mitigation Plan

X Not applicable.

9. State-Owned Historical Resources Findings

X Caltrans has determined one **State-owned resource** (built environment and archaeological resources) within the Project Area Limits **is exempt from evaluation** because it meets the criteria set forth in the Section 106 Programmatic Agreement (Section 106 PA) Attachment 4 (Properties Exempt from Evaluation) **or was previously determined not eligible** for inclusion in the National Register and/or registration as a California Historical Landmark and that determination is still valid.

- 11777 Sorrento Valley Road; however, under PRC §5024, the property was inventoried and a DPR 523 Primary Record form was completed and is included in the attached Historical Resources Evaluation Report.

X Caltrans has evaluated and determined that the following **State-owned buildings and structures** within the Project Area Limits **do NOT meet National Register and/or California Historical Landmark** eligibility criteria; and is providing notice and summary to, and seeks comments from, SHPO pursuant to PRC §5024(b).

- 3330 Industrial Court, San Diego
- 3336-3346 Industrial Court, San Diego (Sorrento Tower Complex)
- 3337 Industrial Court, San Diego
- 3347 Industrial Court, San Diego
- 11803 Sorrento Valley Road, San Diego

X Caltrans has determined that this project will have **no effect** to **state-owned buildings, structures archaeological sites, objects, districts, landscapes** within the Project Area Limits that meet National Register and/or California Historical Landmarks eligibility criteria because there are no such resources within the PAL, and is providing notice and summary to SHPO pursuant to PRC §5024(f).

10. List of Attached Documentation

X Project Vicinity, Location, and Project Area Limits Maps

- Figures 1 through 3 in the attached HRER.

X Historical Resources Evaluation Report (HRER)

Historical Resources Evaluation Report for State-Owned Properties on Industrial Court in Sorrento Valley Industrial Park, San Diego, San Diego County, November 1, 2011.

11. HRCR PREPARATION AND CALTRANS APPROVAL

Prepared by:

District 11 Caltrans PQS: Karen Crafts — Date: 12/14/2011
Co-PI Prehistoric Archaeology

Reviewed for approval by:

Headquarters Caltrans PQS: Gloria Scott — Date: 15 December 2011
Principal Architectural Historian

Approved by:

District 11 EBC: Kevin Hovey, Chief — Date: 12/14/11
Cultural Resources Studies Branch

Appendix C

HISTORICAL RESOURCES EVALUATION REPORT
FOR
STATE-OWNED PROPERTIES ON INDUSTRIAL COURT IN SORRENTO VALLEY INDUSTRIAL PARK
SAN DIEGO, SAN DIEGO COUNTY

Prepared for: _____, Chief
KEVIN HOVEY
Cultural Resources Branch
Environmental Division
District 11 – San Diego
California Department of Transportation

Prepared by: _____
Gloria Scott, Chief
Built Environment Preservation Services Branch
Cultural Studies Office
Division of Environmental Analysis - Sacramento
California Department of Transportation

and

Prepared by: _____
Dana Supernowicz
Principal Architectural Historian
Cultural Studies Office
Division of Environmental Analysis - Sacramento
California Department of Transportation

Approved by: _____
Karen C. Crafts
Co-Principal Investigator Prehistoric Archaeology)
Cultural Resources Branch
Environmental Division
District 11 – San Diego
California Department of Transportation

November 1, 2011

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ATTACHMENTS

DPR 523 Forms

I. SUMMARY OF FINDINGS

This Historic Resources Evaluation Report (HRER) documents the results of a historical resources study in compliance with the California Department of Transportation's (Caltrans) responsibilities under the California Environmental Quality Act (CEQA), California Public Resources Code (PRC) §5024, and Governor's Executive Order W-26-92, prior to taking any action at Caltrans-owned properties on Industrial Court in the Sorrento Valley Industrial Park in San Diego, San Diego County (Refer to Figures 1-3). Caltrans needs to identify any historical resources on the parcels in order to take into account effects to historical resources and to determine whether additional consultation with the State Historic Preservation Officer (SHPO) will be necessary under §5024. Caltrans is requesting the SHPO's concurrence on the eligibility findings pursuant to PRC §5024(b).

Five of the six resources within the Project Area Limits (PAL) were evaluated using the National Register of Historic Places criteria, in accordance with PRC §5024(b), and using the California Register of Historical Resources criteria outlined in PRC §5024.1, in accordance with PRC §15064.5(a)(2)-(3) of the CEQA Guidelines. One resource was exempted from evaluation using the guidelines in Attachment 4 of the Section 106 Programmatic Agreement[1] (Section 106 PA).

As described in this report, Caltrans evaluated the non-archaeological Caltrans-owned resources on Industrial Court, in accordance with PRC §5024, early in the planning process to determine whether there are any historical resources that might be adversely affected by Caltrans actions, such as demolition or transferring the properties out of state ownership. The outcome of this HRER– whether any of the buildings are significant – will determine the more specific alternatives to be considered for future activities, and whether continuing consultation under PRC §5024 will be necessary for the state-owned resources.

Within the PAL (see Figure 2), there is one historical resource for purposes of CEQA, the Sorrento Tower Complex, 3336-3346 Industrial Court, San Diego (Map Reference #3). The Complex meets California Register of Historical Resources eligibility criteria at the local level of significance under Criterion 3 because it is a very good example of Modernist architecture, in the "Organic Geometric" sub-style, as identified in the City of San Diego's "Modernism Historic Context Statement." The period of significance is 1965, the boundaries are the parcel boundaries, and contributing features include Buildings A through E, the courtyard and the landscaping. Although it is less than fifty years of age, the complex meets the California Register Special Consideration for achieving significance within the past fifty years because sufficient time has passed to understand its significance [California Code of Regulations Section 4852(d)(2)]. However, while the Sorrento Tower Complex does appears to meet National Register of Historic Places Criterion C, it is less than fifty years old and its significance does not rise

[1] Programmatic Agreement Among the Federal Highway Administration, the Advisory Council on Historic Preservation, the California State Historic Preservation Officer, and the California Department of Transportation Regarding Compliance with Section 106 of the National Historic Preservation Act, as it Pertains to the Administration of the Federal-Aid Highway Program in California.

to the "exceptional" level at 46 years of age (in 2011) and does not meet Criteria Consideration (g). Therefore, at this point in time, the Complex is not eligible for inclusion in the National Register of Historic Places.

None of the remaining resources meet the National Register or California Register criteria; neither are they historical resources for purposes of CEQA. There does not appear to be a National Register-eligible historic district or landscape, nor are there any districts or landscapes that are historical resources for the purposes of CEQA.

This HRER is intended to satisfy the historical built-environment aspects of cultural studies under PRC §5024 and CEQA, and does not reflect the archaeological concerns that need to be addressed prior to any ground-disturbing activity in the PAL.

II. PROJECT DESCRIPTION

Caltrans owns properties on Industrial Court, adjacent to the State Route 56/Interstate 5 right of way in San Diego. Some of the properties are leased and some are vacant and boarded up There was vandalism in one of the vacant and boarded-up propertiers (Building E of the Sorrento Tower Complex) that disturbed asbestos, which was removed as soon as the problem was discovered. Ultimately, Caltrans intends to sell the Industrial Court properties, but prior to taking any further actions, Caltrans needs to determine whether there any of these state-owned resources meet the criteria for inclusion in the National Register of Historic Places, California Historical Landmarks or the California Register of Historical Resources.

The Project Area Limits (PAL) is delineated on Figure 2, as all the parcels on Industrial Court, as determined by District 11 Associate Environmental Planner, Karen Crafts and Associate Right-of-Way Agent Anastasia Hunter.

III. RESEARCH METHODS

Research methods for this project adhered to the Caltrans Environmental Handbook Volume 2: Cultural Resources (updated November 2010). Research for the project was conducted at the Caltrans Headquarters Library, Sacramento; the California State Library, History Room; Save Our Heritage Organization (SOHO), San Diego; San Diego Historical Society, San Diego; the internet; and oral history with the Higgins family members. In addition to the primary authors of the project, Caltrans Headquarters Cultural Studies Office staff Gloria Scott and Dana Supernowicz, who both meet the Professionally Qualified Staff Standards in Section 106 PA Attachment 1 as Principal Architectural Historians, District 11 Associate Environmental Planner Karen Crafts, and Headquarters Intern Margo Nayyar provided assistance.

Other resources examined include the National Register of Historic Places (National Register) online database; California Register of Historical Resources (CRHR); California Historical Landmarks; and California Points of Historical Interest.

A review of the NRHP and CRHR revealed that no historic properties within the PAL have been listed or determined eligible for inclusion in the NRHP or California Register, or have been registered as California Historical Landmarks (CHL).

One building however, called the "Industrial Developers/Loch Crane Office Building" at 3344 Industrial Court, Building E of the Sorrento Tower Complex, was designated as

City of San Diego Historic Landmark #897 on February 26, 2009 for its architectural significance.

Figure 1: Project Location and Vicinity Map

FIGURE 2: PROJECT AREA LIMIT MAP

"1" - MAP REFERENCE NUMBERS

- HISTORICAL RESOURCE BOUNDARIES

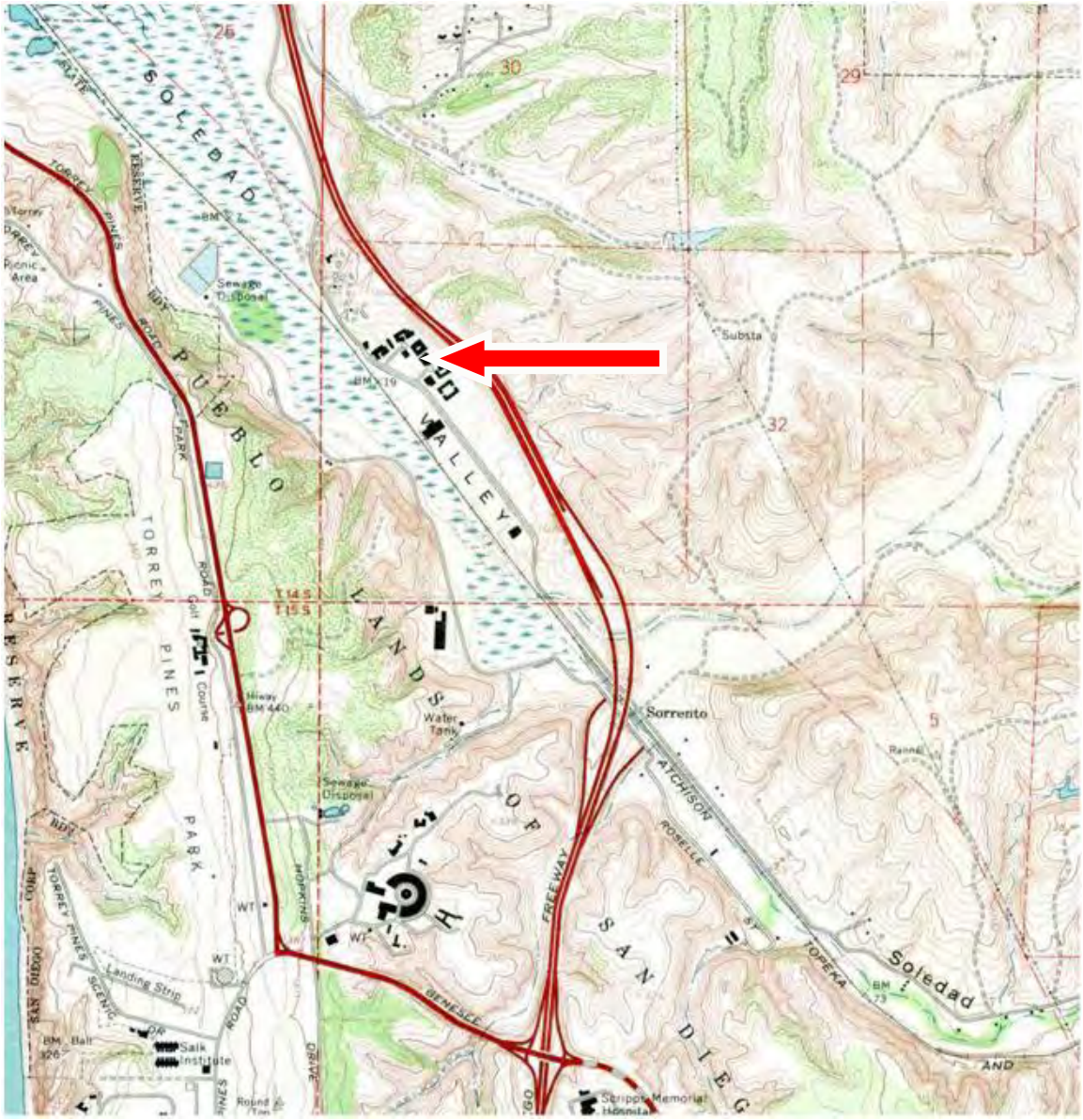

Figure 3: Del Mar, CA Quadrangle, 1967 USGS Topographic Map (1” = 24,000’)
The red arrow points to the Sorrento Valley Industrial Park.

IV. HISTORICAL OVERVIEW

Introduction

The six parcels on Industrial Court are located in the Sorrento Valley region of the City of San Diego in northern San Diego County; the area also is referred to as Torrey Pines. The area within and surrounding the project's PAL contains moderate density suburban offices, residential and light industrial developments dating from the late 1960s to the present. Interstate 5 and the recently constructed State Route 56 local bypass are directly behind and to the east of the PAL. To the west is Torrey Pines Preserve.

History of Sorrento Valley

Sorrento Valley, besides its modern commercial buildings and freeways, was once inhabited by San Diegueno Indians. Numerous shell midden deposits have been found along the bluffs surrounding the valley. Several sites have been dated by amino acid method to about 4,500 to 10,000 years old. The northwesterly trend of the valley is thought to be structurally controlled as it parallels the La Nación Fault to the south, and as it is oriented in an anomalous direction toward the lagoons to the north.

In 1874, Judge Benjamin Hayes described the extensive cobble barrier that completely sealed off the mouth of the lagoon and noted that its height exceeded forty feet above sea level. In 1889, the California Southern Railroad installed a beach shingle railroad siding in order to mine cobbles for use as abrasives and as paving material for the streets in the city of San Diego. In 1883 the railroad company located its right-of-way through the valley. During the great storms and flood of 1884, the railroad had to be dug out after massive landslides sealed off the lower valley and buried the track. Since then, Sorrento Valley has been flooded on several occasions, with one of the worst floods in 1938. At that time, only ranches and farms existed there, and the structures were generally above the flood level. In the mid to late 1960s extensive development took place in the eastern section of the valley, forming what is known as Sorrento Valley Industrial Park. Flooding periodically occurs in the valley, since there is no adequate flood control channel to handle large volumes of water.[2]

Industrial Parks

Industrial or business parks, whichever term is used, reflect an idea that was born in the late 19th century from attempts to humanize the nation‘s workspace by providing fresh air and outdoor spaces in factories that were overcrowded, poorly ventilated, and generally offered unhealthy working conditions. In other words, planners, architects, and in some instances, factory owners, began a more concerted effort to reorder the workspace in terms of cultural concerns and aesthetics. The evolution of industrial or business parks

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[2] Gerold G. Kuhn and Francis P. Chepard. *Some Amazing Histories and Some Horrifying Implications.* Berkeley: University of California Press, 1984.

made great strides after World War II in response to new technologies in building design, suburban sprawl, the creation of an interstate freeway system, and a more mobile workforce.

Another term that has been applied to aggregating industry, including the formation of industrial parks within or near cities, is referred to as ―city-industries." The idea evolved from economic reasoning that suggested like-industries should group or cluster together taking advantage of skilled labor and an abundance of labor.

In the case of San Diego, the post-World War II Era brought with it the transition of wartime industries to peacetime industries that included the introduction of advanced technological firms, a well-educated labor pool, affordable housing, and adequate transportation generally in the form of highways and freeways.

By the late 1950s, San Diego's suburban growth had moved northward towards La Jolla, Encinitas, Poway, Oceanside and Escondido. Besides the historic coastal communities aligning the Pacific Coast Highway, much of the inland areas of north San Diego County remained largely undeveloped and suitable for both industrial and residential growth, thanks to the completion of Interstate 5 and 805.

Taking into account all the factors that influenced development in San Diego County in the 1960s, industrial or business parks appear to have been an integral component of the region's economy, and that parks of this character were speculative in that they attempted to induce companies or corporations to acquire parcels and construct corporate headquarters, offices, or manufacturing facilities. Another assumption is that the building boom of the 1960s in San Diego was a significant event, both economically, and in respect to the adaptation of Modernist designs in both commercial and residential architecture. Finally, historic documents suggest that the Sorrento Valley Industrial Park was not unique in its design approach, marketing, and eventual development as compared to other similar industrial or business parks in San Diego, or for that matter, in Southern California.

History of Business/Industrial Parks

Since the early 1900s there have been several types of industrial or business parks that evolved in the United States. The first was a business park that was designed for a single industry. The second was a business park that was developed to attract multiple industries or businesses. It is this type of industrial park that led to the creation of the Sorrento Valley Industrial Park in north San Diego County.

Several well documented and important examples of this form of park include Stanford Industrial Park in Palo Alto created in 1951; Technology Road along Route 128 in Boston created in the 1950s; and Research Triangle Park in Raleigh, North Carolina established in the mid-1950s.[3] Research Triangle Park is noted as being the ―largest planned park of its type in the United States, dedicated entirely to research."[4] Stanford Industrial Park was designed with the same approach as Research Triangle Park. Sorrento Valley Industrial Park was designed to be the ―Southern California counterpart to

[3] Gwendolyn Wright. ―The Virtual Architecture of Silicon Valley." *Journal of Architectural Education* Vol. 54, No. 2 (Nov., 2000). 88-94.

[4] W. Hamley. ―Research Triangle Park: North Carolina." *Geography*, Vol. 67, No. 1 (January 1982), 59.

Stanford Research Park in Palo Alto;[5] however, it is more typical of the smaller, more speculative parks that flourished after World War II throughout California.

The central idea behind Research Triangle Park, similar to Stanford Industrial Park, was to unite together corporate, educational, business, and government in research laboratories, manufacturing, and research institutes into a single park-like facility. Research Triangle Park encompasses over 5,000 acres as compared to Stanford Industrial Park that covers approximately 660 acres, and the original Sorrento Valley Industrial Park that covers less than 50 acres.[6]

Industrial parks generally sell or lease land to respective parties. As a general rule, many if not all, industrial parks try to encourage like-industries. In the case of Research Triangle and Stanford parks the goal was to encourage research and development companies, such as International Business Machines (IBM) in the case of North Carolina, and Hewlett Packard (HP) in California. In North Carolina the developers also encouraged federal agencies involved in research to acquire property in the park.[7] Industrial or business parks were encouraged by government, businesses and chambers of commerce, as vital to providing new jobs and boosting the local economy.

The proximity to transportation systems was also a key ingredient in locating industrial or business parks. Research Triangle Park, Stanford Industrial Park, and Sorrento Valley Industrial Park are located adjacent to or near major transportation corridors that make access easy and transporting parts and equipment efficient. Another factor that played a role in location, certainly in the case of the Sorrento Valley, was shifting from high cost to low cost locations, generally in the suburbs or periphery of cities. During the late 1950s and early 1960s the cost of land in San Diego‘s periphery was relatively low, as compared to the city itself, with the exception of beach towns, such as La Jolla and Del Mar. Sorrento Valley was located on the east side of the choice lands occupied by these pricy beach towns, in an area that was in the past used principally for agriculture. Certainly the cost of new construction was also a major factor in the park‘s development.

Sorrento Valley Industrial Park

Beginning in the late 1950s the demand for land zoned for industrial use became particularly acute in San Diego County. The wartime industries in the region had been superseded by aerospace, high technology firms, and light manufacturing. By the early 1960s there were at least three industrial parks in the county – San Diego Industrial Park in University City, Oceanside Industrial Park near the airport, and Mission Industrial Park in Santee. In 1966, the Southland Industrial Park opened, located near I-5 and National Avenue in San Diego.

Historic documents suggest that plans were likely underway in the early 1960s for the creation of yet another industrial park, this time in Sorrento Valley, partly in response to the completion of the new Interstate 5 interchange in the center of the valley. Sorrento Valley was also close to the new University of California campus at La Jolla and the technology firms that were relocating to north San Diego County. The importance of

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[5] ―Huge Industrial Park Started Near La Jolla," *Los Angeles Times*, September 13, 1959.
[6] Hamley, 88.
[7] Ibid, 61.

transportation systems on the growth of San Diego is illustrated in the following comments printed in the March 1965 issue of *San Diego Magazine*:

> Who would deny the highway is the prime mover in the San Diego building scene? Whatever grows around here, grows because a river of cars can get there, and sometimes places die because cars can't. . . . In San Diego , the hottest spots are anywhere north of Ocean House along one line that travels northward through La Jolla, Torrey Pines and the coastal towns of Oceanside; and another which snakes its way north through Rose Canyon, Sorrento Valley, around Rancho Santa Fe and breaks back to the coast near Carlsbad.[8]

Sorrento Valley Industrial Park lies directly along the I-5 corridor straddling the valley. Its proximity to I-5 is no coincidence since the freeway was instrumental in opening up the region to development. During its first phase of development, Sorrento Valley Industrial Park was promoted by Clark Higgins, whose company was known as Industrial Developers, Ltd.[9] Higgins was an entrepreneur-developer whose interests went well beyond Sorrento Valley. Higgins was also responsible for the development of the La Jolla Racquet Club Apartments at La Jolla Shores in the mid-1960s (refer to Figures 6 and 15).

Virtually all of the construction in San Diego County in the 1960s shared a common vocabulary of architecture – namely Modern. Higgins, who was the principal developer of Sorrento Valley Industrial Park, hired his friend and colleague Loch Crane, to design both the first phase of the industrial park and the La Jolla Racquet Club Apartments. Both properties illustrate Crane's penchant for Modernist design influenced by the integration of outdoor spaces, work, and living areas. According to Higgins family members, Higgins employed architect Loch Crane, who had trained under Frank Lloyd Wright, to design a Modern style three-story wood-frame and concrete building for use as his personal office, along with an office for Crane. One floor was devoted to recreational activities. Higgins' office occupied the upper floor and Crane's office was on the second floor. The building was surrounded by a single-story unit with warehouses or factory space and a central courtyard (refer to Figure 5).[10] Crane's vision for the park clearly strayed from the typical utilitarian industrial designs commonly found in many industrial parks throughout the nation. Instead, the building's abstract organic geometric Modernist design creates a more intellectual and playful space that is both functional and pleasing in contrast to the starkness of many concrete industrial buildings constructed later in the park (refer to Figure 7).

According to the March 1965 issue of *San Diego Magazine*, an advertisement for the Sorrento Valley Industrial Park proclaimed it "is the ideal environment for the incubation and growth of scientifically-oriented industry."[11] A photograph taken as part of the advertisement depicts one of the existing buildings in the park and perhaps Higgins along with a potential buyer or lessee (refer to Figure 4). The photograph appears to have been

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[8] *San Diego Magazine*, pub. "Boom Along the Hot Line: How Freeways Open Up the Territory," March 1965, 90-94.

[9] City of San Diego Historical Resources Board, "Report No. HRB-09-008, February 12, 2009; San Diego Magazine. pub. "Sorrento Valley Industrial Park," advertisement, March 1965. 20.

[10] Ironically, the building located at 3344 Industrial Court near its northeastern terminus and the Racquet Club Apartments are deviations from most of Crane's work that focused on residential house design.

[11] Ibid.

taken at 3347 Industrial Court (Map Reference #4). The photograph would suggest that like the Sorrento Tower complex, this building, including landscaping, also had been completed by March 1965. In the picture are trellised outdoor spaces with tables surrounded by a single-story building with large picture windows.

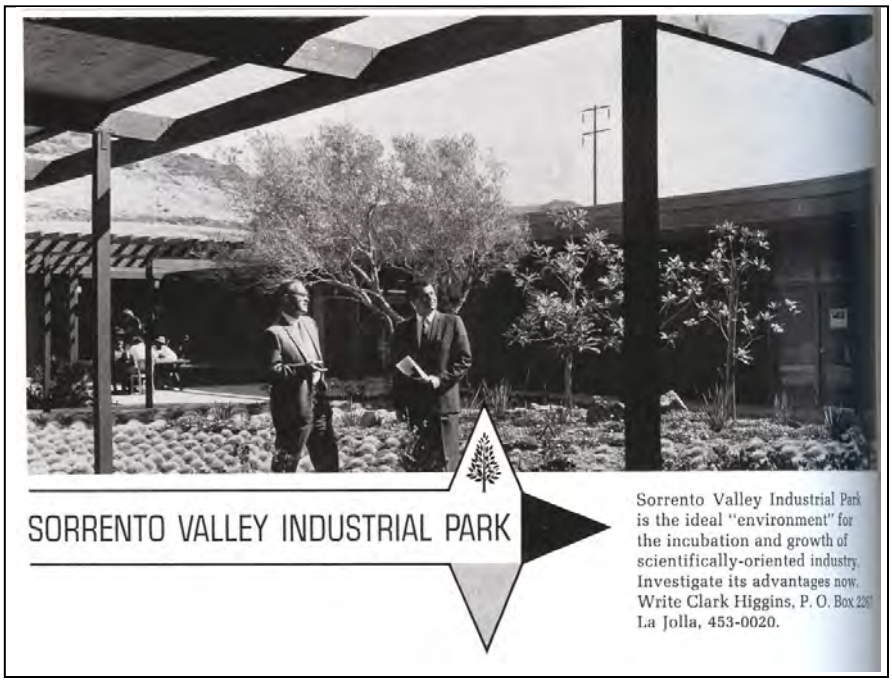

Figure 4: Advertisement for the Sorrento Valley Industrial Park, March 1965.

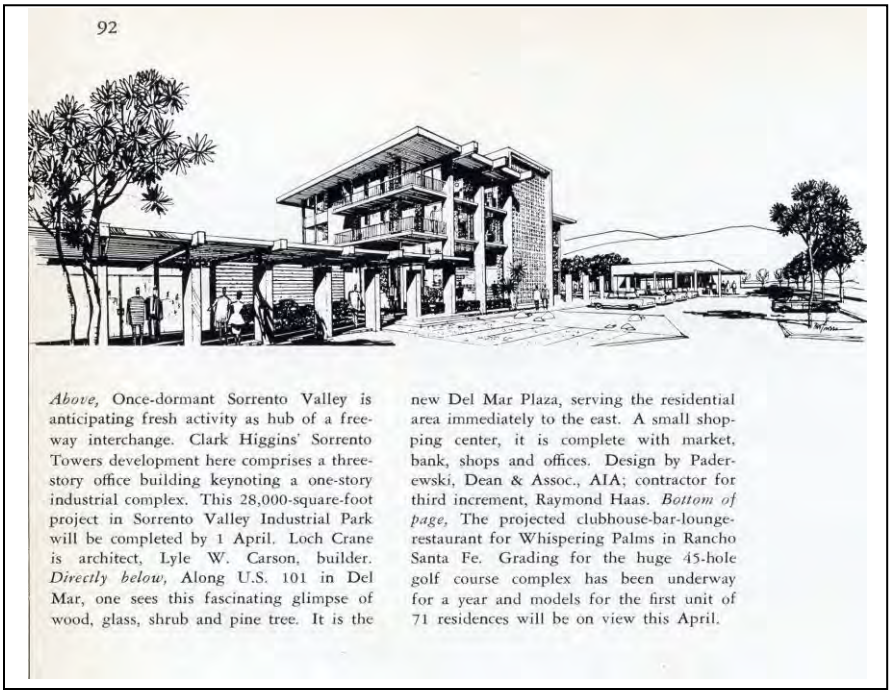

Figure 5: Illustration of the Sorrento Tower Complex in March, 1965 designed by Loch Crane and built by Lyle W. Carson.

By 1966, residential home construction had gained pace with industrial development, including the opening of Arroyo Seco, a residential suburban neighborhood in the Valley.[12] In the meantime, Loch Crane was actively designing residential homes, many in La Jolla.

Figure 6: Loch Crane's design plan for Clark Higgins' $2 million La Jolla Racquet Club Apartments.

The Racquet Club Apartments was a garden apartment development at La Jolla Shores. Each three-bedroom unit included a substantial patio and 17-foot vaulted ceilings. The apartments also offered two championship tennis courts, a large pool, putting greens, sauna baths, an exercise gym, recreation room with wet bar and kitchen. The apartments, designed by Loch Crane and Associates, AIA, were developed in concert with the Sorrento Valley Industrial Park, in 1965.[13]

By the late 1960s and through the 1970s, most of the building construction in Sorrento Valley Industrial Park was carried out using pre-fabricated concrete products, as depicted in Figure 7, taken in 1973. Note the simple rectangular building shape, use of prefabricated concrete wall panels, and textured panels for depth. The abstract forms of design have clearly given way to a more utilitarian Modernist contemporary approach to industrial building.

[12] San Diego Magazine, pub. Arroyo Sorrento-Advertisement, March 1966.
[13] *San Diego Magazine*, March 1965, 66.

Figure 7: The founders of Linkabit, a technology firm, in front of their new San Diego headquarters in Sorrento Valley, ca. 1973. Pictured: Andrew Viterbi, unidentified, Irwin M. Jacobs, and Jerry Heller. Courtesy of Irwin M. Jacobs (Joel West. "Before Qualcomm: Linkabit and the Origins of San Diego's Telecom Industry," The Journal of San Diego History, Volume 55, No. 1 & 2, Winter/Spring 2009.

As illustrated in Figure 3 (USGS topographic map), by 1967 industrial development in the Sorrento Valley Industrial Park included approximately 13 buildings, most of which were concentrated along Industrial Court. Another observation is that the bulk of the buildings in the industrial park were constructed after 1967.

In summary, historical documents suggest that the proliferation of industrial parks in San Diego played an important role in the economic development in San Diego during the latter part of the 1950s through the 1960s. The influence of industrial parks in San Diego was more cumulative, unlike other communities that created very large parks that subsumed much of the research and high technology being developed for an entire region, as was the case in Stanford Research Park Palo Alto and Research Triangle Park in North Carolina.

Clearly, Sorrento Valley Industrial Park was not unique, nor was it the first industrial park built in San Diego County during the post-World War II era. In concert with the development of industrial parks in San Diego County during the 1950s and 1960s was a boom in commercial and residential development. Hundreds of ―Modern" inspired commercial buildings and apartments were constructed throughout the county during this period and thousands of residential homes were built. Virtually all the architecture of this period was Modernist Contemporary in design, influenced by new technologies, particularly prefabricated concrete and steel. Finally, while the rest of the buildings were more utilitarian in design, the Sorrento Tower combination office/industrial building complex in Sorrento Valley Industrial Park appears to be somewhat unique, even though the park itself was not unique. Embodying abstract Modernist organic geometric principles, the Sorrento Tower Complex is a departure from the more utilitarian designs of most industrial park buildings constructed during this period in San Diego.

In conclusion, as an industrial park property type, the buildings on Industrial Court, as compared to the universe of modern commercial buildings being built in the county at that period, are not unique.

Modern Architecture in San Diego[14]

After the turn of the twentieth century, the City of San Diego developed a recognizable style of civic architecture associated with the expansion of commercial development and later with the creation of Balboa Park. Of particular importance was the financial investment made by J. D. Spreckles and the architectural designs of William Templeton Johnson, Irving J. Gill, Sim Bruce Richards, and others.[15]

The antecedents for American Modernism come essentially come from two different philosophies, one based in European Bauhaus School, and the other in the American organic design of Louis Sullivan and Frank Lloyd Wright.

Modernism‘s European antecedents, particularly in Germany early in the twentieth century, were expressed when artists, craftsmen, landscape designers, architects and patrons alike began to experiment with innovative designs that broke away from historical styles. Of particular importance for pre-war Modernism was the Bauhaus school (1919-1933) located in Weimar and Dessau, Germany**.** The school called for a new "rational" social housing for the working class. Bauhaus architects, designers, and students rejected "bourgeois" details such as cornices, eaves and decorative details. They wanted to use principles of Classical architecture in their most pure form, generally without ornamentation of any kind.[16] Bauhaus designs typically incorporated flat roofs, monochromatic color schemes, open floor plans, and cubic volumes with clean, smooth façades. The Bauhaus ideas were quickly transferred to the United States and adopted by numerous architects active in America beginning in the 1930s, including Walter Gropius, Marcel Breuer, and Mies van der Rohe. On the heels of the Bauhaus design movement, evolved the styles we now associate with ―International Architecture." The design principles of ―International" spread quickly following the 1932 publication of *The International Style* by critic Henry-Russell Hitchcock and architect Philip Johnson in conjunction with an exhibition at the Museum of Modern Art in New York.[17] These principles were melded with other forms of art and design to form a new ―Modernism" in America. By the post-World War II era, the stage had been set for a host of new architects borrowing from the work of Hitchcock, Johnson, and others while experimenting with new technologies to create modern buildings.

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[14] The following section on the Modern Architecture in San Diego is adapted from Dana E. Supernowicz and Janice Calpo‘s ―Historical Resources Evaluation Report for the State of California, Department of Transportation Former Caltrans District 11 Office Complex, APN 442-463-01 San Diego, San Diego County, California EA 1100000072, January 2011."

[15] Sim Bruce Richards was a WPA (Works Progress Administration) artist turned Taliesin Fellowship student, Richards worked alongside Frank Lloyd Wright to learn how to integrate a plot of land with the structures built on them. Richards completed over 200 residential projects, as well as a numerous public buildings.

[16] Bauhaus School 1919-1933, http://thebauhaus.org/thebauhaus, accessed December 2010.

[17] Henry-Russell Hitchcock and Philip Johnson. *The International Style*. W. W. Norton & Company, 1932 reprinted 1966.

As described in *Modern San Diego*:

> Against the rules of composition, symmetry, proportion and ornament, modern architecture became a force of straightforward, rational and clean design. Like elsewhere, San Diego Modern Architecture fought the Beaux-Arts, Victorian and Edwardian traditions, instead seeking service and problem-solving as its aim. Using advanced building technologies, a focus on integrity of structures and materials, research and experimentation, and a new moral compass of the living environment (among other design strategies, architects sought a seamless integration of the built environment and landscape), architects and planners alike moved swiftly to change the face of San Diego's built environment.[18]

In San Diego during the first decades of the twentieth century, most architectural historians agree that a regional approach to modernism took shape with Irving Gill's early "cubist" structures, such as Scripps Cottage (1912) and Rudolph Schindler's Pueblo Ribera (1923). [19] Irving Gill, in particular, had a profound influence on San Diego-based architects that succeeded him. Gill arrived in San Diego in 1893. His early designs adopted the Arts and Crafts and Prairie School style of architecture espoused by his mentor Louis Sullivan and partner William Hebbard. In a 1916 issue of *The Craftsman,* Gill described architecture as "straight lines, simple cubes, and shear plain walls, un-adorned by cornices, overhangs or anything but a simple vine growing along the structure." In addition to plain walls of light color, Gill instructed his readers to appreciate the beauty and simplicity, as well as structural strength, of the architecture. Gill's preference for simplicity, as well as his desire to organize a structure and its outdoor landscapes, would prove important to mid-twentieth century Modern idealists, particularly those espousing California Ranch style architecture, such as Cliff May.[20]

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[18] Keith York, ed. In *Modern San Diego*, "Towards a Definition of San Diego Modernism, www.www.modernsandiego.com/SDModernismDefined.html, accessed November 2010.

[19] Ibid.

[20] Ibid; for an excellent overview of the work of Cliff May refer to Daniel P. Gregory. *Cliff May: The Modern Ranch House*. New York: Rizzoli International Publications, 2008.

Figure 8: Irving Gill's design for the Scripps Biological Station, La Jolla, CA circa 1920s (Ann Jamusch, San Diego Union-Book Review, "Irving Gill: Our Resident Master New Book complements studies of First Modernist," December 3, 2006). Note the smooth walls surfaces, cubist massing, and the lack of ornamentation and roof eaves. Today the building remains largely unchanged.

Gill's use of reinforced concrete and stark geometry was adapted by Lilian Rice's contribution to regional Modernism. Rice, a graduate of U.C. Berkeley, is recognized for her plan and construction supervision of the Village of Rancho Santa Fe while employed by Richard Requa and Herbert Jackson. Her Spanish Colonial Revival designs were a departure from the traditional approach of the times, and local modern architects Lloyd Ruocco and Sim Bruce Richards would later adapt her vision of harmony in design in their own work.[21]

According to Modern San Diego:

> Following a brief stint with Irving Gill (1907-1912), Richard Requa partnered with Frank L. Mead. Their early work may have reflected Gill's designs, but soon their interest in Colonial Mexico, Pueblo, and Moorish styles gained acceptance as well-suited for the regional climate. Calling this style "Southern California Architecture," historian Parker Jackson says Requa believed "that the design of the building, the landscaping and the terrain should all be compatible and complement each other.[22]

Beyond his work as Official Architect for the 1935 California Pacific International Exposition, and in 1936 for his design work on the City-County Administration Building, Requa's designs paralleled the work of Gill. Stressing stucco exteriors, tiled roofs, Moorish arches (akin to Cliff May's early designs) and unique chimney designs, Requa achieved a regional identity that would be built upon by later Modernist architects.[23]

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[21] York, "Towards a Definition of San Diego Modernism," 2010.
[22] Ibid.
[23] Ibid.

Figure 9: *Richard Requa's Modernist/Neo-Classical Grande Colonial Hotel, Prospect Street, La Jolla, California (built 1913). The Grande Colonial Hotel offered a prelude into the melding of Classical Architecture with modern details. The building remains an important landmark in La Jolla.*

Gaining notoriety for his invention of Lincoln Logs in 1916, and later for his 1946 book *My Father Who is on Earth*, John Lloyd Wright, son of Frank Lloyd Wright, also would make significant contributions to San Diego's mid-twentieth century architectural legacy. Having relocated to San Diego, John Lloyd Wright's first job was with Harrison Albright on the Golden West Hotel in 1913. Later, taking up residence in Del Mar, Wright would design and build a number of homes along the Pacific Coast. Of the few to study with Wright, neighbor Herb Turner worked in his office for a mere 75 cents per hour. Turner would assist Wright on his redwood naturalistic buildings, which often borrowed from his father's Prairie influence, before striking out on his own as one of North County's pre-eminent Modernists.[24]

Figure 10: Rudolph Schindler's Pueblo Ribera Apartments in La Jolla, completed in 1923. HABS CAL, 37-LAJOL, 3-6,National Park Service HABS/HAER/HALS Collections.

[24] Ibid.

Of particular importance is Rudolph Schindler‘s experiment in low-cost housing, known as the Pueblo Ribera Courts (1923) in La Jolla (refer to Figure 10). After practicing in Vienna and Chicago, Schindler came to Southern California to supervise construction of Frank Lloyd Wright‘s Hollyhock house. The twelve-unit Pueblo Ribera Courts project suggests Schindler‘s desire to create communal indoor-outdoor living spaces, a feature that gained popularity with the work of Cliff May in the 1930s and 1940s.[25]

Equally important to Modern architecture in San Diego, was the more organic philosophy of architecture that was influenced by Louis Sullivan and Frank Lloyd Wright and others. After World War II, architect Lloyd Ruocco played an important role in the development of a more organic regional style of Modern architecture in San Diego through his own architecture, writings, lectures and encouragement of young architects‘ ideas. ―Ruocco‘s ideas took hold as demand for housing, as well as civic and commercial buildings increased exponentially with an expanding economy, created by post-war optimism and the growth of new industries.”[26] Much like Los Angeles, San Diego‘s temperate climate, politics, and commerce together forged the beginning of a push towards modern design. Sharing the concepts of simplification of form and minimal ornamentation with their ―International style” brethren, those who embraced organic architecture focused on natural materials, site location and the intimate relationship between interior and exterior spaces, as can be seen in Lloyd Ruocco‘s design of the Design Center in Figure 11. [27]

Figure 11: *Front façade of Lloyd Ruocco’s Design Center, San Diego, completed 1949 (City of San Diego, “San Diego Modernism Historic Context Statement, October 17, 2007, p. 69). While the Context Statement identifies this as the Post and Beam sub-style, it equally could be classified as Organic Geometric.*

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[25] Ibid; Gregory, 2008.

[26] Arriving in San Diego in the early 1920s, philosopher architect Lloyd Ruocco immersed himself in San Diego‘s thriving architectural community. His first position was as a draftsman in the offices of Richard Requa where this high school student was exposed to the Mediterranean styles that had become immensely popular throughout Southern California. Ruocco developed a sensitive respect for siting and the built environment‘s relationship to the outdoors. Following graduation from U.C. Berkeley, Ruocco returned to San Diego to work in the offices of Requa and Jackson and William Templeton Johnson. He also assisted on the 1935 California Pacific International Exposition (building construction models), County Administration Building (he is credited with designing the terrazzo mosaics outside of elevators), and worked on Requa‘s Alfred Mitchell Residence (1937). Ruocco worked on the Rancho Santa Fe‘s master plan under the supervision of his high school drafting instructor Lilian Rice. At the Exposition, Ruocco (using his middle name Antonio) and Kenneth Messenger displayed several models of designs for local International Style homes.

[27] City of San Diego, 69.

Keith York, in his online article on ―Modernism: How The Principles Developed – A Brief History," identifies these two philosophies as the proponents of the International School and the Humanists .Internationalists fuse ―science and life, attempting to unite art and industry, and bring them into daily life using architecture as the intermediary," while Humanists ―create work that stimulated emotional responses in people when they experienced the built-environment, in contrast to their responding intellectually."[28]

Humanists	Internationalists
Humanists respect the nature of the building site and its microclimates, and design their projects to take full advantage of a site's natural characteristics. To preserve them, they employ natural materials -- wood, stone, copper, etc. -- to express the innate quality of those materials and their inherent structural and practical fitness; they combine art and building techniques to create unity and harmony between the two; and they create their designs to avoid formalism.[29]	Internationalists reject all forms of extraneous ornament, choosing to allow the building's structure, functional joining and detailing of their buildings to provide visual refinement. They design their projects with clean, crisp lines -- uncluttered, simple forms that clearly express the building's structure and the functions they house; they are careful to use their building-material palette -- metals, concrete, plastics, glass, etc. -- to clearly express the true nature of the materials and structural systems employed, and visually define the various elements of the building as a whole.[30]

Sim Bruce Richards[31] took a more organic ―humanist" approach to architecture that is clearly in his residential designs. The Jerome Lipetsky House in Alpine illustrates his predominant use of natural materials and deliberate site location, see Figure 12. He often used untreated Pecky Cedar for exteriors because it weathered to a ―misty gray," and incense cedar in house interiors because of its subtle fragrance. Richards, had been a Fellow at Frank Lloyd Wright's Taliesin, had worked for Richard Requa early in his career, and eventually became president of the San Diego Chapter of the American Institute of Architects, and as one of the most respected contemporary San Diego

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[28] Keith York, ed. In *Modern San Diego*, ―Modernism: How The Principles Developed – A Brief History," accessed August 15, 2011.

[29] Ibid.

[30] Ibid.

[31] Born in March, 1908 in Oklahoma, Sim Bruce Richards majored in art at the University of California, Berkeley, where he taught himself to weave. Frank Lloyd Wright liked the quality of the weaving and invited him to come to Taliesin. Richards' time at Taliesin as well as his upbringing in Arizona and his Native American heritage influenced him for the rest of his career, in which he designed a number of public buildings and 125 homes. As mentioned in May 9, 1984 *Los Angeles Times* article, Richards' style ―was a style recognizable by its celebration of natural materials, by its sweeping horizontal lines, by its molding o structure to fit site and its blending of art with architecture." When many architects were designing in the International and similar styles, Richards mentored a ―small group of San Diego architects and designers attracted to his humanistic ways." Wayne Swanson, ―Richards Left Mark on San Diego Architecture," *Los Angeles Times*, May 9, 1984, ProQuest Historical Newspapers Los Angeles Times (1881-1987). See also City of San Diego Historical Resources Board, ―Biographies of Established Masters," 2011, and City of San Diego, 2007.

architects, whose designs blended into their natural surroundings. He in turn mentored other architects like Kendrick Kellogg, Robert Thiele and J. Spencer Lake.[32]

Figure 12: Lipetsky Residence, completed in 1965 and designed by Sim Bruce Richards. Photo was taken by an unknown photographer shortly after completion. (Modern San Diego, http://www.modernsandiego.com/SimBruceRichards.html, accessed September 19, 2011).

Other San Diego-based twentieth-century architects that embraced Modernism included Robert Mosher, Russell Forester, Eugene Weston III, Dale Naegle, Bill Lewis, Richard Wheeler, Hal Sadler, Homer Delawie, Robert Jones, Stanley J. French, and Henry Hartwell Hester. Other architects working in San Diego who followed the tenets of Frank Lloyd Wright and Louis Sullivan and developed a more organic geometric Modern architecture included Frederick Liebhardt, Kendrick Bangs Kellogg, and James Hubbell.[33]

Besides the examples already provided, other examples of Modern organic geometric architecture in San Diego include: Cecil Roper Residence, Sim Bruce Richards Residence, Wiley Residence, Islandia Hotel, and the Liebhardt Residence.[34]

Modernism Sub-styles: Organic Geometric, Post and Beam, and Contemporary

The term ―Modernism," while to some can mean a very specific style with specific characteristics, also has come to embrace a variety of Post-World War II styles and property types first built after World War II and into the 1970s. Much like the term ―Victorian," refers to many styles that were popular during Queen Victoria's reign, Modernism refers to at least half-a dozen style that range from International to Googie. The City of San Diego, in its ―San Diego Modernism Historic Context Statement" of October 17, 2007 has classified Modernism into twelve sub-styles for its city: Streamline Moderne, Minimal Traditional, International, Futurist-Googie, Tiki-Polynesian, Post and Beam, Tract Ranch, Custom Ranch, Contemporary, Brutalism, Organic Geometric and

[32] Swanson, 1984.
[33] Ibid.
[34] Ibid.

Organic Free-Form. [35] This historic context statement provides a brief history of each sub-style and identifies its characteristics. Two of the Sorrento Valley Industrial Park complexes within the PAL best fit in the Organic Geometric sub-style, the Sorrento Tower Complex at 3336-3346 Industrial Court and the complex at 3347 Industrial Court. The remaining buildings within the PAL, which are more vernacular in appearance, best fit under the Contemporary sub-style.

Organic Geometric Sub-style [36]

By the 1950s-60s, Frank Lloyd Wright had practiced his philosophy of ―organic architecture" for approximately fifty years, but the term was coined by Wright in a 1939 speech called ―An Organic Architecture." Adopting his former employer Louis Sullivan's often-repeated slogan, ―Form follows function," Wright tweaked the slogan to "‗form and function are one,' claiming Nature as the ultimate model." [37] This philosophy had been picked up by Wright's followers and other architects like California architects John Lautner and Bruce Goff. A number of San Diego's modern architects embraced this philosophy, including Wright's former apprentices at Taliesin, Loch Crane, Vincent Bonini (who in 1960 designed the interior remodel of Disneyland's Monsanto House of the Future)[38], Frederick Liebhardt, and Sim Bruce Richards.[39] Embracing the notion of harmony between nature and the built environment, organic architecture, ―… is not a style of imitation, because [Wright] did not claim to be building forms which were representative of nature. Instead, organic architecture is a reinterpretation of nature's principles as they had been filtered through the intelligent minds of men and women who could then build forms which are more natural than nature itself."[40] In this philosophy, a building's materials were respected for their own inherent properties, spaces are integrated into the whole design and…a marriage between the site and the structure and a union between the context and the structure."[41]

As described in ―San Diego Modernism Historic Context Statement," the Organic Geometric sub-style flourished between 1955 and 1975; buildings were integrated into their surroundings with minimal separation between interior and exterior spaces, often emphasized rectilinear geometry, and often had asymmetrical façades, and angular shapes.[42] Architects in San Diego who designed in this style included Loch Crane, John

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[35] The City of San Diego, ―San Diego Modernism Historic Context Statement," submitted to the State of California Office of Historic Preservation, October 17, 2007, 53.
[36] Ibid, 80.
[37] Organic Architect, ―Where Did the Term Come From?" < http://www.organicarchitect.com/organic/>, (accessed August 15, 2011).
[38] Keith York, ed. In *Modern San Diego*, ―Vincent R. Bonini," www.modernsandiego.com (Accessed August 15, 2011).
[39] Keith York, ed. In *Modern San Diego*, Frank Lloyd Wright's Legacy in San Diego, <http://www.modernsandiego.com/WrightinSandiego.html> (Accessed August 15, 2011).
[40] Legacy Essay, <http://www.pbs.org/flw/legacy/essay1.html> (Accessed August 15, 2011).
[41] Ibid.
[42] City of San Diego, 80.

August Reed, Sim Bruce Richards, and Lloyd Ruocco.[43] There are few examples of this sub-style in San Diego, and most can be found in the areas of La Jolla and Point Loma.[44]

Organic Geometric character-defining features include:

Primary
- Exposed structure and materials
- Square, diamond and polygon design motifs
- Natural materials (wood, stone, glass)

Secondary
- Sharp angular massing
- Asymmetrical facades
- Complex roof forms
- Site specific design" [45]

Post and Beam Sub-style[46]

As described in San Diego Modernism Historic Context Statement," the Post and Beam sub-style flourished between 1950 and 70.[47] Rather than a style, this is a method of construction, but in the mid-twentieth century it was used to allow the expansive use of glass on a building's perimeter by limiting the need for load-bearing walls.[48] Typically Post and Beam buildings are rectangular with grid-layout open floor plans that are based on a module or beam length, have deep overhangs and are highly individual due to custom designs.[49]

Post and Beam sub-style character-defining features include:

Primary
- Direct expression of the structural system, usually wood or steel frames
- Horizontal massing
- Flat or shallow pitch roofs (with deep overhangs or no parapet)
- Floor-to-ceiling glass

Secondary
- Repetitive façade geometry
- Minimal use or solid load bearing walls
- Absence of applied decoration
- Strong interior/exterior connections
- Open interior floor plans
- Exterior finish materials usually include wood, steel, and glass" [50]

Contemporary Sub-style[51]

As described in San Diego Modernism Historic Context Statement," the Contemporary sub-style flourished between 1955 and 1965.[52] In San Diego, as in the rest of California the post-World War II sub-style is ubiquitous both for single-family residences in housing tracts and in commercial and industrial developments. Typically Contemporary buildings, particularly for commercial and industrial uses, have rectangular massing, one

[43] Ibid, 81.
[44] Ibid.
[45] Ibid.
[46] Ibid, 67.
[47] Ibid, 75.
[48] Ibid.
[49] Ibid.
[50] Ibid, 68.
[51] Ibid, 75.
[52] Ibid, 75.

or more stories, flat roofs and little to no decorative detailing. Surfaces often are plain, rendered in concrete block or stucco, and there may be shade screens of slatted wood or decorative concrete. Contemporary commercial and industrial buildings typically are based on standardized plans, using pre-fabricated and readily available materials.

In San Diego, the Contemporary sub-style for commercial buildings displays ―angular massing, varied materials use, and unusual roof forms, especially on free-standing commercial buildings."[53] Large signs to attract motorist also are typical for San Diego's commercial streetscapes and often are taller than the buildings themselves.[54]

Contemporary sub-style character-defining features include:

―Primary

- Strong roof forms, including flat, gabled, shed, or butterfly, typically with deep overhangs
- Large windows, often aluminum framed
- Non-traditional exterior finishes included vertical wood siding, concrete block, stucco, flagstone and mullion-free glass

Secondary

- Angular massing
- Sun shades, screens or shadow block accents
- Horizontally oriented commercial buildings
- Distinctive triangular, parabolic or arched forms
- _Eyebrow' overhangs on commercial buildings
- Integrated, stylized signage on commercial buildings" [55]

In summary, San Diego ―Modernism" inherently was part of a regional shift in the thinking and application of new technologies, materials, and design to commercial and residential architecture during the first half of the twentieth century. Clearly, early twentieth century San Diego architects, such as Irving Gill and Frank Lloyd Wright, influenced a host of young architects who borrowed upon and expanded ideas of design expressed by Gill and Wright. Although it has been stated that "San Diego had more Modernist architecture per capita in 1950 than Los Angeles," it is less clear whether San Diego ever developed its own ―vernacular" style of ―Modernist" architecture or whether the regional influences of southern California as a whole permeated through to San Diego and were expressed by a wide range of local and regional architects. [56]

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[53] Ibid, 75.
[54] Ibid, 75.
[55] Ibid, 76.
[56] Supernowicz and Calpo, 17. The quote was provided by the world-renowned architectural photographer Julius Shulman who stressed the importance of San Diego's mid-twentieth century Modernist movement. See Bryan Forward. ―Announcing San Diego's First Modernism Weekend: Why a Modernism Show in San Diego?" in Save Our Heritage Organization (SOHO), *Reflections Quarterly Newsletter*, July 2003, Volume 34, Issue 3.

Loch Crane

Loch Crane was born in Pittsburgh, Pennsylvania on December 22 1921 to Russell Crane and Edith (Schiedt) Crane. Prior to his birth, his parents had lived in Wyoming, and in 1929, the family, including Loch, his parents and a brother Russell, settled in San Diego County.[57]

It was Crane's mother, Edith (Loch) Crane, who introduced Frank Lloyd Wright to her son and determined that he should become an architect:

> Mrs. Crane showed her son the January 17, 1938 issue of Time Magazine, featuring Frank Lloyd Wright on the cover as "the greatest American architect of all time". As Crane looked at the magazine, his mother said, "this is who you will go work for". Crane was skeptical of his mother's words. But after a number of high school drafting classes, and short stint [sic] in the offices of Richard Requa and Templeton Johnson (with Robert Mosher), he and his mother packed up her Model A Ford and drove to Taliesin West outside of Scottsdale. They arrived in Arizona in early March 1941 - Mrs. Crane brandishing a $1000 check for the fellowship tuition, and the younger Crane armed with completed drawings from Templeton Johnson's office. Wright accepted him for the fellowship. After returning to Point Loma briefly, Crane returned to Taliesin in April to begin the long caravan road trip to Spring Green, Wisconsin for the spring and summer months with Wright and other students. To this day, Crane is unsure if Wright accepted him based on merit and skill, or saw his tuition check as immediately necessary to get his family and apprentices back to Taliesin.[58]

Not quite twenty years old, in 1941, Crane became a fellow at Taliesin, where he met his future wife, Clare Bloodgood, a native of Wisconsin who was participating in a summer fellowship program at Taliesin. Loch Crane's apprenticeship was interrupted eight months after his arrival when World War II broke out. He terminated his fellowship and enlisted in the Army Air Force; in 1944, while serving as a flight instructor, Loch and Clare were married.[59] His service in the military took him to Japan, where he stayed until after the war. While there, he became intrigued by the country's architecture and culture.

Upon his return to San Diego after World War II, Crane began practicing architecture—residences, small businesses and warehouses, and in 1948 his first "expandable house' on Udall Street in Point Loma, testing…[his] concept house[that was]…intended to be

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[57] 1920 United States Federal Census Election District 4, Park Wyoming and 1930 United State Federal Census, Enumeration District #3740, Supervisors District 21, San Diego City and Township, Provo, Utah: Ancestry.com Operations Inc., 2002, database-online, <http://search.ancestry.com/iexec?htx=View&r=an&dbid=6224&iid=CAT626_192-0141&fn=Lock&ln=Crane&st=r&ssrc=&pid=92165868> (Accessed August 15, 2011); City of San Diego, 85; Keith York, ed. In *Modern San Diego*, "Loch Crane biography," www.modernsandiego.com (Accessed August 15, 2011).

[58] York, "Loch Crane biography," 2011; City of San Diego, 85.

[59] SignOnSanDiegoDotCom, "Historian, civic activist Clare Crane dies at 85," http://www.signonsandiego.com/news/2011/jul/05/historian-civic-activist-clare-crane-dies-at-85/> (Accessed July 8, 2011).

built in stages, expanding as one's family grew."[60] His architectural designs incorporated both Wrightian concepts of nature, the relationship between interior and exterior spaces, and Japanese forms that had intrigued him. The result was a new, more modern style of architecture that fit well into San Diego's Mediterranean coastal environment, one identified in the San Diego Modernism Context Statement the ―Organic Geometric sub-style, as well as elements of the Post and Beam sub-style.[61] However, because he was practicing without a license and the City of San Diego was pressuring him on that point, he attended the University of Southern California's School of Architecture, completing a five-year program in three years, graduating cum laude in 1957, and obtaining his architect's license on September 22, 1960. His career as a licensed architect was relatively short—seventeen years— as his license expired August 31, 1977 and was never renewed.[62]

Crane designed a number of non-residential buildings, including those on Industrial Court, but his primary interest was residential design. ―Understanding the relationship between indoors and outdoors, building something useful, and creating small environments in harmony with the larger environment are the essence of his search for connection and belonging. He continues to believe in doing it yourself, finding your own way, and following your own path. Staying well outside the conventions of AIA meetings and conferences, as well as city politics, Crane reflects, ―I want to turn to nature for my sense of belonging.'"[63]

Crane's principles of architecture echo Frank Lloyd Wright's, but with some additions; they are:

1. Form follows function.
2. Honesty of the exposed structure.
3. The structure should be open and spacious.
4. Natural materials in texture and color should be used.
5. The modular unit was essential to a sense of scale and proportion.
6. Use of the hexagon as a measure to ensure openness of the interior and allow for different activities within the interior space.[64]

Remembering his time in Japan, Crane's philosophy also embraced the Japanese pragmatic principles of residential design, which he explained to Marie Burke Lia and Kathleen Anderson on January 19, 2009 when they interviewed him at his home in La Jolla (Refer to Figures 13 and 14).

> Japanese homes were designed using the tatami mat as the basic unit of measurement. ―It all begins with tatami mats…' The mats are three feet by six feet in size and rooms are laid out using this measurement as the

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[60] City of San Diego, 85.
[61] Ibid. 80.
[62] American Institute of Architects, *AIA American Architects Directory*, 1962; City of San Diego, 85; California Architects Board License #C3109, http://www2.dca.ca.gov/pls/wllpub/WLLQRYNA$LCEV2.QueryView?P_LICENSE_NUMBER=3109&P_LTE_ID=1010 (Accessed August 15, 2011).
[63] Keith York, ed. In *Modern San Diego*, ―Loch Crane biography," www.modernsandiego.com (Accessed August 15, 2011)
[64] K.A. Anderson, ―DR 523 Primary, Building Structure Object and Continuation forms for 3344 Industrial Court," September 2008, 9-10.

> foundation…This gives the basic floor plan of the house, including the roof and window/door dimensions. Crane felt that this size brought a _human scale' to the dimensions, allowing for space that was adapted to people.
>
> Japanese homes use furniture sparingly, emphasizing the openness of the rooms and allowing for adapting the room to a variety of use, simply by switching elements around. The rooms are divided by Shoji screens which can be opened and closed to create a smaller or larger space at will. The rooms are seen as modular units, a concept Crane first became acquainted with during his time with Frank Lloyd Wright. The modular unit concept of the tatami mat is extremely adaptable and can be expanded indefinitely to meet the needs of the residents. The modular unit allowed for a balance of scale from one room to another.
>
> In addition to the human scale of the tatami mat and its definition of space, the use of screens to make spaces larger or smaller, and the integration of these ideas into the modular unit, Crane experienced the Japanese love of natural materials and natural light. The Japanese have a deep love of the outdoors and want their houses to have a direct relationship to the environment. Their respect for nature is seen in the materials used in their homes for everyday use…While living in various residences in Japan, Crane experienced the beauty, simplicity, and ease of these design concepts and they became primary influences in his design philosophy. In addition, the homes always shoed the structural elements with the exposure of beams, roof supports and wall junctures…[65]

As mentioned previously, Loch Crane and Clark E. Higgins, his friend and client for the buildings on Industrial Court, envisioned the industrial park as a park-like campus, which is evident in the Sorrento Tower complex (Map Reference #3 and Figure 16), such that it appears to be the flagship complex for the Sorrento Valley Industrial Park, and the building at 3347 Industrial Court (Map Reference #4). In addition to this property, Crane designed the other three evaluated properties on Industrial Court.[66]

Crane related his thoughts on the Sorrento Tower complex[67] in his January 2009 interview.

> Crane stated that he preferred residential design to commercial design as it allowed him to use his basic design concepts in very fundamental ways. However, when he designed commercial projects, he attempted to incorporate these ideas into his commercial buildings, whenever feasible. He specifically was asked about the Higgins buildings on Industrial Court in Sorrento Valley and he made the following comments about the building.

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[65] Ibid, 9-11.

[66] Kimberly Higgins, Clark E. Higgins' daughter-in-law, telephone interview with Dana Supernowicz, July, 2011.

[67] Called the Industrial Developers/Loch Crane Office Building in Ms. Anderson's 2008 DPR forms.

> Mr. Crane was friends with Clark Higgins and Mr. Higgins had seen an office complex in la Mesa that had buildings grouped around a central courtyard and he liked the concept, which he brought to Crane‘s attention. The decision was made to incorporate these ideas into the overall design as they corresponded with Crane‘s views toward nature and the use of structures. As a result, he designed a three-story structure surrounded by one-story components. He housed the main office functions in the three story building which included his office space on the first floor, Mr. Higgins‘ office operations on the second floor and a gym space on the third floor. He created the open grass filled courtyard space between the three-story building and the one-storey buildings to bring some semblance of nature into the setting. He explained that he attempted to contrast the cold, work-centered office spaces with the outdoor area to give the occupants a warm, nature-centered environment to provide an alternative to the interior spaces. He specifically put the large open bays with garage style doors on the outside walls of the complex to facilitate east of access for deliveries and storage, preferring to have the customer entrances on the more attractive front facades. He stated that he ‗did not want to design tin warehouses…and that money is the biggest inhibitor of good design.‘
>
> In the conclusion of the interview, Mr. Crane was asked to define his personal architectural style and stated that his style boiled down to one key phrase: ‗Form and material follows function.‘ He did not feel that he adhered to Modernist principles in any particular genre of Modern architecture and that he occupied an entirely different space. He did not feel that he was influenced by Modernist principle but rather, the ancient traditions of Japan and his time with Frank Lloyd Wright. He felt his work was a distillation of these principles and that he did not exemplify the Modernist philosophies. He eschewed contact at the standard architectural conventions and society and felt that he had blazed his own trail with different influences than those that shaped other architects of the period.[68]

As with earlier architectural eras, labels assigned later by architectural historians often are umbrella terms that include many styles. For instance, ―Victorian" architecture refers to the era in which Queen Victoria lived, but includes many styles that were popular or developed in that era, such as Queen Anne, Italianate, and Colonial Revival. Similarly, ―Modern" over the years has shifted from meaning styles in the early twentieth century such as Modernistic (which began to be called Art Deco and Art Moderne in the 1960s70s) and International, to ―Modern Movement" in the postwar years, which includes Miesian, New Formalism, Wrightian and Neo-Expressionism.[69] More recently these labels have been refined by a variety of cities and states to suit their own needs. While Loch Crane might not see himself as an architect of the Modern Movement,

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[68] Anderson, 12-13.

[69] National Park Service‘s *National Register Bulletin 16A* and Office of Historic Preservation‘s March 1995 *Instructions for Recording Historical Resources* that recommend using the style names that contained in Marcus Whiffen‘s, *American Architecture Since 1780: A Guide to the Styles*, John J-G. Blumenson‘s *Identifying American Architecture: A Pictorial Guide to Styles and Terms, 1600-1945* and Virginia and Lee McAlester‘s *Field Guide to American Houses.*

looking through a historical lens some forty to fifty years later, he is. His architectural designs reinterpreted ancient Japanese and Wrightian organic principles in a fresh and more contemporary way. Some might call this Abstract Modern or Wrightian; the City of San Diego assigns the sub-styles of Organic Geometric and Post and Beam to what ultimately is Crane‘s organic, humanist and environmental approach to architecture.

Figure 13 (left) and Figure 14 (right). Two different views of the Loch Crane Residence #3, (1962, which Loch Crane designed and which is his current residence in La Jolla. Photo on left is by George Lyons. (Modern San Diego, http://www.modernsandiego.com, accessed September 19, 2011)

Figure15: La Jolla Racquet Club, completed in 1965 and designed by Loch Crane. Note the similarities with the Sorrento Tower Complex. (Modern San Diego, http://www.modernsandiego.com, accessed September 19, 2011).

Figure 16: Sorrento Tower complex, completed in 1965 and designed by Loch Crane. Caltrans photo, 2011.

V. FIELD AND EVALUATION METHODS

Because Caltrans projects often have long lead times from environmental studies to construction, typically three to five years, it is necessary to take into consideration whether properties might become fifty years old during the life of a project. "In order to conduct cultural resources surveys efficiently and not have to re-survey the same [area], it is Caltrans policy to treat as 50 years old all cultural resources that will become 50 years old by the time a project is scheduled to be completed." (Caltrans Environmental Handbook, Volume 2, Cultural Resources Chapter 7, Section 7-7.3) However, for this project, the work would be completed within the next year and the oldest of the properties would not be fifty by then.

In June 2011, Caltrans Headquarters Division of Environmental Analysis Principal Architectural Historian Gloria Scott, aided by District 11 Co-Principal Investigator-Archaeology Karen C. Crafts, photographed and recorded five of the seven resources within the PAL. Ms. Scott evaluated the recorded properties using the National Register eligibility criteria, and using the California Register of Historical Resources eligibility criteria outlined in California Public Resources Code §5024.1, in accordance with Section 15064.5(a)(2)-(3) of the CEQA Guidelines (refer to Appendix 1: Inventory Forms).

Ms. Scott also determined that the remaining two resources within the PAL are exempt from evaluation because they meet the categories of properties identified in the Section 106 PA Attachment 4 (Properties Exempt from Evaluation).

VI. RESOURCE SIGNIFICANCE

Four of the five evaluated resources, 3330, 3337 and 3347 Industrial Court, 11803 Sorrento Valley Road, do not appear to have any architectural or historical significance. While these were designed by Loch Crane, they are of utilitarian construction with little to distinguish them architecturally. They housed a series of businesses and industries, but research did not reveal any significant events or people with which these buildings were associated.

Sorrento Tower Complex

The relatively recent construction of the Sorrento Tower Complex, new and emerging scholarship on mid-twentieth century architecture, and the different conclusions reached by the former owners‘ consultant and the City of San Diego regarding historical significance of 3344 Industrial Court, San Diego[70] were taken into account by a team of Caltrans Principal Architectural Historians.[71] City and consultant documents and

[70] The former owners applied for a permit to demolish 3344 Industrial Court. See City of San Diego, Historical Resources Board –Report NO. HRB-09-008,” February 12, 2009.

[71] Caltrans Headquarters Principal Architectural Historians Janice Calpo, Gloria Scott, and Dana Supernowicz, District 4 Principal Architectural Historian Andrew Hope, and Headquarters Volunteer Intern Historian Margo Nayyar.

arguments were carefully reviewed regarding the significance of the resources in the PAL.

In the late 2000s, Cal-Sorrento, LTD, owner of the Sorrento Tower Complex applied for a demolition permit to demolish the building at 3344 Industrial Court, which is a discretionary action in the City of San Diego. This triggered the preparation of a historic resource technical report as part of the City‘s review under CEQA. The owner retained attorney Maria Burke Lia to represent the company, who in turn retained historian Kathleen A. Anderson to prepare the inventory and evaluation forms (DPR 523 Primary and Building, Structure, Object Records).

Consultant Evaluation

The consultant historian evaluated the Sorrento Tower complex using the National Register, California Register and City of San Diego eligibility criteria, identified the complex as the Contemporary sub-style in the City of San Diego‘s Historic Context Statement, and concluded that neither the complex as a whole nor Building E (3344 Industrial Court) individually met any eligibility criteria and was not significant.

Under the National Register criteria A and B, the consultant concluded that historical research failed to reveal significant events or people with which the buildings are associated, and under Criterion D subsequent study would not reveal significant information; the buildings do not meet these criteria.

Under National Register Criterion C, the consultant concluded that

> The buildings were constructed originally as Modern/Contemporary style commercial structures. The buildings located at 3336-3346 Industrial Court do not include the majority of the character defining elements of the Modern/Contemporary style. The buildings have retained their integrity however; the overall design of the building complex does not reach the level necessary for nomination to the National Register of Historic Places.
>
> As such, the building complex does not embody the distinctive characteristic of a type, period, or method of Modern/Contemporary construction to meet the federal level of criteria to qualify under National Register Criterion C: Design/Construction…
>
> Loch Crane was the architect for the building under investigation. Historical research determined that the building complex does not qualify under National Register Criterion C… as a structure that expresses a particular phase in the development of his career, an aspect of his work or a particular theme in his craft. Therefore, the building does not serve as an example of the work of a master architect such that it meets the federal level of criteria…
>
> Historical research determined that the building complex does not qualify under … Criterion C..as a structure that possesses high artistic values. The building complex does not articulate a particular concept of

> Modern/Contemporary design to the extent that it meets the criteria for the federal level...[72]

Regarding integrity under the National Register, the consultant concluded that it had integrity of location, design, setting, materials, workmanship and feeling. However, Ms. Anderson concluded that ―The building complex has not been determined to have been directly linked to historically significant individual or events. Also, the building complex has not been identified with any important events in San Diego‘s history. Consequently, the buildings do not have an associative element for integrity purposes.”[73]

The consultant‘s conclusions under CEQA state, ―The project site contains one potential historical resource, the ca. 1965 Modern/Contemporary style commercial building complex located at 3336-3346 Industrial Court in Sorrento Valley. The building complex does not meet the criteria for significance at the local, state or federal levels. The property is not considered to be eligible for nomination to the San Diego Historical Resources board Register, the California Register of Historic [sic] Resources or the National Register of Historic Places. Consequently, the building complex is not considered to be a ‗historical resource‘ as that tern [sic] is defined in CEQA. Therefore, there will be no direct or indirect adverse effects to the environment if the building complex is removed.”[74]

Under PRC 5024.1, the California Register eligibility criteria, the consultant concluded that the complex does not meet any of the criteria for reasons stated above under her National Register conclusions.

City of San Diego Evaluation

Under the City of San Diego‘s ordinance, the application for the demolition permit required review by the Historical Resources Board. Staff had come to a different conclusion than the consultant‘s conclusion about whether the resource meets the City‘s Historical Resources Board (HRB) eligibility criteria for local designation. Staff concluded that Building E (3344 Industrial Court) met HRB Criterion C[75] because the three-story building ―embodies the distinctive characteristics through the retention of character defining features of the Contemporary sub-style of Modernism and retains a very good level of architectural integrity from its 1965 period of significance.”[76] City staff, however, did not think the rest of the complex (Buildings A-D) was distinctive enough to meet the City criteria because they ―are largely utilitarian structures with minimal expression of the Contemporary style. In addition, these buildings have undergone various modifications which, although relatively minor, do have an adverse

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[72] Anderson, 27-29.
[73] Ibid, 30.
[74] Ibid, 31.
[75] ―(Embodies distinctive characteristics of style, type, period, or method of construction or is a valuable example of the use of indigenous material or craftsmanship,” City of San Diego Historical Resources Board, ―Guidelines for the Application of Historical Resources Board Designation Criteria,” *Land Development Manual Historical Resources Guidelines*, Appendix E, Part 2, August 27, 2009, Revised February 24, 2011, 20. City of San Diego http://www.sandiego.gov/planning/programs/historical/pdf/201102criteriaguidelines.pdf, accessed September 23, 2011. HRB Criterion C is essentially the same as National Register Criterion C and California Register Criterion 3.
[76] City of San Diego Historical Resources Board, ―Report No. HRB-09-008, February 26, 2009, 1.

impact on the very simple structures…the only exception is the trellised walkway in front of building D which leads to building E."[77]

Caltrans Evaluation

In addition to conducting research at many of the same facilities as the consultant, Caltrans conducted additional research on the history and development of industrial parks, San Diego's industrial parks, and postwar suburban development in the Sorrento Valley and the San Diego metropolitan area to determine the potential of the industrial park as a significant property type in San Diego, as well as to reassess industrial development as a significant theme in San Diego. Additional research also was conducted on Loch Crane, Clark E. Higgins.

National Register Criterion A / California Register Criterion 1: Sorrento Valley Industrial Park was not unique, nor was it the first industrial park built in San Diego County during the post-World War II era. The developers of Sorrento Valley Industrial Park envisioned it as the Southern California counterpart to Northern California's Stanford Industrial Park and the Raleigh/Durham North Carolina's Research Triangle Park, both of which were built out according to the general plan for their respective campuses. At Sorrento Valley Industrial Park, however, portions were built at different times, it never was built out as planned, and the architecture and siting of the later buildings does not reflect the mid-1960s vision. Only the pre-1970 buildings Industrial Court have a semblance of the original plan, or have the feeling and association of a mid-1960s commercial/industrial park. In concert with the development of industrial parks in San Diego County during the 1950s and 1960s was a boom in commercial and residential development. Hundreds of "Modern" inspired commercial buildings and apartments were constructed throughout the county during this period and thousands of residential homes were built. Virtually all the architecture of this period was Modernist in design, and influenced by new technologies, particularly prefabricated concrete and steel.

National Register Criterion B / California Register Criterion 2: The major players in the development and construction of the buildings on Industrial Court, including the Sorrento Tower Complex, were owners Industrial Developers, LTD and its successor company, Cal-Sorrento, LTD, Clark E. Higgins, part owner of these companies, and Loch Crane, who designed the buildings. Within the parameters of Criterion B, Clark E. Higgins' contribution to the development of the Sorrento Valley and to San Diego has not been established. Moreover, Clark Higgins is still alive and sufficient time has not passed to ascertain whether his contributions have historical significance. Similarly, Loch Crane's architectural career continued into the 1970s, he is still alive, and, like Higgins, sufficient time has not passed to ascertain whether his contributions to architecture, boating, or charities have historical significance.

National Register Criterion C / California Register Criterion 3: As with many other styles, sometimes it is difficult to pigeon-hole buildings into sub-styles since they share many common features. This is the case with the Sorrento Tower complex. It is clearly a building that reflects characteristics of the Modern Movement. Caltrans Principal Architectural Historians, in reviewing the City of San Diego's "Modernism Historic

[77] Ibid, 3.

Context Statement sub-style,[78] have concluded that the complex reflects most of the characteristics of the Organic Geometric sub-style, with elements of the Post and Beam sub-style.

Organic Geometric Primary	Sorrento Tower Complex
• Exposed structure and materials	• Exposed concrete block
• Square, diamond and polygon design motifs	• Geometric (square, rectangular) decorative concrete screens
• Natural materials (wood, stone, glass)	• Exposed vertical wood siding, glass shop-fronts and doors on Buildings A, D and E; frosted and colored glass transoms on Building A main façade; wood-slat and pier exterior shaded walkways
Secondary	
• Sharp angular massing	• All the buildings have sharp angular massing, which is most prevalent on Buildings A and E
• Asymmetrical façades	• There is some asymmetrical fenestration
• Complex roof forms	• No
• Site specific design" [79]	• Complex was consciously designed for the site and the environment with a central courtyard

Post and Beam Primary	Sorrento Tower Complex
• Direct expression of the structural system, usually wood or steel frames	• Exposed concrete block
• Horizontal massing	• Buildings A through D have horizontal massing
• Flat or shallow pitch roofs (with deep overhangs or no parapet)	• The buildings have flat roofs and no parapet
• Floor-to-ceiling glass	• Buildings A and E have floor-to-ceiling glass on the main façades; Building D on a portion of the north façade
Secondary	
• Repetitive façade geometry	• All the buildings have repetitive elements
• Minimal use or solid load bearing walls	• Interior spaces generally are large, with few load-bearing walls
• Absence of applied decoration	• There is no applied decoration on the side or rear façades; the main façades have minimal decoration
• Strong interior/exterior connections	• There is some asymmetrical fenestration
• Open interior floor plans	• Many in Buildings A through D are open in that they would be used for manufacturing or subdivided by non-load-bearing walls for a variety of uses.
• Exterior finish materials usually include wood, steel, and glass"[80]	• Exposed vertical wood siding, and glass; there is also exposed concrete

[78] City of San Diego, Modernism, 53-84.
[79] Ibid, 81.
[80] Ibid, 68.

The Sorrento Tower complex possesses all the primary character-defining features and three out of four secondary character-defining features for the Organic Geometric sub-style, with the site-specific design being the most important of the secondary features. Also, the complex possesses all the character-defining features of the Post and Beam sub-style, with the first primary feature being less important than the other primary features of this sub-style. Overall, however, the Sorrento Tower complex reflects Cranes‘ principles for organic architecture, particularly in terms of its conscious site design, building something useful and creating a small environment in harmony with the larger environment.[81] Five of Crane‘s six principles of architecture are reflected in the Sorrento Tower Complex: form follows function, honesty of the exposed structure, the structure should be open and spacious, natural materials in texture and color should be used, and the modular unit is essential to a sense of scale and proportion.[82]

While Crane preferred residential design, he did design commercial buildings, and for his friend, Clark Wiggins, industrial buildings. However much the Sorrento Tower Complex might be a departure from his residential design, it clearly is in the Modern style and reflects Crane‘s organic and pragmatic ideals. Within the context of San Diego‘s Modernism, it is a good example of Modernism applied to a commercial/industrial complex.

That Loch Crane clearly preferred residential design is evident from numerous interviews and articles about him. In fact, his residential designs outnumber his other designs. In addition, his was a relatively short career, at least as a licensed architect. Many buildings that he designed are less than fifty years old. Thus, while he is recognized as one of San Diego‘s modern architects, there is not enough historical perspective or scholarship to determine whether he is a master architect. In terms of the built projects, however, the Sorrento Tower Complex does not appear to be the work of a master, even though it is a good example of Organic Geometric architecture.

The essential physical features (character-defining features) under Criterion C for this complex include its massing, site orientation around a courtyard with the three-story tower at the entry, use of unpainted wood vertical siding on the courtyard-facing façades, main façade of Buildings A and D with the wood and decorative concrete pier shaded walkway and glass fronts, the wood-slat and pier-shaded walkway that connects Buildings B through D, Building E‘s three-story high external concrete-screen piers that have abstract geometric piercings and extend beyond the roofline; exterior staircase framed by exposed concrete-block walls forms, projecting wood-slat shade canopies at the roof, and first and second stories; small corner balconies, large single-pane picture windows with vertical-board panels below the windows, and vertical panelling that is punctuated at the end boards and between the floors with pairs of stylized wood plugs. The main entries on Buildings A and D are primary character-defining features, and the walkways, shrubs, remaining trees and berms make up the courtyard‘s character-defining features. The utilitarian side and rear façades of Buildings A through D are reflective of 1960s industrial buildings and are historic fabric that is commonly found.

<u>Aspects of integrity under Criterion C</u>: There have been some minor alterations to the exteriors of the buildings within the complex, and with their vacancy in the past few

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[81] York ―Loch Crane biography,” 2011.
[82] Anderson, ―3344 Industrial Court,” 9-10.

years; neither they nor the landscaping has been maintained, resulting in the loss of some of the vegetation. The complex was designed to accommodate changes in use and interior space alterations. The important aspects of integrity for the Sorrento Tower complex are its location, setting, and design, which have a high degree of integrity; and materials, which still retains good integrity despite minor alterations. While the complex still retains a 1960s feeling and association—one can immediately tell it is a 1960s complex—these aspects of integrity are less important to this property‘s significance.

National Register Criteria Consideration (g)—Less than fifty years of age/California Register Special Consideration: While the Sorrento Tower complex clearly is a good example of San Diego Modernism in the Organic Geometric sub-style, its significance does not rise to the level of *exceptional* for this 47-year old resource. However, under the California Register Special Consideration criterion for resources that are less than fifty years old,[83] sufficient time has passed to understand its historical importance and there is enough scholarly evidence to establish that Modernism and its sub-styles are significant architectural styles in San Diego.

National Register Criterion D / California Register Criterion 4: All of the buildings on Industrial Court were built in the mid-1960s and there is a plethora of information about mid-twentieth century construction practices, industries and commercial endeavors. It is highly unlikely that any of the properties on Industrial Court would yield information that is significant to San Diego‘s mid-twentieth century history. However, this report covers only the built environment resources. An archaeological survey of the area would need to be completed before the properties‘ potential to yield significant information regarding prehistory or pre-twentieth century history could be assessed.

VII. FINDINGS AND CONCLUSIONS

A team of Caltrans Principal Architectural Historians carefully reviewed the city and consultant documents and the arguments contained therein regarding significance.

Five of the seven resources within the project PAL were formally evaluated. See list below and accompanying inventory forms in the appendix.

List of Evaluated Properties

	Location	Map Reference Number
11803	Sorrento Valley Rd., San Diego	1
3330	Industrial Court, San Diego	2
3336-3346	Industrial Court, San Diego	3
3347	Industrial Court, San Diego	4
3337	Industrial Court, San Diego	5

[83] A resource that is less than fifty years old may be considered for listing in the California Register if it can be demonstrated that sufficient time has passed to understand its historical importance; it does not have to be exceptionally important. [CCR §4852 (d)(2)]

List of Properties that meet California Register eligibility criteria

	Location	Map Reference Number
3336-3346	Industrial Court, San Diego (Sorrento Tower Complex)	3

List of Properties Exempted from Evaluation

	Location	Map Reference Number
11777	Sorrento Valley Road, San Diego (Type 4 of Properties Exempt from Evaluation, Attachment 4, Section 106 PA); listed here for PRC §5024(b) inventory purposes	6
	PGR wall in Caltrans right-of-way (Type 1 of Properties Exempt from Evaluation, Attachment 4, Section 106 PA)	

List of Properties Locally Designated Properties

	Location	San Diego Historic Landmark
3344	Industrial Court, San Diego (Building E only)	897

RESULTS

The relatively recent construction of the buildings on Industrial Court, new and emerging scholarship on mid-twentieth century architecture, and the different conclusions on historical significance reached by the former owners‘ consultant and the City of San Diego regarding Building E in the Sorrento Tower Complex,[84] were taken into account by the Caltrans Principal Architectural Historians. The Caltrans conclusions regarding the significance of all the resources within the PAL, particularly for the Sorrento Tower Complex, were reached through a consensus opinion of four Caltrans PQS Principal Architectural Historians: Janice Calpo, Andrew Hope, Gloria Scott, and Dana Supernowicz, with input from Caltrans Headquarters Intern Historian Margo Nayyar.

Within the PAL (see Figure 2), there is one historical resource for purposes of CEQA, the Sorrento Tower Complex, 3336-3346 Industrial Court, San Diego (Map Reference #3 and Figure 16). The Complex meets California Register of Historical Resources eligibility criteria at the local level of significance under Criterion 3 because it is a very good example of Modernist architecture, in the “Organic Geometric” sub-style identified in the City of San Diego’s “Modernism Historic Context Statement.” The period of significance is 1965, the boundaries are the parcel boundaries (former APN #310-080-43, Lots 3 and 4, Sorrento Valley Industrial Park Unit 2A, Map 4910), and contributing

[84] The former owners applied for a permit to demolish 3344 Industrial Court. See City of San Diego, Historical Resources Board ―Report NO. HRB-09-008,” February 12, 2009.

features include Buildings A through E, the courtyard and the landscaping. Although it is less than fifty years of age, the complex meets California Register Special Consideration for achieving significance within the past fifty years because sufficient time has passed to understand its significance [California Code of Regulations Section 4852(d)(2)].

However, while the Sorrento Tower Complex does appears to meet National Register of Historic Places Criterion C, it is less than fifty years old and its significance does not rise to the “exceptional” level at 46 years of age (in 2011) and does not meet Criteria Consideration (g). Therefore, at this point in time, the Complex is not eligible for inclusion in the National Register of Historic Places.

None of the remaining resources meet the criteria for inclusion in the National Register. They lack architectural significance, and associations with persons or events important in the broad patterns of history on the local, state or national level; one property was exempted from evaluation. Likewise, none of the remaining resources are historical resources for purposes of CEQA.

Because of the recent age of the surrounding buildings in the industrial park, as well as alterations to the early 1960s buildings, there is no strong physical link that conveys a sense of Sorrento Valley Industrial Park's historical development. There is, therefore, no potential for a historic district or landscape within the PAL.

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Interviews

Kimberly Higgins, Clark E. Higgins' daughter-in-law, telephone interview with Dana Supernowicz, July, 2011.

IX. PREPARER'S QUALIFICATIONS

Gloria Scott, Senior Environmental Planner, conducted the architectural/historical resources inventory and prepared this Historical Resources Evaluation Report. She is a certified Professionally Qualified Staff (PQS) at the Principal Architectural Historian level outlined in Attachment 1 of the Section 106 PA, and is the Chief of the Built Environment Preservation Services Branch with the California Department of Transportation, Division of Environmental Analysis. She also has been certified as meeting the professional qualifications standards in the fields of history and architectural history, as outlined in Archaeology and Historic Preservation: *Secretary of the Interior's Standards and Guidelines* and in 36 CFR 61, Appendix A. Ms. Scott has a B.A. in History, University of California, Santa Barbara and M.S., Historic Preservation, University of Vermont. Qualifying experience for Ms. Scott includes twenty-three years with Caltrans working in cultural resources survey, Section 106 and CEQA compliance; and an additional ten years identifying and evaluating architectural and historical properties and working with Section 106 procedures in the Arizona, Ohio and Vermont State Historic Preservation Offices, with the City of Cincinnati Planning Department and with the Central Virginia Planning District Commission.

Dana Supernowicz, Associate Environmental Planner, conducted the historical research for this report. He is a certified Professionally Qualified Staff (PQS) at the Principal Architectural Historian level outlined in Attachment 1 of the Section 106 PA, as well as certified as meeting the professional qualifications standards in the field of history, as outlined in Archaeology and Historic Preservation: *Secretary of the Interior's Standards and Guidelines* and in 36 CFR 61, Appendix A. Mr. Supernowicz has a B.A in Social Ecology from the University of California, Irvine, and a M.A. in History from California State University, Sacramento. Qualifying experience for Mr. Supernowicz twelve years with Caltrans in cultural resources studies, and twenty-five additional years having completed hundreds of historic architectural and archaeological studies throughout Northern California, and conducting Section 106 and CEQA compliance reviews, and co-writing several statewide historical contexts in the Caltrans HARD Study series. Prior to Caltrans, he worked as a historian for the U.S. Forest Service.

ATTACHMENTS

Appendix D

Revised and Updated DPR 523 Inventory Forms
For
Sorrento Valley Industrial Park Historic District
And
Sorrento Tower Complex, 3336-3346 Industrial Court
San Diego, San Diego County, California

SORRENTO VALLEY INDUSTRIAL PARK HISTORIC DISTRICT

State of California — The Resources Agency
DEPARTMENT OF PARKS AND RECREATION

PRIMARY RECORD

Primary #
HRI #
Trinomial
NRHP Status Code: 4CM
Other Listings
Review Code ___ Reviewer ___ Date ___

***Resource Name or #:** Sorrento Valley Industrial Park Historic District **Caltrans Map Reference No.** 1 through 5
P1. Other Identifier:
***P2. Location:** __Not for Publication x Unrestricted ***a. County** San Diego **County/Route/Postmile:** SD-5/805/56
. ***b. USGS 7.5 Quad:** Del Mar, CA **Date:** 1965 **T** ___ **R** ___ **¼ of** ___ **;M.D.** ___ **B.M.** ___
c. Address 3330 - 3347 Industrial Court, and 11803 Sorrento Valley Road
City San Diego **Zip** 92121
***d. UTM Zone:** 10
***e. Other Locational Data (APN #)** APN# 310-080-01-00, 310-080-02-00, 310-080-43-00, 310-080-05-00, 310-080-06-00,

***P3a. Description:** (Briefly describe resource below)

The Sorrento Valley Industrial Park Historic District is located just south of the Carmel Mountain Road interchange with I-5 in San Diego's Sorrento Valley neighborhood. All five properties face onto Industrial Court, a cul-de-sac. The five building district has one-story concrete and wood-frame industrial structures with flat roofs. The property, 3336-3346 Industrial Court also has a three-story concrete commercial building as its centerpiece. Some have courtyards with modest landscaping. The Modernist buildings have International Style influences, while two also are a subtype identified by the City of San Diego's Modernism Historic Context as "Organic Geometric." The surrounding environment is predominantly light industrial and commercial.

(See District Record.)

***P3b. Resource Attributes:** (HP8)-Industrial buildings
****P4. Resources Present:** X Building ___ Structure ___ Object ___ Site X District ___ Elements of District ___ Other

P5a. Photograph or Drawing

P5b. Description of Photo: Aerial looking NE (google map)
***P6. Date Constructed/Age:** ca. 1965 – 1967
x Historic ___ Prehistoric ___ Both
***P7. Owner and Address:** Caltrans District 11, 4050 Taylor St., San Diego, CA 92110
***P8. Recorded by:** Gloria Scott, Caltrans HQ, Div. of Environmental Analysis, 1120 N St., Sacramento, CA 95814
***P9. Date Recorded:** Updated March 23, 2012
***P10. Type of Survey:** x Intensive ___ Reconnaissance ___ Other

***P11. Report Citation:** Historical Resources Evaluation Report for Caltrans-Owned Properties in Sorrento Valley Industrial Park, San Diego, San Diego County, September 30, 2011

***Attachments:** ___ NONE X Map Sheet X Continuation Sheet X Building, Structure and Object Record ___ Linear Resource Record ___ Archaeological Record X District Record ___ Milling Station Record ___ Rock Art Record ___ Artifact Record ___ Photograph Record ___ Other (List):

See Office of Historic Preservation Recording Historical Resources for instructions.

See Office of Historic Preservation Recording Historical Resources for instructions. *NRHP Status Code:

Resource Identifier: Sorrento Valley Industrial Park **Caltrans Map Reference No.:** 1 through 5

County/Route/Postmile: SD-5/805/56

D1. Historic Name: Sorrento Valley Industrial Park **D2. Common Name:**

***D3. Detailed Description** (Describe below):

The Sorrento Valley Industrial Park Historic District lies directly along the Interstate 5 (I-5) Corridor straddling the valley, just south of the Carmel Mountain Road interchange with I-5. All of the buildings face the Industrial Court cul-de-sac and have Industrial Court addresses, with the exception of the building at the northwest corner of the district, whose address is on Sorrento Valley Road. The five properties in the district have, for the most part, one-story concrete and wood-frame industrial structures with flat roof. One property, 3336-3346 Industrial Court, has a series of one-story structures with a three-story concrete commercial building as its centerpiece. The eastern boundary of the district is defined an elevated onramp to the I-5 local bypass within the I-5, I-805 corridor. The surrounding environment is predominantly light industrial and commercial, most of which postdates the construction of the properties within the historic district. Across Sorrento Valley Road to the west is the Torrey Preserve. *(See continuation sheet.)*

***D4. Boundary Description:** (Describe below):

The boundaries encompass all the property parcel boundaries for 3330, 3336-3346, 3337 and 3347 Industrial Court, and 11803 Sorrento Valley Road, in the Sorrento Valley area of San Diego, San Diego County.

***D5. Boundary Justification:** (Describe below):

The boundaries include the properties with the highest integrity that Industrial Developers, Ltd., headed by Clark Higgins, developed between 1965 and 1967 and whose design is attributed to San Diego architect Loch Crane.

***D6. Significance: --Theme:** Modern Architecture - Industrial **Area:** City of San Diego

Period of Significance: 1965-1967 **Applicable Criteria:** C, Criteria consideration (g)

The Sorrento Valley Industrial Park Historic District meets National Register criterion C and Criteria Consideration (g) at the local level of significance as a good example of an industrial park that was intentionally designed as a Modernist campus, utilizing both landscaped industrial and commercial courtyard complexes and more straightforward industrial buildings. Constructed within a period of about three years in the mid-1960s, the developer, Industrial Developers, intended for Sorrento Valley Industrial Park to be the Southern California equivalent of Palo Alto's Stanford Research Park and hired local architect Loch Crane to design the buildings. While the entire complex was not realized and the remaining development was constructed in later decades, the buildings facing Industrial Court remain as an intact mid-1960s Modernist complex of light industrial buildings. One of the properties, the Sorrento Tower Complex at 3336-3346 Industrial Court, also individually meets the criteria for inclusion in the National Register; its central portion, 3344 Industrial Court is locally designated by the City of San Diego under its preservation ordinance.

Likewise, the Sorrento Valley Industrial Park meets California Register of Historical Resources Criterion 3 and Special Consideration (2), at the local level of significance for the reasons stated above.

***D7. References:** (Give full citations below)

(See continuation sheet.)

D8. Evaluator: Gloria Scott **Date:** March 23, 2012

Affiliation and Address: Caltrans Division of Environmental Analysis, 1120 N St., Sacramento, CA 95814

D3. Detailed Description (Continued)

Three of the properties are courtyard complexes, two of which are modestly landscaped, while the third contains a large above-ground pool that appears to have been used for testing purposes. The remaining two buildings are simple rectangular structures with minimal landscaping along the front façade.

All five building complexes, the courtyard and façade landscaping are contributing elements, as is the spatial relationship of the buildings to one another, separated by plain asphalt parking areas.

List of Five Contributing Properties

- 11803 Sorrento Valley Road
- 3330 Industrial Court
- 3336-3346 Industrial Court (Sorrento Tower Complex)*
  *also individually meets the National Register criteria)
- 3337 Industrial Court
- 3347 Industrial Court

D7. References (Continued)

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Interviews

Kimberly Higgins, Clark E. Higgins' daughter-in-law, telephone interview with Dana Supernowicz, July, 2011.

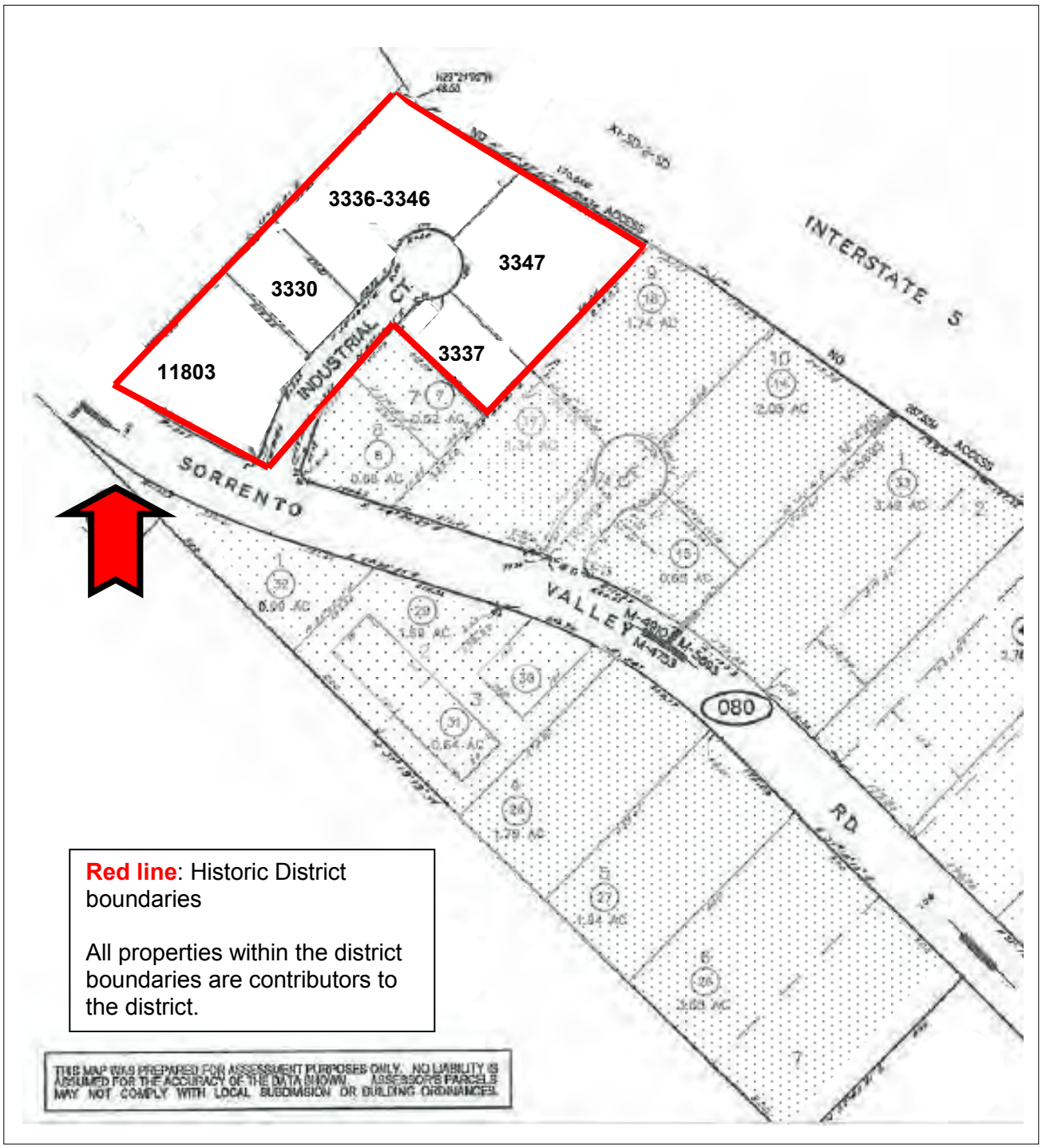
State of California — The Resources Agency DEPARTMENT OF PARKS AND RECREATION **SKETCH MAP**	Primary # HRI# Trinomial

See Office of Historic Preservation Recording Historical Resources for instructions.

***Resource Identifier:** Sorrento Valley Industrial Park Historic District **Caltrans Map Reference No.:** 1 through 5

County/Route/Postmile: SD-5/805/56

***Drawn by::** Gloria Scott ***Date:** March 23, 2012



Not to scale

Based on San Diego County Assessor's Sorrento Valley Industrial Park Subdivision Map

State of California — The Resources Agency DEPARTMENT OF PARKS AND RECREATION **PRIMARY RECORD**	Primary # HRI # Trinomial **NRHP Status Code:** 4CM contributor Other Listings Review Code Reviewer Date

***Resource Name or #:** Building at 11803 Sorrento Valley Road **Caltrans Map Reference No.:** 1

P1. Other Identifier:

***P2. Location:** __ **Not for Publication** x **Unrestricted** ***a. County** San Diego **County/Route/Postmile:** SD-5/805/56

. ***b. USGS 7.5 Quad:** Del Mar, CA **Date:** 1965 **T** __ **I** ¼ **of** ; **M.D.** **B.M.**

c. Address 11803 Sorrento Valley Road

City San Diego **Zip** 92121

***d. UTM Zone:** 10

***e. Other Locational Data (APN #)** APN# 310-080-01-00

***P3a. Description:** (Briefly describe resource below)

This building with International style influences is a one-story, flat-roof, industrial structure on a concrete foundation, with concrete-block walls. The eastern two-thirds of the building is a U-shape around a central exposed area; the west third of the building is rectangular and set back from the main entrance on the southwest corner of the U-shaped building. The façade facing Sorrento Valley Road is the most architecturally embellished, with a wide slightly overhanging fascia of narrow vertical wood siding, square concrete block wall with wide grout lines, slightly protruding block corner, glass office door and adjacent narrow floor-to-ceiling single-pane transomed window. The eastern half of the façade has large glass windows and a fenced-in patio. The fence is a series of alternating narrow and wide vertical boards, with a sun-shade covering on plain wood posts; the narrow vertical wood boards serve as the shade. The southwest corner of the building facing Industrial Court serves as the L-shape main entry, with a decorative geometric-patterned concrete block wall and adjacent large multi-light glass window. Narrow vertical wood siding marks the crook of the "L" and contains a solid core doors. A square concrete block screen with wide grout lines extends above the roof line at the entry's east wall, door/transomed window similar to west façade that wrap around the corner. The south façade has a wide slightly overhanging fascia of narrow vertical wood siding, square concrete block wall with wide grout lines, an approximately 36"-wide metal roll-down, two adjacent narrow floor-to-ceiling single-pane transomed windows, and a door/transomed window like the others. A row of Italian cypress is planted along the western half of the façade decorating by the main office area. The central courtyard contains an above-ground pool in the central courtyard that appears to have been used for testing purposes.

***P3b. Resource Attributes:** (HP8)-Industrial building

****P4. Resources Present:** x Building ___ Structure ___ Object ___ Site X District ___ Elements of District ___ Other

P5a. Photograph or Drawing

P5b. Description of Photo: Main façade looking east

***P6. Date Constructed/Age:** Ca. 1965

___ Historic ___ Prehistoric ___ Both

***P7. Owner and Address:**
Caltrans District 11
4050 Taylor St.
San Diego, CA 92110

***P8. Recorded by:**
Gloria Scott
Caltrans HQ
Div. of Environmental Analysis
1120 N St.
Sacramento, CA 95814

***P9. Date Recorded:** Status code updated March 23, 2012

***P10. Type of Survey:** x Intensive ___ Reconnaissance ___ Other

***P11. Report Citation:** Historical Resources Evaluation Report for Caltrans-Owned Properties in Sorrento Valley Industrial Park, San Diego, San Diego County, September 30, 2011

***Attachments:** X NONE ___ Map Sheet ___ Continuation Sheet ___ Building, Structure and Object Record ___ Linear Resource Record ___ Archaeological Record ___ District Record ___ Milling Station Record ___ Rock Art Record ___ Artifact Record ___ Photograph Record ___ Other (List):

See Office of Historic Preservation Recording Historical Resources for instructions.

State of California — The Resources Agency
DEPARTMENT OF PARKS AND RECREATION

PRIMARY RECORD

Primary #
HRI #
Trinomial
NRHP Status Code: 4CM contributor
Other Listings
Review Code ___ Reviewer ___ Date ___

***Resource Name or #:** Building at 3330 Industrial Court **Caltrans Map Reference No.** 2
P1. Other Identifier:
***P2. Location:** __Not for Publication x Unrestricted ***a. County** San Diego **County/Route/Postmile:** SD-5/805/56
. *b. USGS 7.5 Quad: Del Mar, CA **Date:** 1965 **T** ___ **R** ___ ¼ of ___ ;M.D. ___ B.M.
c. Address 3330 Industrial Court
City San Diego **Zip** 92121
***d. UTM Zone:** 10
***e. Other Locational Data (APN #)** APN# 310-080-02-00

***P3a. Description:** (Briefly describe resource below)

This vernacular building with International Style elements is a one-story, flat-roof, rectangular industrial structure on a concrete foundation, with concrete-block walls and flanked by asphalt parking lots on the east and west. The rear portion of the building has exposed concrete block walls, the main (south) façade is clad in vertical siding composed of narrow wood slats, with wide slightly overhanging fascia of the same vertical wood siding that wraps around the front, west and east façades of the building. A decorative geometric-pattern concrete marks the southeastern corner and main entry, which is asymmetrically placed on the façade and projects slightly from the wall. Glass aluminum doors and right angles to one another compose the entry, with floor-to-ceiling glass sidelights. A concrete walkway leads the entry and extends along the main façade, ending in a wide concrete apron at the west end of the building. Palm trees and shrubs frame the front entry, and there is a small front lawn. A secondary office entry is on the west façade, with a glass transomed door and two floor-to-ceiling glass sidelights. The varied fenestration consists is a variety of aluminum-frame windows, mostly single-pane and sliding windows.

***P3b. Resource Attributes:** (HP8)-Industrial building
****P4. Resources Present:** X Building ___ Structure ___ Object ___ Site X District ___ Elements of District ___ Other

P5a. Photograph or Drawing

P5b. Description of Photo: Main façade looking northeast.
***P6. Date Constructed/Age:** ca. 1965
x Historic ___ Prehistoric ___ Both
***P7. Owner and Address:** Caltrans District 11, 4050 Taylor St., San Diego, CA 92110
***P8. Recorded by:** Gloria Scott, Caltrans HQ, Div. of Environmental Analysis, 1120 N St., Sacramento, CA 95814
***P9. Date Recorded:** Status code updated March 23, 2012
***P10. Type of Survey:** x Intensive ___ Reconnaissance ___ Other

***P11. Report Citation:** Historical Resources Evaluation Report for Caltrans-Owned Properties in Sorrento Valley Industrial Park, San Diego, San Diego County, September 30, 2011

***Attachments:** X NONE ___ Map Sheet ___ Continuation Sheet ___ Building, Structure and Object Record ___ Linear Resource Record ___ Archaeological Record ___ District Record ___ Milling Station Record ___ Rock Art Record ___ Artifact Record ___ Photograph Record ___ Other (List):

State of California — The Resources Agency
DEPARTMENT OF PARKS AND RECREATION

PRIMARY RECORD

Primary #
HRI #
Trinomial

NRHP Status Code: 4CM Individual & district contributor

Other Listings

Review Code _____ Reviewer _____ Date _____

***Resource Name or #:** Sorrento Tower **Caltrans Map Reference No.:** 3

P1. Other Identifier: Industrial Developers/Loch Crane Complex, Cal-Sorrento Commercial Building

***P2. Location:** ___ **Not for Publication** X **Unrestricted** ***a. County** San Diego **Co./Route/Postmile:** SD-5/805/56

***b. USGS 7.5 Quad:** Del Mar, CA **Date:** 1965 **T** _ **R** _____ **¼ of** _____ **;M.D.** _ **B.M.**

c. Address 3336-3346 Industrial Court

City San Diego **Zip** 92121

***d. UTM Zone:** 10

***e. Other Locational Data (APN #)** APN# 310-080-43

***P3a. Description:**

The International Style complex in the Organic-Geometric San Diego sub-type consists of one three-story building flanked by four connected one-story buildings arranged in a U-shape around a landscaped courtyard, with parking lots on the west and south ends of the property and paved vehicular access to the rear of the complex on the north and east sides. The one-story buildings are unified by a wooden shade structure that forms a corridor on the courtyard side of the complex. The courtyard is a major design feature of the complex with slight berms at the east and west ends, planted to grass, with low ornamental shrubs, with shade trees, hedges and seating areas strategically placed throughout. Since the buildings were vacated, however, some of the trees have been cut down and the landscaping has not been maintained. Palm trees and low shrubs accentuate, as well as cypress and hedges mark entrances. See also Sorrento Tower Complex DPR 523 forms for the property's individual eligibility.

***P3b. Resource Attributes:** (HP-8)—Industrial

****P4. Resources Present:** x Building __Structure ____Object____Site x District ___Elements of District _____Other

P5a. Photograph or Drawing

P5b. Description of Photo: View looking east.

***P6. Date Constructed/Age:** 1965

X Historic ____Prehistoric __Both

***P7. Owner and Address:**
Caltrans District 11
4050 Taylor St.
San Diego, CA 92110

***P8. Recorded by:**
Gloria Scott
Caltrans HQ
Div. of Environmental Analysis
1120 N St.
Sacramento, CA 95814

***P9. Date Recorded:** Status Code updated March 23, 2012

***P10. Type of Survey:** x Intensive _Reconnaissance ___Other

Describe:

***P11. Report Citation:** Historical Resources Evaluation Report for Caltrans-Owned Properties in Sorrento Valley Industrial Park, San Diego, San Diego County, September 30, 2011

***Attachments:** X NONE ____Map Sheet ___Continuation Sheet ____Building, Structure and Object Record ____Linear Resource Record ___Archaeological Record ___District Record ___Milling Station Record ___Rock Art Record ____Artifact Record ____Photograph Record ____Other (List):

See Office of Historic Preservation Recording Historical Resources for instructions.

State of California — The Resources Agency DEPARTMENT OF PARKS AND RECREATION **PRIMARY RECORD**	Primary # HRI # Trinomial **NRHP Status Code:** 4CM contributor Other Listings Review Code Reviewer Date

***Resource Name or #:** Building at 3347 Industrial Court **Caltrans Map Reference No.:** 4

P1. Other Identifier:

***P2. Location:** __ **Not for Publication** x **Unrestricted** ***a. County** San Diego **County/Route/Postmile:** SD-5/805/56

***b. USGS 7.5 Quad:** Del Mar, CA **Date:** 1965 **T** **R** ¼ of ;**M.D.** **B.M.**

c. Address 3347 Industrial Court

City San Diego **Zip** 92121

***d. UTM Zone:** 10

***e. Other Locational Data (APN #)** APN# 310-080-05-00

***P3a. Description:** (Briefly describe resource below)

The International Style complex in the Organic-Geometric San Diego sub-type is a single-story, flat roof structure composed of two L-shape exposed concrete-wall structures that enclose a central courtyard. On the four-bay front façade, three have shallow flat roof canopies (one of these is the main entry), and the fourth entrance has no canopy. The north-facing main corner entrance is slightly set back slightly and has a canopy with protruding end-board rafters, double-leaf glass door, two large transom lights and ground-to-roof wrap-around windows. A wrap-around decorative geometric-patterned concrete-block wall also marks the entry and constitutes one-third of the north side façade. A small semi-circular plot of landscaping from the front entry has low shrubs, grasses and a tall palm tree. The north side façade is similar to the main façade; however, windows and doors have been altered. The interior courtyard is reached by two concrete covered walkways at opposite ends of the building. Partially shaded concrete walkways with plain supports and wood ceilings frame the rectangular courtyard. Courtyard-facing walls of the building have narrow vertical wood siding and exposed concrete-block; most of the spaces have courtyard doors with ground-roof large 2/2 light windows and glass doors. Some units have single-pane aluminum windows, sliding doors or solid doors; these appear to be alterations. There is a planter box/ exterior cupboard on the north courtyard wall, with a narrow vertical wood siding and a plain wood planter atop. The courtyard has bermed landscaping planted with a variety of low-lying plants and shrubs, two shade trees, and a concrete deck of rectangular large-aggregate slabs, a concrete table with three segmental concrete benches and an umbrella. Palms are planted in the northeast corner; a grouping of four palms is planted in the center and there is large, low, concrete planter with seating, planted with shrubs and palms in the southeast corner of the courtyard.

***P3b. Resource Attributes:** (HP8)-Industrial building

****P4. Resources Present:** x Building ___ Structure ___ Object ___ Site X District ___ Elements of District ___ Other

P5a. Photograph or Drawing

P5b. Description of Photo: Front façade looking southeast

***P6. Date Constructed/Age:** Ca. 1965

X Historic ___ Prehistoric ___ Both

***P7. Owner and Address:**
Caltrans District 11
4050 Taylor St.
San Diego, CA 92110

***P8. Recorded by:**
Gloria Scott
Caltrans HQ
Div. of Environmental Analysis
1120 N St.
Sacramento, CA 95814

***P9. Date Recorded:** Status code updated March 23, 2012

***P10. Type of Survey:** x Intensive ___ Reconnaissance ___ Other

***P11. Report Citation:** Historical Resources Evaluation Report for Caltrans-Owned Properties in Sorrento Valley Industrial Park, San Diego, San Diego County, September 30, 2011

***Attachments:** X NONE ___ Map Sheet ___ Continuation Sheet ___ Building, Structure and Object Record ___ Linear Resource Record ___ Archaeological Record ___ District Record ___ Milling Station Record ___ Rock Art Record ___ Artifact Record ___ Photograph Record ___ Other (List):

See Office of Historic Preservation Recording Historical Resources for instructions.

State of California — The Resources Agency DEPARTMENT OF PARKS AND RECREATION **PRIMARY RECORD**	Primary # HRI # Trinomial **NRHP Status Code:** 4CM contributor Other Listings Review Code ____ Reviewer ____ Date ____

***Resource Name or #:** Building at 3337 Industrial Court **Caltrans Map Reference No.:** 5

P1. Other Identifier:

***P2. Location:** __Not for Publication x Unrestricted ***a. County** San Diego **County/Route/Postmile:** SD-5/805/56

***b. USGS 7.5 Quad:** Del Mar, CA **Date:** 1965 **T** ____ **R** ____ **¼ of** ____ **;M.D.** ____ **B.M.**

c. Address 3337 Industrial Court

City San Diego **Zip** 92121

***d. UTM Zone:** 10

***e. Other Locational Data (APN #)** APN# 310-080-06-00

***P3a. Description:** (Briefly describe resource below)

This building with International Style influences is a one-story, flat-roof, square industrial and commercial structure on a concrete foundation, with concrete-block walls and flanked by concrete and asphalt parking lots on the east and west. The building is set back from the street with tall covered chain-link fencing enclosing a front lawn. .The slightly-projecting main entry is asymmetrically placed on the front northwest corner. A decorative concrete screen marks the main entrance and a wood-slatted cover shades the entry. Glass doors with floor-to-ceiling sidelight compose the entry. There is a three horizontal-light floor-to-ceiling window at the northwest corner of the main façade, and two small aluminum sliding windows punctuate the northeast portion of the façade. A concrete walkway leads to this front entry. The landscaping consists of lawn, shrubs and small trees within the enclosed area, and small trees, shrubs and a narrow strip of lawn along the west façade. A secondary office entry near the northeast corner of the building is covered by a slightly projecting parapet. Fenestration consists of aluminum sliding windows.

***P3b. Resource Attributes:** (HP8)-Industrial building, (HP5)-1 to 3 story commercial building

****P4. Resources Present:** x Building ____ Structure ____ Object ____ Site X District ____ Elements of District ____ Other

P5a. Photograph or Drawing .

)

P5b. Description of Photo: View looking east.

***P6. Date Constructed/Age:** Ca. 1965

____ Historic ___ Prehistoric ___ Both

***P7. Owner and Address:**
Caltrans District 11
4050 Taylor St.
San Diego, CA 92110

***P8. Recorded by:**
Gloria Scott
Caltrans HQ
Div. of Environmental Analysis
1120 N St.
Sacramento, CA 95814

***P9. Date Recorded:** Status code updated March 23, 2012

***P10. Type of Survey:** x Intensive ____ Reconnaissance ____ Other

***P11. Report Citation:** Historical Resources Evaluation Report for Caltrans-Owned Properties in Sorrento Valley Industrial Park, San Diego, San Diego County, September 30, 2011

***Attachments:** X NONE ____ Map Sheet ____ Continuation Sheet ____ Building, Structure and Object Record ____ Linear Resource Record ____ Archaeological Record ____ District Record ____ Milling Station Record ____ Rock Art Record ____ Artifact Record ____ Photograph Record ____ Other (List): ____

See Office of Historic Preservation Recording Historical Resources for instructions.

SORRENTO TOWER COMPLEX, 3336-3346 INDUSTRIAL COURT

State of California — The Resources Agency DEPARTMENT OF PARKS AND RECREATION **PRIMARY RECORD**	Primary # HRI # Trinomial **NRHP Status Code:** 4CM Other Listings Review Code ____ Reviewer ____ Date ____

***Resource Name or #:** Sorrento Tower **Caltrans Map Reference No.:** 3

P1. Other Identifier: Industrial Developers/Loch Crane Complex, Cal-Sorrento Commercial Building

***P2. Location:** ___ **Not for Publication** X **Unrestricted** ***a. County** San Diego **Co./Route/Postmile:** SD-5/805/56

***b. USGS 7.5 Quad:** Del Mar, CA **Date:** 1965 **T** ___ **R** ___ **¼ of** ___ **;M.D.** ___ **B.M.**

c. Address 3336-3346 Industrial Court

City San Diego **Zip** 92121

***d. UTM Zone:** 10

***e. Other Locational Data (APN #)** APN# 310-080-43

***P3a. Description:**

The complex is located at the northeast end of the Industrial Court cul-de sac between Sorrento Valley Road and the Interstate 5/State Route 56 local by-pass in a commercial and industrial section of the Sorrento Valley (also referred to as Torrey Pines) in the City of San Diego. The complex consists of one three-story building flanked by four connected one-story buildings arranged in a U-shape around a landscaped courtyard, with parking lots on the west and south ends of the property and paved vehicular access to the rear of the complex on the north and east sides. The one-story buildings are unified by a wooden shade structure that forms a corridor on the courtyard side of the complex.

See continuation sheet.

***P3b. Resource Attributes:** (HP-8)—Industrial

****P4. Resources Present:** x Building ___ Structure ___ Object ___ Site ___ District ___ Elements of District ___ Other

P5a. Photograph or Drawing

P5b. Description of Photo: View looking east.

***P6. Date Constructed/Age:** 1965

X Historic ___ Prehistoric ___ Both

***P7. Owner and Address:**
Caltrans District 11
4050 Taylor St.
San Diego, CA 92110

***P8. Recorded by:**
Gloria Scott
Caltrans HQ
Div. of Environmental Analysis
1120 N St.
Sacramento, CA 95814

***P9. Date Recorded:** June 29, 2011

***P10. Type of Survey:** x Intensive ___ Reconnaissance ___ Other

Describe:

***P11. Report Citation:** Historical Resources Evaluation Report for Caltrans-Owned Properties in Sorrento Valley Industrial Park, San Diego, San Diego County, September 30, 2011

***Attachments:** ___ NONE X Map Sheet X Continuation Sheet X Building, Structure and Object Record ___ Linear Resource Record ___ Archaeological Record ___ District Record ___ Milling Station Record ___ Rock Art Record ___ Artifact Record ___ Photograph Record ___ Other (List):

See Office of Historic Preservation Recording Historical Resources for instructions.

*Required Information.

State of California — The Resources Agency: Primary #
DEPARTMENT OF PARKS AND RECREATION HRI#:

BUILDING, STRUCTURE, AND OBJECT RECORD

See Office of Historic Preservation Recording Historical Resources for instructions.

Map Reference No.: 3

***Resource Identifier:** Sorrento Tower Complex ***NRHP Status Code:** 4

B1. Historic Name: Sorrento Tower

B2. Common Name: Industrial Developers/Loch Crane Complex **County/Route/Postmile:** SD-5/805/56

B3. Original Use: Commercial, Industrial **B4. Present Use:** Vacant

***B5. Architectural Style:** Modern (Organic Geometric sub-style)

***B6. Construction History:** Constructed in 1965, no major alterations

***B7. Moved?** x No ___ Yes ___ Unknown **Date:** ___ **Original Location:** ___

***B8. Related Features** (describe below):
Complex of one-three story buildings, with courtyard shade screens and landscaping

B9a. Architect: Loch Crane **B9b. Builder:** L.W. Carson

***B10. Significance: Theme:** Modern Architecture **Area:** San Diego

Period of Significance: 1965 **Property Type:** Commercial **Applicable Criteria:** C, Criteria Consideration (g)

The Sorrento Tower complex at 3336-3346 Industrial Court, San Diego, meets the criteria for inclusion in the National Register of Historic Places because at the local level of significance under Criterion C and Criteria Consideration (g) and as a historical resource under CEQA under California Register Criterion 3 and Special Consideration (d)(2) because it is a very good example of Wrightian Modern architecture, in the "Organic Geometric" sub-style identified in the City of San Diego's "Modernism Historic Context Statement," and as a good example of Loch Crane's commercial designs. The period of significance is 1965, the boundaries are the parcel boundaries, and contributing features are Buildings A-E, the courtyard and landscaping.

(See continuation sheet.)

B11. Additional Resource Attributes: (HP 6)—1-3 Story Commercial,

B12. References: (partial list)

City of San Diego "San Diego Modernism Historic Context Statement," 2007
San Diego County Assessor's Building Records
"Report No. HRB-09-009," February 12, 2009,Cit of San Diego Historical Resources Board
"Loch Crane Biography," Modern San Diego Dot Com

B13. Remarks:
Demolition of this complex is proposed.
Prior survey: "Report No. HRB-09-008, February 12, 2009, City of San Diego Historical Resources Board," with DPR 523 Primary and BSO Records prepared by K.A. Anderson, September 2008.

B14. Evaluator: Gloria Scott and Dana Supernowicz
Division of Environmental Analysis
Caltrans HQ
1120 N St.
Sacramento, CA 95814

Date of Evaluation: Udated March 23, 2012

(This space reserved for official comments.)

P3a. Description continued:

For consistency with the DPR 523 Building, Structure Object record for this resource, prepared in September 2008 by K.A. Crawford with the Office of Marie Burke Lia, for the City of San Diego Historical Resources Board, the one-story buildings are identified in this form as Buildings A, B, C and D, and the three-story building is identified as Building E.

The Modern (Organic-Geometric) Sorrento Tower Complex has four one-story light industrial and office buildings (Buildings A through D) enclosing a minimally landscaped courtyard in a U-shape on the west, north and east sides of the complex. There is a three-story office building (Building E) at the entrance to the courtyard that serves as the focal point for the complex. Buildings A through C are connected to one another, as are Buildings D and E. There are small parking lots in the southeast portion of the parcel by Building A, and the western edge of the parcel next to Building D.

Building A: Located in the southeastern portion of the parcel, Building A is a one-story exposed concrete-block T-shaped building, with a reinforced concrete foundation and a flat roof. There are a number of fixed, single-pane aluminum windows and aluminum sliding windows of varying sizes and placement, as well as a variety of wood, metal and glass doors of varying size and placement on the façades. The main entrance is on the west side of the building near the entrance to the complex. It consists of a transomed metal frame glass entry door has large single-pane sidelights and is shaded by a wood-framed porch; the L-shaped plain wood posts support narrow wooden slats that form a shade screen. At a later point in time, a piece of corrugated metal was placed over the wooden stats. Supporting the northwest corner of the entry porch is a concrete-block post with abstract geometric piercings that ties the look of this building in with the rest of the complex, and serves as its only decoration. The south façade has two large openings that have glazed window and doors enclosing the interior spaces, while the rear, east north façades of the building have large and small utilitarian delivery doors. The interior has a small reception area and concrete-floored rooms of various sizes with plain walls and partitions that can be changed out to accommodate various uses, as was intended in its design. The north façade of Building A is connected to Building B.

Buildings B and C: Located along the north part of the parcel, Buildings B and C read as one building. They are one-story exposed concrete-block rectangular buildings, with reinforced concrete foundations and flat roofs and narrow vertical wood siding with four-lap plain wood fascia along the south façade that complements Building E. Building B, has a canted northeast corner that appears to have been deliberately designed that way, in order to allow trucks to turn the sharp corner at the northeastern most corner of the parcel, which abuts the freeway right-of-way. The rear (north) façade is plain exposed concrete block and contains truck delivery doors.

The office/reception doors on the buildings are oriented to the courtyard and unified by a long east-west structure that shades the walkway and has L-shaped wood posts that support narrow wooden slats. The vertical siding and shade structure form the only architectural embellishment on this mostly industrial building.

There are a number of fixed, single-pane aluminum windows and aluminum sliding windows of varying sizes and placement on the façades, as well as a variety of wood, metal and glass doors of varying size and placement on the façades. Like Building A, the interiors of Buildings B and C have concrete-floored rooms of various sizes with partitions that can be changed out to accommodate various uses, as was intended in its design.

Building D: Located on the west end of the parcel, Building D is a one-story exposed concrete-block rectangular buildings, with a reinforced concrete foundation and flat roof. The main (south) façade faces the street and is the most architecturally embellished. That embellishment takes the form of a shaded walkway that has narrow wood slats on exposed wood rafters that form the ~~"r~~oof" and that is supported by concrete-block posts that are pierced with abstract geometric openings, similar to the porch post at Building A entrance and that complements the concrete embellishment on Building E. This shaded walkway connects Building D to E, as does Building D's east façade.

The portion of the east façade that faces the courtyard, has narrow vertical wood siding with a wide wood fascia, composed of narrow vertical siding, that complements Building E, while north half of the east, all of the west and north (rear) façades are utilitarian exposed concrete block. A slightly recessed double-leaf glass door with a glass transom that opens onto the courtyard from the east façade. There is an original shed-roof shed at the northwest corner of the building and an exterior storage locker that has been added to the middle of the west façade.

There are a number of fixed, single-pane aluminum windows and aluminum sliding windows of varying sizes and placement, as well as a variety of wood, metal and glass doors of varying size and placement on the façades. The entry on the main (south) façade is double-leaf glazed metal-framed door that opens into a small reception area. Above the door is a transom with narrow vertical panes of gold-colored frosted glazing. This same transom is above the paired single-pane picture windows in what was once an office area. There are a number of fixed, single-pane aluminum windows and aluminum sliding windows of varying sizes and placement on the façades. Like Buildings A, B and C, the interiors have plain concrete-floored rooms of various sizes with partitions that can be changed out to accommodate various light industrial and manufacturing uses.

Building E: Building E is the focal point of the complex, is sited toward the street and at the entrance to the courtyard, and has the most architectural detail, which is reflected more modestly in Buildings A through D, tying them all together as one consciously-designed complex. Building is three-stories in height, rectangular in shape, with a reinforced concrete foundation and a flat roof, and asymmetrical fenestration. The main (south) façade is dominated by its six vertical bays. The first three bays (on the west half of the façade) are divided by three-story high external concrete-screen wing walls that have abstract geometric piercings and extend beyond the roofline; the fourth bay is an exterior staircase framed by exposed concrete-block wing walls; the fifth bay is a three-story high concrete screen with abstract geometric piercings, and the last bay has no vertical definition.

The main façade spandrels are defined by project wood-slat shade canopies at the roof, and first and second stories; there are small balconies on the southwest corners of the second and third floors. Below them are large single-pane picture windows with vertical-board panels below the windows. The vertical panelling is punctuated at the end boards and between the floors with pairs of stylized wood plugs.

The exterior staircase both recesses into and protrudes from the façade, and has concrete steps with open risers, metal hand rails, concrete landings and vertical wood-slat railings. The walkway from the street leads to the staircase, but the entry to the ground-floor office is recessed in the bay to the west of the staircase. The door is a glazed metal framed door with glazed sidelights. The concrete-block wall of the staircase extends into the entry lobby, which has wood panelled interior walls and ceiling.

The west, east and rear (south) façades have bays of varying widths, covered by the same vertical siding and stylized wood plugs as the main façade, with the exception of the central bays, which have exposed concrete-block L-shape wing walls, with one axis protruding from the surface. The windows are a variety of single-pane aluminum windows in different pattern (single, pairs, three), jalousie windows adjacent to the concrete block, aluminum sliding windows, and on the rear façade, multi-paned fixed windows. There are

no external doors on the west and east façades, but there are a number of wood and metal doors on the rear of the building. Like the main façade, there is an external staircase on the rear façade that extends from the wall. It also has concrete steps with open risers and metal railings, but is supported by square concrete piers and beams.

The interior of the building is typical of office interiors for the 1960s, with very plain spaces that can be adapted and designed to suit the business occupying the space; they are very plain, with drywall and unadorned office space, storage and bathrooms, with the exception of some spaces that have the exterior concrete-block walls piercing the interiors to provide a Modernist embellishment.

Courtyard and Landscaping: The courtyard is a major design feature of the complex with slight berms at the east and west ends, planted to grass, with low ornamental shrubs, with shade trees, hedges and seating areas strategically placed throughout. Since the buildings were vacated, however, some of the trees have been cut down and the landscaping has not been maintained. Palm trees and low shrubs accentuate Building E, while cypress and hedges mark the entrance to Building D.

Alterations: While some doors and windows have been replaced, some window air conditioners have been installed in addition to those that were on the buildings originally, and a storage locker was added to the west side of Building D, there are no major exterior alterations to the complex. The interior spaces are plain and over the years have been changed many times. However, that is the intent and design of the complex—to be flexible enough to accommodate a variety of office, commercial and light industrial uses.

The complex is vacant and boarded up due to vandalism and the presence of friable asbestos.

B10. Significance continued:

The Sorrento Tower Complex was constructed for Industrial Developers, Ltd. One of its owners, Clark E. Higgins, was friends with Loch Crane and had mentioned to Crane that he had liked an office complex in La Mesa in which buildings were grouped around a central courtyard.[1] Subsequently, a described more fully later, Higgins hired Crane to design his new complex in the new Sorrento Valley Industrial Park subdivision as a courtyard-centric industrial and office complex. When the complex was completed in 1965, both men had offices in the complex, specifically in the three-story office tower that is at the heart of the complex.

Sorrento Valley Industrial Park, a subdivision created in 1962, lies directly along the I-5 corridor straddling the valley. Its proximity to I-5 is no coincidence since the freeway was instrumental in opening up the region to development. During its first phase of development, Clark Higgins promoted Sorrento Valley Industrial Park.[2] Higgins was an entrepreneur-developer whose interests went well beyond Sorrento Valley. He also was responsible for the development of the La Jolla Racquet Club Apartments at La Jolla Shores in the mid-1960s.

Industrial Parks

Virtually all of the construction in San Diego County in the 1960s shared a common vocabulary of architecture – namely Modern. Higgins, who was the principal developer of Sorrento Valley Industrial Park, hired his friend and colleague Loch Crane, to design both the first phase of the industrial park and the La Jolla Racquet Club Apartments. Both properties illustrate Crane's penchant for organic-geometric Modernist design influenced by the integration of outdoor spaces, work, and living areas. According to Higgins family members, Higgins employed architect Loch Crane, who had trained under Frank Lloyd Wright, to design a

[1] K.A. Anderson, DPR 523 Inventory Forms for 3344 Industrial Court, Continuation Sheet, 13.
[2] City of San Diego Historical Resources Board, "Report No. HRB-09-008, February 12, 2009; San Diego Magazine. pub. "Sorrento Valley Industrial Park," advertisement, March 1965. 20.

Modern three-story wood-frame and concrete building for use as his personal office, along with an office for Crane. One floor was devoted to recreational activities. Higgins' office occupied the upper floor and Crane's office was on the second floor. The building was surrounded by a single-story unit with warehouses or factory space and a central courtyard.[3] Higgins' and Crane's vision for the park clearly strayed from the typical utilitarian industrial designs commonly found in many industrial parks throughout the nation. Instead, the building's abstract Modernist design creates a more intellectual and playful space that is both functional and pleasing in contrast to the starkness of many concrete industrial buildings constructed later in the park.

In the March 1965 issue of *San Diego Magazine*, an advertisement for the Sorrento Valley Industrial Park proclaimed it "is the ideal environment for the incubation and growth of scientifically-oriented industry"[4] A photograph taken as part of the advertisement depicts one of the existing buildings in the park and perhaps Higgins along with a potential buyer or lessee.

By 1966, residential home construction had gained pace with industrial development, including the opening of Arroyo Seco, a residential suburban neighborhood in the Valley.[5] In the meantime, Loch Crane was actively designing residential homes, many in La Jolla.

In the late 1960s and through the 1970s, most of the building construction in Sorrento Valley Industrial Park was carried out using pre-fabricated concrete products. Abstract forms of design have clearly given way to a more utilitarian Modernist approach to industrial building. By 1967 industrial development in the Sorrento Valley Industrial Park included approximately thirteen buildings, most of which were concentrated along Industrial Court. Another observation is that the bulk of the buildings in the industrial park were constructed after 1967.

Historical documents suggest that the proliferation of industrial parks in San Diego played an important role in the economic development in San Diego during the latter part of the 1950s through the 1960s. The influence of industrial parks in San Diego was more cumulative, unlike other communities that created very large parks that subsumed much of the research and high technology being developed for an entire region, as was the case at Stanford Research Park in Palo Alto and Triangle Research Park in Raleigh/Durham, North Carolina. Sorrento Valley Industrial Park was not unique as a property type, nor was it the first industrial park built in San Diego County during the post-World War II era. In concert with the development of industrial parks in San Diego County during the 1950s and 1960s was a boom in commercial and residential development. Hundreds of "Modern" inspired commercial buildings and apartments were constructed throughout the county during this period and thousands of residential homes were built. Virtually all the architecture of this period was Modernist in design, influenced by new technologies, particularly prefabricated concrete and steel; the City of San Diego's "San Diego Modernism Historic Context Statement" identifies a number of sub-types of Modernism, which is reflected in the various "Modern" styles used for the commercial and residential development in the county. Finally, the Sorrento Tower combination office/industrial building in Sorrento Valley Industrial Park appears to be somewhat unique, even though the park itself was not unique. Embodying abstract Modernist principles, the Crane building is a departure from the more utilitarian designs of most industrial park buildings constructed during this period in San Diego.

[3] Ironically, the building located at 3344 Industrial Court near its northeastern terminus and the Racquet Club Apartments are deviations from most of Crane's work that focused on residential house design.
[4] Ibid.
[5] San Diego Magazine, pub. Arroyo Sorrento-Advertisement, March 1966.

Modernism Architecture in San Diego

Post World War II Modern architecture in San Diego is the product of two philosophies; one derived from the Bauhaus School and followers of Walter Gropius and Ludwig Mies van der Rohe; the other an evolution of a more natural approach, or as Frank Lloyd Wright called it, ―organic architecture[6], based on natural forms and patterns. Louis Sullivan and Frank Furness were the precursors of this approach, which Frank Lloyd Wright, Walter Burley Griffin, and Rudolf Schindler, among others in the United States, and Antoni Gaudí in Europe brought into the twentieth century through their interpretations of what are natural forms. While both philosophies (Internationalists and Humanists[7]) share the concepts of simplification of form and minimal ornamentation with their use of, Internationalist architects take an approach that uses architecture to blend science and art.[8] The architecture is most often extremely spare, devoid of ornamentation and angular. Humanist architects, on the other hand, use nature and natural elements to influence their designs, with an emphasis on the close relationship between interior and exterior spaces, extending exterior materials into interior spaces and fitting the building to its topographical and climatic conditions. This architecture can be geometric and angular or flowing and curvilinear, but typically has clean ornamentation, use of concrete or natural masonry for massing or walls, blends into its environment.

**Equally important to Modern architecture in San Diego, was the more organic philosophy of architecture that was influenced by Louis Sullivan and Frank Lloyd Wright and others. After World War II, architect Lloyd Ruocco played an important role in the development of a more organic regional style of Modern architecture in San Diego through his own architecture, writings, lectures and encouragement of young architects‘ ideas. ―Ruocco‘s ideas took hold as demand for housing, as well as civic and commercial buildings increased exponentially with an expanding economy, created by post-war optimism and the growth of new industries.”[9] Much like Los Angeles, San Diego‘s temperate climate, politics, and commerce together forged the beginning of a push towards modern design. Sharing the concepts of simplification of form and minimal ornamentation with their ―International style” brethren, those who embraced organic architecture focused on natural materials, site location and the intimate relationship between interior and exterior spaces.

Sim Bruce Richards[10] took a more organic ―humanist” approach to architecture that is clearly in his residential designs. He often used untreated Pecky Cedar for exteriors because it weathered to a ―misty

[6] Frank Lloyd Wright coined this term in his 1939 essay ”An Organic Architecture,” Organic Architect, ―Where Did the Term Come From?” < http://www.organicarchitect.com/organic/>, (accessed August 15, 2011). Wright‘s philosophy stems from Louis Sullivan‘s ―Form follows [] function,” but was transformed into ―Form and function are one” and that every building should grow naturally from its environment.

[7] Keith York, ed. In *Modern San Diego*, ―Modernism: How The Principles Developed – A Brief History,” accessed August 15, 2011. York uses these terms to differentiate between the two philosophies.

[8] Ibid.

[9] Arriving in San Diego in the early 1920s, philosopher architect Lloyd Ruocco immersed himself in San Diego‘s thriving architectural community. His first position was as a draftsman in the offices of Richard Requa where this high school student was exposed to the Mediterranean styles that had become immensely popular throughout Southern California. Ruocco developed a sensitive respect for siting and the built environment‘s relationship to the outdoors. Following graduation from U.C. Berkeley, Ruocco returned to San Diego to work in the offices of Requa and Jackson and William Templeton Johnson. He also assisted on the 1935 California Pacific International Exposition (building construction models), County Administration Building (he is credited with designing the terrazzo mosaics outside of elevators), and worked on Requa‘s Alfred Mitchell Residence (1937). Ruocco worked on the Rancho Santa Fe‘s master plan under the supervision of his high school drafting instructor Lilian Rice. At the Exposition, Ruocco (using his middle name Antonio) and Kenneth Messenger displayed several models of designs for local International Style homes.

[10] Born in March, 1908 in Oklahoma, Sim Bruce Richards majored in art at the University of California, Berkeley, where he taught himself to weave. Frank Lloyd Wright liked the quality of the weaving and invited him to come to Taliesin. Richards‘ time at Taliesin as well as his upbringing in Arizona and his Native American heritage influenced him for the rest of his career, in

gray," and incense cedar in house interiors because of its subtle fragrance. Richards, had been a Fellow at Frank Lloyd Wright's Taliesin, had worked for Richard Requa early in his career, and eventually became president of the San Diego Chapter of the American Institute of Architects, and as one of the most respected contemporary San Diego architects, whose designs blended into their natural surroundings. He in turn mentored other architects like Kendrick Kellogg, Robert Thiele and J. Spencer Lake.[11]

One can see the Bauhaus (Internationalist) influence in San Diego in the works of Irving Gill, Rudolph Schindler, William Templeton Johnson and C.J. Paderewski. Frank Lloyd Wright's Organic Architecture (Humanist) influence can be seen in the works of Loch Crane, Frederick Liebhardt, Sim Bruce Richards, and Lloyd Ruocco. Indeed, Frederick Liebhardt, Sim Bruce Richards, Lloyd Ruocco were fellows at Taliesin.

The City of San Diego, in its "San Diego Modernism Historic Context Statement" of 2007 October 17, 2007 identified twelve sub-styles of Modernism in its city: Streamline Moderne, Minimal Traditional, International, Futurist-Googie, Tiki-Polynesian, Post and Beam, Tract Ranch, Custom Ranch, Contemporary, Brutalism, Organic Geometric and Organic Free-Form. [12]

Post and Beam character-defining features include as primary features: "direct expression of structural system, usually wood or steel frames, horizontal massing, flat or shallow pitch roofs (with deep overhangs or no parapet), and floor-to-ceiling glass; secondary features are: repetitive façade geometry, minimal use or solid load bearing walls, absence of applied decoration, strong interior/exterior connections, open interior floor plans, exterior finish materials usually include wood, steel, and glass."[13]

Organic Geometric character-defining features include as primary features: "exposed structure and materials, square, diamond and polygon design motifs, natural materials (wood, stone, glass, etc.); secondary features are: "sharp angular massing, asymmetrical façades, complex roof forms and site specific design."[14]

The Sorrento Tower Complex has elements of a two of the sub-styles, Post and Beam—direct expression of its concrete and wood structural system, horizontal massing on the one-story buildings, flat roofs with no parapet, absence of applied decoration on the one-story buildings, and wood exterior finish materials, particularly in the shade structures— and Organic Geometric—its exposed concrete load-bearing walls and concrete block, geometric design motifs in the concrete screens, wood siding and shade structures, sharp angular massing, and site specific design)—with the latter sub-style being predominant.

Loch Crane, Architect

Loch Crane, a Taliesin Fellow and devote of Frank Lloyd Wright moved to San Diego with his family in 1929 when he was a teenager, worked briefly in the architectural firms of Richard Requa and Templeton Johnson before becoming a Taliesin Fellow in 1941. However, his stay at Taliesin was brief because he enlisted in the military when World War II was declared. He spent time in Japan at the end of the war, where he developed a fondness for Japanese architecture and culture. Returning to San Diego in 1946, he began

which he designed a number of public buildings and 125 homes. As mentioned in May 9, 1984 *Los Angeles Times* article, Richards' style "was a style recognizable by its celebration of natural materials, by its sweeping horizontal lines, by its molding o structure to fit site and its blending of art with architecture." When many architects were designing in the International and similar styles, Richards mentored a "small group of San Diego architects and designers attracted to his humanistic ways." Wayne Swanson, "Richards Left Mark on San Diego Architecture," *Los Angeles Times*, May 9, 1984, ProQuest Historical Newspapers Los Angeles Times (1881-1987). See also City of San Diego Historical Resources Board, "Biographies of Established Masters," 2011, and City of San Diego, 2007.

[11] Swanson, 1984.

[12] The City of San Diego, "San Diego Modernism Historic Context Statement," submitted to the State of California Office of Historic Preservation, October 17, 2007, 53.

[13] Ibid, 75.

[14] Ibid, 81.

practicing architecture, designing his first residence, a house that could easily be expanded, as a home for his family. Over the course of the next eight or so years Crane continued to design buildings in the San Diego County, until the City of San Diego pressured him because he was practicing without a license. So, Crane went to the University of California School of Architecture from which he graduated in 1957, receiving his architect's license on September 22, 1960.[15] His career as an architect spanned approximately three decades and by 1977, his architecture license had expired. By then Crane was devoting more time to his recreational and charitable interests, including sailing and supporting Challenge America, a sailing program for those with disabilities.[16]

Significance and Integrity

The relatively recent construction of the Sorrento Tower Complex, new and emerging scholarship on mid-twentieth century architecture, and the different conclusions reached by the former owners' consultant and the City of San Diego regarding historical significance of 3344 Industrial Court, San Diego[17] were taken into account by a team of Caltrans Principal Architectural Historians.[18] City and consultant documents and the arguments were carefully reviewed before coming to a consensus decision regarding significance.

In the late 2000s, Cal-Sorrento, LTD, owner of the Sorrento Tower Complex applied for a demolition permit to demolish the building at 3344 Industrial Court, which is a discretionary action in the City of San Diego. This triggered the preparation of a historic resource technical report as part of the City's review under CEQA. The owner retained attorney Maria Burke Lia to represent the company, who in turn retained historian Kathleen A. Anderson to prepare the inventory and evaluation forms (DPR 523 Primary and Building, Structure, Object Records).

Consultant Evaluation

The consultant historian evaluated the Sorrento Tower complex using the National Register, California Register and City of San Diego eligibility criteria, identified the complex as the Contemporary sub-style in the City of San Diego's Historic Context Statement, and concluded that neither the complex as a whole nor Building E (3344 Industrial Court) individually met any eligibility criteria and was not significant.

Under the National Register criteria A and B, the consultant concluded that historical research failed to reveal significant events or people with which the buildings are associated, and under Criterion D subsequent study would not reveal significant information; the buildings do not meet these criteria.

Under National Register Criterion C, the consultant concluded that

> The buildings were constructed originally as Modern/Contemporary style commercial structures. The buildings located at 3336-3346 Industrial Court do not include the majority of the character defining elements of the Modern/Contemporary style. The buildings have retained their integrity however; the overall design of the building complex does not reach the level necessary for nomination to the National Register of Historic Places.

[15] American Institute of Architects, *AIA American Architects Directory*, 1962; City of San Diego, 85; California Architects Board License #C3109, http://www2.dca.ca.gov/pls/wllpub/WLLQRYNA$LCEV2.QueryView?P_LICENSE_NUMBER=3109&P_LTE_ID=1010 (Accessed August 15, 2011).

[16] SignOnSanDiegoDotCom, "Historian, civic activist Clare Crane dies at 85," http://www.signonsandiego.com/news/2011/jul/05/historian-civic-activist-clare-crane-dies-at-85/> (Accessed July 8, 2011).

[17] The former owners applied for a permit to demolish 3344 Industrial Court. See City of San Diego, Historical Resources Board "Report NO. HRB-09-008," February 12, 2009.

[18] Caltrans Headquarters Principal Architectural Historians Janice Calpo, Gloria Scott, and Dana Supernowicz, District 4 Principal Architectural Historian Andrew Hope, and Headquarters Intern Historian Margo Nayyar.

> As such, the building complex does not embody the distinctive characteristic of a type, period, or method of Modern/Contemporary construction to meet the federal level of criteria to qualify under National Register Criterion C: Design/Construction…
>
> Loch Crane was the architect for the building under investigation. Historical research determined that the building complex does not qualify under National Register Criterion C… as a structure that expresses a particular phase in the development of his career, an aspect of his work or a particular theme in his craft. Therefore, the building does not serve as an example of the work of a master architect such that it meets the federal level of criteria…
>
> Historical research determined that the building complex does not qualify under … Criterion C...as a structure that possesses high artistic values. The building complex does not articulate a particular concept of Modern/Contemporary design to the extent that it meets the criteria for the federal level...[19]

Regarding integrity under the National Register, the consultant concluded that it had integrity of location, design, setting, materials, workmanship and feeling. However, Ms. Anderson concluded that "The building complex has not been determined to have been directly linked to historically significant individual or events. Also, the building complex has not been identified with any important events in San Diego's history. Consequently, the buildings do not have an associative element for integrity purposes."[20]

The consultant's conclusions under CEQA state, "The project site contains one potential historical resource, the ca. 1965 Modern/Contemporary style commercial building complex located at 3336-3346 Industrial Court in Sorrento Valley. The building complex does not meet the criteria for significance at the local, state or federal levels. The resource is not considered to be eligible for nomination to the San Diego Historical Resources board Register, the California Register of Historic [sic] Resources or the National Register of Historic Places. Consequently, the building complex is not considered to be a 'historical resource' as that tern [sic] is defined in CEQA. Therefore, there will be no direct or indirect adverse effects to the environment if the building complex is removed."[21]

Under PRC 5024.1, the California Register eligibility criteria, the consultant concluded that the complex does not meet any of the criteria for reasons stated above under her National Register conclusions.

City of San Diego Evaluation

Under the City of San Diego's ordinance, the application for the demolition permit required review by the Historical Resources Board. Staff had come to a different conclusion than the consultant's conclusion that the resource did not meet the City's Historical Resources Board (HRB) eligibility criteria for local designation. Staff concluded that Building E (3344 Industrial Court) met HRB Criterion C[22] because the three-story building "embodies the distinctive characteristics through the retention of character defining features of the Contemporary sub-style of Modernism and retains a very good level of architectural integrity from its 1965 period of significance."[23] City staff, however, did not think the rest of the complex (Buildings A-D) was distinctive enough to meet the City criteria because they "are largely utilitarian structures with

[19] Anderson, 27-29.
[20] Ibid, 30.
[21] Ibid, 31.
[22] "(Embodies distinctive characteristics of style, type, period, or method of construction or is a valuable example of the use of indigenous material or craftsmanship," City of San Diego Historical Resources Board, "Guidelines for the Application of Historical Resources Board Designation Criteria," *Land Development Manual Historical Resources Guidelines*, Appendix E, Part 2, August 27, 2009, Revised February 24, 2011, 20. City of San Diego http://www.sandiego.gov/planning/programs/historical/pdf/201102criteriaguidelines.pdf, accessed September 23, 2011. HRB Criterion C is essentially the same as National Register Criterion C and California Register Criterion 3.
[23] City of San Diego Historical Resources Board, "Report No. HRB-09-008, February 26, 2009, 1.

minimal expression of the Contemporary style. In addition, these buildings have undergone various modifications which, although relatively minor, do have an adverse impact on the very simple structures…the only exception is the trellised walkway in front of building D which leads to building E."[24]

Caltrans Evaluation

In addition to conducting research at many of the same facilities as the consultant, Caltrans conducted additional research on the history and development of industrial parks, San Diego's industrial parks, and postwar suburban development in the Sorrento Valley and the San Diego metropolitan area to determine the potential of the industrial park as a significant property type in San Diego, as well as to reassess industrial development as a significant theme in San Diego. Additional research also was conducted on Loch Crane, Clark E. Higgins.

National Register Criterion A / California Register Criterion 1: Sorrento Valley Industrial Park was not unique, nor was it the first industrial park built in San Diego County during the post-World War II era. The developers of Sorrento Valley Industrial Park envisioned it as the Southern California counterpart to Northern California's Stanford Industrial Park and the Raleigh/Durham North Carolina's Research Triangle Park, both of which were built out according to the general plan for their respective campuses. At Sorrento Valley Industrial Park, however, portions were built at different times, it never was built out as planned, and the architecture and siting of the later buildings does not reflect the mid-1960s vision. Only the pre-1970 buildings Industrial Court have a semblance of the original plan, or have the feeling and association of a mid-1960s commercial/industrial park. In concert with the development of industrial parks in San Diego County during the 1950s and 1960s was a boom in commercial and residential development. Hundreds of "Modern" inspired commercial buildings and apartments were constructed throughout the county during this period and thousands of residential homes were built. Virtually all the architecture of this period was Modernist in design, and influenced by new technologies, particularly prefabricated concrete and steel.

National Register Criterion B / California Register Criterion 2: The major players in the development and construction of the buildings in the Sorrento Valley Industrial Park, including the Sorrento Tower Complex, were the owners, Industrial Developers LTD, and its successor company, Cal-Sorrento, LTD, Clark E. Higgins, part owner of these companies, and Loch Crane, who designed the buildings. Within the parameters of Criterion B, Clark E. Higgins' contribution to the development of the Sorrento Valley and to San Diego has not been established. Moreover, Clark Higgins is still alive and sufficient time has not passed to ascertain whether his contributions have historical significance. Similarly, Loch Crane's architectural career continued into the 1970s, he is still alive, and, like Higgins, sufficient time has not passed to ascertain whether his contributions to architecture, boating, or charities have historical significance.

National Register Criterion C / California Register Criterion 3: As with many other styles, sometimes it is difficult to pigeon-hole buildings into sub-styles since they share many common features. This is the case with the Sorrento Tower complex. It is clearly a building that reflects characteristics of the Modern Movement. Caltrans Principal Architectural Historians, in reviewing the City of San Diego's "Modernism Historic Context Statement sub-style,[25] have concluded that the complex reflects most of the characteristics of the Organic Geometric sub-style, with elements of the Post and Beam sub-style.

[24] Ibid, 3.
[25] City of San Diego, Modernism, 53-84.

Organic Geometric Primary	Sorrento Tower Complex
• Exposed structure and materials	• Exposed concrete block
• Square, diamond and polygon design motifs	• Geometric (square, rectangular) decorative concrete screens
• Natural materials (wood, stone, glass)	• Exposed vertical wood siding, glass shop-fronts and doors on Buildings A, D and E; frosted and colored glass transoms on Building D main façade; wood-slat and pier exterior shaded walkways
Secondary	
• Sharp angular massing	• All the buildings have sharp angular massing, which is most prevalent on Buildings D and E
• Asymmetrical façades	• There is some asymmetrical fenestration
• Complex roof forms	• No
• Site specific design" [26]	• Complex was consciously designed for the site and the environment with a central courtyard

Post and Beam Primary	Sorrento Tower Complex
• Direct expression of the structural system, usually wood or steel frames	• Exposed concrete block
• Horizontal massing	• Buildings A through D have horizontal massing
• Flat or shallow pitch roofs (with deep overhangs or no parapet)	• The buildings have flat roofs and no parapet
• Floor-to-ceiling glass	• Buildings D and E have floor-to-ceiling glass on the main façades; Building A on a portion of the north façade
Post and Beam Secondary	Sorrento Tower Complex
• Repetitive façade geometry	• All the buildings have repetitive elements
• Minimal use or solid load bearing walls	• Interior spaces generally are large, with few load-bearing walls
• Absence of applied decoration	• There is no applied decoration on the side or rear façades; the main façades have minimal decoration
• Strong interior/exterior connections	• There is some asymmetrical fenestration
• Open interior floor plans	• Many in Buildings A through D are open in that they would be used for manufacturing or subdivided by non-load-bearing walls for a variety of uses.
• Exterior finish materials usually include wood, steel, and glass" [27]	• Exposed vertical wood siding, and glass; there is also exposed concrete

The Sorrento Tower complex possesses all the primary character-defining features and three out of four secondary character-defining features for the Organic Geometric sub-style, with the site-specific design being the most important of the secondary features. Also, the complex possesses all the character-defining features of the Post and Beam sub-style, with the first primary feature being less important than the other primary features of this sub-style. Overall, the Sorrento Tower complex reflects Cranes' principles for organic architecture, particularly in terms of its conscious site design, building something useful and creating a small environment in harmony with the larger environment.[28] Five of Crane's six principles of architecture are reflected in the Sorrento Tower Complex: form follows function, honesty of the exposed structure, the structure should be open and spacious, natural materials in texture and color should be used,

[26] Ibid, 81.
[27] Ibid, 68.
[28] York —Inch Crane biography," 2011.

and the modular unit is essential to a sense of scale and proportion.[29]

While Crane preferred residential design, he did design commercial buildings, and for his friend, Clark Wiggins, industrial buildings. However much the Sorrento Tower Complex might be a departure from his residential design, it clearly is in the Modern style and reflects Crane‘s organic and pragmatic ideals. Within the context of San Diego‘s Modernism, it is a good example of Modernism applied to a commercial/industrial complex.

That Loch Crane clearly preferred residential design is evident from numerous interviews and articles about him. In fact, his residential designs outnumber his other designs. In addition, his was a relatively short career, at least as a licensed architect. Many buildings that he designed are less than fifty years old. Thus, while he is recognized as one of San Diego‘s modern architects, there is not enough historical perspective or scholarship to determine whether he is a master architect. In terms of the built projects, however, the Sorrento Tower Complex does not appear to be the work of a master, even though it is a good example of Organic Geometric architecture.

The essential physical features (character-defining features) under Criterion C for this complex include its massing, site orientation around a courtyard with the three-story tower at the entry, use of unpainted wood vertical siding on the courtyard-facing façades, main façade of Buildings D and E with the wood and decorative concrete pier shaded walkway and glass fronts, the wood-slat and pier-shaded walkway that connects Buildings A through C, Building E‘s three-story high external concrete-screen piers that have abstract geometric piercings and extend beyond the roofline; exterior staircase framed by exposed concrete-block walls forms, projecting wood-slat shade canopies at the roof, and first and second stories; small corner balconies, large single-pane picture windows with vertical-board panels below the windows, and vertical panelling that is punctuated at the end boards and between the floors with pairs of stylized wood plugs. The main entries on Buildings A and D are primary character-defining features, and the walkways, shrubs, remaining trees and berms make up the courtyard‘s character-defining features. The utilitarian side and rear façades of Buildings A through D are reflective of 1960s industrial buildings and are historic fabric that is commonly found.

Aspects of integrity under Criterion C: There have been some minor alterations to the exteriors of the buildings within the complex, and with their vacancy in the past few years; neither they nor the landscaping has been maintained, resulting in the loss of some of the vegetation. The complex was designed to accommodate changes in use and interior space alterations. The important aspects of integrity for the Sorrento Tower complex are its location, setting, and design, which have a high degree of integrity; and materials, which still retains good integrity despite minor alterations. While the complex still retains a 1960s feeling and association—one can immediately tell it is a 1960s complex—these aspects of integrity are less important to this resource‘s significance.

National Register Criteria Consideration (g)—Less than fifty years of age/California Register Special Consideration: The Sorrento Tower complex clearly is a good example of San Diego Modernism in the Organic Geometric sub-style, although at 47 years, it is not quite fifty years old. Under National Register Criteria Consideration (g) and California Register Special Consideration (d)(2) criterion for resources that are less than fifty years old, sufficient time has passed to understand its historical importance and there is enough scholarly evidence to establish that Modernism and its sub-styles are significant architectural styles in San Diego.

National Register Criterion D / California Register Criterion 4: All of the buildings on Industrial Court were built in the mid-1960s and there is a plethora of information about mid-twentieth century construction practices, industries and commercial endeavors. It is highly unlikely that the Sorrento Tower Complex

[29] Anderson, ~~3~~344 Industrial Court," pp.9-10.

would yield information that is significant to San Diego's mid-twentieth century history.

The Sorrento Tower Complex, 3336-3346 Industrial Court, San Diego, meets the criteria for inclusion in the National Register at the local level of significance under Criterion C and meetis California Register of Historical Resources eligibility criteria Criterion 3 because it is a very good example of Modernist architecture, in the "Organic Geometric" sub-style identified in the City of San Diego's "Modernism Historic Context Statement." The period of significance is 1965, the boundaries are the parcel boundaries (former APN #310-080-43, Lots 3 and 4, Sorrento Valley Industrial Park Unit 2A, Map 4910), and contributing features include Buildings A through E, the courtyard and the landscaping. Although it is less than fifty years of age, the complex meets National Register Criteria Consideration (g) and California Register Special Consideration (d)(2) for achieving significance within the past fifty years because sufficient time has passed to understand its significance.

B12. References continued

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Interviews

Kimberly Higgins, Clark E. Higgins' daughter-in-law, telephone interview with Dana Supernowicz, July, 2011.

Photographs

Building A

Above: View looking south across the courtyard. Organic Geometric features include the wood-slat shaded porch entry and glass front, floor to ceiling glass on north façade (at left in photo) and exposed concrete block, which also is an element of the Post and Beam sub-style. Walkways, berms and plantings in the courtyard also are visible and an integral component of the architectural design of the complex. The State Route 56 local bypass and elevated portion of the Interstate 5 freeway are visible in the background.

Below left: View of front entry looking northeast. Below right: Utilitarian south façade looking north.

Buildings B and C and Courtyard

Below left: View looking north at Building C. The vertical wood siding, plain fascia and wood shade walkway connecting the buildings are Organic Geometric elements of the building. Office spaces and entrances face the courtyard.

Below right: View looking north to Building B from entrance to courtyard. Buildings B and C are similar in their spare Organic Geometric features and arrangement. Some of the minor alterations, in the form of room air conditioners are visible on the façade.

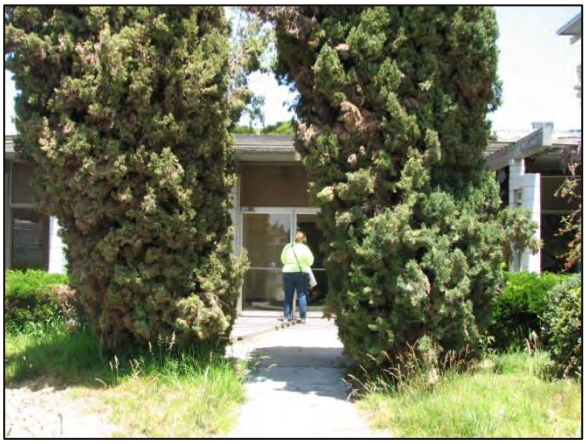
Below left and right: Two views looking east from Building C to Building B with Building A in the background.

Buildings D and E

Above: Sorrento Tower Complex looking northeast. Building D is the one-story structure in the foreground; Building E is the three-story structure in the center, and the SR 56 Local Bypass wall and I-5 freeway are in the background. *(Caltrans photo June 2011)*

Below: Detail view of Building D walkway that connects to Building E. *(Caltrans photo June 2011)*

Building D



Above left: Main entrance looking north.

Above right: Interior looking south; office walls were removed. Note wood ceiling and frosted glass transoms.

Below left: Interior space, looking west; space is utilitarian and designed to accommodate a variety of uses. *(Caltrans photos June 2011)*

Below center: Detail of office ceiling.

Below right: Utilitarian west façade for light industrial uses. *(Caltrans photos June 2011)*

Building E

Above: Building E, view looking north at the main façade from Industrial Court. Building B is visible in the background. Architecturally, this three-story building is the most embellished and served. Originally, both the owner-developer Clark Higgins and architect Loch Crane had offices in this building. The main entry is recessed in the third bay, just to the left of the staircase. *(Caltrans photos June 2011)*

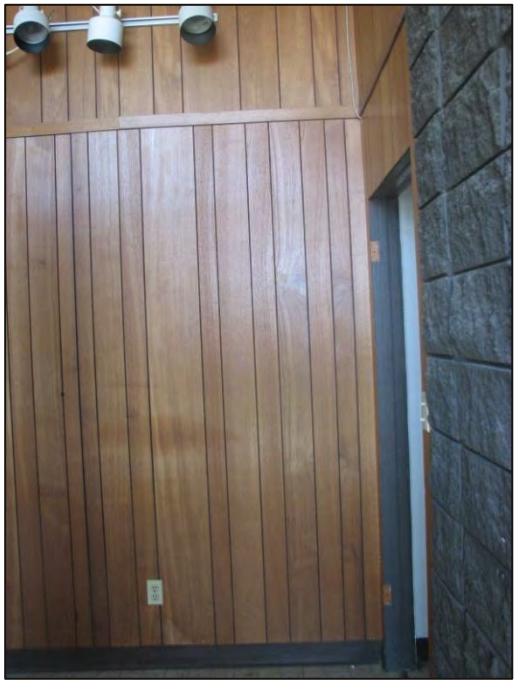
Below left: View looking west. Organic Geometric elements visible include the projecting slatted window canopies, large windows with vertical wood siding below, corner balconies, exposed concrete block and pierced concrete wing walls and screen. Below right: Detail of the address, and staircase. *(Caltrans photos June 2011)*

CONTINUATION SHEET

See Office of Historic Preservation Recording Historical Resources for instructions. x Continuation x Update

Caltrans Map Reference No.: 3

Resource Identifier: Sorrento Tower Complex **County/Route/Postmile:** SD-5/805/56



Above left: Main entry lobby on Building E south façade, looking through door.

Above right: Detail of staircase on Building E south façade.

Below: View looking south on ground floor of Building E at typical interior spaces. *(Caltrans photo June 2011)*

CONTINUATION SHEET

See Office of Historic Preservation Recording Historical Resources for instructions. x Continuation x Update

Caltrans Map Reference No.: 3

Resource Identifier: Sorrento Tower Complex **County/Route/Postmile:** SD-5/805/56

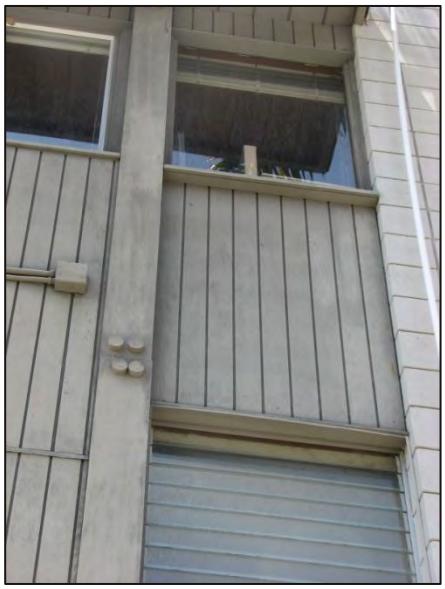
Above: East façade of Building E looking west across the courtyard.
Below left: Rear façade looking southeast from courtyard.
Below right: Rear staircase and windows looking west. *(Caltrans photo June 2011)*

CONTINUATION SHEET

See Office of Historic Preservation Recording Historical Resources for instructions. x Continuation x Update

Caltrans Map Reference No.: 3

Resource Identifier: Sorrento Tower Complex **County/Route/Postmile:** SD-5/805/56

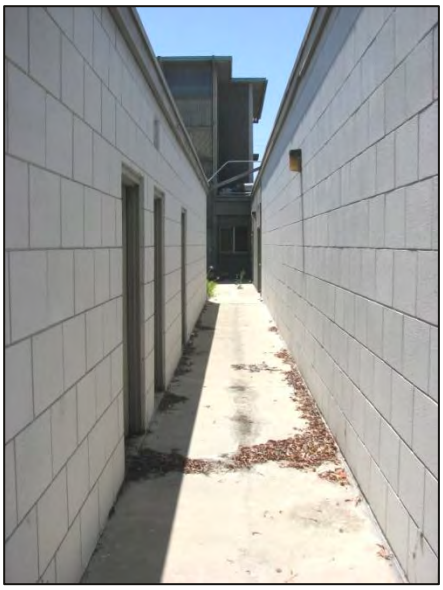


Above: Details on Building E east façade. Both depict the vertical wood siding in the spandrels between the floors and the exposed round and paired plugs on the vertical posts between the bays at the floor levels. There are a variety of window types on the building that appear original to its construction.

Below left: View of courtyard looking northwest. Features include concrete walkways, berms and plantings

that are visible in foreground. In the background behind the tree is the east façade of Building D, and Building E's rear staircase is visible on the left.

Below right: View looking south at Building E from between Buildings C and D. *(Caltrans photo June 2011)*



Left: View looking southeast at rear façades of Buildings B (on left) and C (on right), with the truck delivery lane in the foreground. The rears of the buildings clearly show the industrial and utilitarian nature of the complex, with the unadorned walls with truck doors and service doors. *(Caltrans photo June 2011)*

Right: View looking southwest at the rear façade of Building D, depicting the same features as Buildings B and C. *(Caltrans photo June 2011)*

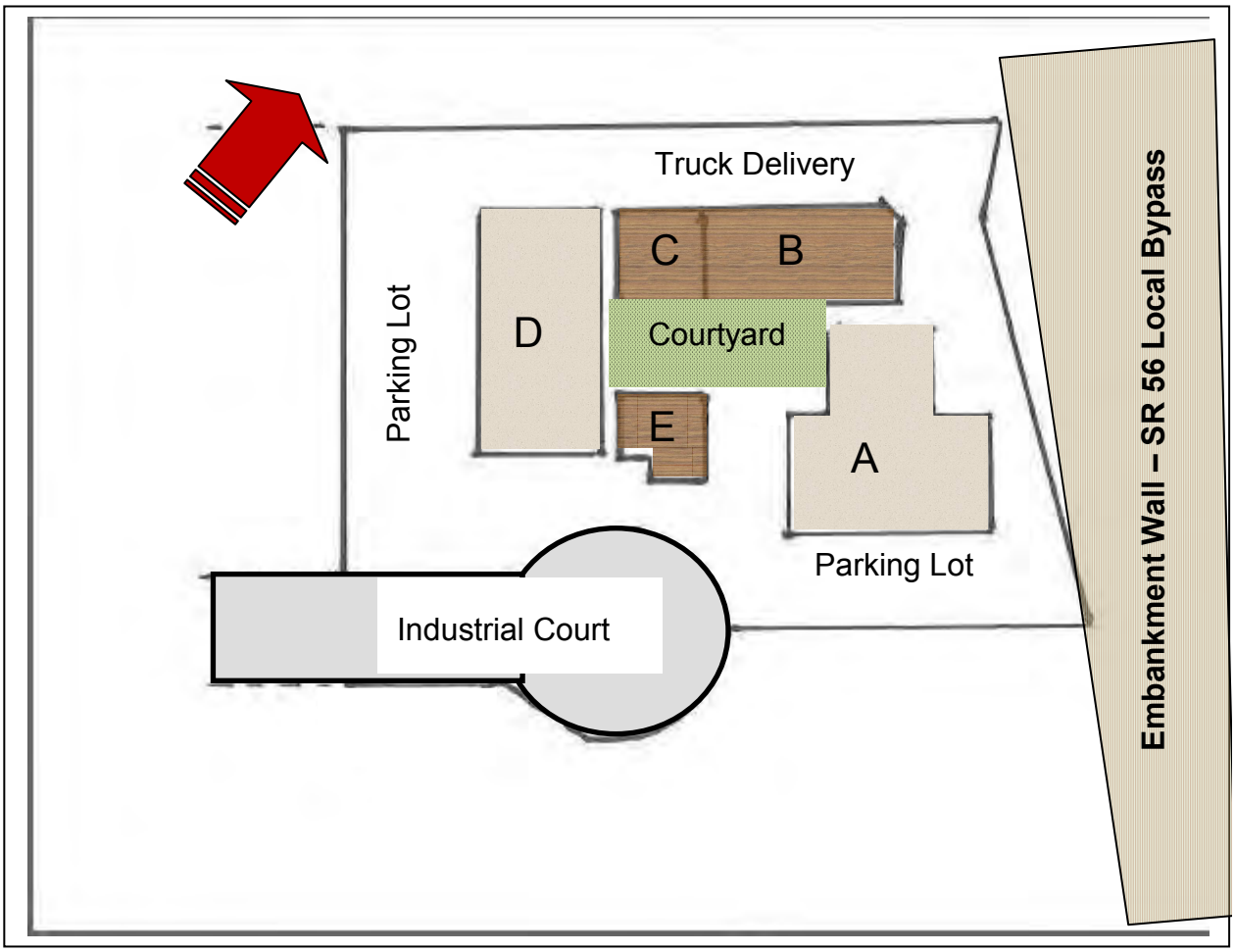
State of California — The Resources Agency DEPARTMENT OF PARKS AND RECREATION **SKETCH MAP**	Primary # HRI# Trinomial

See Office of Historic Preservation Recording Historical Resources for instructions.

***Resource Identifier:** Sorrento Tower Complex **Caltrans Map Reference No.: 3**

County/Route/Postmile: SD-5/805/56

***Drawn by::** Gloria Scott ***Date:** August 15, 2011



Sorrento Tower Complex
3336-3446 Industrial Court, San Diego
Historic Boundaries are the Parcel Boundaries
Buildings A through E and the Courtyard are contributing features

HISTORICAL RESOURCE BOUNDARY MAP
Not to scale

PROPERTY EXEMPTED FROM EVALUATION
11777 SORRENTO VALLEY ROAD

State of California — The Resources Agency
DEPARTMENT OF PARKS AND RECREATION

PRIMARY RECORD

Primary #
HRI #
Trinomial
NRHP Status Code: 7
Other Listings
Review Code Reviewer Date

***Resource Name or #:** Sorrento Arts Center **Caltrans Map Reference No.:** 6
P1. Other Identifier:
***P2. Location: *a. County** San Diego **County/Route/Postmile:** SD-5/805/56
***P2. Location:** __ **Not for Publication** X **Unrestricted** ***a. County** San Diego **County/Route/Postmile:** SD-5/805/56
.*b. USGS 7.5 Quad: Del Mar, CA **Date:** 1967 - R ¼ of ;M.D. B.M.
c. Address 11777 Sorrento Valley Road
City San Diego **Zip** 92121
***d. UTM Zone:** 10
***e. Other Locational Data (APN #)** APN# 310-080-08-00
***P3a. Description:** (Briefly describe resource below)
The building is located at the corner of Industrial Court and Sorrento Valley Road in a commercial and industrial section of the Sorrento Valley (also referred to as Torrey Pines) in the City of San Diego. Built ca. 1970, the two-story building does not show up on the Del Mar, CA USGS Quadrangle topographic map, from 1967. While a building less than forty-five or fifty years of age does not need to be evaluated by Caltrans, it was recorded pursuant to California Public Resources Code Section5024(b).
***P3b. Resource Attributes:** (HP 6)--1-3 Story Commercial
****P4. Resources Present:** x Building Structure Object Site District Elements of District Other

P5a. Photograph or Drawing

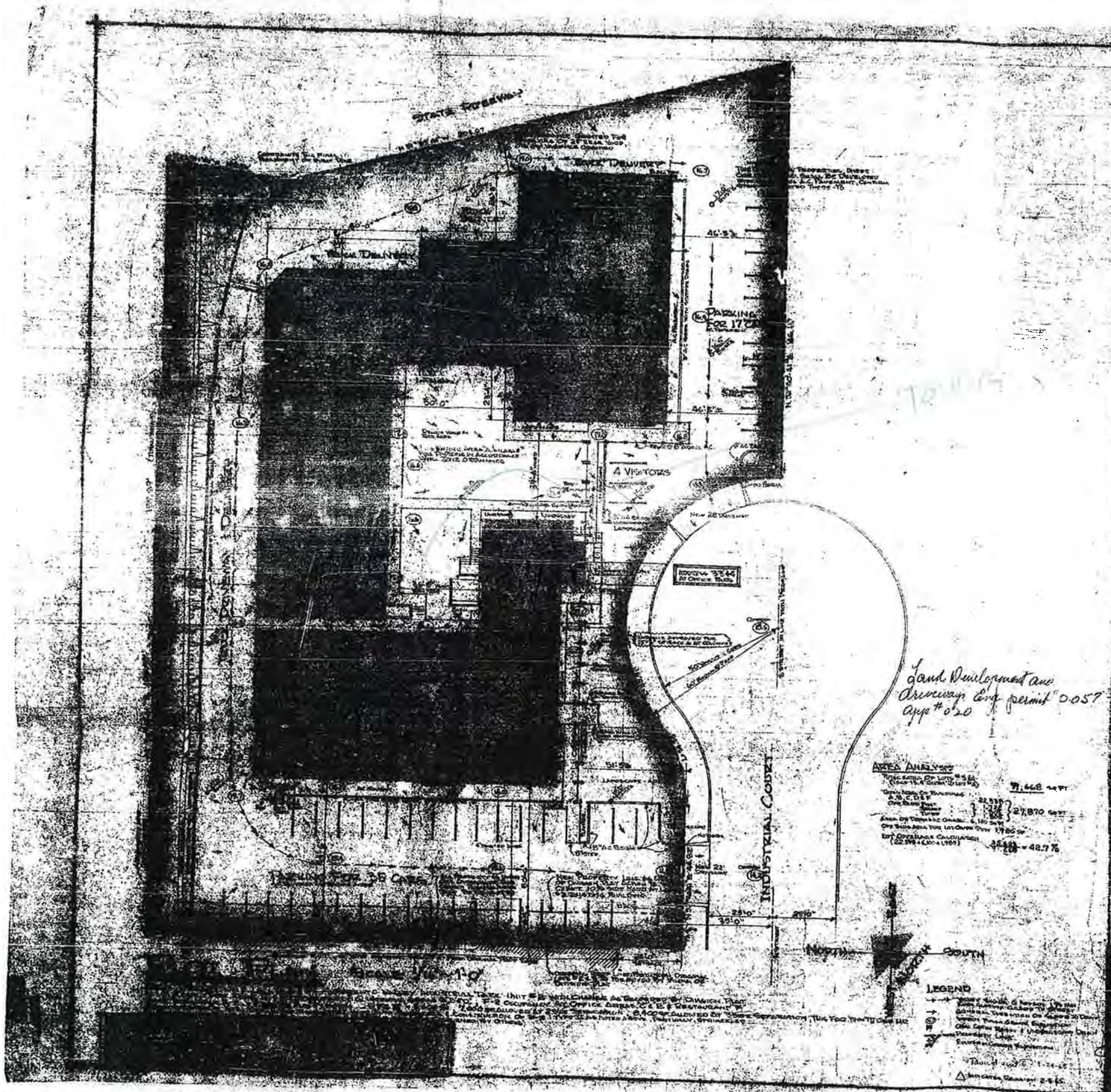
P5b. Description of Photo: View looking southeast from Sorrento Valley Rd.
***P6. Date Constructed/Age:** Ca. 1970
Historic Prehistoric Both
***P7. Owner and Address:**
Caltrans District 11
4050 Taylor St.
San Diego, CA 92110
***P8. Recorded by:**
Gloria Scott
Caltrans HQ
Div. of Environmental Analysis
1120 N St.
Sacramento, CA 95814
***P9. Date Recorded:** June 29, 2011
***P10. Type of Survey:** x Intensive Reconnaissance Other
Describe:

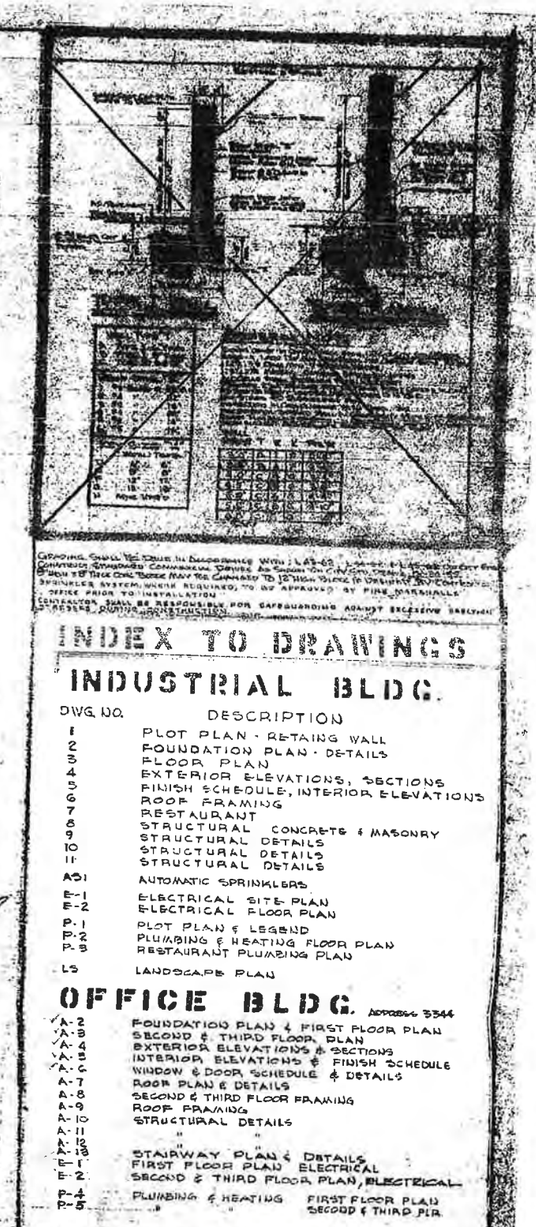
***P11. Report Citation:** Historical Resources Evaluation Report for Caltrans-Owned Properties in Sorrento Valley Industrial Park, San Diego, San Diego County, September 30, 2011

***Attachments:** x NONE Map Sheet Continuation Sheet Building, Structure and Object Record Linear Resource Record Archaeological Record District Record Milling Station Record Rock Art Record Artifact Record Photograph Record Other (List):

See Office of Historic Preservation Recording Historical Resources for instructions.

Appendix E





INDEX TO DRAWINGS

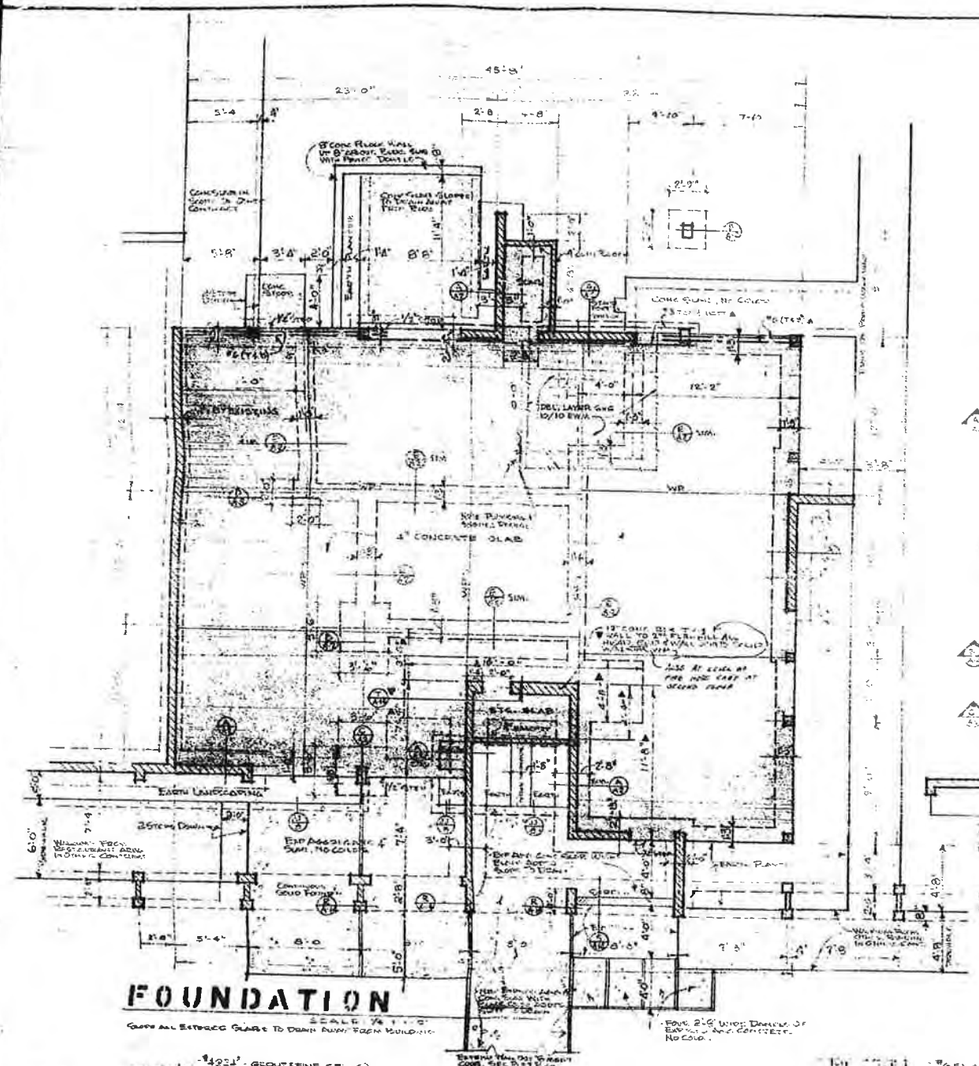
INDUSTRIAL BLDG.

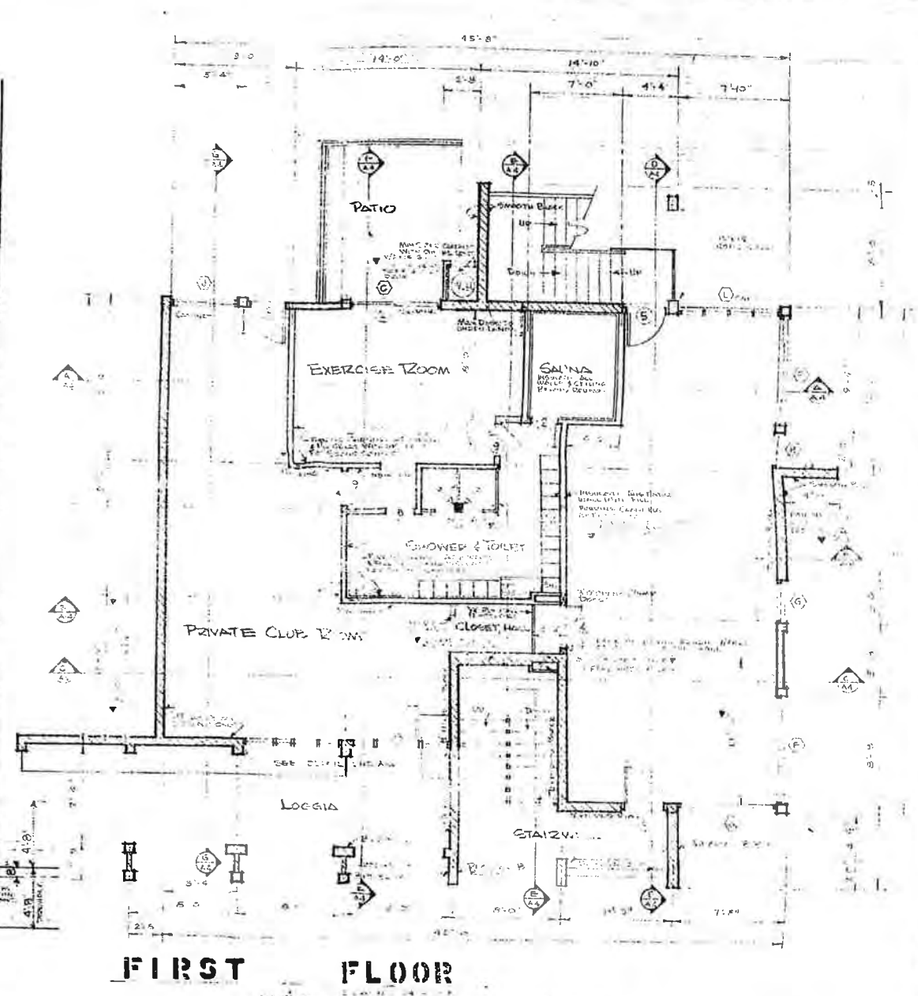
DWG. NO.	DESCRIPTION
1	PLOT PLAN - RETAINING WALL
2	FOUNDATION PLAN - DETAILS
3	FLOOR PLAN
4	EXTERIOR ELEVATIONS, SECTIONS
5	FINISH SCHEDULE, INTERIOR ELEVATIONS
6	ROOF FRAMING
7	RESTAURANT
8	STRUCTURAL CONCRETE & MASONRY
9	STRUCTURAL DETAILS
10	STRUCTURAL DETAILS
11	STRUCTURAL DETAILS
A51	AUTOMATIC SPRINKLERS
E-1	ELECTRICAL SITE PLAN
E-2	ELECTRICAL FLOOR PLAN
P-1	PLOT PLAN & LEGEND
P-2	PLUMBING & HEATING FLOOR PLAN
P-3	RESTAURANT PLUMBING PLAN
LS	LANDSCAPE PLAN

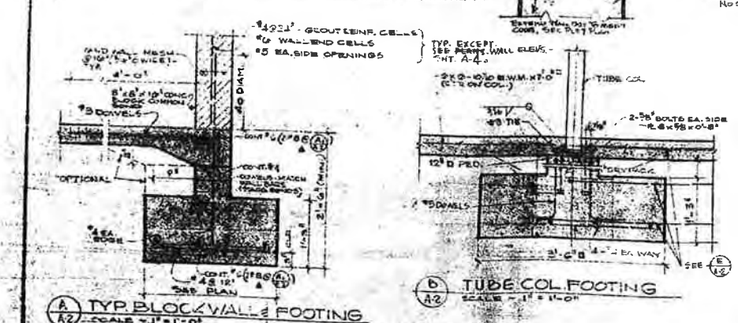
OFFICE BLDG. ADDRESS 3344

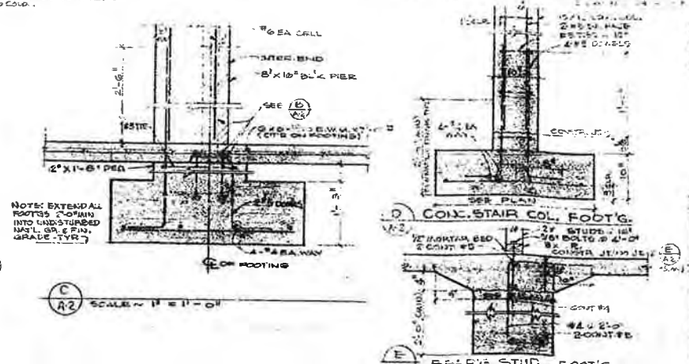
A-2	FOUNDATION PLAN & FIRST FLOOR PLAN
A-3	SECOND & THIRD FLOOR PLAN
A-4	EXTERIOR ELEVATIONS & SECTIONS
A-5	INTERIOR ELEVATIONS & FINISH SCHEDULE
A-6	WINDOW & DOOR SCHEDULE & DETAILS
A-7	ROOF PLAN & DETAILS
A-8	SECOND & THIRD FLOOR FRAMING
A-9	ROOF FRAMING
A-10	STRUCTURAL DETAILS
A-11	" "
A-12	" "
A-13	STAIRWAY PLAN & DETAILS
E-1	FIRST FLOOR PLAN ELECTRICAL
E-2	SECOND & THIRD FLOOR PLAN, ELECTRICAL
P-4	PLUMBING & HEATING FIRST FLOOR PLAN
P-5	" " SECOND & THIRD FLR

AD329-127









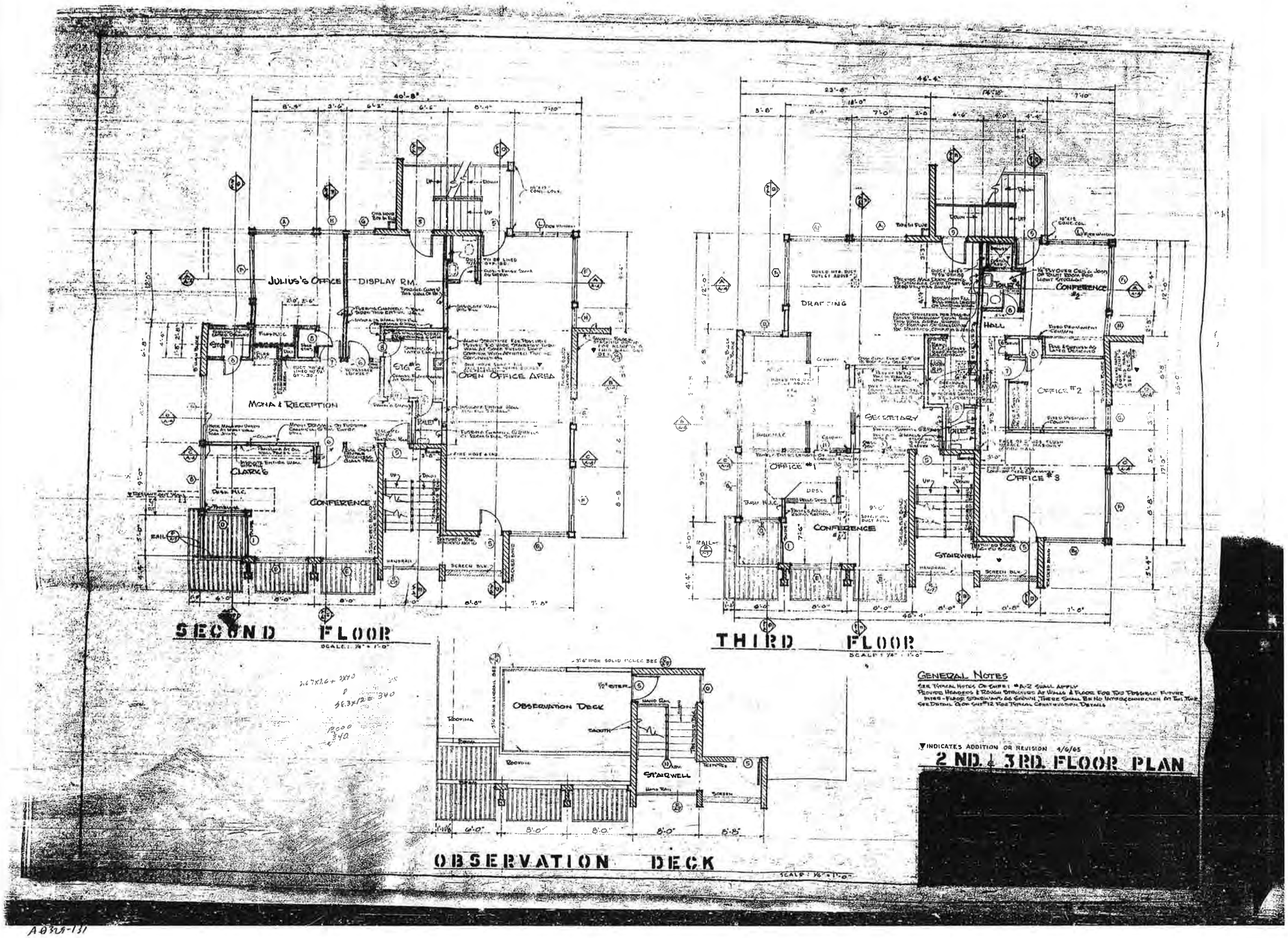
GENERAL NOTES

▼ INDICATES ADDITION OR REVISION 4/6/67

FOUNDATION PLAN
FIRST FLOOR PLAN

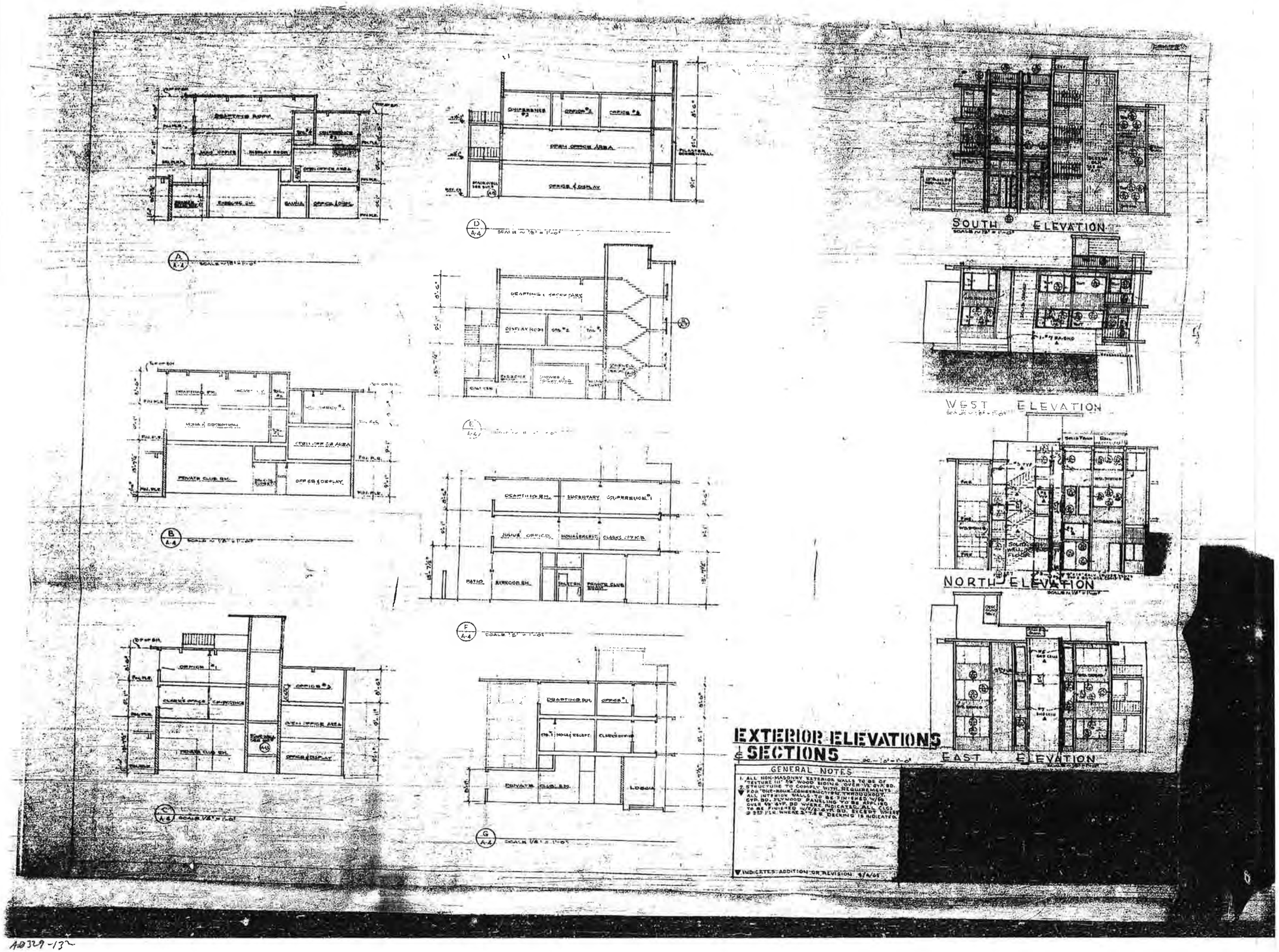
A2

AD 329-138

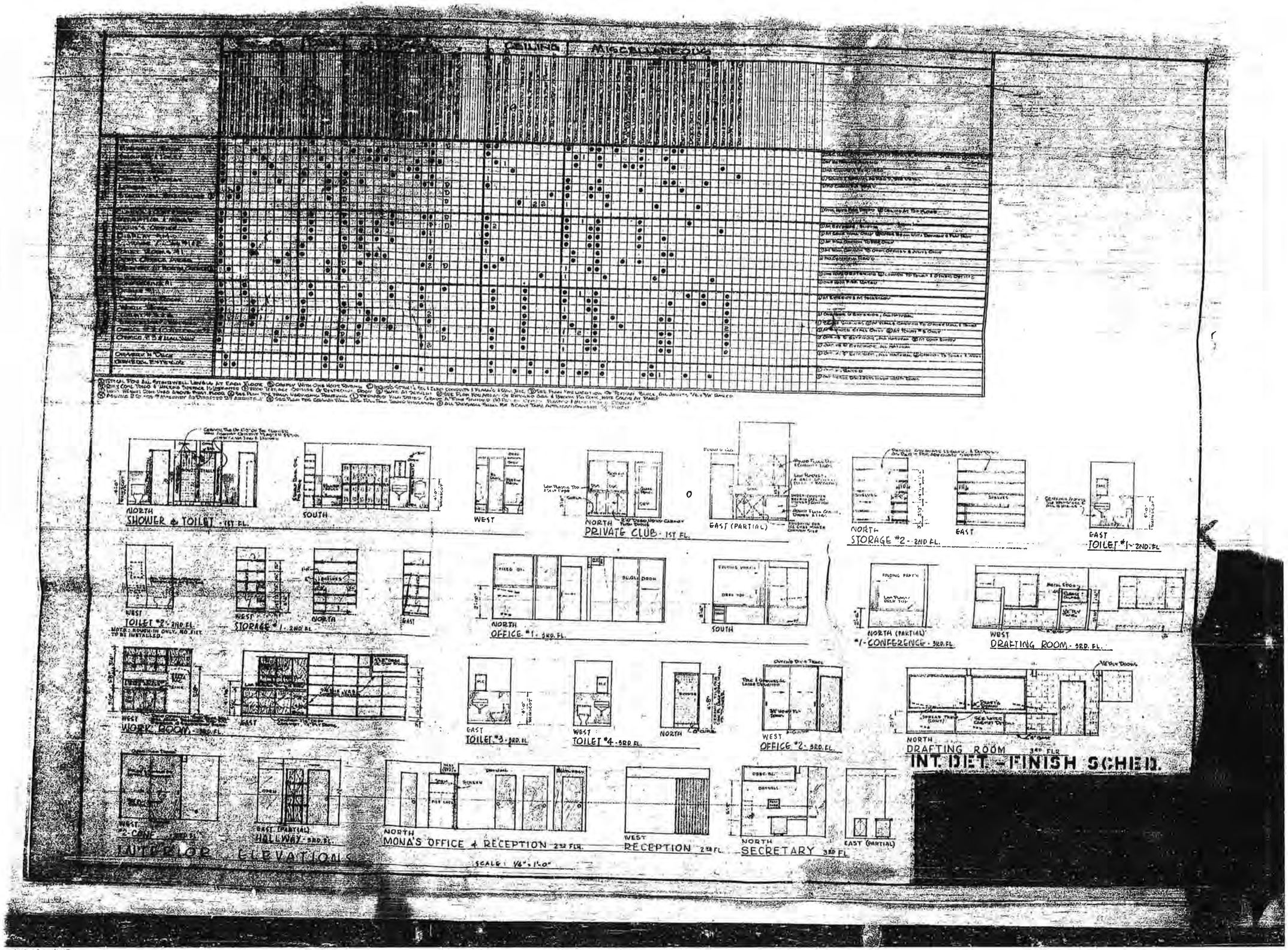

JULIUS'S OFFICE
DISPLAY RM.
OPEN OFFICE AREA
MONA & RECEPTION
CLARK'S
CONFERENCE
SECOND FLOOR
SCALE: 1/4" = 1'-0"
DRAFTING
CONFERENCE #2
HALL
SECRETARY
OFFICE #1
OFFICE #2
OFFICE #3
CONFERENCE #1
STAIRWELL
THIRD FLOOR
SCALE: 1/4" = 1'-0"
OBSERVATION DECK
STAIRWELL
OBSERVATION DECK
SCALE: 1/4" = 1'-0"
GENERAL NOTES
SEE TYPICAL NOTES ON SHEET #A-2 SHALL APPLY
PROVIDE HEADERS & ROUGH STRUCTURE AT WALLS & FLOOR FOR TOO THROUGH FUTURE INTER-FLOOR STAIRWAYS AS SHOWN. THERE SHALL BE NO INTERCONNECTION AT THIS TIME.
SEE DETAIL 6 ON SHT #12 FOR TYPICAL CONSTRUCTION DETAILS
INDICATES ADDITION OR REVISION 4/6/65
2 ND. & 3RD. FLOOR PLAN

A-3

A0328-131

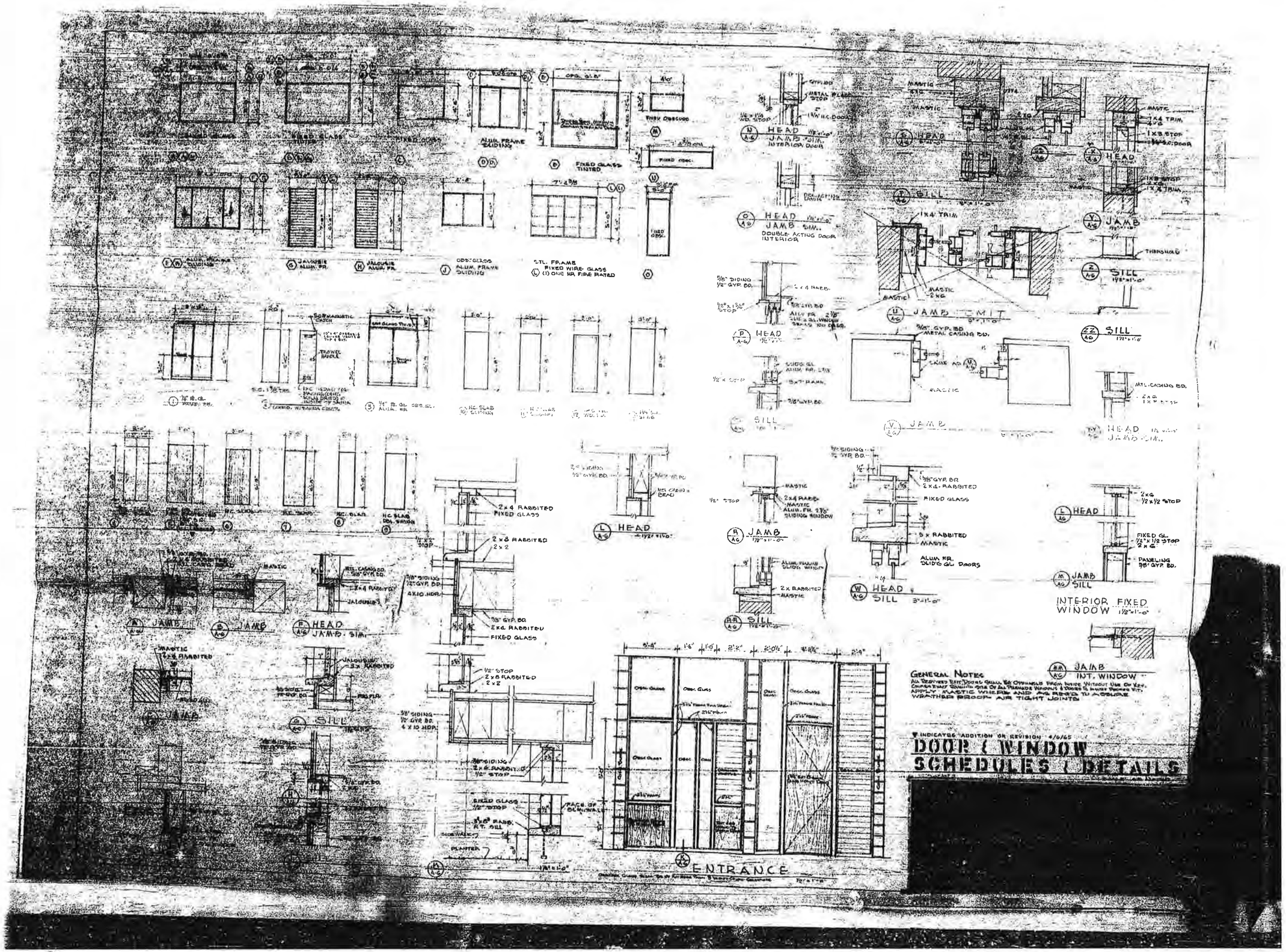

SOUTH ELEVATION
WEST ELEVATION
NORTH ELEVATION
EAST ELEVATION
EXTERIOR ELEVATIONS & SECTIONS
GENERAL NOTES
1. ALL NON-MASONRY EXTERIOR WALLS TO BE OF "SETURE III" 5/8" WOOD SIDING OVER 1/2" GYP. BD.
2. STRUCTURE TO COMPLY WITH: REQUIREMENTS
3. FOR "DUR-ROK" CONSTRUCTION THROUGHOUT.
ALL INTERIOR WALLS TO BE FINISHED W/6" GYP. BD. PLYWOOD PANELING TO BE APPLIED OVER 1/2" GYP. BD WHERE INDICATED. ALL CEILINGS TO BE FINISHED W/1/2" GYP. BD. EXCEPT WHERE 2" 2" 1'-0" O.C. DECKING IS INDICATED.
▼ INDICATES ADDITION OR REVISION 5/6/61
A-4

AD329-132


CEILING
MISCELLANEOUS
NORTH
SHOWER & TOILET - 1ST FL.
SOUTH
WEST
NORTH
PRIVATE CLUB - 1ST FL.
EAST (PARTIAL)
NORTH
STORAGE #2 - 2ND FL.
EAST
EAST
TOILET #1 - 2ND FL.
WEST
TOILET #2 - 2ND FL.
NOTE: ROUGH-IN ONLY, NO FIXT. TO BE INSTALLED.
WEST
STORAGE #1 - 2ND FL.
NORTH
EAST
NORTH
OFFICE #1 - 3RD FL.
SOUTH
NORTH (PARTIAL)
#1 - CONFERENCE - 3RD FL.
WEST
DRAFTING ROOM - 3RD FL.
WEST
WORK ROOM - 3RD FL.
EAST
EAST
TOILET #3 - 3RD FL.
WEST
TOILET #4 - 3RD FL.
NORTH
WEST
OFFICE #2 - 3RD FL.
NORTH
DRAFTING ROOM 3RD FLR
INT. DET. - FINISH SCHED.
WEST
#2 - CONF.
EAST (PARTIAL)
HALLWAY - 3RD FL.
INTERIOR ELEVATIONS
NORTH
MONA'S OFFICE & RECEPTION 2ND FLR.
WEST
RECEPTION 2ND FL.
NORTH
SECRETARY 3RD FL.
EAST (PARTIAL)
SCALE: 1/4" = 1'-0"

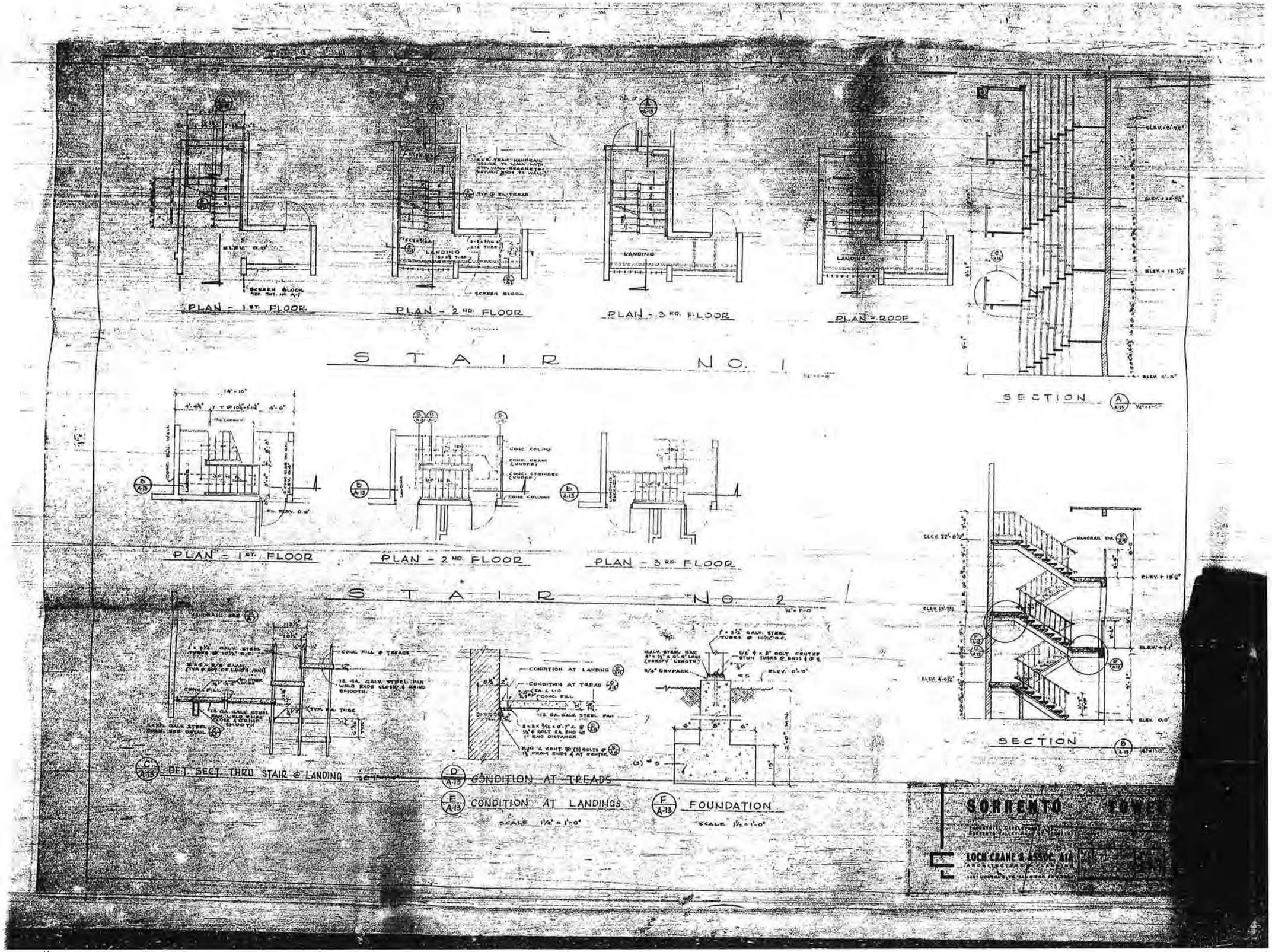
A-5

A0328-133


HEAD
JAMB SIM.
INTERIOR DOOR
HEAD
JAMB SIM.
DOUBLE ACTING DOOR
INTERIOR
JAMB
SILL
THRESHOLD
JAMB
SILL
HEAD
JAMB
SILL
HEAD
JAMB
SILL
HEAD
JAMB SIM.
JAMB
SILL
HEAD
SILL
JAMB
INTERIOR FIXED WINDOW
JAMB
INT. WINDOW
ENTRANCE
GENERAL NOTES
DOOR & WINDOW SCHEDULES & DETAILS

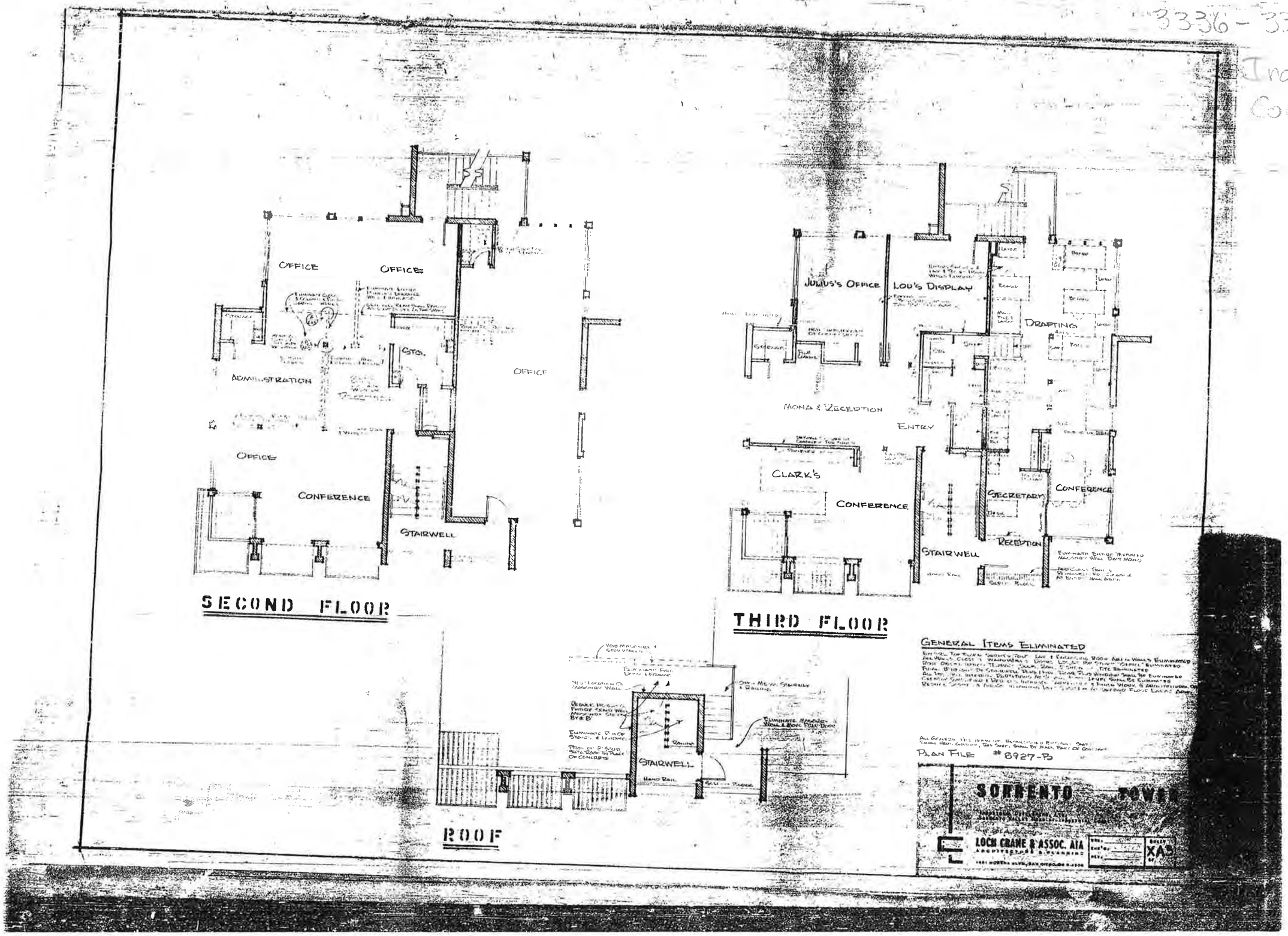
A-6

A0329-137


PLAN - 1ST. FLOOR
PLAN - 2ND. FLOOR
PLAN - 3RD. FLOOR
PLAN - ROOF
STAIR NO. 1
SECTION
PLAN - 1ST. FLOOR
PLAN - 2ND. FLOOR
PLAN - 3RD. FLOOR
STAIR NO. 2
SECTION
DET. SECT. THRU STAIR @ LANDING
CONDITION AT TREADS
CONDITION AT LANDINGS
FOUNDATION
SCALE 1½" = 1'-0"
SORRENTO
LOCH CRANE & ASSOC. AIA

A0323-141

Sorrento Tower
3336 - 3346
Industrial
Court



Appendix F – Cal Sorrento August 31, 2010 Baseline Property Conditions

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CALTRANS

Cal Sorrento August 31,2010 Baseline property conditions

Kari Livingstone

4/28/2014

Task

Baseline subject improvements when purchased 8/31/2010 by Department of Transportation Caltrans D11 through legal Inverse Condemnation action.

End Product to be delivered to D11 Environmental Department

Summary of the property condition as it was when purchased (baseline condition) August 2010.
(Or as close to that date as possible)

* DATE JUNE 14, 2010 PER APPRAISAL REPORT
BRIAN FINKBEINER

Document Sources used for Task

Information taken from June14, 2010 Executive Summary appraisal by Cushman & Wakefeld and Jones, Roach, & Caringella, Inc. Summary that was done for previous owner in 2008.
Photos taken in 2010 and 2011 and documentation attached to this summary page.

Project Location

The project of Caltrans-owned property (with six buildings onsite) that is located within the Sorrento Valley Industrial Park (SVIP). The project site is located on Industrial Court and Sorrento Valley Road, which is within Sorrento Valley along the Interstate 5 (I-5) Corridor, just south of the interchange of I-5 and Carmel Mountain Road.

Description of Baseline Subject Improvement sat time of Inverse Condemnation Action 8/31/2010

The following descriptions are from north to south, as the properties are located around Industrial Court and Tripp Court. A summary of construction details is presented after the following brief descriptions of the subject buildings.

1. **11803 Sorrento Valley Road San Diego CA 92121 APN 310-80-10 R/W 34705**

This is a 21,088 Square feet, 40 year old light industrial building with an above ground pool and hoist. At time of acquisition the landscaping was kept up in and around the building. In the courtyard of this building there was a concrete patio and benches. This site was improved with an office/industrial building that it is understood was constructed in the mid-1960s. The rent roll indicates a rentable area of 20,550 square feet; the floor plan indicates the gross area of this building .is about 20,835 square feet. In the central courtyard of this building there was an above-ground pool that appears to have been constructed and used for testing purposes. About 50 percent of this building was finished as office space; the balance was manufacturing/warehouse space. Based on the physical condition of this building when inspected, it was concluded that on the date of value June 10, 2010 it was in no better than fair condition.

Construction Details

The following is a brief description of the general construction details noted during the 2010 inspection of the above subject property.

Date of Inspection:	5/6/10	**Type of Property:**	Industrial Building
Frontage:	Good	**Site Utility:**	Average
Land Area Acres:	1.31	**Site Topography:**	Level at street grade
Number of stories	1	**Site Shape:**	Irregularly shaped
Construction Type:	Concrete Block	**Quality of construction**	Average

2. 3330 Industrial Court San Diego, CA 92121 APN 310-080-20 R/W 34706

This site was improved with an industrial building that it is understood was constructed in the mid-1960s. This building was primarily warehouse space, but there was a limited amount of finished office space. It was judged to have been in no better than fair condition on the date of value.

3. 3336-46 Industrial Court San Diego Ca. 92121 APN 310-080-43 R/W 34655 Sorrento Tower 3344
27,485 sq-ft-45 year old light industrial building Date of inspection 5/6/2010

Complex of one three story building with court yard screens and landscaping this site was improved with three connected structures which effectively formed a single building. Two of three structures were office/industrial space. The other was multi level three story office structures. The locations of these structures created a courtyard that has fair quality landscaping on date of 2010 inspection. This building is reportedly of historical significance, as it was designed by Loch Crane, a well-known San Diego Attached are June 2011 photographs of the three connected structures with notes below the photos of the construction features of the photos.

4. 3347 Industrial Court San Diego Ca 92121 APN 310-080-07 R/W 34656 Project 0301U9
22,470 year old single story light industrial building

This site was improved with two L-shaped structures that form an industrial building with a landscaped enclosed courtyard. It is understood that this building was constructed in the mid- 1960s. The rent roll indicates a rentable area of 21,850 square feet; a site plan indicates a gross building area of 22,140 square feet. This building was mostly warehouse/manufacturing space, but there was a limited amount of office space. It was judged to be in less than average condition on the date of value.

5. 3337 San Diego, CA 92121 APN 310-080-06 R/W 34656
45 year old single story light industrial building.

At time of Caltrans purchase it was used as a Preschool. This site was improved with a freestanding building that it is understood was constructed in the mid- 960s. The rent roll indicates a rentable area of 4,800 square feet, which is supported by measurements taken by the appraisers. The interior of this building was fully finished. This building was judged to be in average condition.

6. 11777 Sorrento Valley Road 92121

This site was improved with a building that it understood was constructed in the early 1970s. The rent roll indicates a rentable area of 20,000 square feet; the floor plan indicates a gross building area of 22,600 square feet, plus about a 3,290-square-foot second level deck. It is understood that this building was designed and constructed for a single-tenant, with warehouse/manufacturing space on the ground level and offices on the second floor. The first floor was primarily finished as exercise/dance studio and office space; the second floor is finished as office space. This building was judged to be in above-average condition of the date of value.

Overall Construction Details of the entire 6 properties at time of acquisition

The following is a description of the general construction details noted during the 2010 inspection.

Foundation: Concrete slab on grade

Structure: Predominantly concrete block

Exterior Walls: Painted concrete block; aluminum frame windows

Roof: Built-up flat roof

Interior Walls: Painted drywall; painted concrete block

Floor Coverings: Various hard surface floor coverings in the: finished areas with some commercial carpeting; unfinished concrete in the warehouse areas

Ceilings: Ceilings in the finished areas are generally suspended acoustic tiles; ceilings in the warehouse space are exposed beams and joists; there are skylights in some suites; ceilings heights range from about 8 feet in some finished space to about 26 feet in some of the warehouse space.

Doors: Pedestrian doors; grade-level roll-up doors

Heating and Air Conditioning: Several of office building/spaces have wall-mounted HVAC package units. Much of the warehouse and manufacturing space is not heated. Some of the buildings have roof mounted HVAC units.

Electrical: Suites are individually metered, and is assumed to be adequate

Lighting: Ceiling mounted/recessed fluorescent fixtures in the finished areas; suspended fluorescent tube fixtures in the warehouse spaces. Some office and finished areas have incandescent fixtures. Exterior areas have building-mounted spot lighting.

Restrooms: Several buildings have common restrooms that serve all tenants; other buildings have restrooms

Quality and Condition

The subject buildings were judged to be constructed of average quality materials. As discussed earlier, the condition of the individual buildings ranges from no better than fair to above average condition. Generally, the buildings along Tripp Court and 11777 Sorrento Valley Road were in the best condition; the other buildings along the south side of industrial Court were in average to above-average condition; and those along the north side of Industrial Court were in the worst condition. **During a walkthrough of entire site with Right of Way Property Management in September 2010 visual deferred maintenance of all the buildings were seen.**

Functional Utility

The functional utility of the improvements vanes. The floor plans of the buildings located at 11803 Sorrento Valley Road, 3336 - 3346 Industrial Court, and to some degree 3347 Industrial Court, are composed of a number of tenant spaces that appear to have been demised for specific tenants over the years (atypically-configured spaces), negatively impacting the functional utility of the buildings. The floor plans of the rest of the buildings were judged to offer average functional utility for their current uses. Other items affecting the functional utility of some of the subject buildings are low ceiling height in warehouse spaces and the heating/cooling systems.

Siteimprovements

The primary site improvements are asphalt and concrete paving and a limited amount of landscaping. Based on the condition of these improvements when inspected, ignoring the impact that it was judged that the existing groundwater has had on them, it was concluded that they would have been in average condition.

Remaining Economic Life

The overall physical condition and functional utility of the subject improvements vary. Based on the overall condition and functional utility of the buildings located at 11803 Sorrento Valley Road, 3330 Industrial Court, and 3336-46 Industrial Court, it was concluded that they have effectively reached the end of their economic lives. This conclusion is strongly supported by the fact that since 2003, the owner has been considering redeveloping the subject and other functional utility, before considering anticipated market trends, it was concluded that the remaining physical lives of the buildings located at 3337 and 3444 Industrial Court might be five to 10 years; based on the same factors, it was concluded that the remaining physical life of the buildings located at 11777 Sorrento Valley Road might be in the range of 10to 15 years.

Demolition Costs

This cost is not atypical of sites that are being redeveloped, but sinceall of the land sales used in the valuation process was vacant, it was judged that the magnitude of these costs should be considered and discussed. All of the existing subject improvements (buildings and site improvements), with the possible exception of the historic significant building, would have to be removed to redevelop the site. Based on a cursory analysis of demolition cost information published in Marshall Valuation Service, it was concluded that it would be reasonable to anticipate that the cost to demolish these improvements could be in excess of $1,500,000, plus any costs for hauling (removing) and dumping the debris. Another possible cost would be to mitigate for any hazardous materials that might have been used in the construction of the buildings.

#1

GENERAL DESCRIPTION

BASIC INFORMATION

Common Property Name:	Property #1	Report Type:	Summary
Address:	11803 Sorrento Valley Road	Interest Appraised:	Fee Simple
City:	San Diego	Date of Value - Before Condition:	5/21/08
State:	CA	Date of Value - After Condition 1:	5/21/08
Zip Code:	92121	Date of Value - After Condition 2:	5/21/08
County:	San Diego	Date of Inspection:	5/6/10
Property Ownership Entity:	Cal-Sorrento LTD	Date of Report:	6/14/10
CW File Reference:	10-38503-9089		

SITE INFORMATION

Land Area Gross SF:	57,064	Site Utility:	Average
Land Area Acres:	1.31	Site Topography:	Level at street grade
Is there additional Excess Land?	No	Site Shape:	Irregularly shaped
Excess Land Area SF:	0	Frontage:	Good
Excess Land Area Acres:	0.00	Access:	Good
Total Land Area SF:	57,064	Visibility:	Good
Total Land Area Acres:	1.31	Location Rating:	Good
Flood Zone:	X500	Number of Parking Spaces:	50
Flood Map Number:	060295 1336F	Parking Ratio (per 1,000 sf):	2.41:1
Flood Map Date:	6/19/97	Parking Type:	Surface

BUILDING INFORMATION

Type of Property:	Industrial Building	Actual Age:	40 Years
Type of Construction:	Concrete block	Quality:	Average
Number of Buildings:	1	Condition:	Fair
Gross Building Area:	20,750 SF	Year Built:	1968
Net Rentable Area:	20,750 SF	Year Renovated:	N/A
Number of Stories:	1	Land to Building Ratio:	2.75:1
Curable Depreciation:	$0	Building Construction Class:	C

ABOVE Ground testing pool
Concrete patio table + benches

GENERAL DESCRIPTION

BASIC INFORMATION

Common Property Name:	Property #2	Report Type:	Summary
Address:	3330 Industrial Court	Interest Appraised:	Fee Simple
City:	San Diego	Date of Value - Before Condition:	5/21/08
State:	CA	Date of Value - After Condition 1:	5/21/08
Zip Code:	92121	Date of Value - After Condition 2:	5/21/08
County:	San Diego	Date of Inspection:	5/6/10
Property Ownership Entity:	Cal-Sorrento LTD	Date of Report:	6/14/10
CW File Reference:	10-38503-9089		

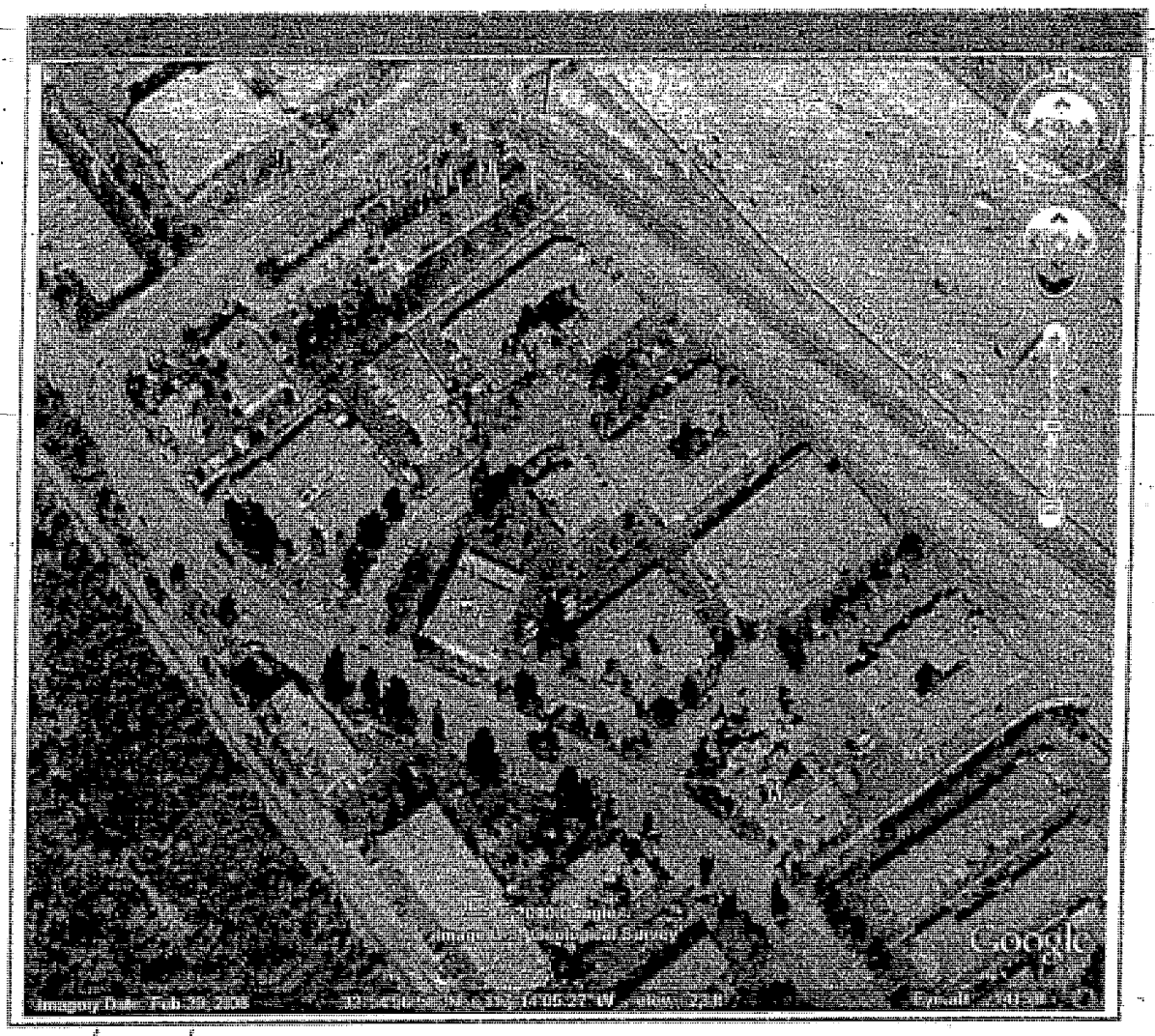
SITE INFORMATION

Land Area Gross SF:	25,700	Site Utility:	Average
Land Area Acres:	0.59	Site Topography:	Level at street grade
Is there additional Excess Land?	No	Site Shape:	Rectangular
Excess Land Area SF:	0	Frontage:	Fair
Excess Land Area Acres:	0.00	Access:	Average
Total Land Area SF:	25,700	Visibility:	Good
Total Land Area Acres:	0.59	Location Rating:	Average
Flood Zone:	X500	Parking Type:	Free Surface
Flood Map Number:	060295 1336F	Parking Ratio (per 1,000 sf):	2.50:1
Flood Map Date:	6/19/97	Parking Type:	Surface

BUILDING INFORMATION

Type of Property:	Industrial Building	Actual Age:	37 Years
Type of Construction:	Concrete block	Quality:	Average
Number of Buildings:	1	Condition:	Fair
Gross Building Area:	9,840 SF	Year Built:	1971
Net Rentable Area:	9,840 SF	Year Renovated:	N/A
Number of Stories:	1	Land to Building Ratio:	2.61:1
Curable Depreciation:	$0	Building Construction Class:	C

34706



Vacant

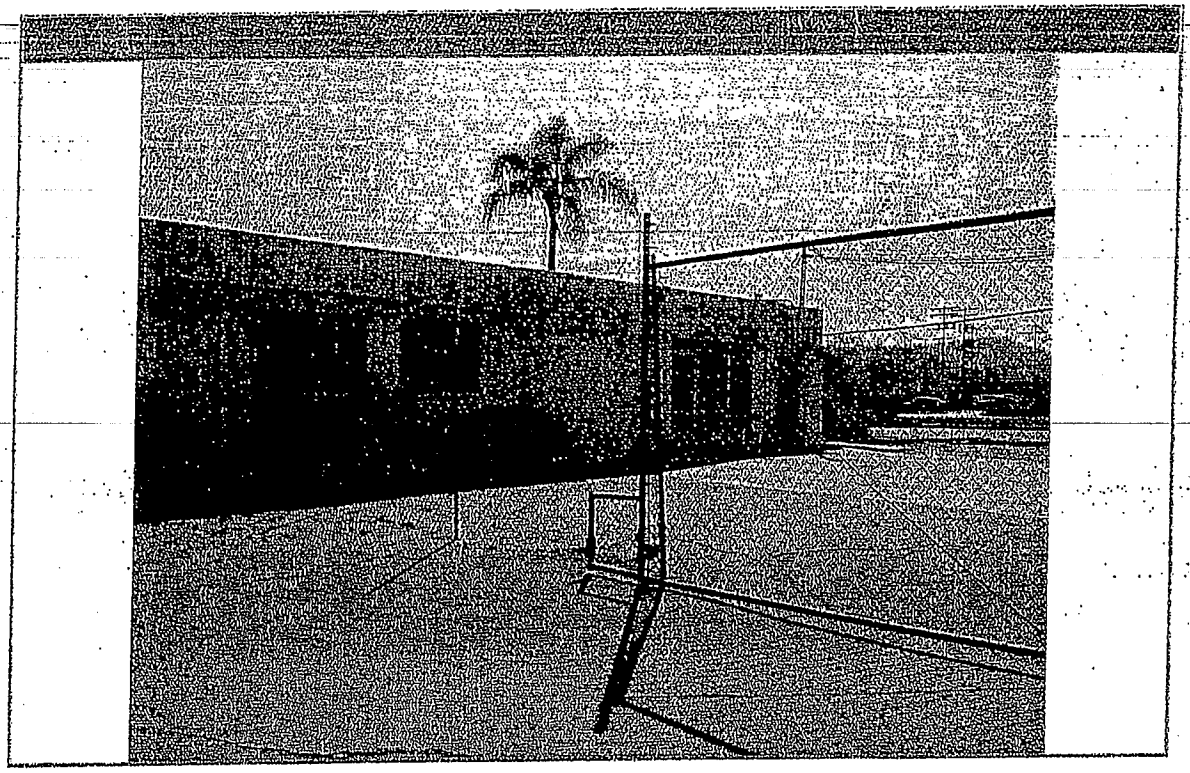
Boundaries approximated

Catrans owned - see description page

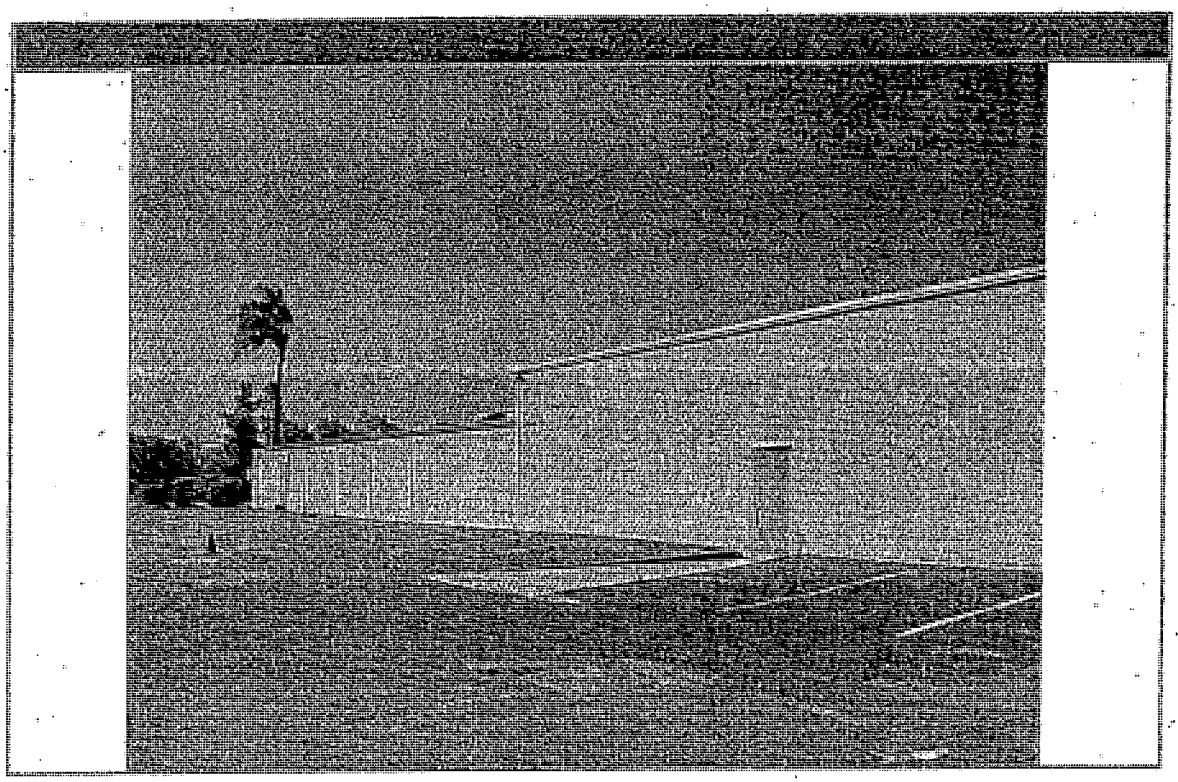
metal roll up door on outer perimeter as well as other metal or glass doors

Please note: some items shown in pictures are no longer there.

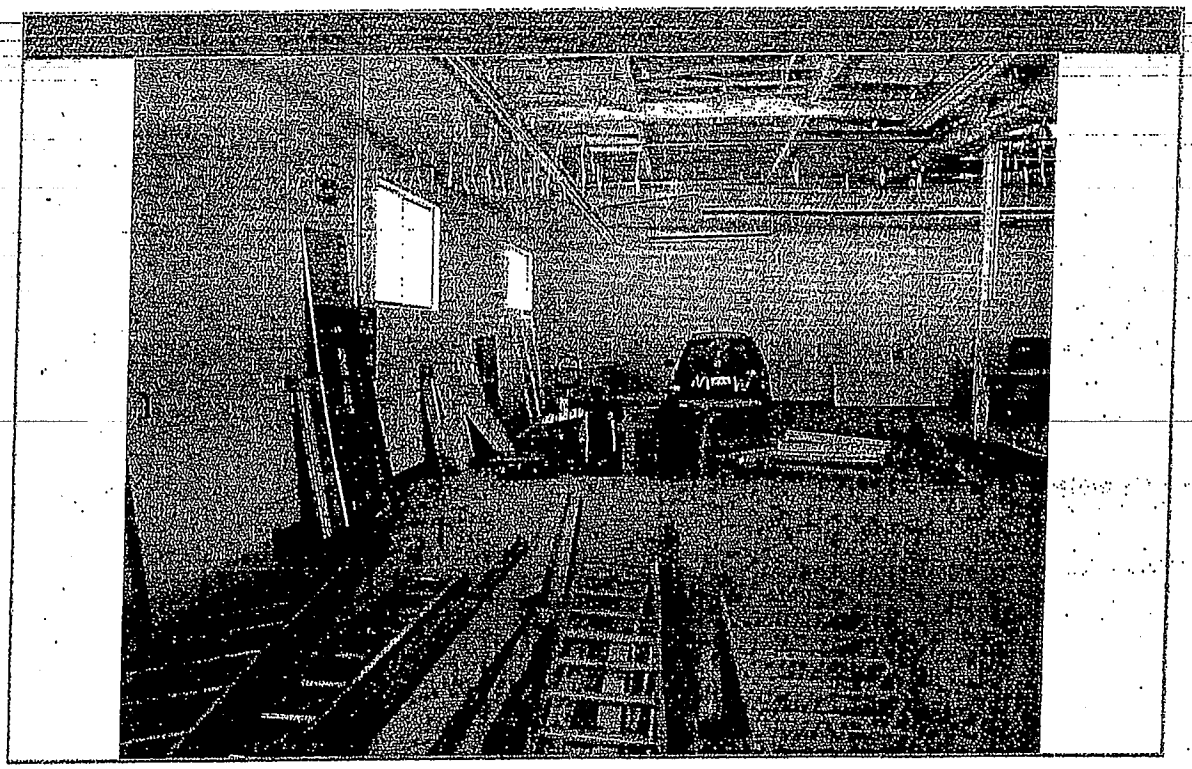
Building has been tested for lead & Asbestos



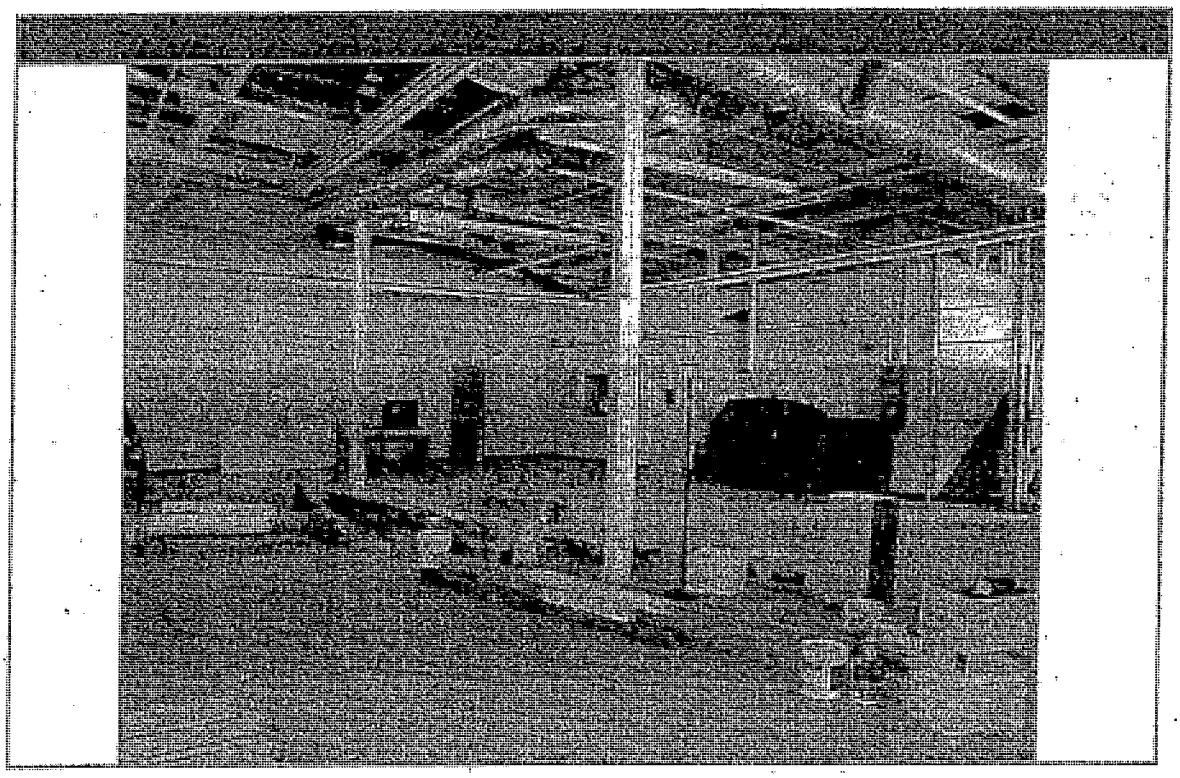
Side



Rear



Warehouse area



Warehouse area

GENERAL DESCRIPTION

BASIC INFORMATION

Common Property Name:	Property #3	Report Type:	Summary
Address:	3336-3346 Industrial Court	Interest Appraised:	Fee Simple
City:	San Diego	Date of Value - Before Condition:	5/21/08
State:	CA	Date of Value - After Condition 1:	5/21/08
Zip Code:	92121	Date of Value - After Condition 2:	5/21/08
County:	San Diego	Date of Inspection:	5/6/10
Property Ownership Entity:	Cal-Sorrento LTD	Date of Report:	6/14/10
CW File Reference:	10-38503-9089		

SITE INFORMATION

Land Area Gross SF:	70,567	Site Utility:	Average
Land Area Acres:	1.62	Site Topography:	Level at street grade
Is there additional Excess Land?	No	Site Shape:	Irregularly shaped
Excess Land Area SF:	0	Frontage:	Average
Excess Land Area Acres:	0.00	Access:	Average
Total Land Area SF:	70,567	Visibility:	Good
Total Land Area Acres:	1.62	Location Rating:	Average
Flood Zone:	X500	Parking Type:	Free Surface
Flood Map Number:	060295 1336F	Parking Ratio (per 1,000 sf):	2.50:1
Flood Map Date:	6/19/97	Parking Type:	Surface

BUILDING INFORMATION

Type of Property:	Industrial Building	Actual Age:	43 Years
Type of Construction:	Concrete block	Quality:	Average
Number of Buildings:	3	Condition:	Fair
Gross Building Area:	26,110 SF	Year Built:	1965
Net Rentable Area:	26,110 SF	Year Renovated:	N/A
Number of Stories:	1, 3	Land to Building Ratio:	2.70:1
Curable Depreciation:	$0	Building Construction Class:	C

MUNICIPAL INFORMATION

Assessing Authority:	San Diego County	Municipality Governing Zoning:	City of San Diego
Assessor's Parcel Identification:	310-080-43	Current Zoning:	Light Industrial (IL-3-1)
Current Tax Year:	2008/2009	Is current use permitted:	Yes
Taxable Assessment:	$571,049	Current Use Compliance:	Complying use
Current Tax Liability:	$6,357	Zoning Change Applied For:	No
Taxes per square foot:	$0.24	Zoning Variance Applied For:	Not applicable
Are taxes current?	Taxes are current		
Is a grievance underway?	Not to our knowledge		
Subject's assessment is:	Below market levels		

HIGHEST & BEST USE

As Vacant:	As Improved:
An industrial or office use built to its maximum feasible building area consistent with zoning and surrounding development	As currently improved with the existing improvements representing an interim use for the economic life of the improvements and ultimate redevelopment

Intended Use

Ongoing litigation

Intended User

Allen Matkins, deposition, trial, and any procedures involved in the current litigation

GENERAL DESCRIPTION

BASIC INFORMATION

Common Property Name:	Property #4	Report Type:	Summary
Address:	3347 Industrial Court	Interest Appraised:	Fee Simple
City:	San Diego	Date of Value - Before Condition:	5/21/08
State:	CA	Date of Value - After Condition 1:	5/21/08
Zip Code:	92121	Date of Value - After Condition 2:	5/21/08
County:	San Diego	Date of Inspection:	5/6/10
Property Ownership Entity:	Cal-Sorrento LTD	Date of Report:	6/14/10
CW File Reference:	10-38503-9089		

SITE INFORMATION

Land Area Gross SF:	61,855	Site Utility:	Average
Land Area Acres:	1.42	Site Topography:	Level at street grade
Is there additional Excess Land?	No	Site Shape:	Irregularly shaped
Excess Land Area SF:	0	Frontage:	Fair
Excess Land Area Acres:	0.00	Access:	Average
Total Land Area SF:	61,855	Visibility:	Good
Total Land Area Acres:	1.42	Location Rating:	Average
Flood Zone:	X500	Parking Type:	Free Surface
Flood Map Number:	060295 1336F	Parking Ratio (per 1,000 sf):	3.50:1
Flood Map Date:	6/19/97	Parking Type:	Surface

BUILDING INFORMATION

Type of Property:	Industrial Building	Actual Age:	37 Years
Type of Construction:	Concrete block	Quality:	Average
Number of Buildings:	1	Condition:	Fair
Gross Building Area:	21,850 SF	Year Built:	1971
Net Rentable Area:	21,850 SF	Year Renovated:	N/A
Number of Stories:	1	Land to Building Ratio:	2.83:1
Curable Depreciation:	$0	Building Construction Class:	C

GENERAL DESCRIPTION

BASIC INFORMATION

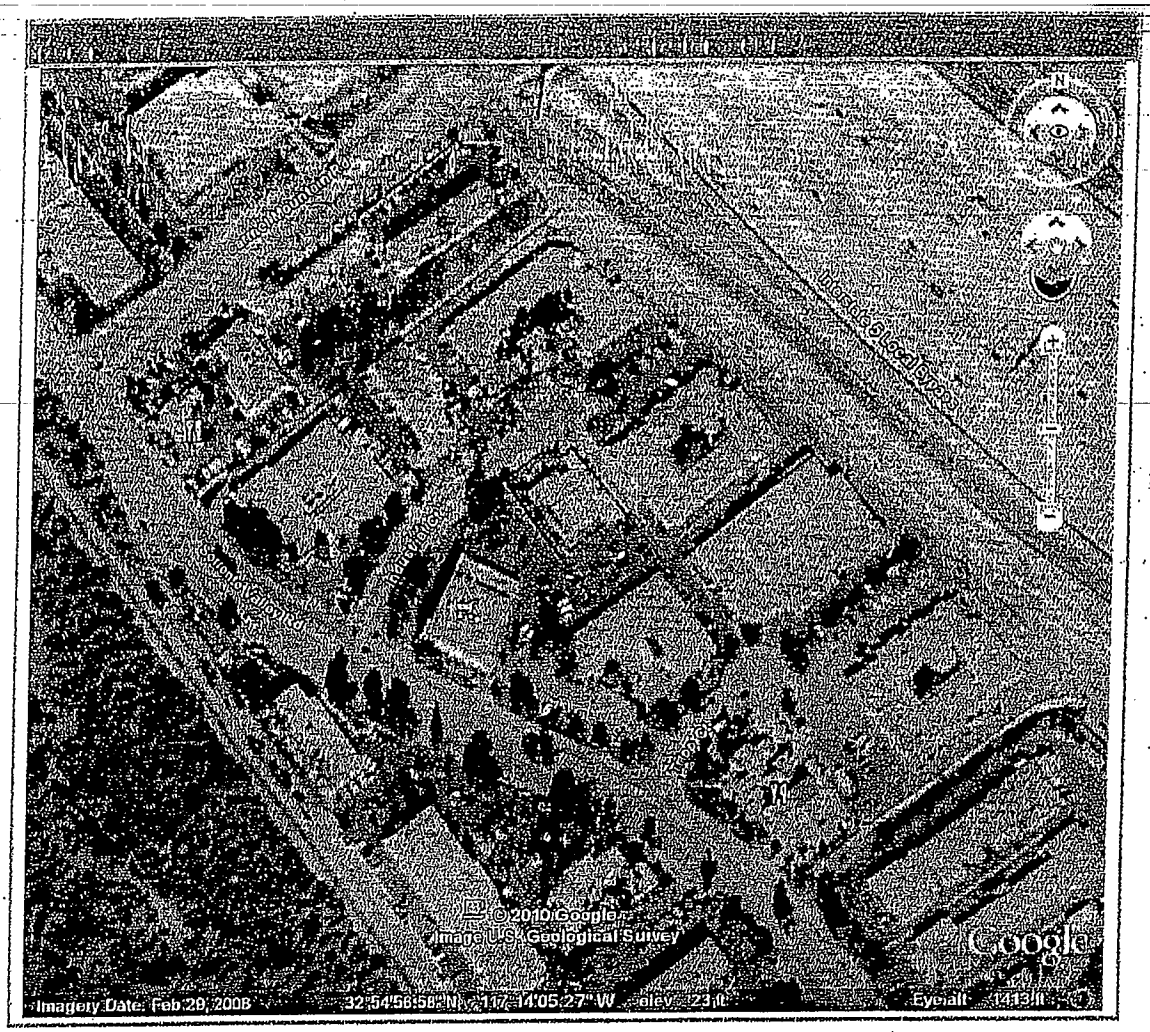
Common Property Name:	Property #5	Report Type:	Summary
Address:	3337 Industrial Court	Interest Appraised:	Fee Simple
City:	San Diego	Date of Value - Before Condition:	5/21/08
State:	CA	Date of Value - After Condition 1:	5/21/08
Zip Code:	92121	Date of Value - After Condition 2:	5/21/08
County:	San Diego	Date of Inspection:	5/6/10
Property Ownership Entity:	Cal-Sorrento LTD	Date of Report:	6/14/10
CW File Reference:	10-38503-9089		

SITE INFORMATION

Land Area Gross SF:	21,780	Site Utility:	Average
Land Area Acres:	0.50	Site Topography:	Level at street grade
Is there additional Excess Land?	No	Site Shape:	Basically rectangular
Excess Land Area SF:	0	Frontage:	Fair
Excess Land Area Acres:	0.00	Access:	Average
Total Land Area SF:	21,780	Visibility:	Good
Total Land Area Acres:	0.50	Location Rating:	Average
Flood Zone:	X500	Parking Type:	Free Surface
Flood Map Number:	060295 1336F	Parking Ratio (per 1,000 sf):	2.50:1
Flood Map Date:	6/19/97	Parking Type:	Surface

BUILDING INFORMATION

Type of Property:	Industrial Building	Actual Age:	32 Years
Type of Construction:	Concrete block	Quality:	Average
Number of Buildings:	1	Condition:	Fair
Gross Building Area:	4,800 SF	Year Built:	1976
Net Rentable Area:	4,800 SF	Year Renovated:	N/A
Number of Stories:	1	Land to Building Ratio:	4.54:1
Curable Depreciation:	$0	Building Construction Class:	C

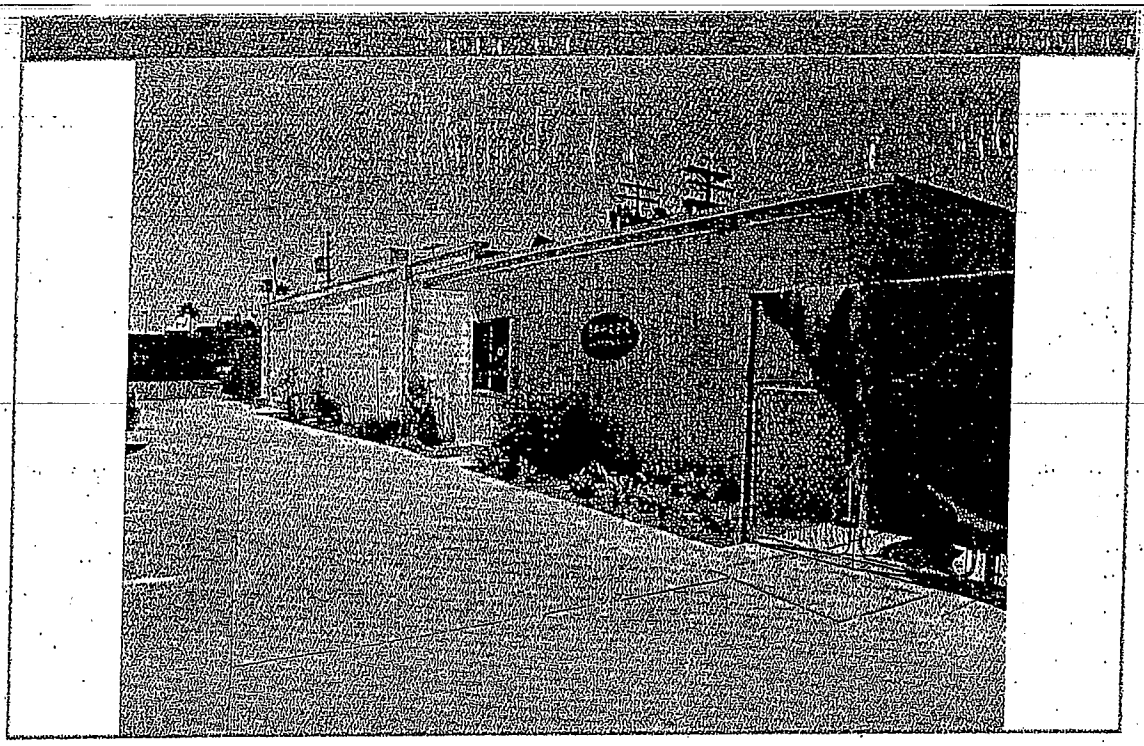


Boundaries approximated

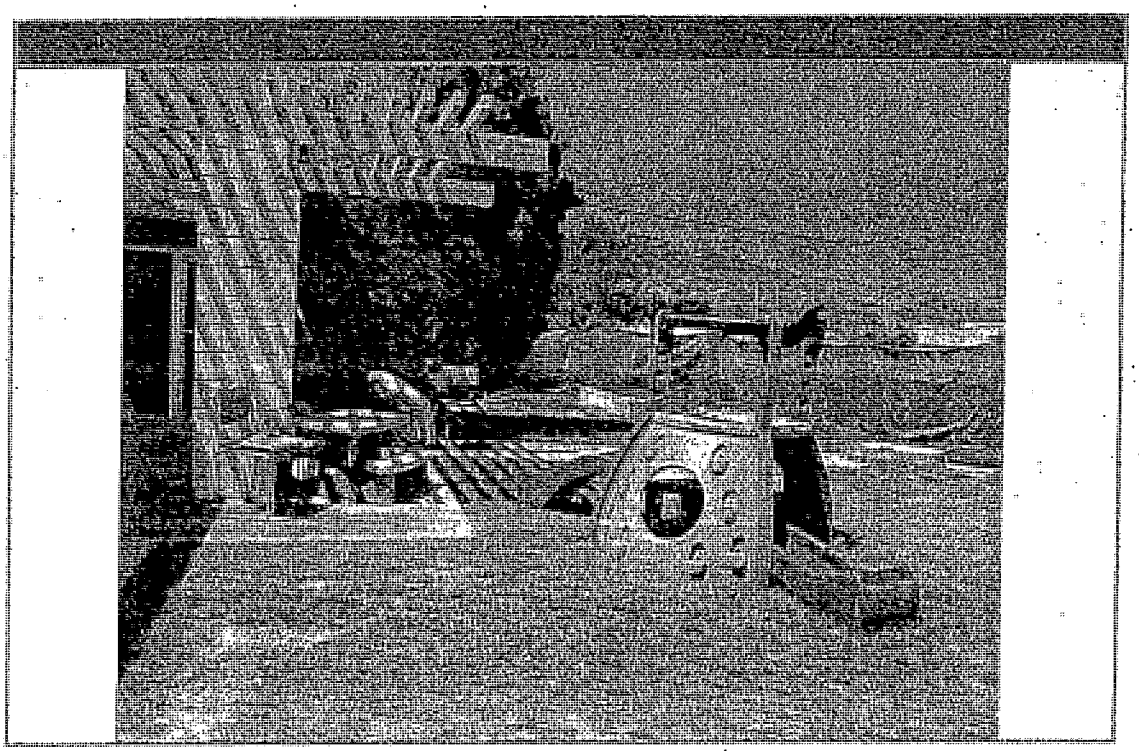
Caltrans owned - occupied at time of pre-BID Meeting

Preschool - see description

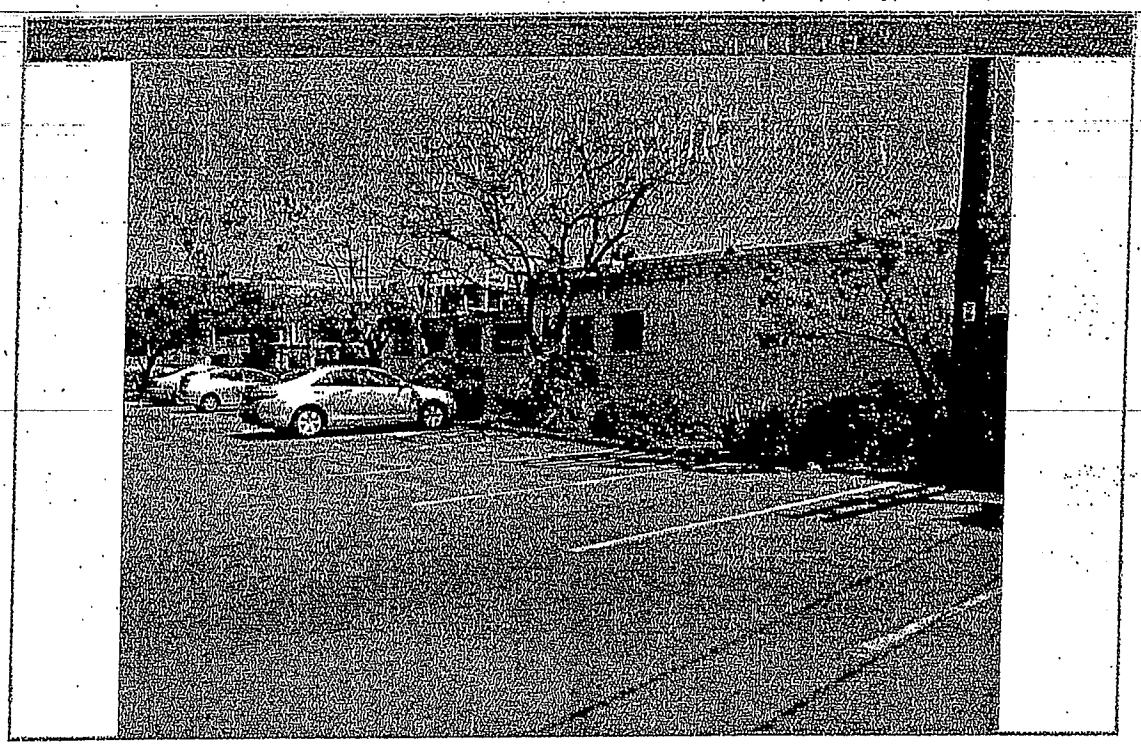
To Be Tested



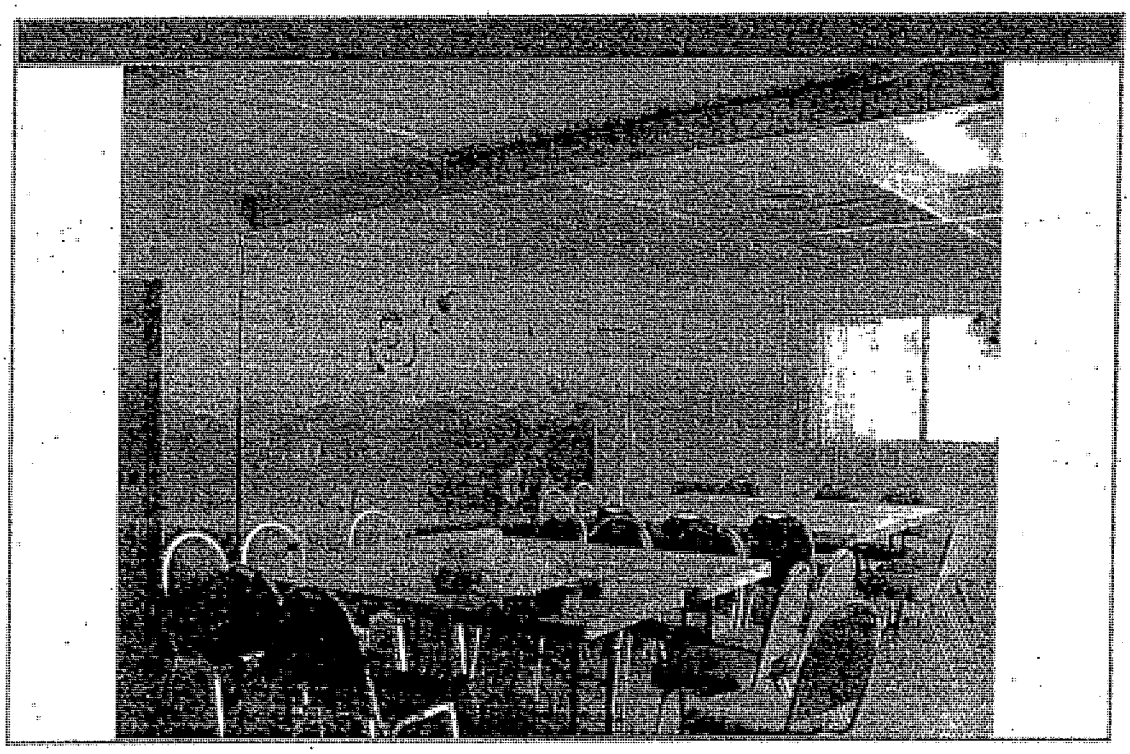
Front



Yard



Side



Interior

GENERAL DESCRIPTION

BASIC INFORMATION

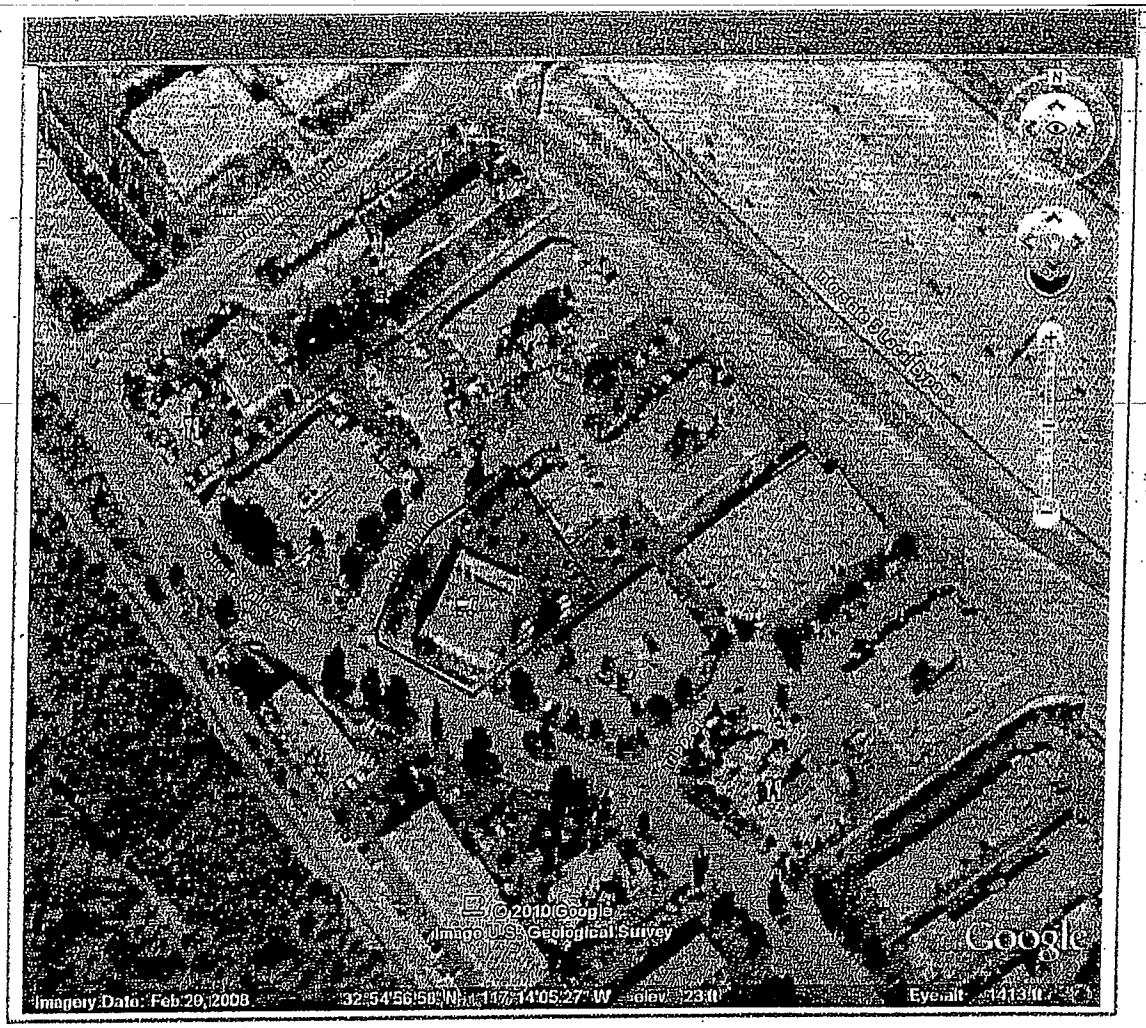
Common Property Name:	Property #6	Report Type:	Summary
Address:	11777 Sorrento Valley Road	Interest Appraised:	Fee Simple
City:	San Diego	Date of Value - Before Condition:	5/21/08
State:	CA	Date of Value - After Condition 1:	5/21/08
Zip Code:	92121	Date of Value - After Condition 2:	5/21/08
County:	San Diego	Date of Inspection:	5/6/10
Property Ownership Entity:	Cal-Sorrento LTD	Date of Report:	6/14/10
CW File Reference:	10-38503-9089		

SITE INFORMATION

Land Area Gross SF:	52,272	Site Utility:	Average
Land Area Acres:	1.20	Site Topography:	Level at street grade
Is there additional Excess Land?	No	Site Shape:	Irregularly shaped
Excess Land Area SF:	0	Frontage:	Good
Excess Land Area Acres:	0.00	Access:	Average
Total Land Area SF:	52,272	Visibility:	Average
Total Land Area Acres:	1.20	Location Rating:	Average
Flood Zone:	X500	Number of Parking Spaces:	60
Flood Map Number:	060295 1336F	Parking Ratio (per 1,000 sf):	3.00:1
Flood Map Date:	6/19/97	Parking Type:	Surface

BUILDING INFORMATION

Type of Property:	Industrial Building	Actual Age:	29 Years
Type of Construction:	Concrete block	Quality:	Average
Number of Buildings:	1	Condition:	Average
Gross Building Area:	20,000 SF	Year Built:	1979
Net Rentable Area:	20,000 SF	Year Renovated:	N/A
Number of Stories:	2	Land to Building Ratio:	2.61:1
Curable Depreciation:	$0	Building Construction Class:	C



Boundaries approximated.

Caltrans Owns - 1 occupant at time of pre BID meeting.

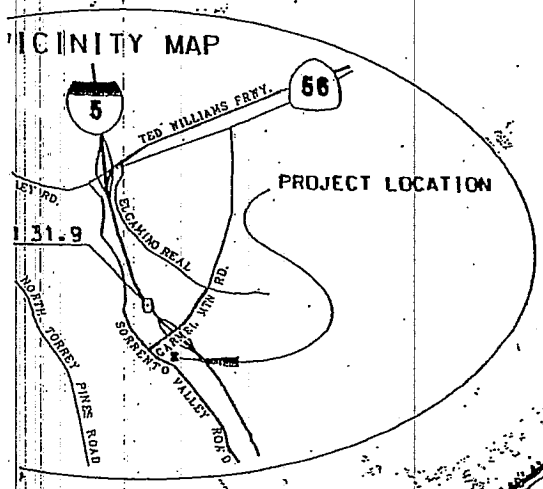
2 Story - see description page

To Be Tested

BLO LANDS OF
TY OF SAN DIEGO

CITY OF SAN DIEGO

T. 14S., R. 3W., S.B.M.



FP43
CONTROL MONUMENT
PER MAP 6330
DESTROYED BY CONSTRUCTION

3386-3346 Industrial Ct

3330 Industrial Ct

11803 Sorrento VALLEY

SORRENTO VALLEY
INDUSTRIAL PARK
UNIT NO - 2A
MAP NO. 4910

3341 Industrial Ct

3331 Industrial Ct

INDUSTRIAL COURT

Parking Lot

Sorrento Valley Rd

SORRENTO VALLEY

34705-1
34706-1
34655-1
34656-1
34657-1
34658-1
34659-1

1
2
3
4
5
6

PARCEL NUMBER	VI
34705-1	CAL-SOR
34706-1	CAL-SOR
34655-1	CAL-SOR
34656-1	CAL-SOR
34657-1	CAL-SOR
34658-1	CAL-SOR
34659-1	CAL-SOR

FOR PREVIOUS RIGHT OF WAY INFORMATION
SEE MAP 3838m

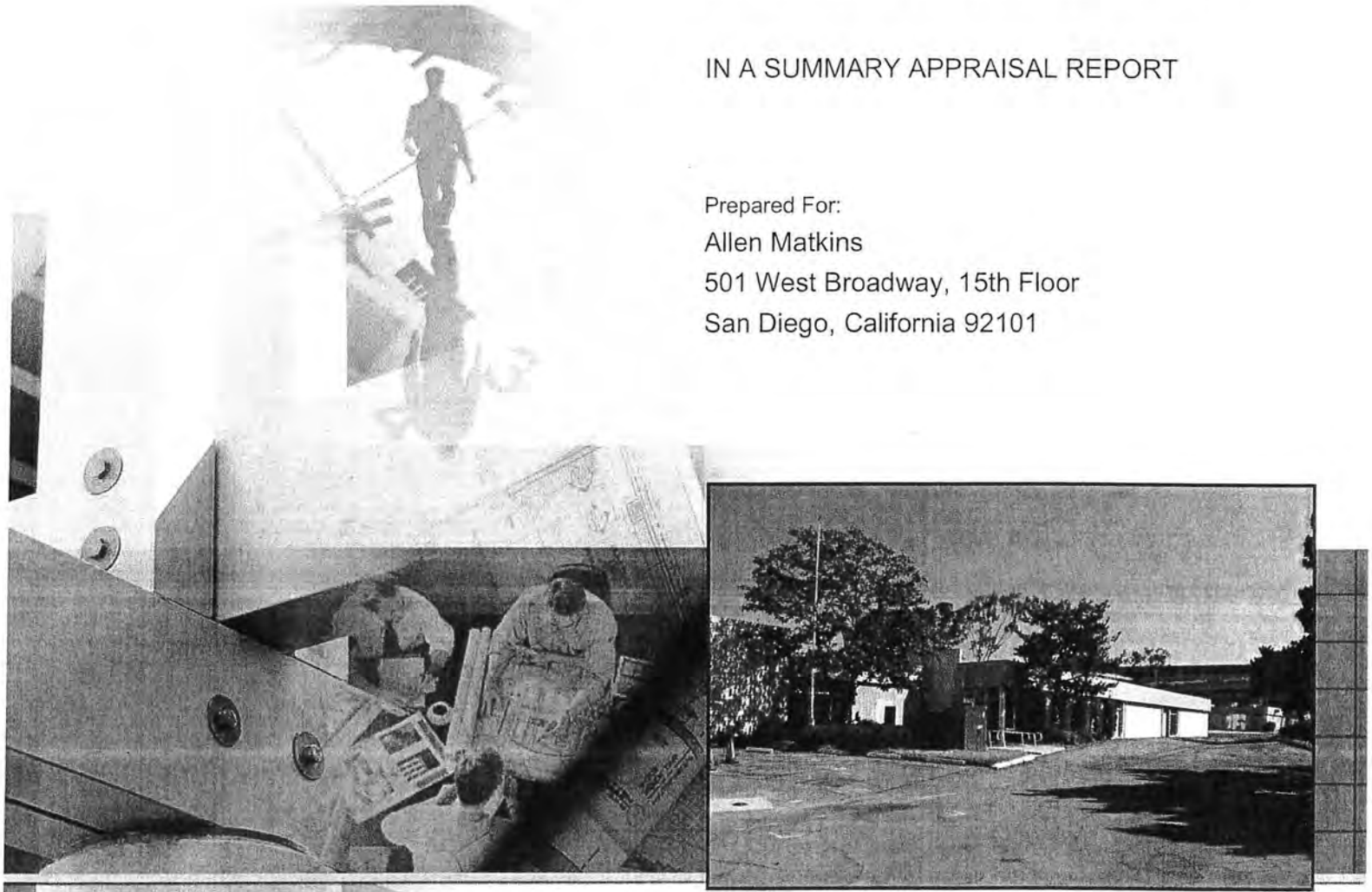
ATTACHMENT 1

APPRAISAL OF REAL PROPERTY

Property #1
11803 Sorrento Valley Road
San Diego, San Diego County, CA 92121

IN A SUMMARY APPRAISAL REPORT

Prepared For:
Allen Matkins
501 West Broadway, 15th Floor
San Diego, California 92101



Photograph of Subject Property

Prepared By:
Cushman & Wakefield Western, Inc.
Valuation & Advisory Services
4435 Eastgate Mall, Suite 200
San Diego, CA 92121
C&W File ID: 10-38503-9089

CUSHMAN & WAKEFIELD®
Global Real Estate Solutions℠

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GENERAL DESCRIPTION

BASIC INFORMATION

Common Property Name:	Property #1	Report Type:	Summary
Address:	11803 Sorrento Valley Road	Interest Appraised:	Fee Simple
City:	San Diego	Date of Value - Before Condition:	5/21/08
State:	CA	Date of Value - After Condition 1:	5/21/08
Zip Code:	92121	Date of Value - After Condition 2:	5/21/08
County:	San Diego	Date of Inspection:	5/6/10
Property Ownership Entity:	Cal-Sorrento LTD	Date of Report:	6/14/10
CW File Reference:	10-38503-9089		

SITE INFORMATION

Land Area Gross SF:	57,064	Site Utility:	Average
Land Area Acres:	1.31	Site Topography:	Level at street grade
Is there additional Excess Land?	No	Site Shape:	Irregularly shaped
Excess Land Area SF:	0	Frontage:	Good
Excess Land Area Acres:	0.00	Access:	Good
Total Land Area SF:	57,064	Visibility:	Good
Total Land Area Acres:	1.31	Location Rating:	Good
Flood Zone:	X500	Number of Parking Spaces:	50
Flood Map Number:	060295 1336F	Parking Ratio (per 1,000 sf):	2.41:1
Flood Map Date:	6/19/97	Parking Type:	Surface

BUILDING INFORMATION

Type of Property:	Industrial Building	Actual Age:	40 Years
Type of Construction:	Concrete block	Quality:	Average
Number of Buildings:	1	Condition:	Fair
Gross Building Area:	20,750 SF	Year Built:	1968
Net Rentable Area:	20,750 SF	Year Renovated:	N/A
Number of Stories:	1	Land to Building Ratio:	2.75:1
Curable Depreciation:	$0	Building Construction Class:	C

MUNICIPAL INFORMATION

Assessing Authority:	San Diego County	Municipality Governing Zoning:	City of San Diego
Assessor's Parcel Identification:	310-080-01	Current Zoning:	IL-3-1 (Light Industrial)
Current Tax Year:	2009/2010	Is current use permitted:	Yes
Taxable Assessment:	$489,585	Current Use Compliance:	Complying use
Current Tax Liability:	$5,447	Zoning Change Applied For:	No
Taxes per square foot:	$0.26	Zoning Variance Applied For:	Not applicable
Are taxes current?	Taxes are current		
Is a grievance underway?	Not to our knowledge		
Subject's assessment is:	Below market levels		

HIGHEST & BEST USE

As Vacant:	As Improved:
An industrial or office use built to its maximum feasible building area consistent with zoning and surrounding development	As is currently improved with the existing improvements representing an interim use for the remainder of the economic life of the improvements and ultimate redevelopment

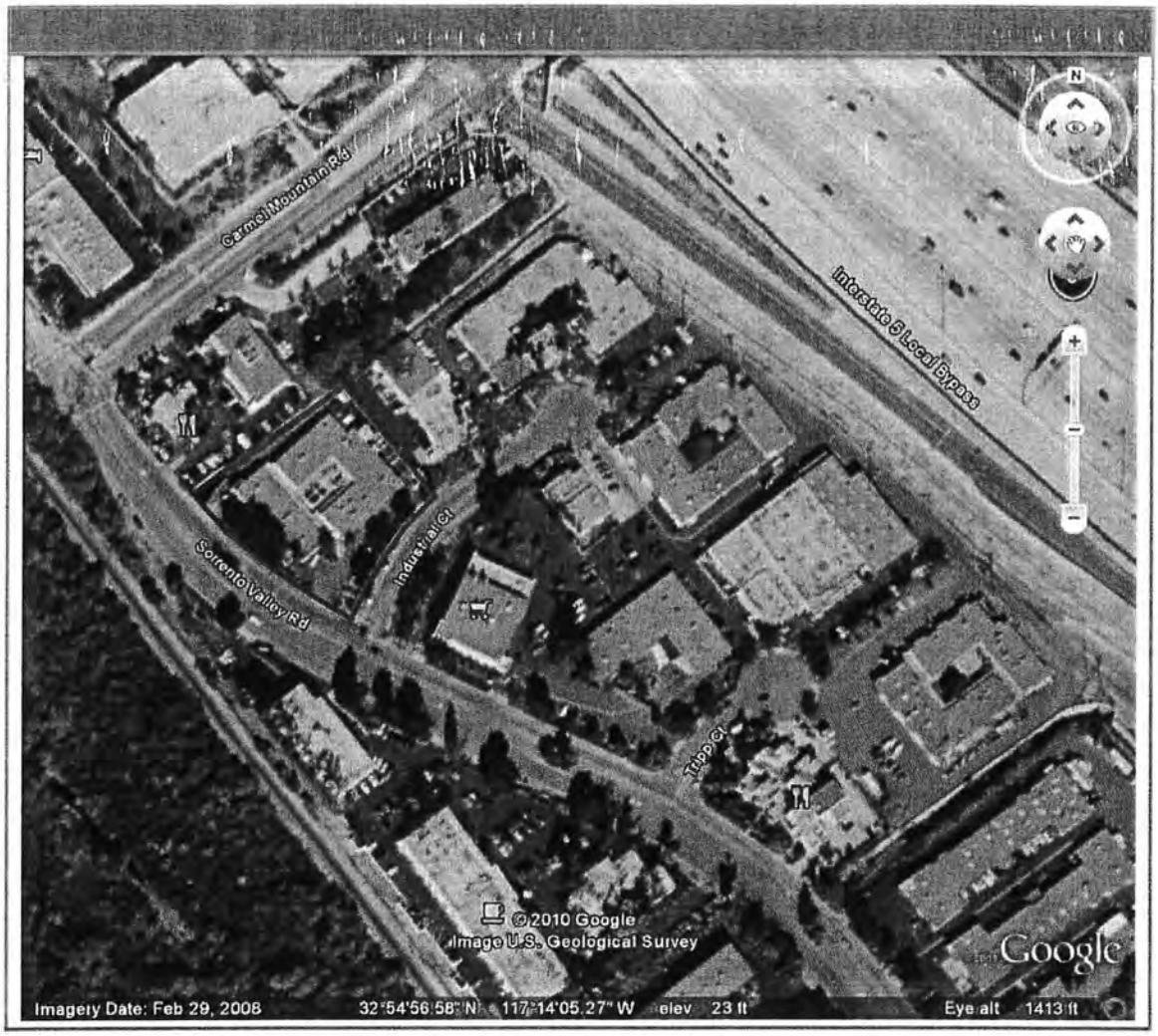
Intended Use: Ongoing litigation

Intended User: Allen Matkins, deposition, trial, and any procedures involved in the current litigation

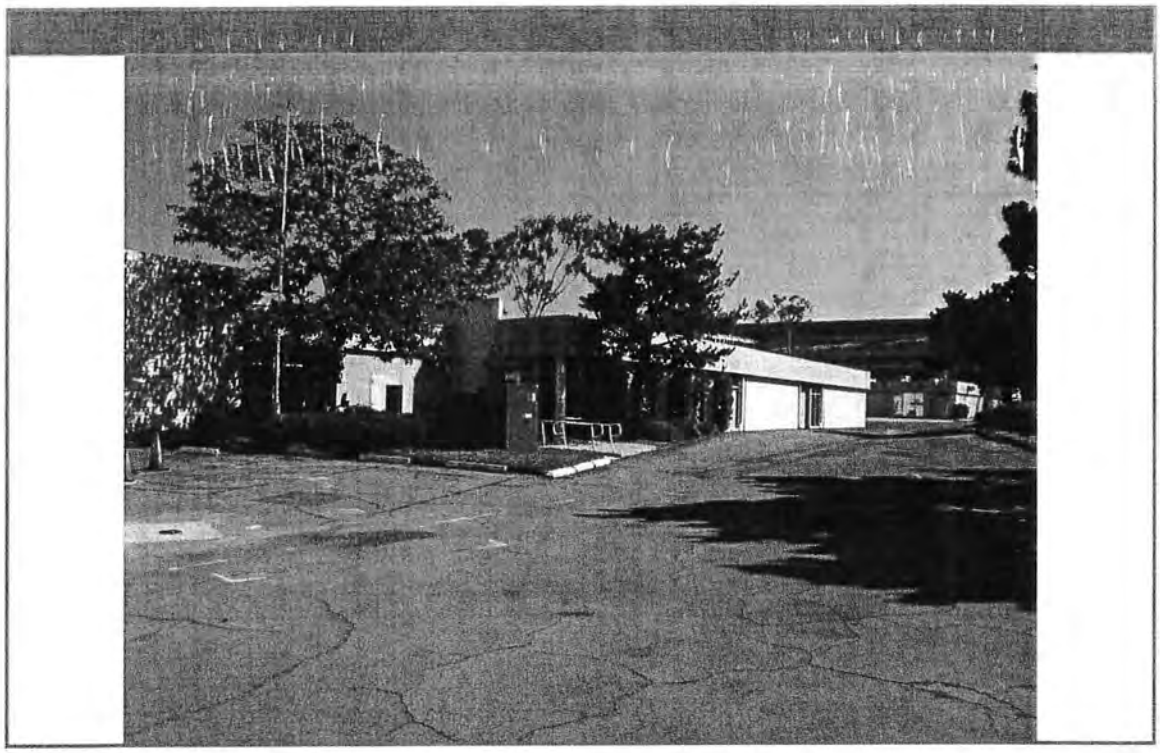
VALUATION CONCLUSIONS

VALUATION INDICES	Before Condition	After Condition - 1	After Condition - 2
LAND VALUATION			
Land Value			
Indicated Value:	$1,710,000	$285,320	$1,710,000
Per Square Foot:	$29.97	$5.00	$29.97
COST APPROACH			
Indicated Value:	$2,120,000	N/A	N/A
Per Square Foot (GBA)	$102.17	N/A	N/A
SALES COMPARISON APPROACH			
Indicated Value:	$2,080,000	N/A	N/A
Per Square Foot (NRA):	$100.24	N/A	N/A
INCOME CAPITALIZATION APPROACH			
Discounted Cash Flow			
Projection Period:	10 Years	10 Years	10 Years
Holding Period:	10 Years	10 Years	10 Years
Land Reversionary Rate	9.00%	9.00%	30.00%
Internal Rate of Return:	11.00%	13.00%	13.00%
Indicated Value:	$1,890,000	$950,000	$1,010,000
Per Square Foot (NRA):	$91.08	$45.78	$48.67
Direct Capitalization			
Net Operating Income (stabilized):	$172,069	N/A	N/A
Capitalization Rate:	8.50%	N/A	N/A
Indicated Value:	$2,024,338	N/A	N/A
Indicated Value Rounded:	$2,020,000	N/A	N/A
Per Square Foot (NRA):	$97.35	N/A	N/A
Income Approach Conclusion:	$2,000,000	$950,000	$1,010,000
FINAL VALUE CONCLUSION			
Concluded Value:	$2,050,000	$950,000	$1,010,000
Per Square Foot (NRA):	$98.80	$45.78	$48.67

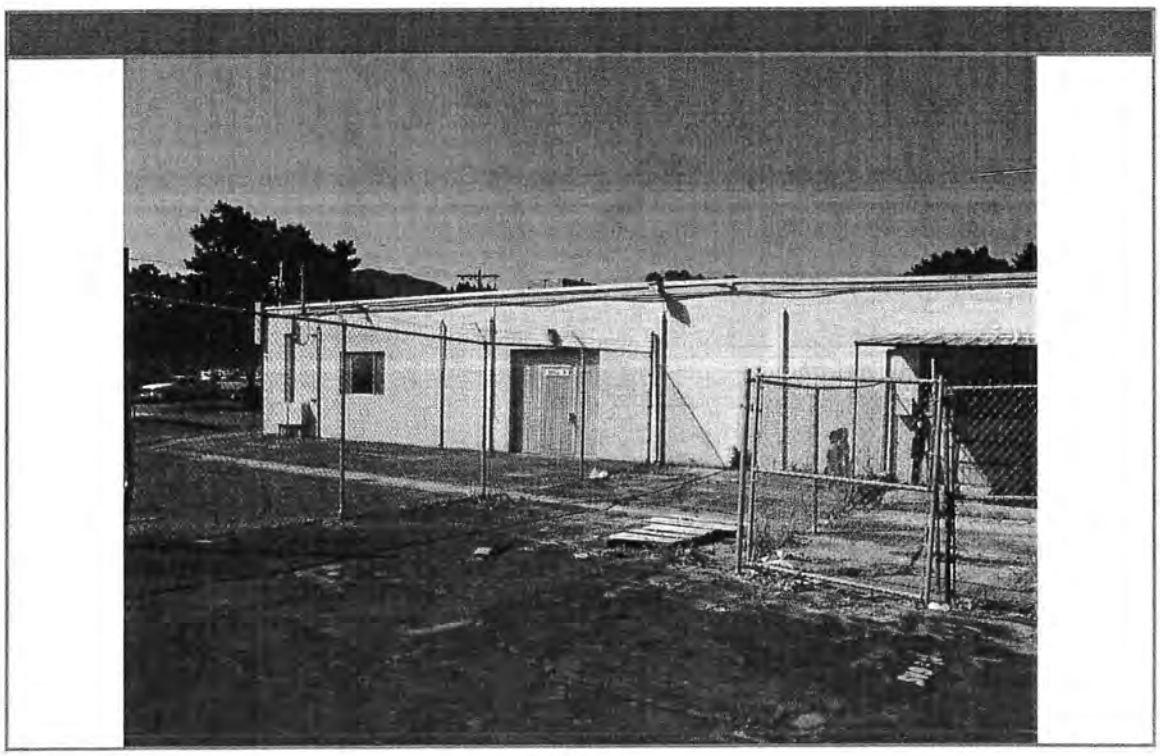
EXPOSURE TIME	
Exposure Time:	12 Months
Marketing Time:	12 Months



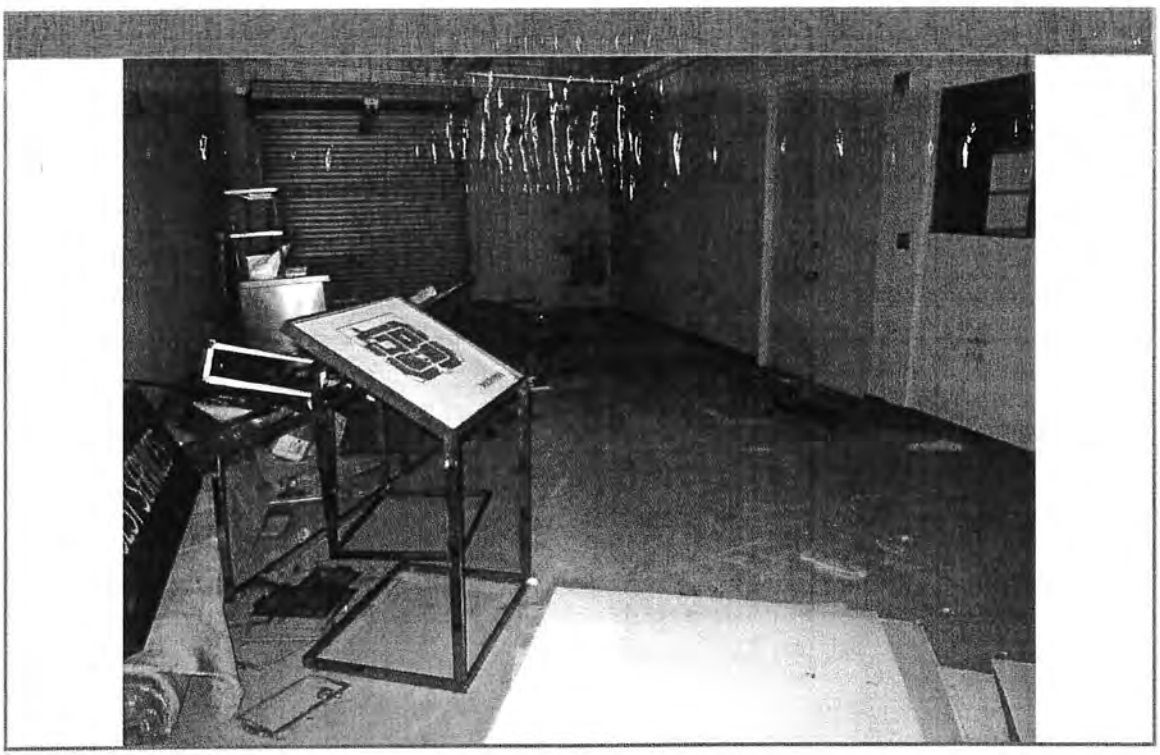
Boundaries approximated



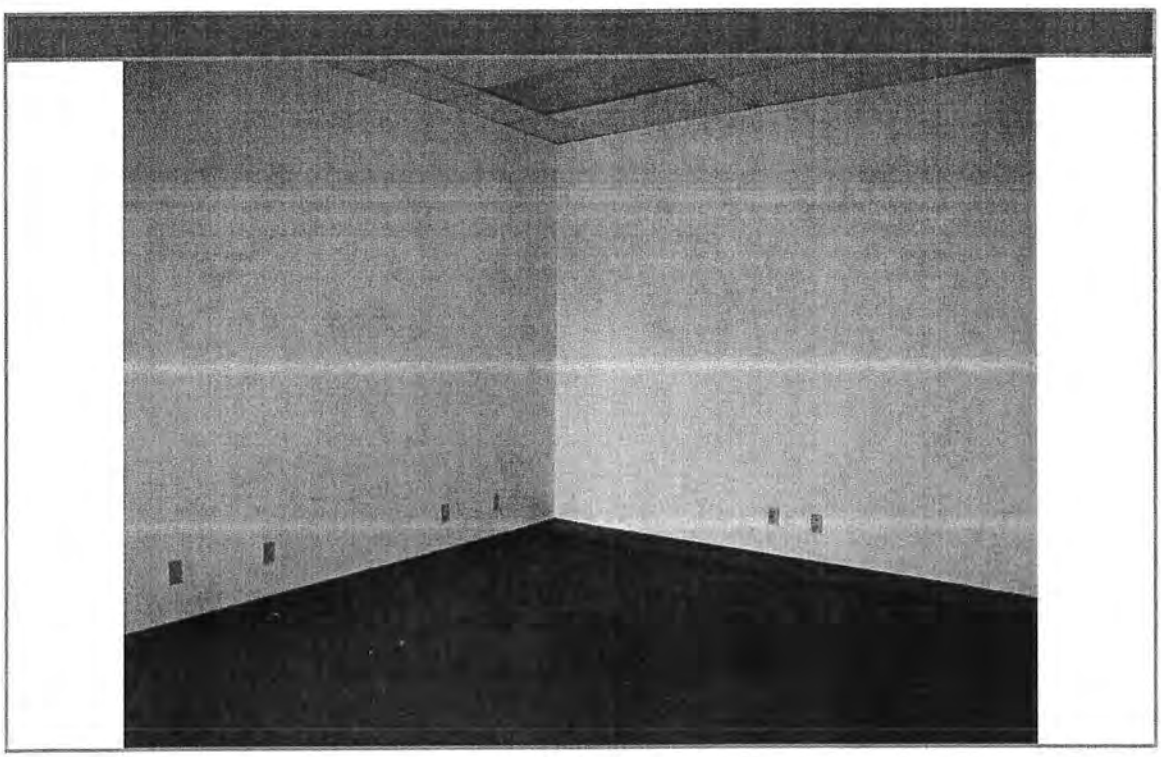
Front



Rear



Industrial area



Typical office

BEFORE CONDITION - LAND VALUATION

SUMMARY OF LAND SALES

PROPERTY INFORMATION									TRANSACTION INFORMATION						
No.	Location	Assessors Parcel Number	Size (sf)	Size (Acres)	Proposed Use	Zoning	Site Utility	Public Utilities	Grantor	Grantee	Property Rights Conveyed	Sale Date	Sale Price	$/SF Land	COMMENTS
S	Subject Property	310-080-01	57,064	1.31	N/A	IL-3-1 (Light Industrial)	Average	All available							
1	Northeast side of Camino Ruiz at Miralani Drive, San Diego, CA	341-480-01	115,434	2.65	Self-Storage	IL-2-1	Average	All Available	Aspen Creek, LLC	Mira Mesa Storage, LLC	Fee Simple	2/08	$3,200,000	$27.72	Buyer plans to construct self-storage units on the property. Previously the property was in escrow for $30/SF to a retail developer, but the community group did not improve the intended use. The entire site was 6.34 acres; however, the net usable area was only 2.65 acres.
2	Meanly Drive & Scripps Ranch Boulevard, San Diego, CA	319-170-30	161,172	3.70	Office, Commercial	IP-2-1	Average	All Available	Intel Corporation	Navy Federal Credit Union	Fee Simple	2/08	$4,150,500	$25.75	The buyer purchased this site to build a banking center with office space. The gross size is 4.00 acres and the net usable is 3.70 acres. The property has frontage along Meanley Drive and Scripps Ranch Boulevard. It is located in an area of industrial/office/flex uses.
3	5871-75 Copley Drive, San Diego, CA	356-400-41	167,401	3.84	Self-Storage	IL-2-1	Average	All Available	Sudberry Properties, Inc.	Great American Capital	Fee Simple	4/07	$3,800,000	$22.70	This site sold in finished condition from the developer who just previously completed the subdivision of a larger parcel. It consists of 3.93 gross acres and 3.84 net usable acres. It has visibility from State Road 52 and is situated among office and industrial properties. The intended use of the site was to construct a mini-storage facility.
4	5898 Copley Drive, San Diego, CA	356-400-(39, 42)	233,699	5.36	Office	IL-2-1	Average	All Available	Sudberry Properties, Inc.	North Island Financial Credit Union	Fee Simple	4/07	$7,274,000	$31.13	This site sold in finished condition. It consists of 6.41 gross acres and 5.37 net usable acres. It has good access and visibility from both 805 and State Road 52. The intended use of the site was to construct a six story office headquarters building.
5	South side of Vickers Street, east of Convoy Street, San Diego, CA	356-181-18	43,124	0.99	Outdoor Storage	IL-3-1	Average	All Available	John B. Clark Jr. Trust	Sunroad Enterprises	Fee Simple	1/07	$1,359,000	$31.51	The buyer purchased this property to be used for parking for an adjacent car dealership, which they also owned. Utilities were available to the site and the transaction was reportedly arm's length.
6	3630 Afton Road, San Diego, CA	421-040-13	45,738	1.05	Industrial	IP-2-1	Average	All Available	Hunter Hong Huynh & Hilary Le Ho	International Union of Operating Engineers	Fee Simple	3/06	$1,550,000	$33.89	This site is located on the west side of Afton Road, south of Aero Drive in Kearny Mesa. The site is in finished condition and was previously listed at $34.98/SF. The buyer plans to develop 20,000 SF of flex space.
7	642 Aero Way, Escondido, CA	228-381-28	17,999	0.41	Outdoor Storage	M-1	Average	All Available	Patton Family Trust	Madderbush, LLC	Fee Simple	12/08	$615,000	$34.17	The buyer intends to use this property for outdoor machinery storage. It is located in an area of industrial uses.
8	Pacific Oaks Place & Harmony Grove Road, Escondido, CA	235-040-(48, 49)	89,734	2.06	Industrial	S-P	Average	All Available	Escondido Harmony Lots 8 & 9, LLC	BCD Properties, LLC	Fee Simple	3/08	$2,216,000	$24.70	This is a fairly level industrial parcel in a secondary location with fair identity. Some site work was required. Concrete tilt-ups are planned.
STATISTICS															
Low			17,999	0.41								3/06	$615,000	$22.70	
High			233,699	5.36								12/08	$7,274,000	$34.17	
Average			109,288	2.51								8/07	$3,020,563	$28.95	

Compiled by Cushman & Wakefield Western, Inc.

LAND SALE ADJUSTMENT GRID

		Economic Adjustments (Cumulative)					Property Characteristic Adjustments (Additive)					
No.	Price PSF Land & Date	Property Rights Conveyed	Conditions of Sale	Financing	Market[1] Conditions	PSF Land Subtotal	Location	Size	Public Utilities	Utility[2]	Zoning	Adj. Price PSF Land
1	**$27.72**	Fee Simple	Arm's-Length	None	Inferior	**$28.11**	Superior	Larger	Similar	Similar	Similar	**$25.30**
	2/08	0.0%	0.0%	0.0%	1.4%	1.4%	-15.0%	5.0%	0.0%	0.0%	0.0%	-10.0%
2	**$25.75**	Fee Simple	Arm's-Length	None	Inferior	**$26.14**	Similar	Larger	Similar	Similar	Similar	**$28.75**
	2/08	0.0%	0.0%	0.0%	1.5%	1.5%	0.0%	10.0%	0.0%	0.0%	0.0%	10.0%
3	**$22.70**	Fee Simple	Arm's-Length	None	Inferior	**$23.95**	Superior	Larger	Similar	Similar	Similar	**$22.75**
	4/07	0.0%	0.0%	0.0%	5.5%	5.5%	-15.0%	10.0%	0.0%	0.0%	0.0%	-5.0%
4	**$31.13**	Fee Simple	Arm's-Length	None	Inferior	**$32.90**	Superior	Larger	Similar	Superior	Similar	**$26.32**
	4/07	0.0%	0.0%	0.0%	5.7%	5.7%	-15.0%	10.0%	0.0%	-15.0%	0.0%	-20.0%
5	**$31.51**	Fee Simple	Arm's-Length	None	Inferior	**$33.72**	Superior	Similar	Similar	Similar	Similar	**$28.66**
	1/07	0.0%	0.0%	0.0%	7.0%	7.0%	-15.0%	0.0%	0.0%	0.0%	0.0%	-15.0%
6	**$33.89**	Fee Simple	Arm's-Length	None	Inferior	**$37.62**	Superior	Similar	Similar	Similar	Similar	**$31.97**
	3/06	0.0%	0.0%	0.0%	11.0%	11.0%	-15.0%	0.0%	0.0%	0.0%	0.0%	-15.0%
7	**$34.17**	Fee Simple	Arm's-Length	None	Superior	**$33.25**	Similar	Smaller	Similar	Similar	Similar	**$31.58**
	12/08	0.0%	0.0%	0.0%	-2.7%	-2.7%	0.0%	-5.0%	0.0%	0.0%	0.0%	-5.0%
8	**$24.70**	Fee Simple	Arm's-Length	None	Inferior	**$24.87**	Similar	Larger	Similar	Similar	Similar	**$27.35**
	3/08	0.0%	0.0%	0.0%	0.7%	0.7%	0.0%	10.0%	0.0%	0.0%	0.0%	10.0%

STATISTICS			
$22.70	- Low	Low	$22.75
$34.17	- High	High -	$31.97
$28.95	- Average	Average -	$27.84

Compiled by Cushman & Wakefield Western, Inc.

(1) Market Conditions Adjustment Footnote

Compound annual change in market conditions: 5.00%
Date of Value (for adjustment calculations): 5/21/08

(2) Utility Footnote

Utility includes shape, access, frontage and visibility.

CONCLUSION OF SITE VALUE

LAND VALUE CONCLUSION	Price PSF
Indicated Value	$30.00
SQFT Measure	x 57,064
Indicated Value	$1,711,920
Rounded to nearest $10,000	$1,710,000
$/SF Basis	$29.97
LAND VALUE CONCLUSION	$1,710,000
$/SF Basis	$29.97

Compiled by Cushman & Wakefield Western, Inc.

BEFORE CONDITION - COST APPROACH

COST APPROACH SUMMARY			
IMPROVEMENTS (STRUCTURES)			
Property #1		Office Build-out	Building Shell
Marshall & Swift - Improvement Type		Industrial, Interior Office	Light Industrial/Warehouse Shell
Building Class		C	C
Quality of Construction		Low Cost/Average	Average/Good
Marshall & Swift - Section		Section 14	Section 14
Marshall & Swift - Page		Page 35	Page 35
Date		Feb-08	Feb-08
Number of Stories		1	1
Base SF Cost		$30.00	$40.00
SQUARE FOOT REFINEMENTS			
HVAC Refinements		$5.00	$0.80
Sprinklers		$0.00	$0.00
Elevators		$0.00	$0.00
Adjusted Base Cost		$35.00	$40.80
HEIGHT AND SIZE REFINEMENTS			
Number of Stories		1.000	1.000
Height Per Story		0.960	0.960
Perimeter		1.000	1.000
Adjusted Base Cost		$33.60	$39.17
FINAL CALCULATIONS			
Current Cost Multiplier		1.000	1.000
Local Area Multiplier		1.150	1.150
Prospective Multiplier		1.000	1.000
Adjusted SF Cost		$38.64	$45.04
TIMES: SF for Replacement Cost Purposes		14,750	20,750
Adjusted Cost		**$569,940**	**$934,646**
PLUS: Indirect Costs	2.5%	$14,249	$23,366
Adjusted Cost		$584,189	$958,013
PLUS: Entrepreneurial Profit (Structures)	10.0%	$58,419	$95,801
Replacement Cost New (RCN)		**$642,607**	**$1,053,814**
REPLACEMENT COST SUMMARY (STRUCTURES)			
Total Adjusted Costs			**$1,504,586**
PLUS: Total Indirect Costs			$37,615
PLUS: Total Entrepreneurial Profit (Structures)			$154,220
Total RCN			**$1,696,421**
Total GBA (SF)	20,750		
PSF of GBA			$81.76

Total includes all component / building costs as detailed above

COST APPROACH SUMMARY

DEPRECIATION ANALYSIS (STRUCTURES)			
DESCRIPTION		Office Build-out	Building Shell
RCN		$642,607	$1,053,814
LESS: Physical Curable		$0	$0
LESS: Functional Curable		$0	$0
Adjusted RCN		$642,607	$1,053,814
Age/Life Analysis			
Year Built		1968	1968
Actual Age		40	40
Economic Life		50	50
Effective Age		40	40
Remaining Economic Life		10	10
Percent Depreciated		80.00%	80.00%
Age/Life Depreciation (% of Adjusted RCN)		$514,086	$843,051
Adjusted RCN		$642,607	$1,053,814
LESS: Age/Life Depreciation		($514,086)	($843,051)
Adjusted RCN		$128,521	$210,763
LESS: Functional Incurable		$0	$0
Adjusted RCN		$128,521	$210,763
LESS: Economic Obsolescence (External)	0.0%	$0	$0
Depreciated RCN		**$128,521**	**$210,763**
Depreciation Subtotal		($514,086)	($843,051)

DEPRECIATION SUMMARY (STRUCTURES)	
Total RCN	**$1,696,421**
LESS: Total Depreciation - Physical Curable	$0
LESS: Total Depreciation - Functional Curable	$0
LESS: Total Depreciation - Age/Life	($1,357,137)
LESS: Total Depreciation - Functional Incurable	$0
LESS: Total Depreciation - Economic Obsolescence (External)	$0
Total Depreciated Value of Improvements	**$339,284**
Total Depreciated Value PSF of GBA	$16.35

Total includes all component / building costs as detailed above

SITE IMPROVEMENTS

Cost New (Site Improvements)			$181,570
PLUS: Indirect Costs	2.5%	of Hard Costs	$4,539
Adjusted Cost			$186,109
PLUS: Entrepreneurial Profit	10.0%	of Adjusted Costs	$18,611
RCN (Site Improvements)			**$204,720**

DEPRECIATION ANALYSIS (SITE IMPROVEMENTS)		
RCN (Site Improvements)		**$204,720**
LESS: Physical Curable		$0
LESS: Functional Curable		$0
Adjusted RCN (Site)		$204,720
LESS: Age/Life Depreciation		($136,480)
Adjusted RCN (Site)		$68,240
LESS: Economic Obsolescence (External)	0.0%	$0
Total Depreciated Value of Site Improvements		**$68,240**
Site Area SF (Primary Site)	57,064	
Conclusion PSF of Land Area (Primary Site)		**$1.20**

COST APPROACH VALUE SUMMARY

MARKET VALUE TYPE		Market Value As Is
COST SOURCE		Marshall & Swift (Commercial Cost Explorer)
IMPROVEMENTS (Structures)		
Adjusted Costs		**$1,504,586**
PLUS: Indirect Costs		$37,615
PLUS: Entrepreneurial Profit		$154,220
LESS: Total Depreciation		($1,357,137)
TOTAL DEPRECIATED VALUE OF IMPROVEMENTS (Structures)		**$339,284**
IMPROVEMENTS (Site)		
Cost New		**$181,570**
PLUS: Indirect Costs		$4,539
PLUS: Entrepreneurial Profit		$18,611
LESS: Total Depreciation		($136,480)
TOTAL DEPRECIATED VALUE OF IMPROVEMENTS (Site)		**$68,240**
SUMMARY (ALL IMPROVEMENTS)		
Adjusted Costs/Cost New		$1,686,156
PLUS: Total Indirect Costs		$42,154
PLUS: Total Entrepreneurial Profit		$172,831
TOTAL REPLACEMENT COST NEW		**$1,901,141**
LESS: Total Depreciation		($1,493,617)
TOTAL DEPRECIATED VALUE OF IMPROVEMENTS		**$407,524**
Depreciated Value PSF of GBA		$19.64
TOTAL DEPRECIATED VALUE OF IMPROVEMENTS		
PLUS: Land Value (Primary Site)		$1,710,000
INDICATED VALUE BY THE COST APPROACH		**$2,117,524**
Rounded to the Nearest	**$10,000**	**$2,120,000**
TOTAL GBA (SF)	20,750	
Conclusion PSF of GBA		**$102.17**

BEFORE CONDITION - SALES COMPARISON APPROACH

SUMMARY OF IMPROVED SALES

	PROPERTY INFORMATION												TRANSACTION INFORMATION							
No.	Property Name Address, City, State	Land (Net SF)	Land to Building Ratio	Building NRA	Year Built	Dock High Doors	Drive-In Doors	Percent Office	Clear Height	Tenancy Type	Quality	Cond.	Grantor	Grantee	Buying Entity	Value Interest	Sale Date	Sale Price	$/SF	Comments
S	Subject Property	57,064	2.75:1	20,750	1968	0	5	71.1%	12.0'	Multi-Tenant	Average	Fair								
1	Army Reserve Armory Building 11620 Sorrento Valley Road San Diego, CA	160,301	3.93:1	40,783	1963	-	2	36.8%	24.0'	Single-Tenant	Average	Average	Newtrac Pacific, Inc.	Greens Valencia, LLC	Investor	Leased Fee	3/07	$7,500,000	$183.90	This Class B manufacturing building is located across the street from the subject. It was renovated in 2005 and is in good condition. The buyer purchased the property as an investment.
2	Sorrento West Business Park 11010 Roselle Street & 3560 Dunhill Street San Diego, CA	81,893	2.88:1	28,437	1978	-	8	30.0%	14.0'	Multi-Tenant	Average	Average	Sorrento West, Ltd.	Roselle-Dunhill, LLC	Investor	Fee Simple	1/07	$3,950,000	$138.90	This sale includes two flex buildings within the Sorrento West Business Park. The buildings were vacant at time of sale and the buyer purchased the property to upgrade to modern creative/loft space. The buyer spent approximately $50 psf on improving the space.
3	Sorrento Glen Business Park 11189 & 11199 Sorrento Valley Road San Diego, CA	141,134	3.14:1	44,915	1980	-	3	75.0%	14.0'	Multi-Tenant	Average	Average	Nexus Sorrento Glen, LLC	VCC-Sorrento DE, LLC	Investor	Leased Fee	5/07	$7,860,000	$175.00	The buyer is an investor who intended to improve the project with cosmetic upgrades and was in the process of converting the buildings to condos. The broker indicated the price was influenced upwards by about $10 psf due to the condo feature.
4	Lusk Industrial Park, Unit 1 5452 Oberlin Drive San Diego, CA	30,492	1.36:1	22,399	1981	-	2	5.0%	24.0'	Multi-Tenant	Average	Average	Sheldon Lerner	Concisys, Inc.	Owner-User	Fee Simple	9/08	$4,293,216	$191.67	The seller positioned the property by redoing landscaping, paving parking lot, and taking interior back to shell condition with the exception of a small office area. The property was vacant at the time of sale and the buyer will occupy the property as an owner/user. It was under contract for 45 days prior to closing, and was marketed for one year prior to contract date.
5	8860 Production Avenue San Diego, CA	81,892	2.62:1	31,297	1977	-	2	12.8%	18.0'	Multi-Tenant	Average	Average	Tatanka Resources, LLC	Abbey Party Rents	Owner-User	Fee Simple	2/07	$4,600,000	$146.98	The seller leased back 4,600 SF with no rent, expiring in 2010. The buyer occupied the remainder of the building.
6	9888 Waples Street San Diego, CA	46,174	2.26:1	20,415	1987	1	4	39.0%	23.0'	Multi-Tenant	Average	Average	Michael & Michelle Paskin	BTS Investment Group, LLC	Owner-User	Fee Simple	10/07	$3,375,000	$165.32	The buyer plans to occupy the property, doing business as Behind the Scenes, Inc. The property was occupied on a month-to-month basis at the time of sale.
7	1845 Commercial Street Escondido, CA	11,967	2.49:1	4,800	1981	-	2	-	13.0'	Multi-Tenant	Average	Poor	Emily Old	Zlatko Devcic	Owner-User	Fee Simple	4/08	$645,000	$134.38	Property consisted of a freestanding concrete block building on a site that the agent estimated contained about 8,000 usable SF with some poor quality office build-out at the time of sale. the buildout reportedly added no value and the building essentially sold as a shell. The buyer estimated deferred maintenance of $200,000 (new roof, new office build-out, mitigation of drainage issues).
STATISTICS																				
Low		11,967	1.36:1	4,800	1963	1											1/07	$645,000	$134.38	
High		160,301	3.93:1	44,915	1987	1											9/08	$7,860,000	$191.67	
Average		79,122	2.67:1	27,578	1978	1											8/07	$4,603,317	$162.31	

Compiled by Cushman & Wakefield Western, Inc.

BEFORE CONDITION - INCOME CAPITALIZATION APPROACH, DIRECT CAPITALIZATION METHOD

IMPROVED SALE ADJUSTMENT GRID

		ECONOMIC ADJUSTMENTS (CUMULATIVE)					PROPERTY CHARACTERISTIC ADJUSTMENTS (ADDITIVE)								
No.	Price PSF & Date	Property Rights Conveyed	Conditions of Sale	Financing	Market [1] Conditions	Subtotal	Location	Size	Age, Quality & Condition	Clear Height	Percent Office	Utility [2]	Economics	Other	Adj. Price PSF
1	$183.90 3/07	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 5.9%	$194.75 5.9%	Similar 0.0%	Larger 5.0%	Superior -30.0%	Superior -5.0%	Inferior 10.0%	Similar 0.0%	Superior -10.0%	Similar 0.0%	$136.33 -30.0%
2	$138.90 1/07	Fee Simple 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 6.8%	$148.35 6.8%	Similar 0.0%	Similar 0.0%	Superior -30.0%	Superior -5.0%	Inferior 10.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	$111.26 -25.0%
3	$175.00 5/07	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 5.2%	$184.10 5.2%	Similar 0.0%	Larger 5.0%	Superior -30.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Superior -5.0%	$128.87 -30.0%
4	$191.67 9/08	Fee Simple 0.0%	Arm's-Length 0.0%	None 0.0%	Superior -1.7%	$188.41 -1.7%	Superior -10.0%	Similar 0.0%	Superior -30.0%	Superior -10.0%	Inferior 10.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	$113.05 -40.0%
5	$146.98 2/07	Fee Simple 0.0%	Free Leaseback 4.0%	None 0.0%	Inferior 6.3%	$162.47 10.5%	Superior -15.0%	Similar 0.0%	Superior -30.0%	Superior -5.0%	Inferior 10.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	$97.48 -40.0%
6	$165.32 10/07	Fee Simple 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 3.2%	$170.61 3.2%	Superior -10.0%	Similar 0.0%	Superior -30.0%	Superior -10.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	$85.30 -50.0%
7	$134.38 4/08	Fee Simple 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 0.7%	$135.32 0.7%	Similar 0.0%	Smaller -10.0%	Similar 0.0%	Similar 0.0%	Inferior 10.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	$135.32 0.0%
	STATISTICS														
	$134.38	- Low												Low -	$85.30
	$191.67	- High												High -	$136.33
	$162.31	- Average												Average -	$115.37

Compiled by Cushman & Wakefield Western, Inc.

[1] Market Conditions Adjustment

Compound annual change in market conditions: 5.00%

Date of Value (for adjustment calculations): 5/21/08

[2] Utility Footnote

Utility includes other features including raised flooring, cross docks, column spacing, etc.

PERCENTAGE ADJUSTMENT METHOD CONCLUSION

PERCENT ADJUSTMENT METHOD SUMMARY	
Market Value As Is	
Indicated Value per Square Foot NRA	$100.00
Net Rentable Area in Square Feet	x 20,750
Preliminary Value	$2,075,000
Rounded to nearest $10,000	**$2,080,000**
ADJUSTMENTS TO PRELIMINARY VALUE	
LESS No Adjustment	
LESS Curable Depreciation	$0
Indicated Value	$2,075,000
Rounded to nearest $10,000	**$2,080,000**
Per square foot	$100.24

Compiled by Cushman & Wakefield Western, Inc.

INDUSTRIAL RENT COMPARABLES

PROPERTY INFORMATION								LEASE INFORMATION								
NO.	Property Name Address, City, State	NRA	YEAR BUILT	DOCK-HIGH DOORS	DRIVE-IN DOORS	PERCENT OFFICE	CLEAR HEIGHT	TENANT NAME	LEASE DATE	SIZE (NRA)	TERM (yrs.)	INITIAL RENT/SF	RENT STEPS	LEASE TYPE	MONTHS FREE	TI/SF
1	Torrey Pines Business Park, Building 3 10805 Vista Sorrento Parkway, Suite 200 San Diego, CA	23,400	1978	0	6	50.0%	18.0'	Biosurplus, Inc.	10/08	11,812	5	$1.20	4.0%	Industrial Gross	3	$15.00
2	Sorrento R&D Center 11760 Sorrento Valley Road, Suite H San Diego, CA	48,855	1978	0	0	20.0%	18.0' - 20.0'	Interactive Distributing, Inc.	4/08	2,040	2	$1.20	3.0%	NNN	0	$0.00
3	Torrey Business Park 10373 Roselle Street San Diego, CA	29,007	1971	1	9	15.0%	16.0' - 18.0'	Trio Display & Fixture, Co.	11/07	8,588	5	$1.00	3.0%	Industrial Gross	0	$0.00
4	Sorrento R&D Center 11772 Sorrento Valley Road, Suite 134 San Diego, CA	17,125	1980	0	0	100.0%	12.0'	EdMedica, LLC	5/08	1,015	1	$1.49	None	Industrial Gross	0	$5.00
5	Sorrento Roselle Industrial Center 10635 Roselle Street, Suite B San Diego, CA	16,000	1975	0	6	20.0%	18.0'	Treasures Brand	2/08	2,328	5	$1.00	3.0%	Industrial Gross	3	$0.00
6	La Jolla Sorrento Business Park 10477 Roselle Street, Suite C San Diego, CA	8,050	1980	0	1	0.0%	14.0'	Bracken Dance	10/07	2,000	5	$1.25	4.0%	Industrial Gross	0	$20.00
7	Sorrento Square 11578 Sorrento Valley Road, Suite 27 San Diego, CA	20,274	1975	0	7	5.0%	18.0'	Photon Light Boards	5/08	2,465	1	$1.20	3.0%	NNN	0	$2.00
8	Sorrento Center 11494 Sorrento Valley Rd, Suite K San Diego, CA	31,067	1980	0	22	100.0%	13.0'	MyChem, LLC	5/07	1,700	3	$1.20	3.5%	NNN	0	$5.88
STATISTICS																
Low		8,050	1971	0	0	0.0%	12.0'		5/07	1,015	1	$1.00			0	$0.00
High		48,855	1980	1	22	100.0%	18.0'		10/08	11,812	5	$1.49			3	$20.00
Average		24,222	1977	0	6	38.8%	15.5'		2/08	3,994	3	$1.19			1	$5.99

Compiled by Cushman & Wakefield Western, Inc.

COMPARABLE RENT ADJUSTMENT GRID

		ECONOMIC ADJUSTMENTS (CUMULATIVE)						PROPERTY CHARACTERISTIC ADJUSTMENTS (ADDITIVE)							
No.	Rent & Date	Lease Type /Industrial Gross Equiv. Adj.	Industrial GrossEquiv. Rent	Rent [2] Concess.	Effect. Rent	Market [1] Conditions	Subtotal	Location	Size	Age	Quality / Condition	Percent Office	Clear Height	Other	Adj. Rent PSF
1	**$1.20**	Industrial Gross	$1.20	Superior	$0.89	Superior	**$0.87**	Similar	Similar	Similar	Similar	Similar	Superior	Similar	**$0.83**
	10/08	$0.00		-$0.31		-1.9%	-27.2%	0.0%	0.0%	0.0%	0.0%	0.0%	-5.0%	0.0%	-5.0%
2	**$1.20**	NNN	$1.40	Similar	$1.40	Inferior	**$1.41**	Similar	Similar	Similar	Similar	Inferior	Superior	Similar	**$1.41**
	4/08	$0.20		$0.00		0.7%	17.5%	0.0%	0.0%	0.0%	0.0%	10.0%	-10.0%	0.0%	0.0%
3	**$1.00**	Industrial Gross	$1.00	Similar	$1.00	Inferior	**$1.03**	Similar	Similar	Similar	Similar	Inferior	Superior	Similar	**$1.08**
	11/07	$0.00		$0.00		2.5%	2.5%	0.0%	0.0%	0.0%	0.0%	10.0%	-5.0%	0.0%	5.0%
4	**$1.49**	Industrial Gross	$1.49	Superior	$1.07	Inferior	**$1.08**	Similar	Similar	Similar	Similar	Superior	Similar	Similar	**$0.97**
	5/08	$0.00		-$0.42		0.3%	-27.7%	0.0%	0.0%	0.0%	0.0%	-10.0%	0.0%	0.0%	-10.0%
5	**$1.00**	Industrial Gross	$1.00	Superior	$0.95	Inferior	**$0.96**	Similar	Similar	Similar	Similar	Inferior	Superior	Similar	**$1.01**
	2/08	$0.00		-$0.05		1.5%	-3.6%	0.0%	0.0%	0.0%	0.0%	10.0%	-5.0%	0.0%	5.0%
6	**$1.25**	Industrial Gross	$1.25	Superior	$0.92	Inferior	**$0.95**	Similar	Similar	Similar	Similar	Inferior	Similar	Similar	**$1.09**
	10/07	$0.00		-$0.33		3.2%	-24.3%	0.0%	0.0%	0.0%	0.0%	15.0%	0.0%	0.0%	15.0%
7	**$1.20**	NNN	$1.40	Superior	$1.23	Inferior	**$1.24**	Similar	Similar	Similar	Similar	Inferior	Superior	Similar	**$1.36**
	5/08	$0.20		-$0.17		0.3%	3.1%	0.0%	0.0%	0.0%	0.0%	15.0%	-5.0%	0.0%	10.0%
8	**$1.20**	NNN	$1.40	Superior	$1.24	Inferior	**$1.30**	Similar	Similar	Similar	Similar	Superior	Similar	Similar	**$1.17**
	5/07	$0.20		-$0.16		4.9%	8.1%	0.0%	0.0%	0.0%	0.0%	-10.0%	0.0%	0.0%	-10.0%

STATISTICS			
$1.00	- Low	Low -	$0.83
$1.49	- High	High -	$1.41
$1.19	- Average	Average -	$1.11

Compiled by Cushman & Wakefield Western, Inc.

[1] Market Conditions Adjustment

Compound annual change in market conditions: 5.00%

Date of Lease (for adjustment calculations): 5/21/08

[2] Market Standard

Free Rent (months)	0 months
Tenant Improvement (SF)	$0.00
Lease Type	Industrial Gross

MARKET RENT CONCLUSION

MARKET RENT CONCLUSION	
TENANT CATEGORY	
Market Rent	$13.80
/SF/month	$1.15
Basis	Industrial Gross

Compiled by Cushman & Wakefield Western, Inc.

REVENUE AND EXPENSE ANALYSIS

	2006 Actual		2007 Actual		2008 Actual		C&W Forecast[1]	
REVENUE	Total	PSF	Total	PSF	Total	PSF	Total	PSF
Base Rental Revenue	$205,900	$9.92	$166,916	$8.04	$50,050	$2.41	$286,350	$13.80
Subtotal	$205,900	$9.92	$166,916	$8.04	$50,050	$2.41	$286,350	$13.80
Other Revenue	$0	$0.00	$0	$0.00	$0	$0.00	$0	$0.00
POTENTIAL GROSS REVENUE	$205,900	$9.92	$166,916	$8.04	$50,050	$2.41	$286,350	$13.80
Vacancy and Collection Loss	0	0.00	0	0.00	0	0.00	(28,635)	(1.38)
EFFECTIVE GROSS REVENUE	$205,900	$9.92	$166,916	$8.04	$50,050	$2.41	$257,715	$12.42
OPERATING EXPENSES								
Property Insurance	3,261	0.16	3,261	0.16	2,761	0.13	3,261	0.16
Management Fees	0	0.00	0	0.00	0	0.00	7,731	0.37
Administrative Fees	0	0.00	0	0.00	0	0.00	2,577	0.12
Electricity	26,127	1.26	27,346	1.32	11,894	0.57	28,000	1.35
Water and Sewer	1,428	0.07	2,317	0.11	1,045	0.05	2,400	0.12
Total Utilities	27,555	1.33	29,663	1.43	12,939	0.62	30,400	1.47
Repairs and Maintenance	5,329	0.26	3,718	0.18	2,108	0.10	4,000	0.19
Common Area Maintenance	13,593	0.66	9,163	0.44	7,355	0.35	9,500	0.46
Cleaning and Janitorial	5,280	0.25	5,280	0.25	5,280	0.25	5,280	0.25
Advertising and Promotion	103	0.00	132	0.01	25	0.00	125	0.01
Other Operating Expenses	564	0.03	156	0.01	156	0.01	250	0.01
Total Operating Expenses	$55,685	$2.68	$51,373	$2.48	$30,624	$1.48	$63,125	$3.04
Real Estate Taxes	5,111	0.25	5,174	0.25	5,238	0.25	22,522	1.09
TOTAL EXPENSES	$60,796	$2.93	$56,547	$2.73	$35,862	$1.73	$85,646	$4.13
NET OPERATING INCOME	$145,104	$6.99	$110,369	$5.32	$14,188	$0.68	$172,069	$8.29

(1) Fiscal Year Beginning: 5/21/2008

Fiscal Year Ending: 5/20/2009

Compiled by Cushman & Wakefield Western, Inc.

SUMMARY OF REVENUE AND EXPENSES				
Stabilized Year For Direct Capitalization:		Year One		
REVENUE		Annual	$/SF	% of EGI
Base Rental Revenue		$286,350	$13.80	
Other Revenue		$0	$0.00	
POTENTIAL GROSS REVENUE		$286,350	$13.80	
Vacancy and Collection Loss	10.00%	(28,635)	(1.38)	
EFFECTIVE GROSS REVENUE		$257,715	$12.42	100.00%
OPERATING EXPENSES				
Property Insurance		3,261	0.16	1.27%
Management Fees		7,731	0.37	3.00%
Administrative Fees		2,577	0.12	1.00%
Electricity		28,000	1.35	10.86%
Water and Sewer		2,400	0.12	0.93%
Total Utilities		30,400	1.47	11.80%
Repairs and Maintenance		4,000	0.19	1.55%
Common Area Maintenance		9,500	0.46	3.69%
Cleaning and Janitorial		5,280	0.25	2.05%
Advertising and Promotion		125	0.01	0.05%
Other Operating Expenses		250	0.01	0.10%
Total Operating Expenses		$63,125	$3.04	24.49%
Real Estate Taxes		$22,522	$1.09	8.74%
TOTAL EXPENSES		**$85,646**	**$4.13**	**33.23%**
NET OPERATING INCOME		$172,069	$8.29	66.77%

Compiled by Cushman & Wakefield Western, Inc.

BEFORE CONDITION – DIRECT CAPITALIZATION METHOD CONCLUSION

DIRECT CAPITALIZATION METHOD		
Market Value As Is		
NET OPERATING INCOME	**$172,069**	**$8.29**
Sensitivity Analysis (0.25% OAR Spread)	**Value**	**$/SF NRA**
Based on Low-Range of 8.25%	$2,085,681	$100.51
Based on Most Probable Range of 8.50%	$2,024,338	$97.56
Based on High-Range of 8.75%	$1,966,499	$94.77
Preliminary Value	$2,024,338	$97.56
Rounded to nearest $10,000	$2,020,000	$97.35
ADJUSTMENTS TO PRELIMINARY VALUE		
LESS Lease-Up Costs	$0	$0.00
LESS Curable Depreciation	$0	$0.00
Indicated Value	$2,024,338	$97.56
Rounded to nearest $10,000	$2,020,000	$97.35

Compiled by Cushman & Wakefield Western, Inc.

BEFORE CONDITION – DISCOUNTED CASH FLOW METHOD

DISCOUNTED CASH FLOW ANALYSIS - BEFORE CONDITION	
Inputs	
Rentable Area	20,750
Market Lease Rate	$13.80
Holding Period (Years)	10
Leasing Commissions	5.00%
Tenant Improvements	$0.00
Rent Increase	2.50%
Annual Expense Increase	2.50%
Real Estate Tax Growth Rate	2.00%
Real Estate Tax Rate	1.1125%
Stabilized Vacancy	10.00%
Discount Rate	11.00%
Land Reversionary Rate	9.00%

Cash Flows - Before	Year	1	2	3	4	5	6	7	8	9	10
REVENUE											
Base Rental Revenue		$286,350	$293,509	$300,846	$308,368	$316,077	$323,979	$332,078	$340,380	$348,890	$357,612
Other Revenue		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
POTENTIAL GROSS REVENUE		$286,350	$293,509	$300,846	$308,368	$316,077	$323,979	$332,078	$340,380	$348,890	$357,612
Vacancy and Collection Loss		(28,635)	(29,351)	(30,085)	(30,837)	(31,608)	(32,398)	(33,208)	(34,038)	(34,889)	(35,761)
EFFECTIVE GROSS REVENUE		$257,715	$264,158	$270,762	$277,531	$284,469	$291,581	$298,870	$306,342	$314,001	$321,851
OPERATING EXPENSES											
Property Insurance		3,261	3,343	3,426	3,512	3,600	3,690	3,782	3,876	3,973	4,073
Management Fees		7,731	7,925	8,123	8,326	8,534	8,747	8,966	9,190	9,420	9,656
Administrative Fees		2,577	2,642	2,708	2,775	2,845	2,916	2,989	3,063	3,140	3,219
Electricity		28,000	28,700	29,418	30,153	30,907	31,679	32,471	33,283	34,115	34,968
Water and Sewer		2,400	2,460	2,522	2,585	2,649	2,715	2,783	2,853	2,924	2,997
Total Utilities		30,400	31,160	31,939	32,737	33,556	34,395	35,255	36,136	37,039	37,965
Repairs and Maintenance		4,000	4,100	4,203	4,308	4,415	4,526	4,639	4,755	4,874	4,995
Common Area Maintenance		9,500	9,738	9,981	10,230	10,486	10,748	11,017	11,293	11,575	11,864
Cleaning and Janitorial		5,280	5,412	5,547	5,686	5,828	5,974	6,123	6,276	6,433	6,594
Advertising and Promotion		125	128	131	135	138	141	145	149	152	156
Other Operating Expenses		250	256	263	269	276	283	290	297	305	312
Total Operating Expenses		$63,125	$64,703	$66,320	$67,978	$69,678	$71,420	$73,205	$75,035	$76,911	$78,834
Leasing Commissions		0	0	10,670	0	0	11,490	0	0	4,023	0
Tenant Improvements		0	0	0	0	0	0	0	0	0	0
Real Estate Taxes		21,000	21,420	21,848	22,285	22,731	23,186	23,649	24,122	24,605	25,097
TOTAL EXPENSES		**$84,125**	**$86,123**	**$98,838**	**$90,264**	**$92,409**	**$106,096**	**$96,855**	**$99,158**	**$105,539**	**$103,931**
NET OPERATING INCOME		**$173,590**	**$178,035**	**$171,923**	**$187,267**	**$192,060**	**$185,485**	**$202,016**	**$207,184**	**$208,462**	**$217,920**
Present Value Factor	11.00%	0.9009	0.8116	0.7312	0.6587	0.5935	0.5346	0.4817	0.4339	0.3909	0.3522
Present Value of Cash Flow		**$156,388**	**$144,497**	**$125,709**	**$123,359**	**$113,978**	**$99,168**	**$97,303**	**$89,903**	**$81,493**	**$76,748**

BEFORE CONDITION – DISCOUNTED CASH FLOW METHOD CONCLUSION

Conclusion - Before		
Land Value PSF		$30.00
Land Value Growth Rate		2.50%
Year 10 Land Value PSF		$38.40
Land SF		57,064
Reversion		$2,191,402
Sales Costs	3.00%	$65,742
Demolition Costs		$280,671
Site Conditions		$0
Redevelopment		$0
Net Reversion		$1,844,989
Reversionary Rate		9.00%
Present Value Factor in Year 10		0.4224
Present Value of Reversion		$779,343
Present Value of Cash Flow		$1,108,545
Total		**$1,887,889**
Rounded		**$1,890,000**

RECONCILIATION WITHIN THE INCOME CAPITALIZATION APPROACH

INCOME CAPITALIZATION APPROACH CONCLUSION		
Methodology	Before Condition	PSF
Discounted Cash Flow	$1,890,000	$91.08
Direct Capitalization	$2,020,000	$97.35
Income Approach Conclusion	**$2,000,000**	**$96.39**

AFTER CONDITION, SCENARIO 1 – DISCOUNTED CASH FLOW METHOD

DISCOUNTED CASH FLOW ANALYSIS - AFTER CONDITION, SCENARIO 1	
Inputs	
Rentable Area	20,750
Market Lease Rate	$12.42
Holding Period (Years)	10
Leasing Commissions	5.00%
Tenant Improvements	$0.00
Rent Increase	2.50%
Annual Expense Increase	2.50%
Real Estate Tax Growth Rate	2.00%
Real Estate Tax Rate	1.1125%
Stabilized Vacancy	10.00%
Discount Rate	13.00%
Land Reversionary Rate	9.00%

Cash Flows - After 1	Year	1	2	3	4	5	6	7	8	9	10
REVENUE											
Base Rental Revenue		$257,715	$264,158	$270,762	$277,531	$284,469	$291,581	$298,870	$306,342	$314,001	$321,851
Other Revenue		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
POTENTIAL GROSS REVENUE		$257,715	$264,158	$270,762	$277,531	$284,469	$291,581	$298,870	$306,342	$314,001	$321,851
Vacancy and Collection Loss		(25,772)	(26,416)	(27,076)	(27,753)	(28,447)	(29,158)	(29,887)	(30,634)	(31,400)	(32,185)
EFFECTIVE GROSS REVENUE		$231,944	$237,742	$243,686	$249,778	$256,022	$262,423	$268,983	$275,708	$282,601	$289,666
OPERATING EXPENSES											
Property Insurance		3,587	3,677	3,769	3,863	3,959	4,058	4,160	4,264	4,371	4,480
Management Fees		6,958	7,132	7,311	7,493	7,681	7,873	8,070	8,271	8,478	8,690
Administrative Fees		2,319	2,377	2,437	2,498	2,560	2,624	2,690	2,757	2,826	2,897
Electricity		28,000	28,700	29,418	30,153	30,907	31,679	32,471	33,283	34,115	34,968
Water and Sewer		2,400	2,460	2,522	2,585	2,649	2,715	2,783	2,853	2,924	2,997
Total Utilities		30,400	31,160	31,939	32,737	33,556	34,395	35,255	36,136	37,039	37,965
Repairs and Maintenance		4,400	4,510	4,623	4,738	4,857	4,978	5,103	5,230	5,361	5,495
Common Area Maintenance		10,450	10,711	10,979	11,254	11,535	11,823	12,119	12,422	12,732	13,051
Cleaning and Janitorial		5,280	5,412	5,547	5,686	5,828	5,974	6,123	6,276	6,433	6,594
Advertising and Promotion		125	128	131	135	138	141	145	149	152	156
Other Operating Expenses		250	256	263	269	276	283	290	297	305	312
Total Operating Expenses		$63,770	$65,364	$66,998	$68,673	$70,390	$72,150	$73,953	$75,802	$77,697	$79,640
Leasing Commissions		0	0	9,603	0	0	10,341	0	0	3,621	0
Tenant Improvements		0	0	0	0	0	0	0	0	0	0
Real Estate Taxes		10,500	10,710	10,924	11,143	11,366	11,593	11,825	12,061	12,302	12,548
TOTAL EXPENSES		**$74,270**	**$76,074**	**$87,525**	**$79,816**	**$81,756**	**$94,084**	**$85,778**	**$87,863**	**$93,621**	**$92,188**
NET OPERATING INCOME		**$157,674**	**$161,668**	**$156,160**	**$169,962**	**$174,267**	**$168,339**	**$183,205**	**$187,844**	**$188,980**	**$197,477**
Present Value Factor	13.00%	0.8850	0.7831	0.6931	0.6133	0.5428	0.4803	0.4251	0.3762	0.3329	0.2946
Present Value of Cash Flow		**$139,534**	**$126,610**	**$108,227**	**$104,241**	**$94,585**	**$80,856**	**$77,873**	**$70,660**	**$62,909**	**$58,175**

AFTER CONDITION, SCENARIO 1 – DISCOUNTED CASH FLOW METHOD CONCLUSION

Conclusion - After 1		
After Land Value PSF		$5.00
Land Value Growth Rate		2.50%
Year 10 Land Value PSF		$6.40
Land SF		57,064
Reversion		$365,234
Sales Costs	3.00%	$10,957
Demolition Costs		$280,671
Site Conditions		$0
Redevelopment		$0
Net Reversion		$73,605
Reversionary Rate		9.00%
Present Value Factor in Year 10		0.4224
Present Value of Reversion		$31,092
Present Value of Cash Flow		$923,669
Total		**$954,761**
Rounded		**$950,000**

AFTER CONDITION, SCENARIO 2 – DISCOUNTED CASH FLOW METHOD

DISCOUNTED CASH FLOW ANALYSIS - AFTER CONDITION, SCENARIO 2	
Inputs	
Rentable Area	20,750
Market Lease Rate	$12.42
Holding Period (Years)	10
Leasing Commissions	5.00%
Tenant Improvements	$0.00
Rent Increase	2.50%
Annual Expense Increase	2.50%
Real Estate Tax Growth Rate	2.00%
Real Estate Tax Rate	1.1125%
Stabilized Vacancy	10.00%
Discount Rate	13.00%
Land Reversionary Rate	30.00%

Cash Flows - After 2	Year	1	2	3	4	5	6	7	8	9	10
REVENUE											
Base Rental Revenue		$257,715	$264,158	$270,762	$277,531	$284,469	$291,581	$298,870	$306,342	$314,001	$321,851
Other Revenue		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
POTENTIAL GROSS REVENUE		$257,715	$264,158	$270,762	$277,531	$284,469	$291,581	$298,870	$306,342	$314,001	$321,851
Vacancy and Collection Loss		(25,772)	(26,416)	(27,076)	(27,753)	(28,447)	(29,158)	(29,887)	(30,634)	(31,400)	(32,185)
EFFECTIVE GROSS REVENUE		$231,944	$237,742	$243,686	$249,778	$256,022	$262,423	$268,983	$275,708	$282,601	$289,666
OPERATING EXPENSES											
Property Insurance		3,587	3,677	3,769	3,863	3,959	4,058	4,160	4,264	4,371	4,480
Management Fees		6,958	7,132	7,311	7,493	7,681	7,873	8,070	8,271	8,478	8,690
Administrative Fees		2,319	2,377	2,437	2,498	2,560	2,624	2,690	2,757	2,826	2,897
Electricity		28,000	28,700	29,418	30,153	30,907	31,679	32,471	33,283	34,115	34,968
Water and Sewer		2,400	2,460	2,522	2,585	2,649	2,715	2,783	2,853	2,924	2,997
Total Utilities		30,400	31,160	31,939	32,737	33,556	34,395	35,255	36,136	37,039	37,965
Repairs and Maintenance		4,400	4,510	4,623	4,738	4,857	4,978	5,103	5,230	5,361	5,495
Common Area Maintenance		10,450	10,711	10,979	11,254	11,535	11,823	12,119	12,422	12,732	13,051
Cleaning and Janitorial		5,280	5,412	5,547	5,686	5,828	5,974	6,123	6,276	6,433	6,594
Advertising and Promotion		125	128	131	135	138	141	145	149	152	156
Other Operating Expenses		250	256	263	269	276	283	290	297	305	312
Total Operating Expenses		$63,770	$65,364	$66,998	$68,673	$70,390	$72,150	$73,953	$75,802	$77,697	$79,640
Leasing Commissions		0	0	9,603	0	0	10,341	0	0	3,621	0
Tenant Improvements		0	0	0	0	0	0	0	0	0	0
Real Estate Taxes		11,000	11,220	11,444	11,673	11,907	12,145	12,388	12,636	12,888	13,146
TOTAL EXPENSES		**$74,770**	**$76,584**	**$88,045**	**$80,346**	**$82,297**	**$94,636**	**$86,341**	**$88,438**	**$94,206**	**$92,786**
NET OPERATING INCOME		**$157,174**	**$161,158**	**$155,640**	**$169,431**	**$173,726**	**$167,787**	**$182,642**	**$187,270**	**$188,394**	**$196,880**
Present Value Factor	13.00%	0.8850	0.7831	0.6931	0.6133	0.5428	0.4803	0.4251	0.3762	0.3329	0.2946
Present Value of Cash Flow		**$139,092**	**$126,210**	**$107,867**	**$103,915**	**$94,291**	**$80,591**	**$77,634**	**$70,443**	**$62,714**	**$57,999**

AFTER CONDITION, SCENARIO 2 – DISCOUNTED CASH FLOW METHOD CONCLUSION

Conclusion - After 2		
After Land Value PSF		$30.00
Land Value Growth Rate		2.50%
Year 10 Land Value PSF		$38.40
Land SF		57,064
Reversion		$2,191,402
Sales Costs	3.00%	$65,742
Demolition Costs		$280,671
Site Conditions		$635,969
Redevelopment		$0
Net Reversion		$1,209,020
Reversionary Rate		30.00%
Present Value Factor in Year 10		0.0725
Present Value of Reversion		$87,700
Present Value of Cash Flow		$920,756
Total		**$1,008,456**
Rounded		**$1,010,000**

ASSUMPTIONS AND LIMITING CONDITIONS

"Report" means the appraisal or consulting report and conclusions stated therein, to which these Assumptions and Limiting Conditions are annexed.

"Property" means the subject of the Report.

"C&W" means Cushman & Wakefield, Inc. or its subsidiary that issued the Report.

"Appraiser(s)" means the employee(s) of C&W who prepared and signed the Report.

The Report has been made subject to the following assumptions and limiting conditions:

- No opinion is intended to be expressed and no responsibility is assumed for the legal description or for any matters that are legal in nature or require legal expertise or specialized knowledge beyond that of a real estate appraiser. Title to the Property is assumed to be good and marketable and the Property is assumed to be free and clear of all liens unless otherwise stated. No survey of the Property was undertaken.

- The information contained in the Report or upon which the Report is based has been gathered from sources the Appraiser assumes to be reliable and accurate. The owner of the Property may have provided some of such information. Neither the Appraiser nor C&W shall be responsible for the accuracy or completeness of such information, including the correctness of estimates, opinions, dimensions, sketches, exhibits and factual matters. Any authorized user of the Report is obligated to bring to the attention of C&W any inaccuracies or errors that it believes are contained in the Report.

- The opinions are only as of the date stated in the Report. Changes since that date in external and market factors or in the Property itself can significantly affect the conclusions in the Report.

- The Report is to be used in whole and not in part. No part of the Report shall be used in conjunction with any other analyses. Publication of the Report or any portion thereof without the prior written consent of C&W is prohibited. Reference to the Appraisal Institute or to the MAI designation is prohibited. Except as may be otherwise stated in the letter of engagement, the Report may not be used by any person(s) other than the party(ies) to whom it is addressed or for purposes other than that for which it was prepared. No part of the Report shall be conveyed to the public through advertising, or used in any sales, promotion, offering or SEC material without C&W's prior written consent. Any authorized user(s) of this Report who provides a copy to, or permits reliance thereon by, any person or entity not authorized by C&W in writing to use or rely thereon, hereby agrees to indemnify and hold C&W, its affiliates and their respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the Report by any such unauthorized person(s) or entity(ies).

- Except as may be otherwise stated in the letter of engagement, the Appraiser shall not be required to give testimony in any court or administrative proceeding relating to the Property or the Appraisal.

- The Report assumes (a) responsible ownership and competent management of the Property; (b) there are no hidden or unapparent conditions of the Property, subsoil or structures that render the Property more or less valuable (no responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them); (c) full compliance with all applicable federal, state and local zoning and environmental regulations and laws, unless noncompliance is stated, defined and considered in the Report; and (d) all required licenses, certificates of occupancy and other governmental consents have been or can be obtained and renewed for any use on which the value opinion contained in the Report is based.

- The physical condition of the improvements considered by the Report is based on visual inspection by the Appraiser or other person identified in the Report. C&W assumes no responsibility for the soundness of structural components or for the condition of mechanical equipment, plumbing or electrical components.

- The forecasted potential gross income referred to in the Report may be based on lease summaries provided by the owner or third parties. The Report assumes no responsibility for the authenticity or completeness of lease information provided by others. C&W recommends that legal advice be obtained regarding the interpretation of lease provisions and the contractual rights of parties.

- The forecasts of income and expenses are not predictions of the future. Rather, they are the Appraiser's best opinions of current market thinking on future income and expenses. The Appraiser and C&W make no warranty or representation that these forecasts will materialize. The real estate market is constantly fluctuating and changing. It is not the Appraiser's task to predict or in any way warrant the conditions of a future real estate market; the Appraiser can only reflect what the investment community, as of the date of the Report, envisages for the future in terms of rental rates, expenses, and supply and demand.

- Unless otherwise stated in the Report, the existence of potentially hazardous or toxic materials that may have been used in the construction or maintenance of the improvements or may be located at or about the Property was not considered in arriving at the opinion of value. These materials (such as formaldehyde foam insulation, asbestos insulation and other potentially hazardous materials) may adversely affect the value of the Property. The Appraisers are not qualified to detect such substances. C&W recommends that an environmental expert be employed to determine the impact of these matters on the opinion of value.

- Unless otherwise stated in the Report, compliance with the requirements of the Americans with Disabilities Act of 1990 (ADA) has not been considered in arriving at the opinion of value. Failure to comply with the requirements of the ADA may adversely affect the value of the Property. C&W recommends that an expert in this field be employed to determine the compliance of the Property with the requirements of the ADA and the impact of these matters on the opinion of value.

- If the Report is submitted to a lender or investor with the prior approval of C&W, such party should consider this Report as only one factor, together with its independent investment considerations and underwriting criteria, in its overall investment decision. Such lender or investor is specifically cautioned to understand all Extraordinary Assumptions and Hypothetical Conditions and the Assumptions and Limiting Conditions incorporated in this Report.

- In the event of a claim against C&W or its affiliates or their respective officers or employees or the Appraisers in connection with or in any way relating to this Report or this engagement, the maximum damages recoverable shall be the amount of the monies actually collected by C&W or its affiliates for this Report and under no circumstances shall any claim for consequential damages be made.

- If the Report is referred to or included in any offering material or prospectus, the Report shall be deemed referred to or included for informational purposes only and C&W, its employees and the Appraiser have no liability to such recipients. C&W disclaims any and all liability to any party other than the party that retained C&W to prepare the Report.

- Any estimate of insurable value, if included within the agreed upon scope of work and presented within this report, is based upon figures derived from a national cost estimating service and is developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, we strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage for replacing any structure. This analysis should not be relied upon to determine insurance coverage. Furthermore, we make no warranties regarding the accuracy of this estimate.

- By use of this Report each party that uses this Report agrees to be bound by all of the Assumptions and Limiting Conditions, Hypothetical Conditions and Extraordinary Assumptions stated herein.

CERTIFICATION OF APPRAISAL

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- D. Matt Marschall, MAI, ARA, MRICS did make a personal inspection of the property that is the subject of this report.
- I, D. Matt Marschall, MAI, ARA, MRICS, have not performed a previous appraisal involving the subject property within the three years prior to this assignment.
- The following individuals provided significant real property assistance in preparing this appraisal: John Browne, MAI, and Curtis A. Buono, LEED AP
- As of the date of this report, D. Matt Marschall, MAI, ARA, MRICS has completed the continuing education program of the Appraisal Institute.
- We reserve the right to modify or change our conclusions with the receipt of more reliable or accurate information.

D. Matt Marschall, MAI, ARA, MRICS
Senior Managing Director
CA Certified General Appraiser
License No. AG004164
Matt.Marschall@cushwake.com
858-558-5626 Office Direct
858-334-6765 Fax

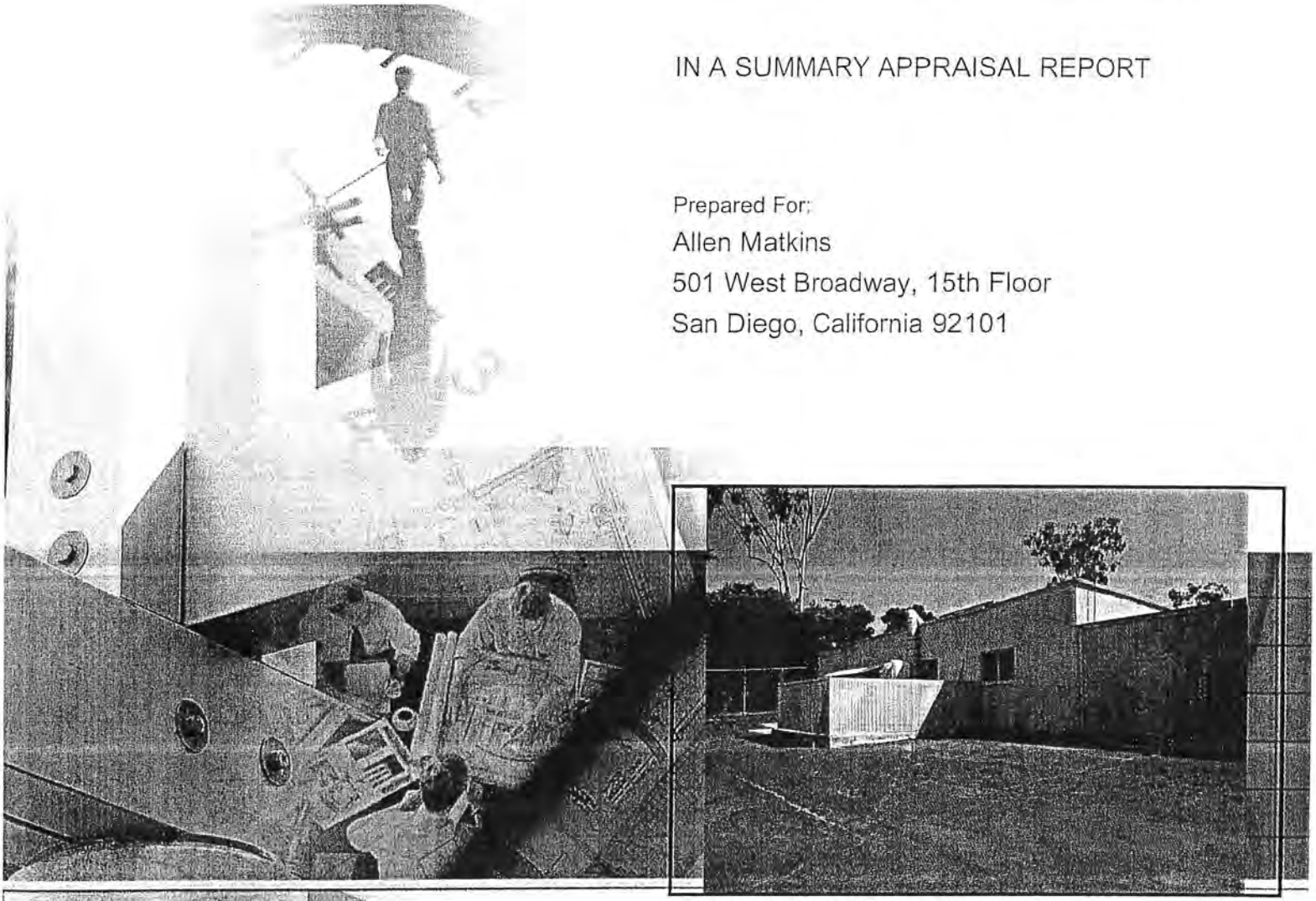
ATTACHMENT 2

APPRAISAL OF REAL PROPERTY

Property #2
3330 Industrial Court
San Diego, San Diego County, CA 92121

IN A SUMMARY APPRAISAL REPORT

Prepared For:
Allen Matkins
501 West Broadway, 15th Floor
San Diego, California 92101



Photograph of Subject Property

Prepared By:
Cushman & Wakefield Western, Inc.
Valuation & Advisory Services
4435 Eastgate Mall, Suite 200
San Diego, CA 92121
C&W File ID: 10-38503-9089

CUSHMAN & WAKEFIELD®
Global Real Estate Solutions™

As a matter of environmental responsibility, C&W has adopted a corporate-wide program to print our appraisal reports double-sided.

GENERAL DESCRIPTION

BASIC INFORMATION

Common Property Name:	Property #2	Report Type:	Summary
Address:	3330 Industrial Court	Interest Appraised:	Fee Simple
City:	San Diego	Date of Value - Before Condition:	5/21/08
State:	CA	Date of Value - After Condition 1:	5/21/08
Zip Code:	92121	Date of Value - After Condition 2:	5/21/08
County:	San Diego	Date of Inspection:	5/6/10
Property Ownership Entity:	Cal-Sorrento LTD	Date of Report:	6/14/10
CW File Reference:	10-38503-9089		

SITE INFORMATION

Land Area Gross SF:	25,700	Site Utility:	Average
Land Area Acres:	0.59	Site Topography:	Level at street grade
Is there additional Excess Land?	No	Site Shape:	Rectangular
Excess Land Area SF:	0	Frontage:	Fair
Excess Land Area Acres:	0.00	Access:	Average
Total Land Area SF:	25,700	Visibility:	Good
Total Land Area Acres:	0.59	Location Rating:	Average
Flood Zone:	X500	Parking Type:	Free Surface
Flood Map Number:	060295 1336F	Parking Ratio (per 1,000 sf):	2.50:1
Flood Map Date:	6/19/97	Parking Type:	Surface

BUILDING INFORMATION

Type of Property:	Industrial Building	Actual Age:	37 Years
Type of Construction:	Concrete block	Quality:	Average
Number of Buildings:	1	Condition:	Fair
Gross Building Area:	9,840 SF	Year Built:	1971
Net Rentable Area:	9,840 SF	Year Renovated:	N/A
Number of Stories:	1	Land to Building Ratio:	2.61:1
Curable Depreciation:	$0	Building Construction Class:	C

MUNICIPAL INFORMATION

Assessing Authority:	San Diego County	Municipality Governing Zoning:	City of San Diego
Assessor's Parcel Identification:	310-080-02	Current Zoning:	Light Industrial (IL-3-1)
Current Tax Year:	2008/2009	Is current use permitted:	Yes
Taxable Assessment:	$171,301	Current Use Compliance:	Complying use
Current Tax Liability:	$1,921	Zoning Change Applied For:	No
Taxes per square foot:	$0.20	Zoning Variance Applied For:	Not applicable
Are taxes current?	Taxes are current		
Is a grievance underway?	Not to our knowledge		
Subject's assessment is:	Below market levels		

HIGHEST & BEST USE

As Vacant:	As Improved:
An industrial or office use built to its maximum feasible building area consistent with zoning and surrounding development	As currently improved with the existing improvements representing an interim use for the economic life of the improvements and ultimate redevelopment

Intended Use

Ongoing litigation

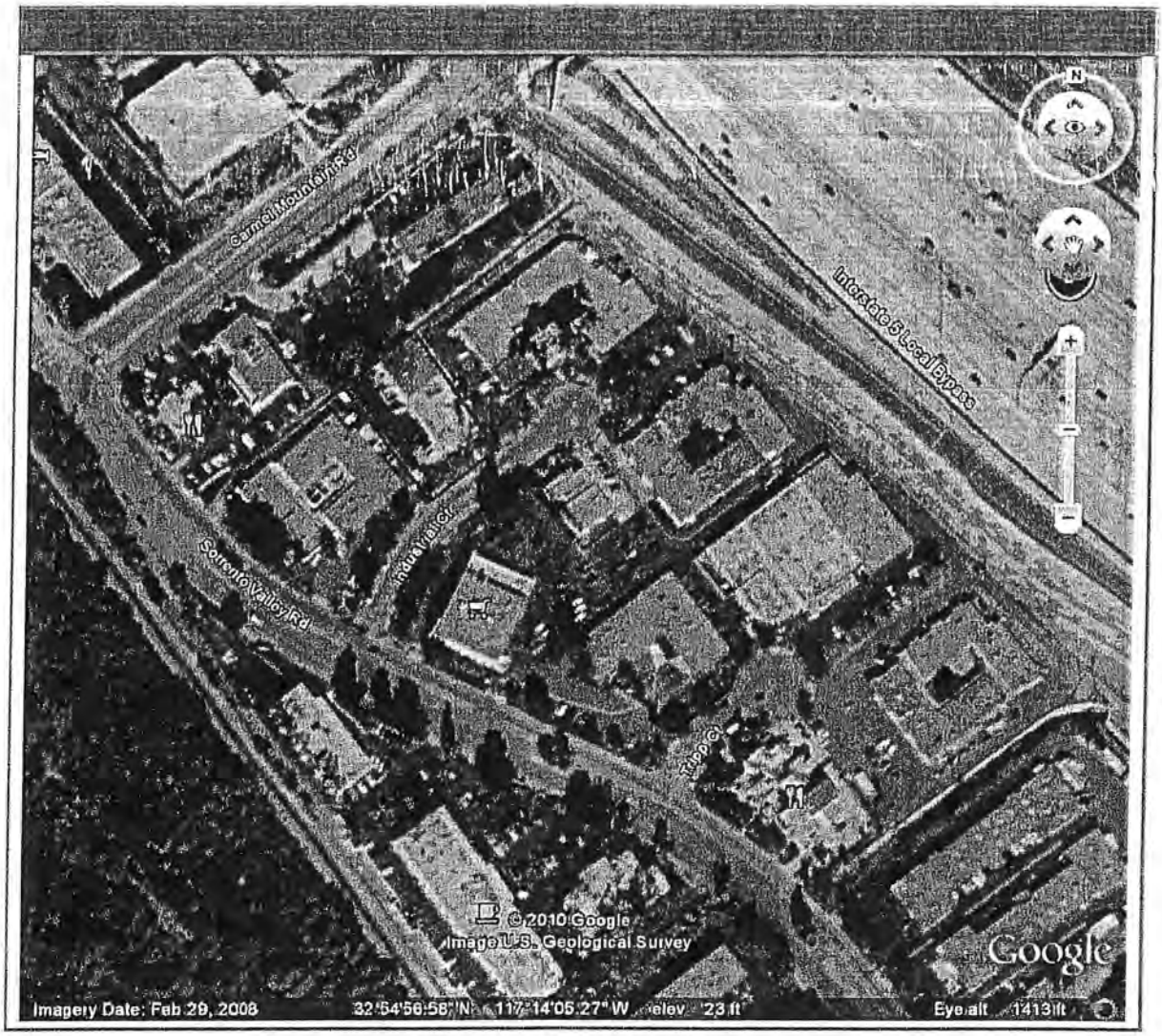
Intended User

Allen Matkins, deposition, trial, and any procedures involved in the current litigation

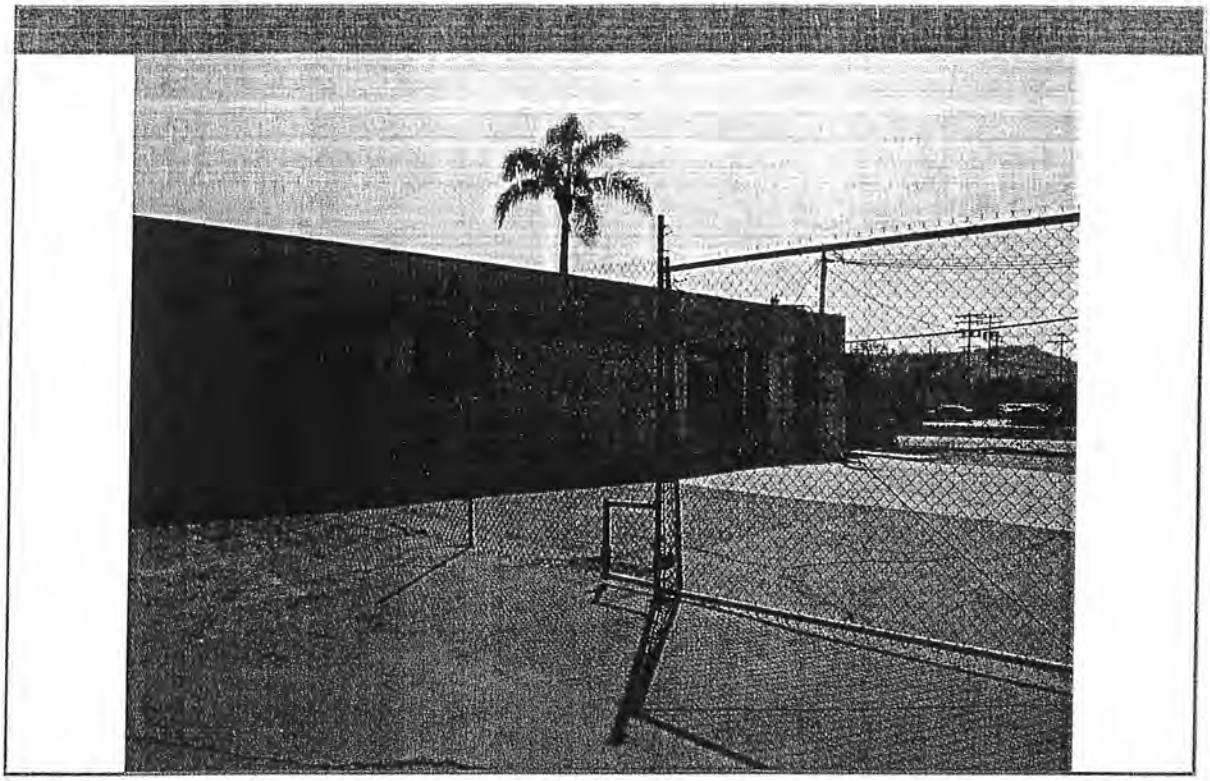
VALUATION CONCLUSIONS

VALUATION INDICES	Before Condition	After Condition - 1	After Condition - 2
LAND VALUATION			
Land Value			
Indicated Value:	$690,000	$128,500	$690,000
Per Square Foot:	$26.85	$5.00	$26.85
COST APPROACH			
Indicated Value:	$890,000	N/A	N/A
Per Square Foot (GBA)	$90.45	N/A	N/A
SALES COMPARISON APPROACH			
Indicated Value:	$930,000	N/A	N/A
Per Square Foot (NRA):	$94.51	N/A	N/A
INCOME CAPITALIZATION APPROACH			
Discounted Cash Flow			
Projection Period:	10 Years	10 Years	10 Years
Holding Period:	10 Years	10 Years	10 Years
Land Terminal Capitalization Rate:	9.00%	9.00%	30.00%
Internal Rate of Return:	11.00%	13.00%	13.00%
Indicated Value:	$840,000	$460,000	$480,000
Per Square Foot (NRA):	$85.37	$46.75	$48.78
Direct Capitalization			
Net Operating Income (stabilized):	$81,516	N/A	N/A
Capitalization Rate:	8.50%	N/A	N/A
Indicated Value:	$959,017	N/A	N/A
Indicated Value Rounded:	$960,000	N/A	N/A
Per Square Foot (NRA):	$97.56	N/A	N/A
Income Approach Conclusion:	$925,000	$460,000	$480,000
FINAL VALUE CONCLUSION			
Concluded Value:	$925,000	$460,000	$480,000
Per Square Foot (NRA):	$94.00	$46.75	$48.78
Implied Capitalization Rate:	8.81%	16.53%	15.77%

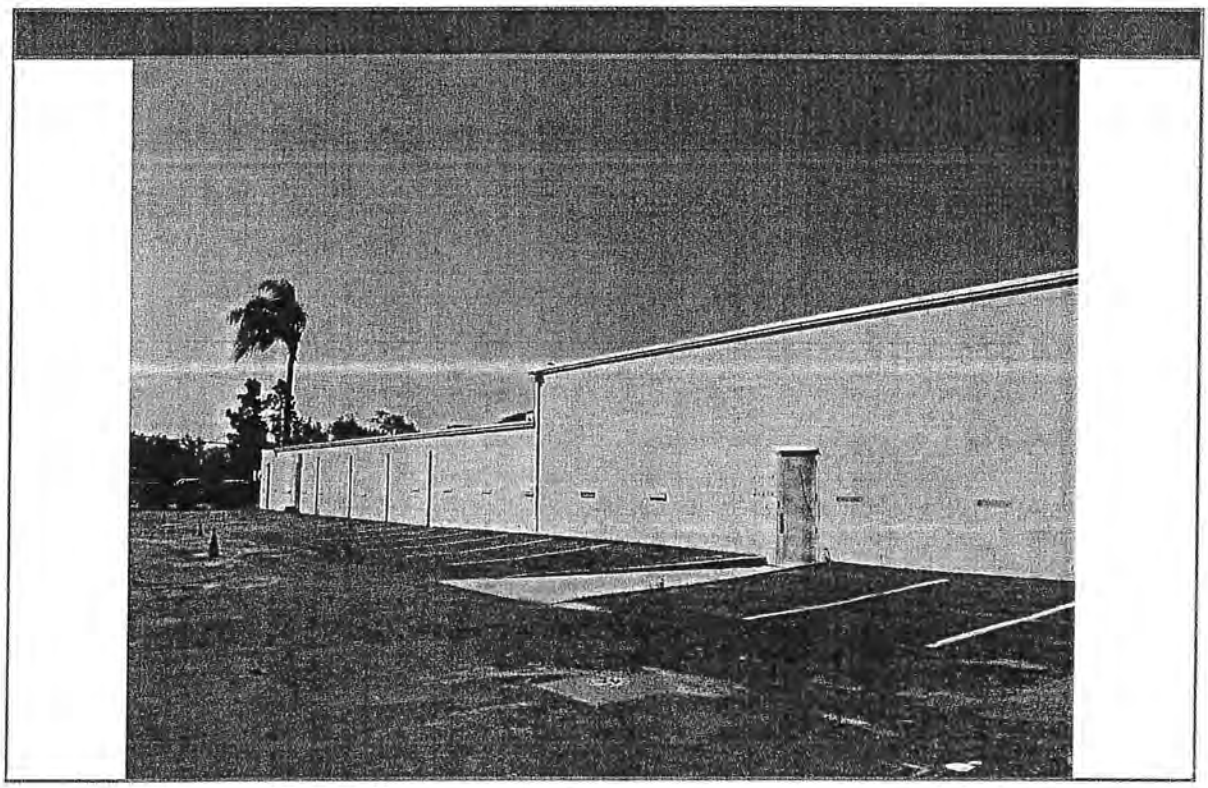
EXPOSURE TIME	
Exposure Time:	12 Months
Marketing Time:	12 Months



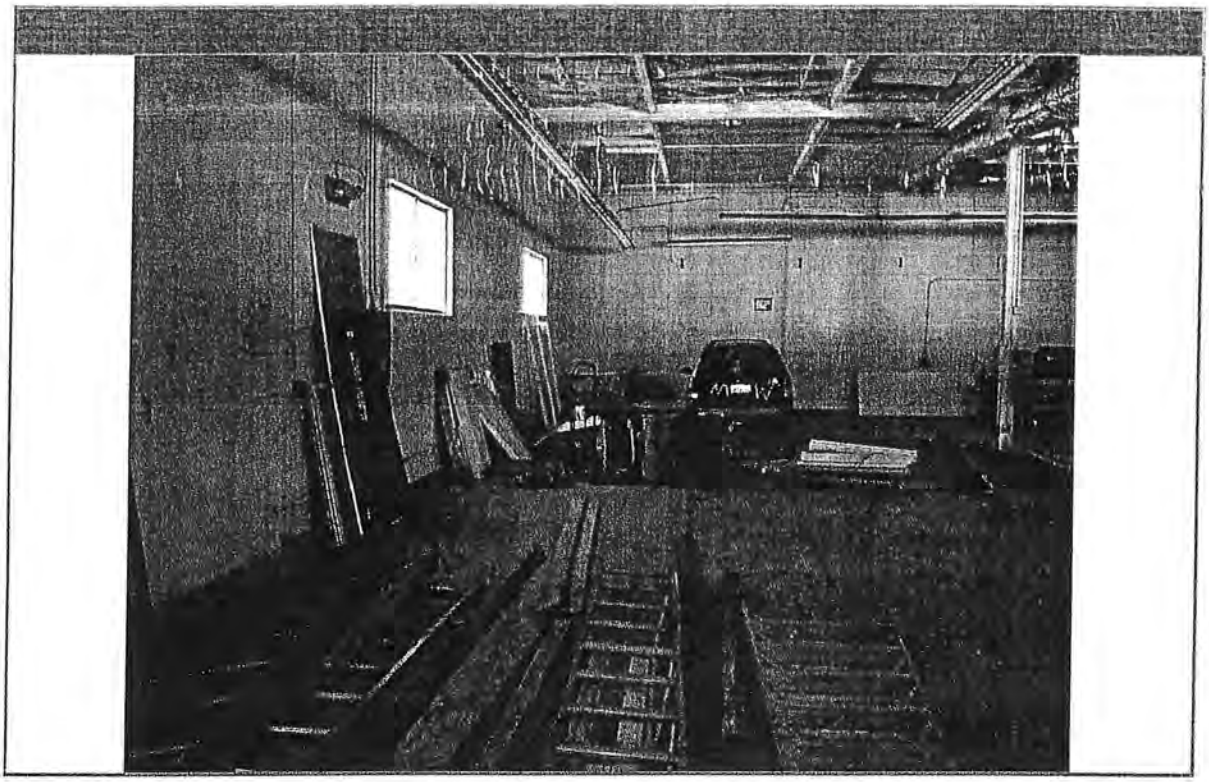
Boundaries approximated



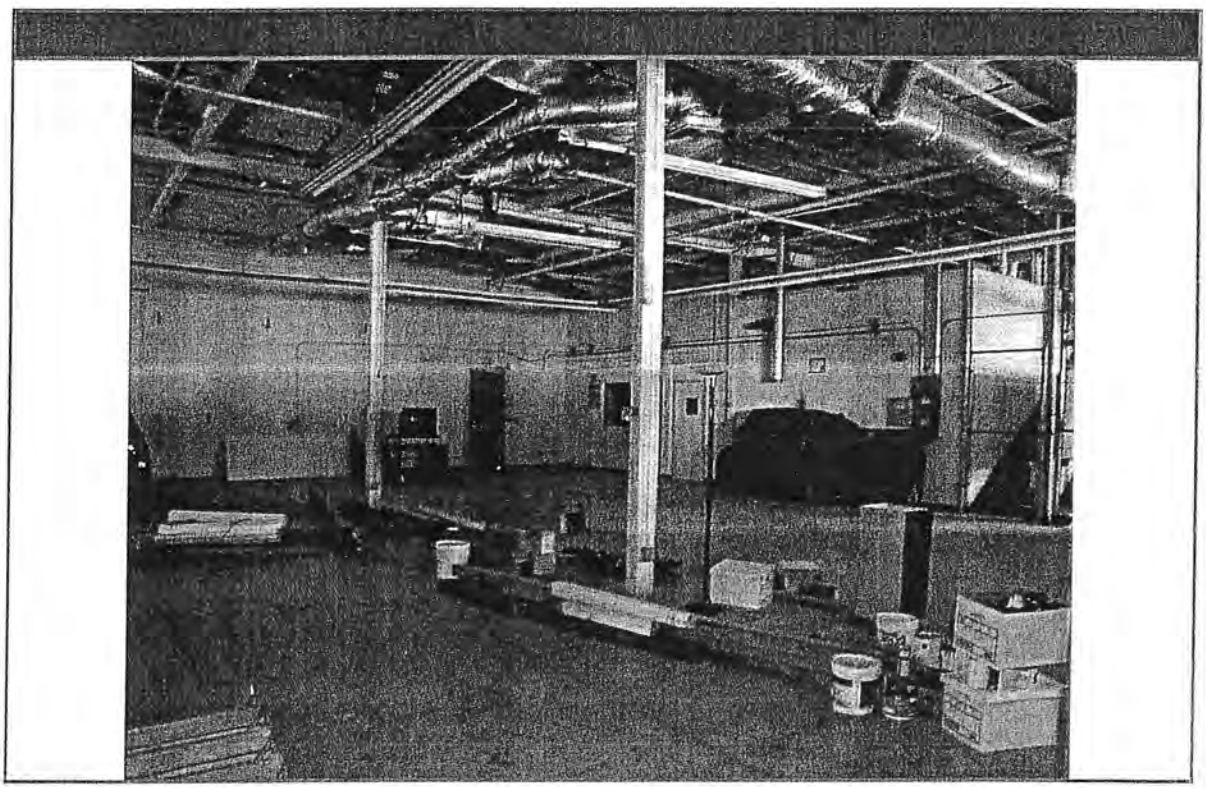
Side



Rear



Warehouse area



Warehouse area

ATTACHMENT 3

APPRAISAL OF REAL PROPERTY

Property #3 Missing Jones, Radt Carinsella report.

3336-3346 Industrial Court

San Diego, San Diego County, CA 92121

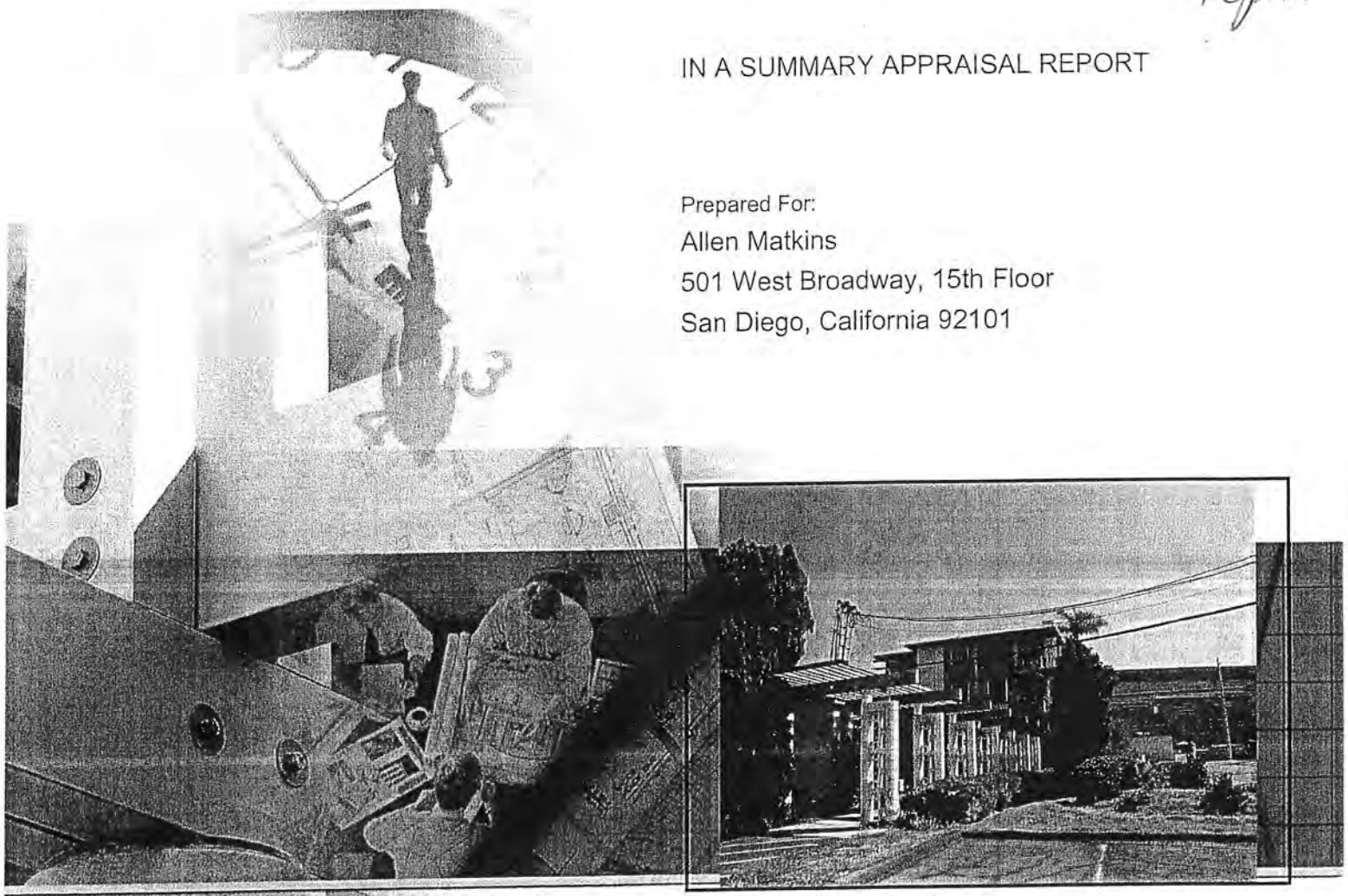
IN A SUMMARY APPRAISAL REPORT

Prepared For:

Allen Matkins

501 West Broadway, 15th Floor

San Diego, California 92101



Photograph of Subject Property

Prepared By:

Cushman & Wakefield Western, Inc.

Valuation & Advisory Services

4435 Eastgate Mall, Suite 200

San Diego, CA 92121

C&W File ID: 10-38503-9089

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GENERAL DESCRIPTION

BASIC INFORMATION

Common Property Name:	Property #3	Report Type:	Summary
Address:	3336-3346 Industrial Court	Interest Appraised:	Fee Simple
City:	San Diego	Date of Value - Before Condition:	5/21/08
State:	CA	Date of Value - After Condition 1:	5/21/08
Zip Code:	92121	Date of Value - After Condition 2:	5/21/08
County:	San Diego	Date of Inspection:	5/6/10
Property Ownership Entity:	Cal-Sorrento LTD	Date of Report:	6/14/10
CW File Reference:	10-38503-9089		

SITE INFORMATION

Land Area Gross SF:	70,567	Site Utility:	Average
Land Area Acres:	1.62	Site Topography:	Level at street grade
Is there additional Excess Land?	No	Site Shape:	Irregularly shaped
Excess Land Area SF:	0	Frontage:	Average
Excess Land Area Acres:	0.00	Access:	Average
Total Land Area SF:	70,567	Visibility:	Good
Total Land Area Acres:	1.62	Location Rating:	Average
Flood Zone:	X500	Parking Type:	Free Surface
Flood Map Number:	060295 1336F	Parking Ratio (per 1,000 sf):	2.50:1
Flood Map Date:	6/19/97	Parking Type:	Surface

BUILDING INFORMATION

Type of Property:	Industrial Building	Actual Age:	43 Years
Type of Construction:	Concrete block	Quality:	Average
Number of Buildings:	3	Condition:	Fair
Gross Building Area:	26,110 SF	Year Built:	1965
Net Rentable Area:	26,110 SF	Year Renovated:	N/A
Number of Stories:	1, 3	Land to Building Ratio:	2.70:1
Curable Depreciation:	$0	Building Construction Class:	C

MUNICIPAL INFORMATION

Assessing Authority:	San Diego County	Municipality Governing Zoning:	City of San Diego
Assessor's Parcel Identification:	310-080-43	Current Zoning:	Light Industrial (IL-3-1)
Current Tax Year:	2008/2009	Is current use permitted:	Yes
Taxable Assessment:	$571,049	Current Use Compliance:	Complying use
Current Tax Liability:	$6,357	Zoning Change Applied For:	No
Taxes per square foot:	$0.24	Zoning Variance Applied For:	Not applicable
Are taxes current?	Taxes are current		
Is a grievance underway?	Not to our knowledge		
Subject's assessment is:	Below market levels		

HIGHEST & BEST USE

As Vacant:	As Improved:
An industrial or office use built to its maximum feasible building area consistent with zoning and surrounding development	As currently improved with the existing improvements representing an interim use for the economic life of the improvements and ultimate redevelopment

Intended Use

Ongoing litigation

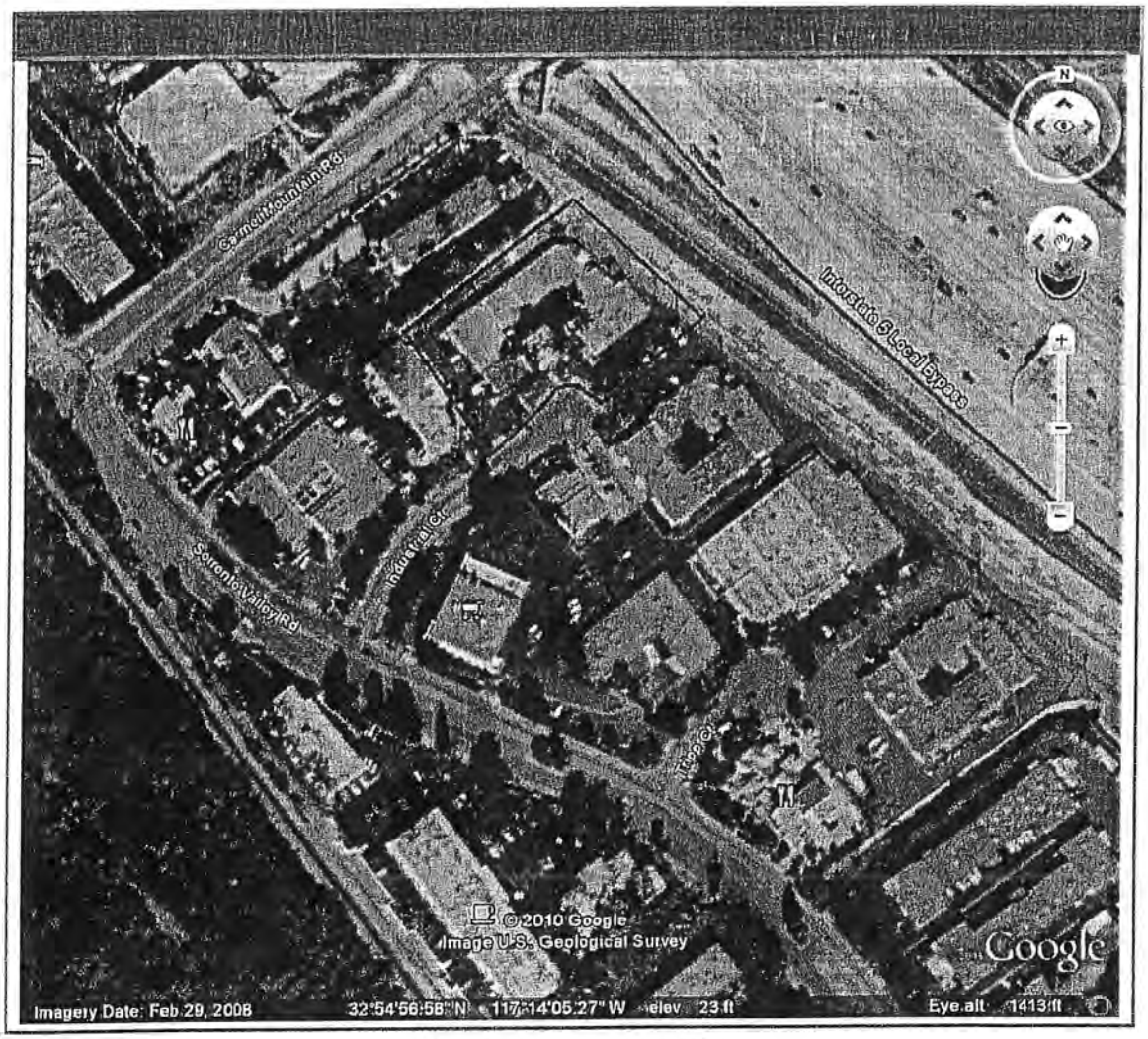
Intended User

Allen Matkins, deposition, trial, and any procedures involved in the current litigation

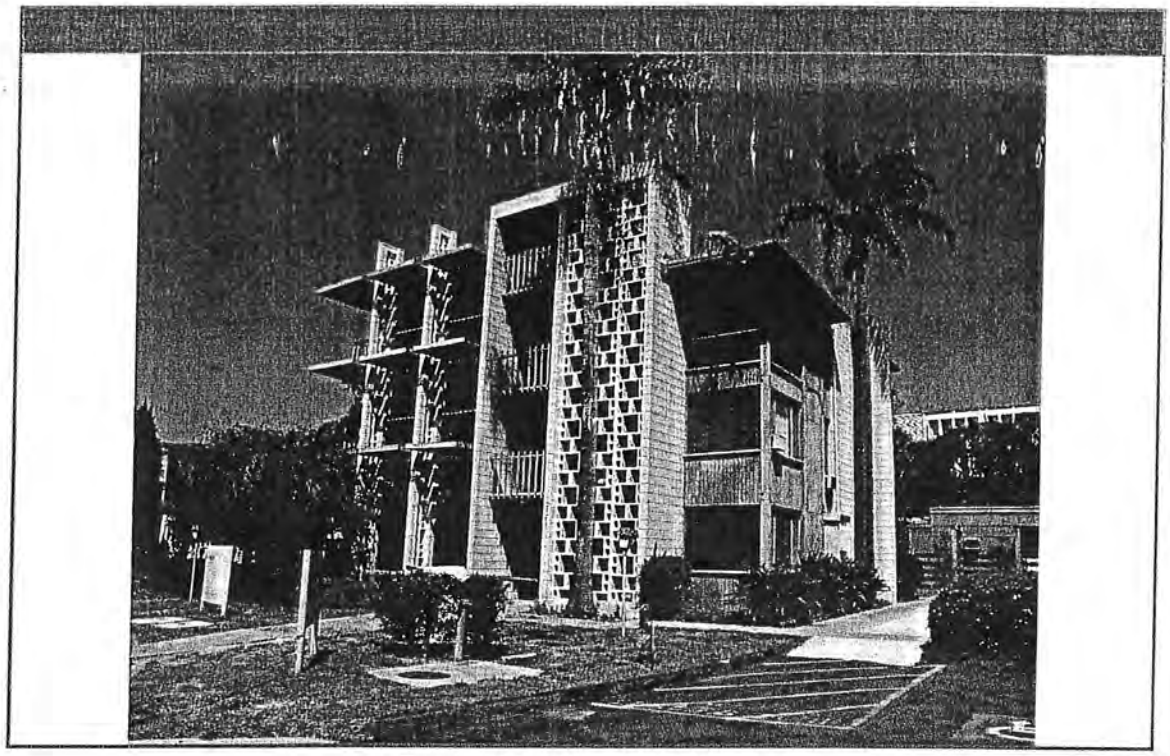
VALUATION CONCLUSIONS

VALUATION INDICES	Before Condition	After Condition - 1	After Condition - 2
LAND VALUATION			
Land Value			
Indicated Value:	$1,760,000	$324,767	$1,760,000
Per Square Foot:	$24.94	$5.00	$24.94
COST APPROACH			
Indicated Value:	$2,250,000	N/A	N/A
Per Square Foot (GBA)	$86.17	N/A	N/A
SALES COMPARISON APPROACH			
Indicated Value:	$1,940,000	N/A	N/A
Per Square Foot (NRA):	$74.30	N/A	N/A
INCOME CAPITALIZATION APPROACH			
Discounted Cash Flow			
Projection Period:	10 Years	10 Years	10 Years
Holding Period:	10 Years	10 Years	10 Years
Land Terminal Capitalization Rate:	9.00%	9.00%	30.00%
Internal Rate of Return:	11.00%	13.00%	13.00%
Indicated Value:	$1,900,000	$960,000	$950,000
Per Square Foot (NRA):	$72.77	$36.77	$36.38
Direct Capitalization			
Net Operating Income (stabilized):	$166,896	N/A	N/A
Capitalization Rate:	8.50%	N/A	N/A
Indicated Value:	$1,963,477	N/A	N/A
Indicated Value Rounded:	$1,960,000	N/A	N/A
Per Square Foot (NRA):	$75.07	N/A	N/A
Income Approach Conclusion:	$1,950,000	$960,000	$950,000
FINAL VALUE CONCLUSION			
Concluded Value:	$2,000,000	$960,000	$950,000
Per Square Foot (NRA):	$76.60	$36.77	$36.38
Implied Capitalization Rate:	8.34%	15.66%	15.83%

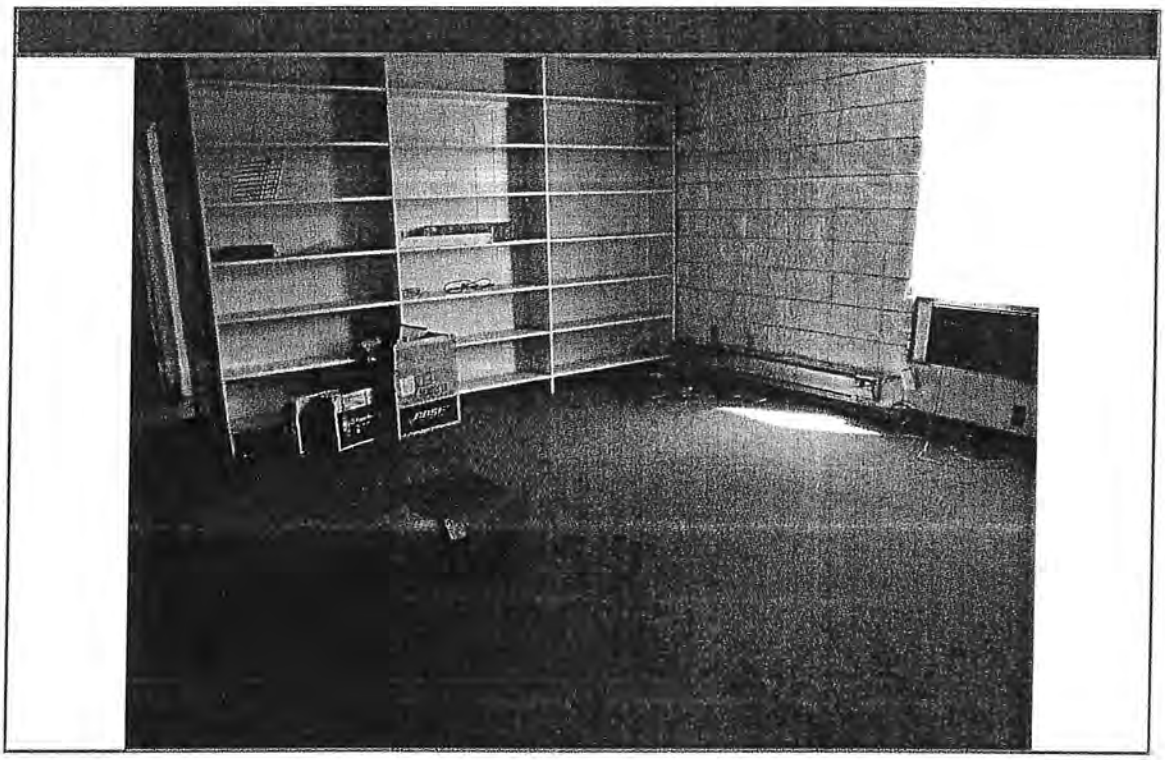
EXPOSURE TIME	
Exposure Time:	12 Months
Marketing Time:	12 Months



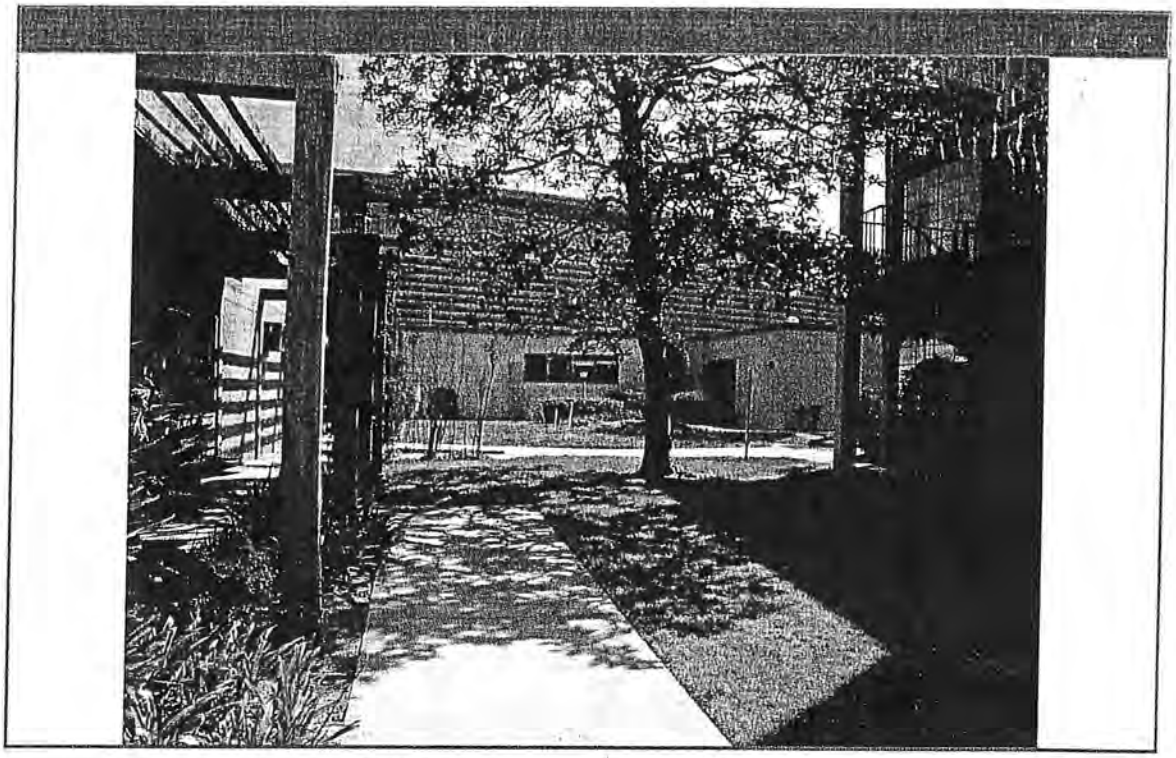
Boundaries approximated



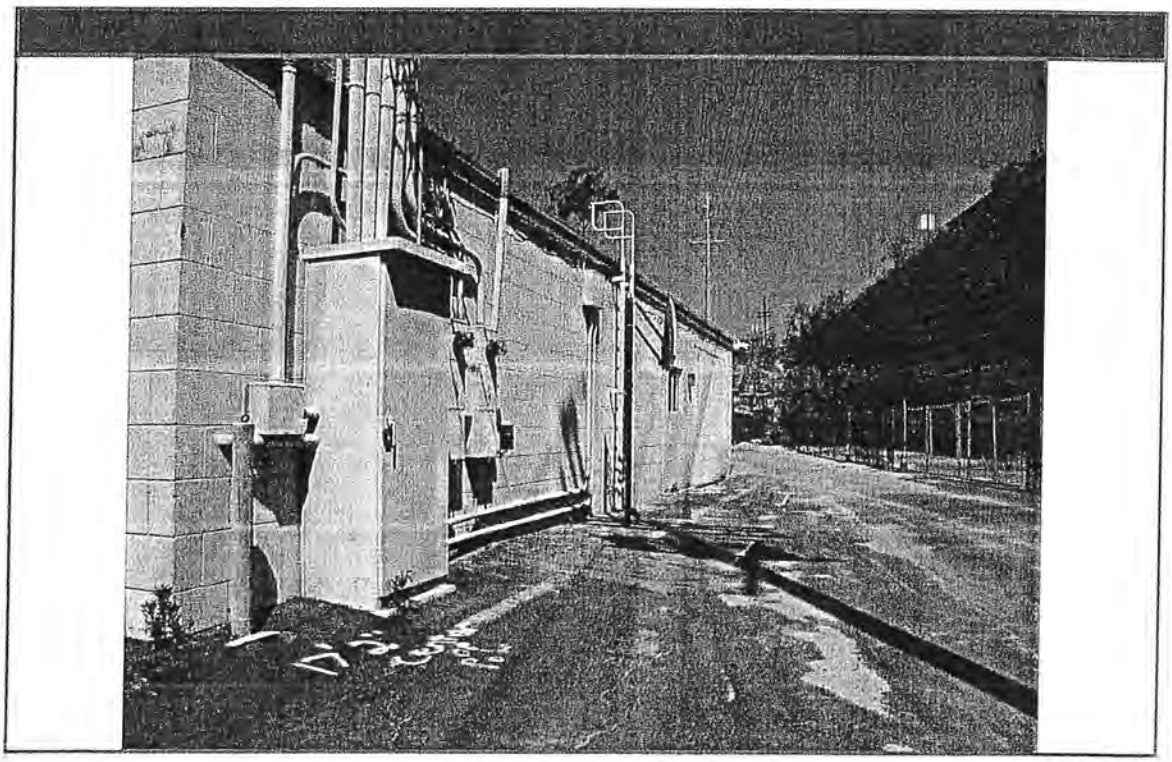
Front – 3344 Industrial Court



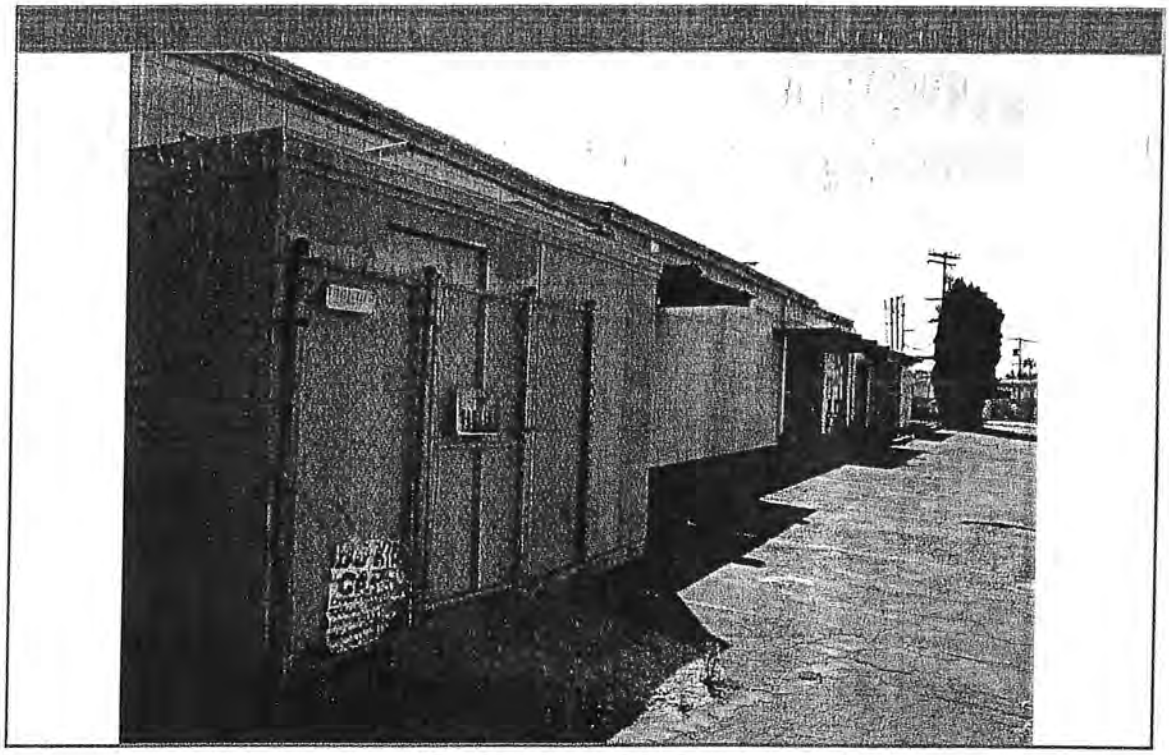
Interior - 3344 Industrial Court



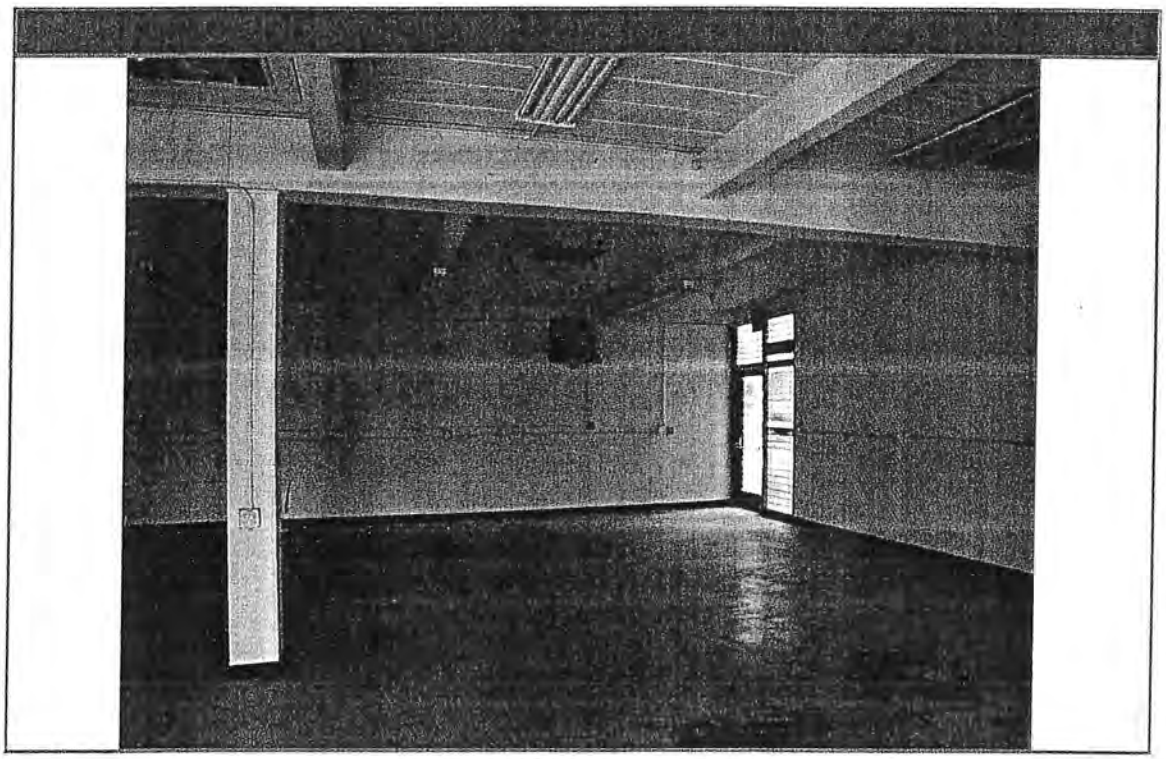
Common grounds between buildings



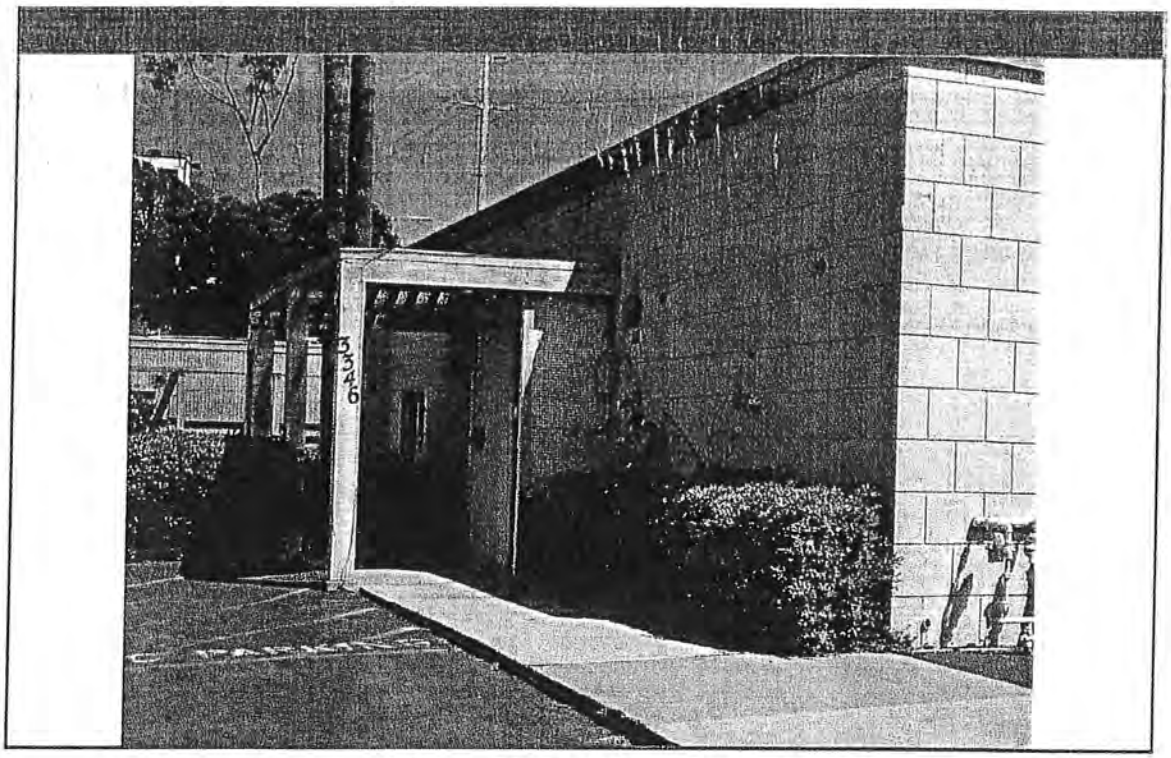
Rear of property



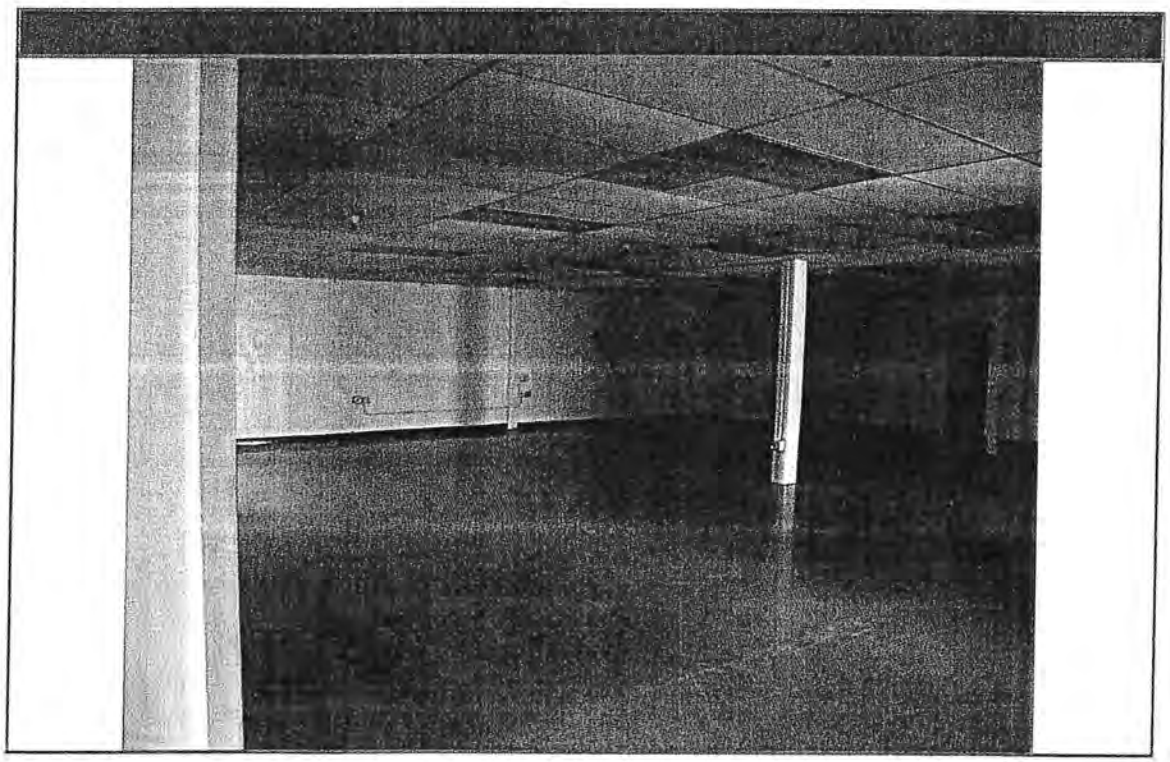
Side - 3336 Industrial Court



Interior - 3336 Industrial Court



Front – 3346 Industrial Court



Interior - 3346 Industrial Court

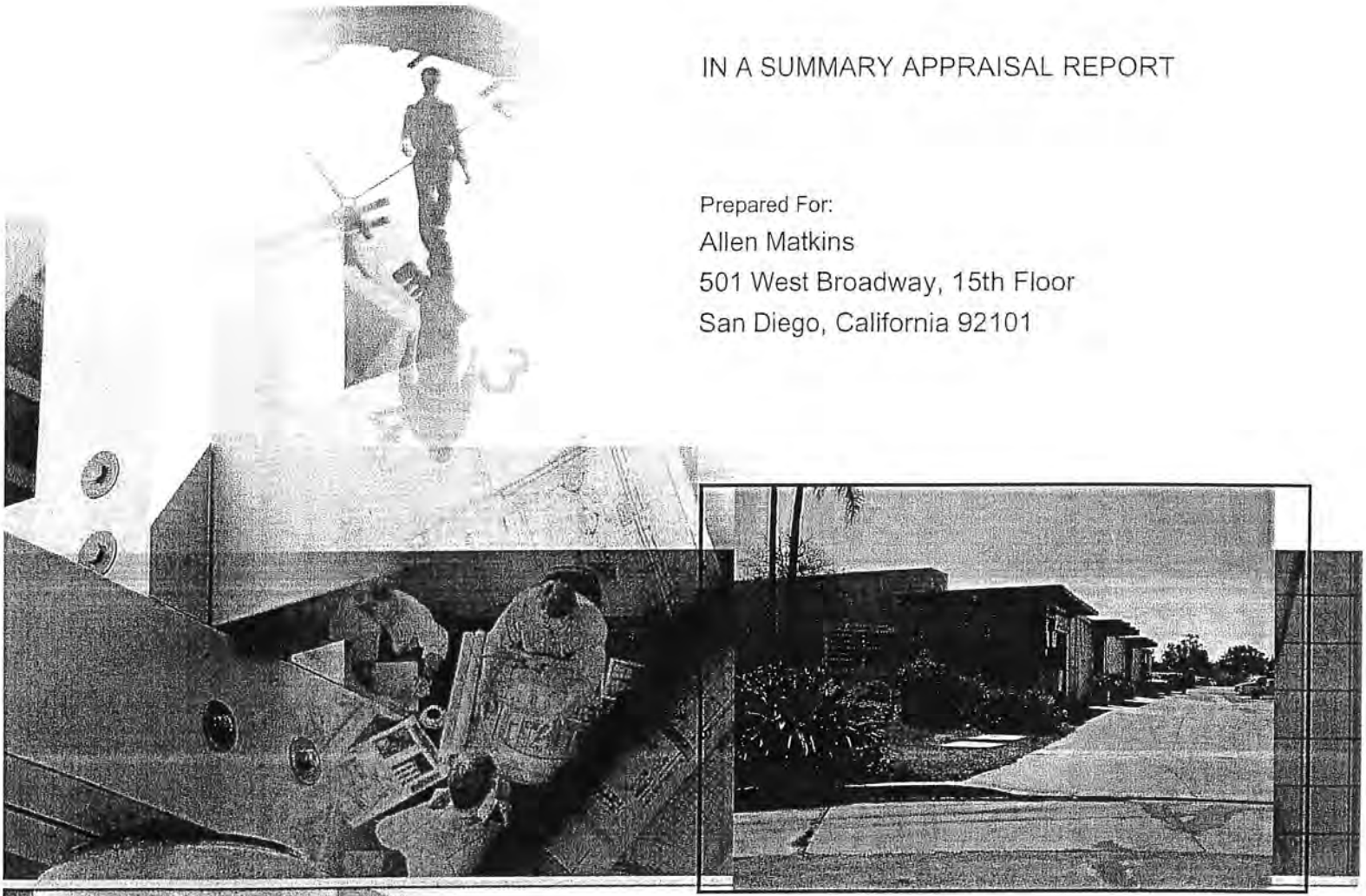
ATTACHMENT 4

APPRAISAL OF REAL PROPERTY

Property #4
3347 Industrial Court
San Diego, San Diego County, CA 92121

IN A SUMMARY APPRAISAL REPORT

Prepared For:
Allen Matkins
501 West Broadway, 15th Floor
San Diego, California 92101



Photograph of Subject Property

Prepared By:
Cushman & Wakefield Western, Inc.
Valuation & Advisory Services
4435 Eastgate Mall, Suite 200
San Diego, CA 92121
C&W File ID: 10-38503-9089

CUSHMAN & WAKEFIELD®
Global Real Estate Solutions℠

As a matter of environmental responsibility, C&W has adopted a corporate-wide program to print our appraisal reports double-sided.

ASSUMPTIONS AND LIMITING CONDITIONS

"Report" means the appraisal or consulting report and conclusions stated therein, to which these Assumptions and Limiting Conditions are annexed.

"Property" means the subject of the Report.

"C&W" means Cushman & Wakefield, Inc. or its subsidiary that issued the Report.

"Appraiser(s)" means the employee(s) of C&W who prepared and signed the Report.

The Report has been made subject to the following assumptions and limiting conditions:

- No opinion is intended to be expressed and no responsibility is assumed for the legal description or for any matters that are legal in nature or require legal expertise or specialized knowledge beyond that of a real estate appraiser. Title to the Property is assumed to be good and marketable and the Property is assumed to be free and clear of all liens unless otherwise stated. No survey of the Property was undertaken.

- The information contained in the Report or upon which the Report is based has been gathered from sources the Appraiser assumes to be reliable and accurate. The owner of the Property may have provided some of such information. Neither the Appraiser nor C&W shall be responsible for the accuracy or completeness of such information, including the correctness of estimates, opinions, dimensions, sketches, exhibits and factual matters. Any authorized user of the Report is obligated to bring to the attention of C&W any inaccuracies or errors that it believes are contained in the Report.

- The opinions are only as of the date stated in the Report. Changes since that date in external and market factors or in the Property itself can significantly affect the conclusions in the Report.

- The Report is to be used in whole and not in part. No part of the Report shall be used in conjunction with any other analyses. Publication of the Report or any portion thereof without the prior written consent of C&W is prohibited. Reference to the Appraisal Institute or to the MAI designation is prohibited. Except as may be otherwise stated in the letter of engagement, the Report may not be used by any person(s) other than the party(ies) to whom it is addressed or for purposes other than that for which it was prepared. No part of the Report shall be conveyed to the public through advertising, or used in any sales, promotion, offering or SEC material without C&W's prior written consent. Any authorized user(s) of this Report who provides a copy to, or permits reliance thereon by, any person or entity not authorized by C&W in writing to use or rely thereon, hereby agrees to indemnify and hold C&W, its affiliates and their respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the Report by any such unauthorized person(s) or entity(ies).

- Except as may be otherwise stated in the letter of engagement, the Appraiser shall not be required to give testimony in any court or administrative proceeding relating to the Property or the Appraisal.

- The Report assumes (a) responsible ownership and competent management of the Property; (b) there are no hidden or unapparent conditions of the Property, subsoil or structures that render the Property more or less valuable (no responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them); (c) full compliance with all applicable federal, state and local zoning and environmental regulations and laws, unless noncompliance is stated, defined and considered in the Report; and (d) all required licenses, certificates of occupancy and other governmental consents have been or can be obtained and renewed for any use on which the value opinion contained in the Report is based.

- The physical condition of the improvements considered by the Report is based on visual inspection by the Appraiser or other person identified in the Report. C&W assumes no responsibility for the soundness of structural components or for the condition of mechanical equipment, plumbing or electrical components.

- The forecasted potential gross income referred to in the Report may be based on lease summaries provided by the owner or third parties. The Report assumes no responsibility for the authenticity or completeness of lease information provided by others. C&W recommends that legal advice be obtained regarding the interpretation of lease provisions and the contractual rights of parties.

- The forecasts of income and expenses are not predictions of the future. Rather, they are the Appraiser's best opinions of current market thinking on future income and expenses. The Appraiser and C&W make no warranty or representation that these forecasts will materialize. The real estate market is constantly fluctuating and changing. It is not the Appraiser's task to predict or in any way warrant the conditions of a future real estate market; the Appraiser can only reflect what the investment community, as of the date of the Report, envisages for the future in terms of rental rates, expenses, and supply and demand.

- Unless otherwise stated in the Report, the existence of potentially hazardous or toxic materials that may have been used in the construction or maintenance of the improvements or may be located at or about the Property was not considered in arriving at the opinion of value. These materials (such as formaldehyde foam insulation, asbestos insulation and other potentially hazardous materials) may adversely affect the value of the Property. The Appraisers are not qualified to detect such substances. C&W recommends that an environmental expert be employed to determine the impact of these matters on the opinion of value.

- Unless otherwise stated in the Report, compliance with the requirements of the Americans with Disabilities Act of 1990 (ADA) has not been considered in arriving at the opinion of value. Failure to comply with the requirements of the ADA may adversely affect the value of the Property. C&W recommends that an expert in this field be employed to determine the compliance of the Property with the requirements of the ADA and the impact of these matters on the opinion of value.

- If the Report is submitted to a lender or investor with the prior approval of C&W, such party should consider this Report as only one factor, together with its independent investment considerations and underwriting criteria, in its overall investment decision. Such lender or investor is specifically cautioned to understand all Extraordinary Assumptions and Hypothetical Conditions and the Assumptions and Limiting Conditions incorporated in this Report.

- In the event of a claim against C&W or its affiliates or their respective officers or employees or the Appraisers in connection with or in any way relating to this Report or this engagement, the maximum damages recoverable shall be the amount of the monies actually collected by C&W or its affiliates for this Report and under no circumstances shall any claim for consequential damages be made.

- If the Report is referred to or included in any offering material or prospectus, the Report shall be deemed referred to or included for informational purposes only and C&W, its employees and the Appraiser have no liability to such recipients. C&W disclaims any and all liability to any party other than the party that retained C&W to prepare the Report.

- Any estimate of insurable value, if included within the agreed upon scope of work and presented within this report, is based upon figures derived from a national cost estimating service and is developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, we strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage for replacing any structure. This analysis should not be relied upon to determine insurance coverage. Furthermore, we make no warranties regarding the accuracy of this estimate.

- By use of this Report each party that uses this Report agrees to be bound by all of the Assumptions and Limiting Conditions, Hypothetical Conditions and Extraordinary Assumptions stated herein.

CERTIFICATION OF APPRAISAL

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- D. Matt Marschall, MAI, ARA, MRICS did make a personal inspection of the property that is the subject of this report.
- I, D. Matt Marschall, MAI, ARA, MRICS, have not performed a previous appraisal involving the subject property within the three years prior to this assignment.
- The following individuals provided significant real property assistance in preparing this appraisal: John Browne, MAI, and Curtis A. Buono, LEED AP
- As of the date of this report, D. Matt Marschall, MAI, ARA, MRICS has completed the continuing education program of the Appraisal Institute.
- We reserve the right to modify or change our conclusions with the receipt of more reliable or accurate information.

D. Matt Marschall, MAI, ARA, MRICS
Senior Managing Director
CA Certified General Appraiser
License No. AG004164
Matt.Marschall@cushwake.com
858-558-5626 Office Direct
858-334-6765 Fax

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

PROPERTY OWNER: Cal-Sorrento Ltd., a California limited partnership

PROPERTY LOCATION: 11803 and 11777 Sorrento Valley Road; 3330, 3336 - 46, 3347, and 3337 Industrial Court; 3422, 3443, and 3444 Tripp Court

ASSESSOR PARCEL NOS.: 310-080-01, 02, 05 - 08, 14, 17, 18, and 43

PUBLIC PROJECT: For purposes of this appraisal, the public project has been identified as the construction and operation of the Interstate 5/805 local bypass lanes and the Interstate 5/Carmel Mountain Road interchange.

VALUATION SCENARIO I: In this scenario, the estimated value of the subject property reflects that the public project was operational on the date of value, but ignores as a hypothetical condition any affect the existing groundwater condition had on the value of the subject property. Subsequent values estimated in this analysis reflect the affect, if any, that the existing groundwater condition had on the value of the property.

SITE DESCRIPTION: The subject is an irregularly-shaped site that is located along the eastern side of Sorrento Valley Road. As improved, it contains a total of 11.77 acres (512,700 square feet, rounded), and comprises ten adjacent tax parcels, which range in size from about 0.50 acres (about 21,780 square feet) to 2.05 acres (about 89,300 square feet). The subject is adjacent west of Interstate 5 and the southbound Carmel Mountain Road to Interstate 5 onramp. Immediate access is from Sorrento Valley Road, Industrial Court, and Tripp Court. Freeway access is readily available at the Interstate 5/Carmel Mountain Interchange. It is zoned IL-3-1 (Light Industrial) and its general plan land use designation is Industrial Employment, which is consistent with its zone and community plan designations.

In the analysis of the subject property, it was further concluded that it is composed of two areas that have different highest and best uses, which are identified as Areas A and B in this report.

(continued)

SITE DESCRIPTION (cont.)

Area A is identified by APNs 310-080-01, 02, 05, 06, 07, 08, and 43 and contains 6.64 acres (about 289,240 square feet). Two of these parcels are accessed from Sorrento Valley Road; all are accessed from Industrial Court.

Area B is identified by APNs 310-080-14, 17, and 18 contains 5.13 acres (about 223,460 square feet). One of these properties has frontage along Sorrento Valley Road, but primary access is from Tripp Court.

DESCRIPTION OF IMPROVEMENTS:

Excluding APN 310-080-07, the parcels that composing Area A are improved with buildings. These buildings range in size from about 4,800 to 39,000 square feet of rentable area, are located at 11777 and 11803 Sorrento Valley Road, and 3330, 3336 - 3346, 3347, and 3337 Industrial Court. These buildings contain a total of about 102,552 square feet. The building located at 3344 Industrial Court is of historic significance and reportedly must be retained, even this parcel is redeveloped. The overall condition of the improvements generally ranged from poor to good. The site improvements are primarily composed of asphalt and concrete paving and a limited amount of landscaping.

The parcels composing Area B are all improved with buildings. They range in size from 15,200 to 39,000 square feet of rentable area and are located at 3442, 3444, and 3443 Tripp Court. The total rentable building area is about 76,670 square feet. The overall condition of these improvements generally ranged from average to good. The site improvements are primarily composed of asphalt and concrete paving and a limited amount of landscaping.

SUMMARY OF SALIENT FACTS AND CONCLUSIONS
(continued)

VALUATION SCENARIO II: In this scenario, the value of the subject property before construction of the project reflects the physical characteristics of the subject that existed on the date of value, but ignores the public project and the existing groundwater condition (these are hypothetical conditions). Values subsequently estimated in this analysis reflect the affect, if any, that the existing groundwater condition had on the value of the property and that the public project is operational.

SITE DESCRIPTION: The physical and legal characteristics of the subject site are the same in this valuation scenario as in Valuation Scenario I. However, freeway access to the subject before the public project was indirect, with the nearest point being from the south via the Sorrento Valley exit from northbound Interstate 5, or from the north via the Carmel Valley Road exit..

DESCRIPTION OF IMPROVEMENTS: The subject improvements under this scenario are the same as in Valuation Scenario I.

ESTATES APPRAISED: Leased fee and fee simple interests

VALUE ESTIMATED: Fair market value

DATE OF VALUE: May 21, 2008

DATE OF REPORT: June 7, 2010

HIGHEST AND BEST USE:

Scenario I: As If Vacant - Areas A and B: near-term submission of applications to develop the subject property in the future, when warranted by market demand.

As Improved - Areas A and B: near-term submission of applications to redevelop the subject property in the future, when warranted by market demand.

SUMMARY OF SALIENT FACTS AND CONCLUSIONS
(continued)

Scenario II: As If Vacant - Areas A and B; near-term submission of applications to develop the subject property in the future, when warranted by market demand.

As Improved - Areas A and B: near-term submission of applications to redevelop the subject property in the future, when warranted by market demand.

VALUE CONCLUSIONS:

Summary of the Fair Market Value Conclusions - Scenario I as of May 21, 2008		
Value of Subject Property Ignoring the Existing Groundwater Condition	$15,060,000	
Value of the Subject Property Considering the Existing Groundwater Condition before Considering Benefits	(12,250,000)	
Indicated Value Differential		$2,810,000
Value of the Subject Property Considering the Existing Groundwater Condition and Benefits	$12,250,000	
Indicated Benefits		$0
Net Value Differential		**$2,810,000**

SUMMARY OF SALIENT FACTS AND CONCLUSIONS
(continued)

VALUE CONCLUSIONS:

Summary of the Fair Market Values Conclusions - Scenario II as of May 21, 2008		
Value of Subject Property Ignoring the Existing Groundwater Condition	$13,260,000	
Value of the Subject Property Considering the Existing Groundwater Condition before Considering Benefits	(10,560,000)	
Indicated Value Differential		$2,700,000
Value of the Subject Property Considering the Existing Groundwater Condition and Benefits	$12,250,000	
Indicated Benefits		($1,690,000)
Net Value Differential		**$1,010,000**

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following assumptions and limiting conditions:

Special Assumptions and Limiting Conditions

1. In Valuation Scenario I, the estimated value of the subject property reflects that the Interstate 5/805 local bypass lanes and the Interstate 5/Carmel Mountain Road interchange (public project) were operational on the date of value, but ignores as hypothetical condition any affect the existing groundwater condition has on the value of the subject property. Values subsequently estimated in this analysis reflect the affect, if any, that the existing groundwater condition had on the value of the property.

2. In Valuation Scenario II, the value of the subject property before construction of the project ignores as hypothetical conditions the public project and the existing groundwater condition. Subsequent values estimated in this analysis reflect the affect, if any, that the existing groundwater condition had on the value of the property and that the public project was operational. At the direction of counsel, this analysis is based on the extraordinary assumption that the existing groundwater condition was caused by the public project.

3. At the direction of counsel, this analysis is based on an assumption that all acquisitions (takings) from the subject property needed for the public project had been acquired and paid for on the date of value.

4. In the development of this appraisal, we used a site design and the estimated cost to redevelop the subject site that were prepared by Mr. Norm C. Arndt, P.E. of Rick Engineering Company. The appraisers do not warrant either this site plan as it relates to governmental development regulations or the estimated land development costs.

5. The values estimated in this appraisal are based on an extraordinary assumption that it will be possible to meet governmental requirements relating to the historically significant building located on the subject property under the site design prepared by Mr. Arndt and that doing so will not measurably affect the estimated costs.

6. The values estimated in this appraisal are based on an extraordinary assumption that, excluding the buildings located at 11803 Sorrento Valley Road and 3330 and 3336 - 3346 Industrial Court, the subject buildings were in similar condition on the date of value as on the date of inspection.

7. The values estimate in this appraisal are based on an extraordinary assumption that the condition of the tenant spaces composing 11803 Sorrento Valley Road and 3330 and 3336 - 3346 Industrial Court was such that they could have been leased "as is" for the same rental rate that was being charged on, or near, the date of value.

(continued)

General Assumptions and Limiting Conditions

1. Information, estimates, and opinions furnished by others and contained in this report are assumed to be true, correct, and reliable. A reasonable effort has been made to verify such information; however, no responsibility for its accuracy is assumed by the appraisers.

2. No responsibility is assumed for matters legal in character, nor do we render an opinion as to title, which is assumed to be held in fee simple interest as of the date of valuation unless otherwise stated.

3. It is assumed that the subject property is readily marketable and free of all liens and encumbrances except as discussed in this report.

4. Photographs, plats, and maps furnished in this report are to assist the reader in visualizing the subject property. No survey of the subject property has been made, and no responsibility has been assumed in this matter.

5. It is assumed that there are no legitimate environmental or ecological reasons that would prevent use of the subject property to its highest and best use, unless otherwise set forth in this report.

6. A soils engineering study has not been provided for this appraisal. It was assumed that, excluding the existing ground water condition, there are no hidden or unapparent conditions of the subject property such as subsoil conditions that would render it more or less valuable. No responsibility is assumed for such conditions or for engineering that might be required to discover such factors.

7. Possession of this report, or a copy thereof, does not carry with it the right of publication. Disclosure of the contents of this appraisal report is governed by the by-laws and regulations of the Appraisal Institute. Neither all nor any part of the contents of this report (especially reference to the Appraisal Institute or the MAI designation) may be disseminated to the public through advertising media, public relations media, news media, sales media, or any other public means of communications without prior written consent and approval of the appraisers.

8. This report may not be used for any purpose by anyone other than the party to whom it is addressed without the written consent of the appraisers.

9. The submission of this report constitutes completion of the services authorized. It is submitted on the condition that the client will provide the appraisers customary compensation relating to any subsequent required depositions, conferences, additional preparation, or testimony.

ASSUMPTIONS AND LIMITING CONDITIONS

(continued)

10. No warranty is made as to the seismic stability of the subject property.

11. The date of value to which the opinions expressed in this report apply is set forth in the letter of transmittal. The appraisers assume no responsibility for economic or physical factors occurring at some later date that may affect the opinions herein stated.

12. An engineering survey has not been made by the appraisers. Except as specifically stated, data relative to sizes and areas were taken from sources considered reliable.

13. No opinion is expressed as to the value of subsurface oil, gas, or mineral rights and it is assumed that the subject property is not subject to surface entry for the exploration or removal of such materials except as is expressly stated.

14. Testimony or attendance in court or any other hearing is not required by reason of rendering this appraisal unless such arrangements are made a reasonable time in advance.

15. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey and analysis of the subject property to determine whether or not it is in conformance with the various detailed requirements of the ADA. It is possible that a compliance survey of the subject property together with a detailed analysis of the requirements of the ADA could reveal that the subject property is not in compliance with one or more requirements of the ADA. If so, this fact could have a negative impact on its value. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of the ADA in estimating the value of the subject property.

16. Neither a title report nor preliminary title report, or litigation guarantee were proved. As such, the values estimated in this appraisal are based on the assumption that no exceptions to coverage, other than those discussed in the body of this report, affect the subject property.

17. The existence of potentially hazardous material used in the construction or maintenance of the subject improvements, such as asbestos, urea formaldehyde foam insulation, and/or toxic materials, which may or may not be present on the property, has not been considered in this valuation, except as otherwise noted. Since the existence of such substances may have an affect on value, the client is urged to retain an expert in this field if desired (also see Hazardous Materials in the description section of this report).

18. The appraisers have personally inspected the subject property and found no obvious evidence of structural deficiencies except as stated in this report; however, no responsibility for hidden defects or conformity to specific governmental requirements, such as fire, building and safety, earthquake, or occupancy codes, can be assumed without provision of specific professional or governmental inspections.

ASSUMPTIONS AND LIMITING CONDITIONS
(continued)

19. Taxes and fees in arrears, if any, are assumed to be discharged through escrow and have not been reflected in our value conclusions.

20. As used in this workfile, the word "inspection" means a viewing of the property and its improvements for appraisal purposes; it should not be construed to mean a professional building inspection in which the building structures and systems are reviewed, examined, and/or tested. Measurements taken, if any, are for appraisal purposes only and are not to be relied upon for any other use.

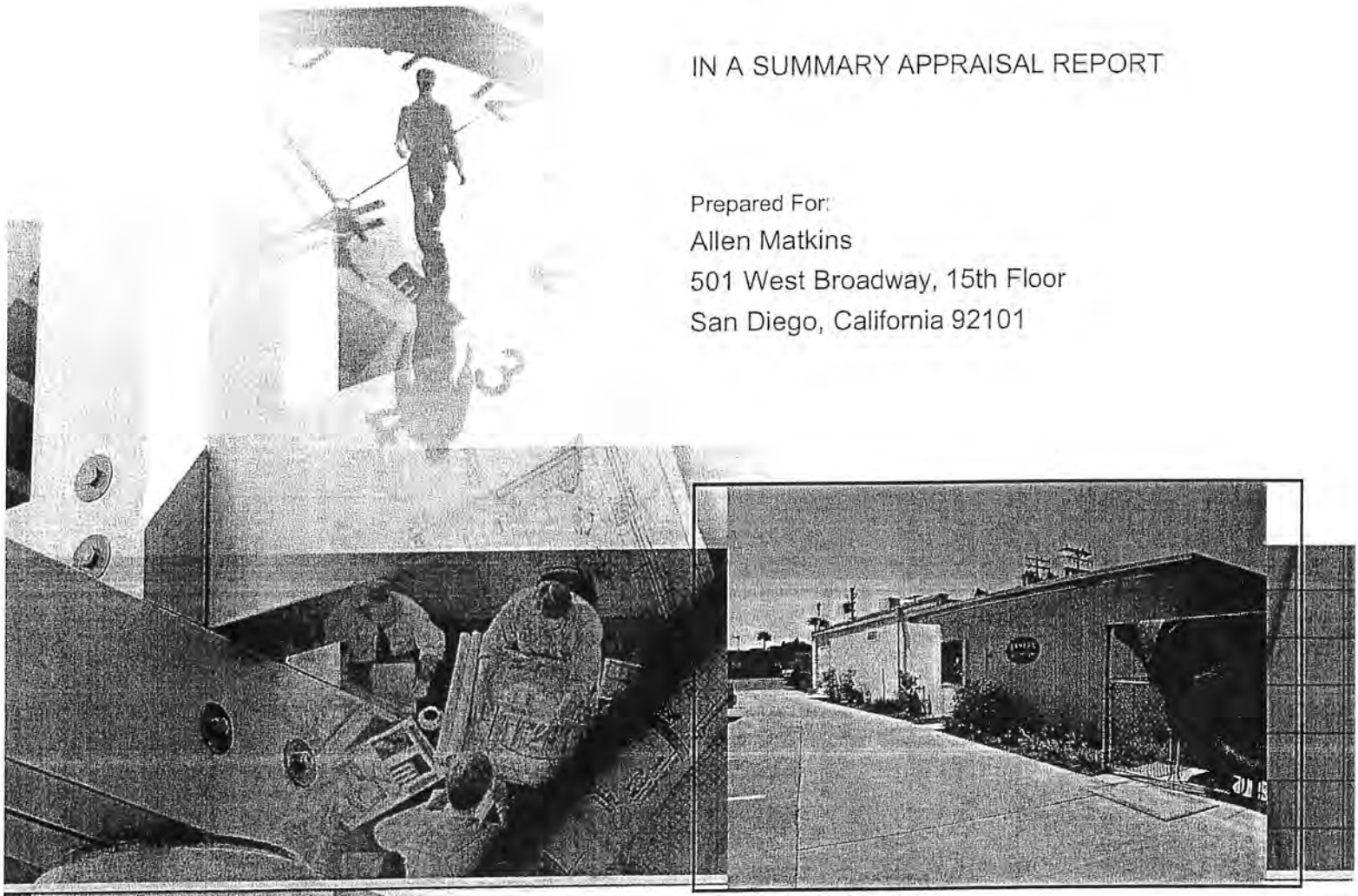
ATTACHMENT 5

APPRAISAL OF REAL PROPERTY

Property #5
3337 Industrial Court
San Diego, San Diego County, CA 92121

IN A SUMMARY APPRAISAL REPORT

Prepared For:
Allen Matkins
501 West Broadway, 15th Floor
San Diego, California 92101



Photograph of Subject Property

Prepared By:
Cushman & Wakefield Western, Inc.
Valuation & Advisory Services
4435 Eastgate Mall, Suite 200
San Diego, CA 92121
C&W File ID: 10-38503-9089

CUSHMAN & WAKEFIELD®
Global Real Estate Solutions℠

As a matter of environmental responsibility, C&W has adopted a corporate-wide program to print our appraisal reports double-sided.

GENERAL DESCRIPTION

BASIC INFORMATION

Common Property Name:	Property #5	Report Type:	Summary
Address:	3337 Industrial Court	Interest Appraised:	Fee Simple
City:	San Diego	Date of Value - Before Condition:	5/21/08
State:	CA	Date of Value - After Condition 1:	5/21/08
Zip Code:	92121	Date of Value - After Condition 2:	5/21/08
County:	San Diego	Date of Inspection:	5/6/10
Property Ownership Entity:	Cal-Sorrento LTD	Date of Report:	6/14/10
CW File Reference:	10-38503-9089		

SITE INFORMATION

Land Area Gross SF:	21,780	Site Utility:	Average
Land Area Acres:	0.50	Site Topography:	Level at street grade
Is there additional Excess Land?	No	Site Shape:	Basically rectangular
Excess Land Area SF:	0	Frontage:	Fair
Excess Land Area Acres:	0.00	Access:	Average
Total Land Area SF:	21,780	Visibility:	Good
Total Land Area Acres:	0.50	Location Rating:	Average
Flood Zone:	X500	Parking Type:	Free Surface
Flood Map Number:	060295 1336F	Parking Ratio (per 1,000 sf):	2.50:1
Flood Map Date:	6/19/97	Parking Type:	Surface

BUILDING INFORMATION

Type of Property:	Industrial Building	Actual Age:	32 Years
Type of Construction:	Concrete block	Quality:	Average
Number of Buildings:	1	Condition:	Fair
Gross Building Area:	4,800 SF	Year Built:	1976
Net Rentable Area:	4,800 SF	Year Renovated:	N/A
Number of Stories:	1	Land to Building Ratio:	4.54:1
Curable Depreciation:	$0	Building Construction Class:	C

MUNICIPAL INFORMATION

Assessing Authority:	San Diego County	Municipality Governing Zoning:	City of San Diego
Assessor's Parcel Identification:	310-080-06	Current Zoning:	Light Industrial (IL-3-1)
Current Tax Year:	2008/2009	Is current use permitted:	Yes
Taxable Assessment:	$110,482	Current Use Compliance:	Complying use
Current Tax Liability:	$1,251	Zoning Change Applied For:	No
Taxes per square foot:	$0.26	Zoning Variance Applied For:	Not applicable
Are taxes current?	Taxes are current		
Is a grievance underway?	Not to our knowledge		
Subject's assessment is:	Below market levels		

HIGHEST & BEST USE

As Vacant:	As Improved:
An industrial or office use built to its maximum feasible building area consistent with zoning and surrounding development	As currently improved with the existing improvements representing an interim use for the economic life of the improvements and ultimate redevelopment

Intended Use

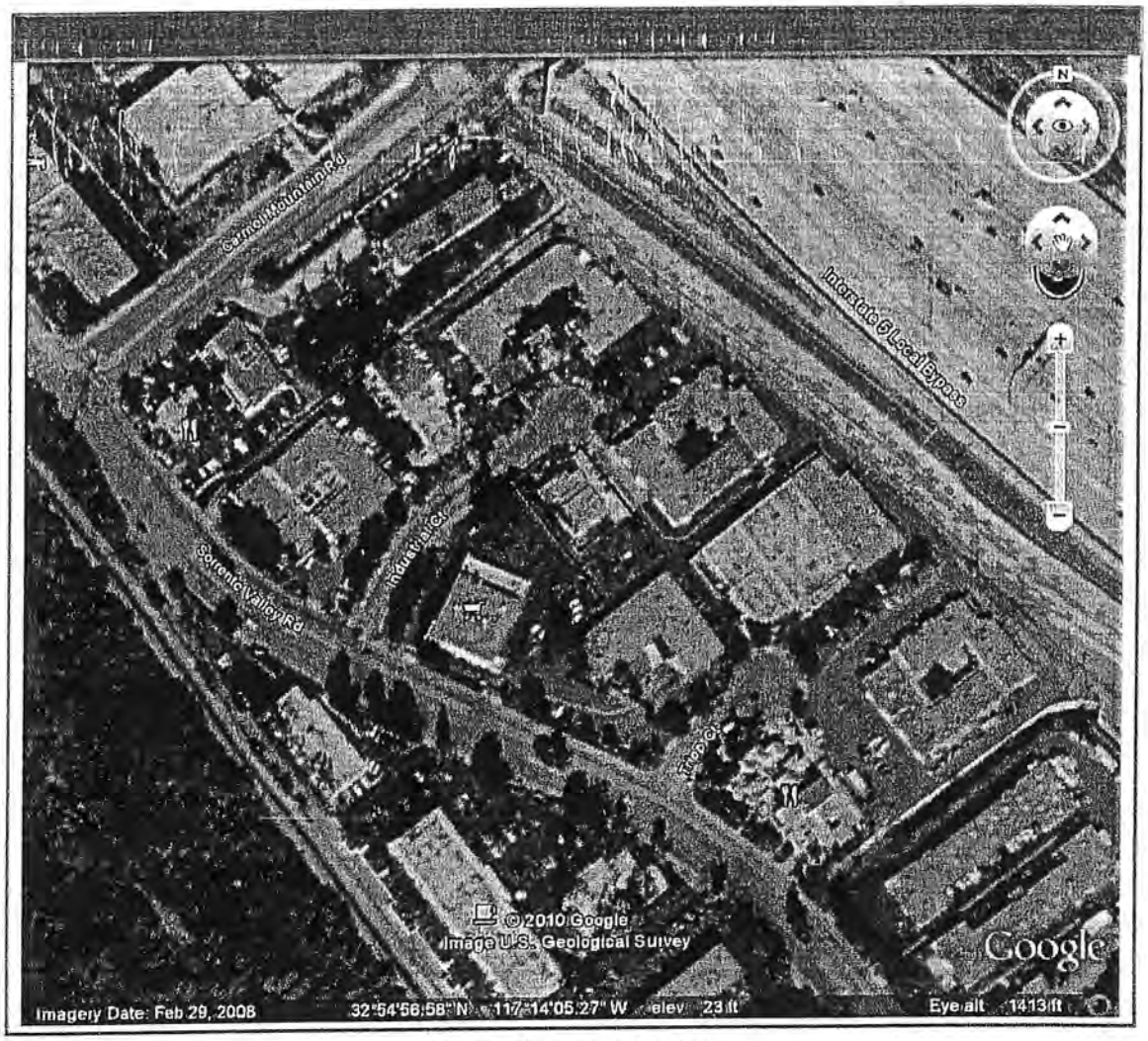
Ongoing litigation

Intended User

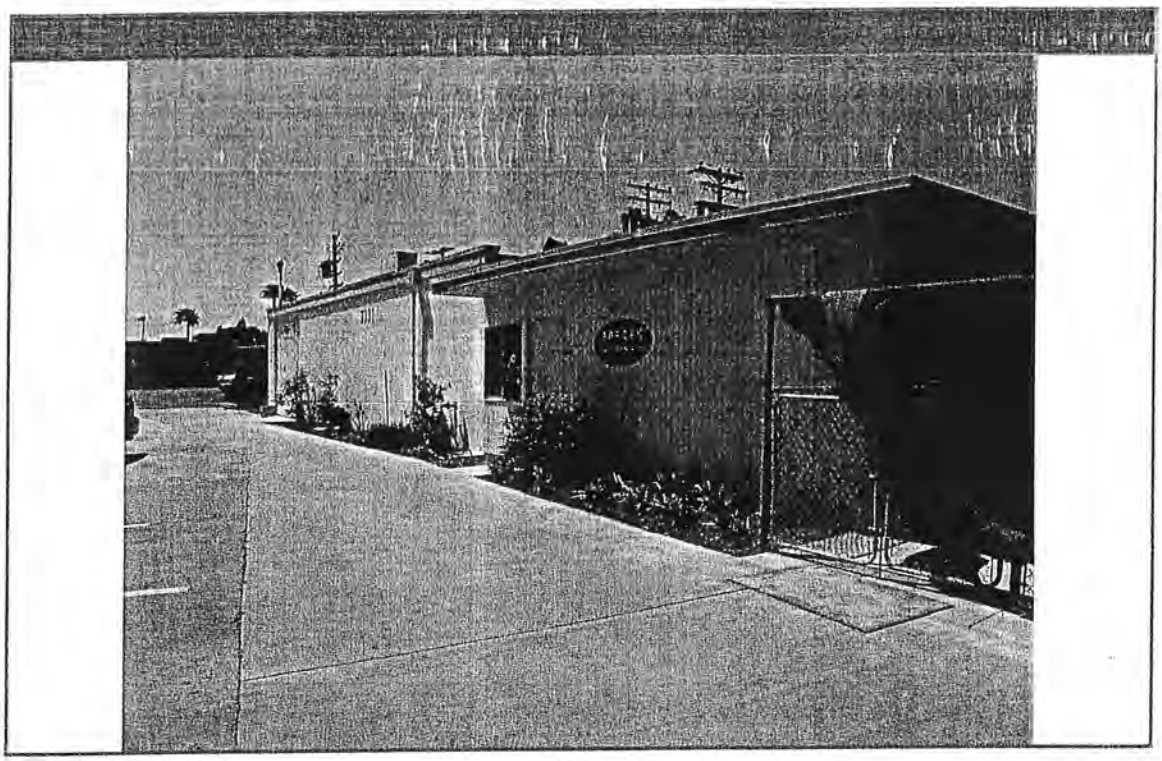
Allen Matkins, deposition, trial, and any procedures involved in the current litigation

VALUATION CONCLUSIONS

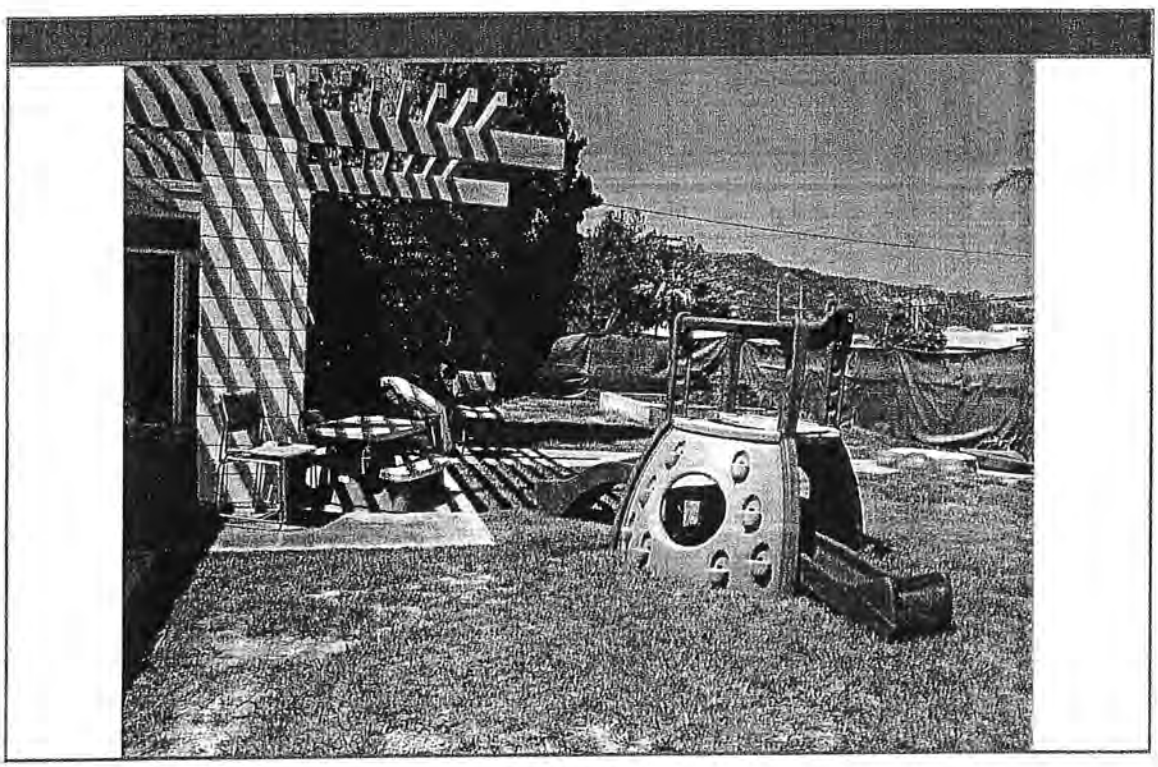
VALUATION INDICES	Before Condition	After Condition - 1	After Condition - 2
LAND VALUATION			
Land Value			
Indicated Value:	$540,000	$108,900	$540,000
Per Square Foot:	$24.79	$5.00	$24.79
COST APPROACH			
Indicated Value:	$650,000	N/A	N/A
Per Square Foot (GBA)	$135.42	N/A	N/A
SALES COMPARISON APPROACH			
Indicated Value:	$620,000	N/A	N/A
Per Square Foot (NRA):	$129.17	N/A	N/A
INCOME CAPITALIZATION APPROACH			
Discounted Cash Flow			
Projection Period:	10 Years	10 Years	10 Years
Holding Period:	10 Years	10 Years	10 Years
Land Terminal Capitalization Rate:	9.00%	9.00%	30.00%
Internal Rate of Return:	11.00%	13.00%	13.00%
Indicated Value:	$580,000	$300,000	$300,000
Per Square Foot (NRA):	$120.83	$62.50	$62.50
Direct Capitalization			
Net Operating Income (stabilized):	$50,682	N/A	N/A
Capitalization Rate:	8.50%	N/A	N/A
Indicated Value:	$596,264	N/A	N/A
Indicated Value Rounded:	$600,000	N/A	N/A
Per Square Foot (NRA):	$125.00	N/A	N/A
Income Approach Conclusion:	$600,000	$300,000	$300,000
FINAL VALUE CONCLUSION			
Concluded Value:	$600,000	$300,000	$300,000
Per Square Foot (NRA):	$125.00	$62.50	$62.50
Implied Capitalization Rate:	8.45%	15.78%	15.75%
EXPOSURE TIME			
Exposure Time:	12 Months		
Marketing Time:	12 Months		



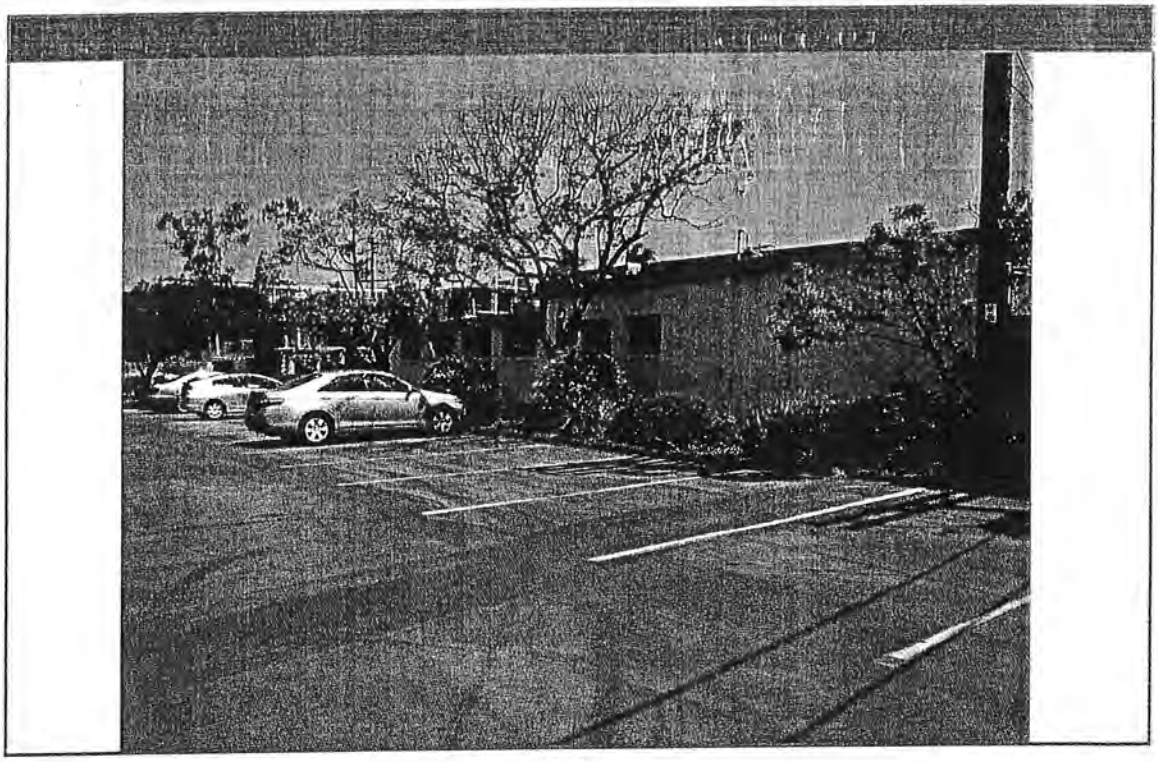
Boundaries approximated



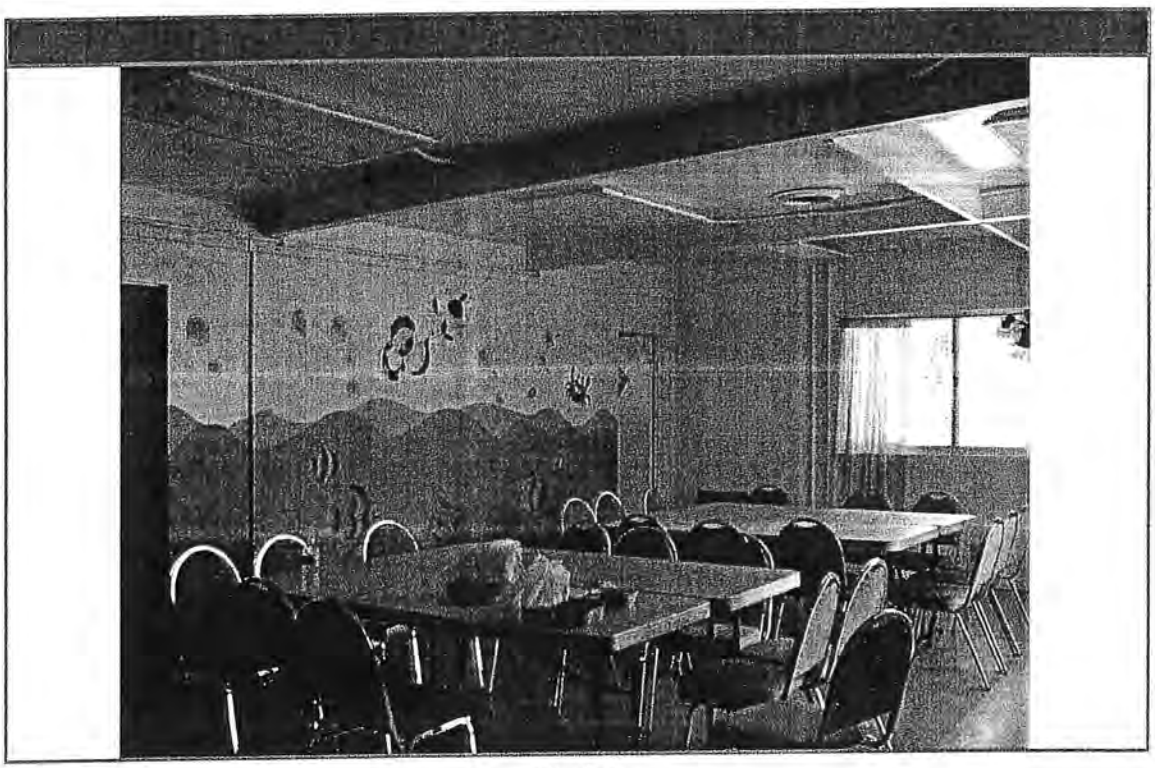
Front



Yard



Side



Interior

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

PROPERTY OWNER: Cal-Sorrento Ltd., a California limited partnership

PROPERTY LOCATION: 11803 and 11777 Sorrento Valley Road; 3330, 3336 - 46, 3347, and 3337 Industrial Court; 3422, 3443, and 3444 Tripp Court

ASSESSOR PARCEL NOS.: 310-080-01, 02, 05 - 08, 14, 17, 18, and 43

PUBLIC PROJECT: For purposes of this appraisal, the public project has been identified as the construction and operation of the Interstate 5/805 local bypass lanes and the Interstate 5/Carmel Mountain Road interchange.

VALUATION SCENARIO I: In this scenario, the estimated value of the subject property reflects that the public project was operational on the date of value, but ignores as a hypothetical condition any affect the existing groundwater condition had on the value of the subject property. Subsequent values estimated in this analysis reflect the affect, if any, that the existing groundwater condition had on the value of the property.

SITE DESCRIPTION: The subject is an irregularly-shaped site that is located along the eastern side of Sorrento Valley Road. As improved, it contains a total of 11.77 acres (512,700 square feet, rounded), and comprises ten adjacent tax parcels, which range in size from about 0.50 acres (about 21,780 square feet) to 2.05 acres (about 89,300 square feet). The subject is adjacent west of Interstate 5 and the southbound Carmel Mountain Road to Interstate 5 onramp. Immediate access is from Sorrento Valley Road, Industrial Court, and Tripp Court. Freeway access is readily available at the Interstate 5/Carmel Mountain Interchange. It is zoned IL-3-1 (Light Industrial) and its general plan land use designation is Industrial Employment, which is consistent with its zone and community plan designations.

In the analysis of the subject property, it was further concluded that it is composed of two areas that have different highest and best uses, which are identified as Areas A and B in this report.

(continued)

SITE DESCRIPTION (cont.)

Area A is identified by APNs 310-080-01, 02, 05, 06, 07, 08, and 43 and contains 6.64 acres (about 289,240 square feet). Two of these parcels are accessed from Sorrento Valley Road; all are accessed from Industrial Court.

Area B is identified by APNs 310-080-14, 17, and 18 contains 5.13 acres (about 223,460 square feet). One of these properties has frontage along Sorrento Valley Road, but primary access is from Tripp Court.

DESCRIPTION OF IMPROVEMENTS:

Excluding APN 310-080-07, the parcels that composing Area A are improved with buildings. These buildings range in size from about 4,800 to 39,000 square feet of rentable area, are located at 11777 and 11803 Sorrento Valley Road, and 3330, 3336 - 3346, 3347, and 3337 Industrial Court. These buildings contain a total of about 102,552 square feet. The building located at 3344 Industrial Court is of historic significance and reportedly must be retained, even this parcel is redeveloped. The overall condition of the improvements generally ranged from poor to good. The site improvements are primarily composed of asphalt and concrete paving and a limited amount of landscaping.

NOT ACQUIRED

The parcels composing Area B are all improved with buildings. They range in size from 15,200 to 39,000 square feet of rentable area and are located at 3442, 3444, and 3443 Tripp Court. The total rentable building area is about 76,670 square feet. The overall condition of these improvements generally ranged from average to good. The site improvements are primarily composed of asphalt and concrete paving and a limited amount of landscaping.

SUMMARY OF SALIENT FACTS AND CONCLUSIONS
(continued)

VALUATION SCENARIO II: In this scenario, the value of the subject property before construction of the project reflects the physical characteristics of the subject that existed on the date of value, but ignores the public project and the existing groundwater condition (these are hypothetical conditions). Values subsequently estimated in this analysis reflect the affect, if any, that the existing groundwater condition had on the value of the property and that the public project is operational.

SITE DESCRIPTION: The physical and legal characteristics of the subject site are the same in this valuation scenario as in Valuation Scenario I. However, freeway access to the subject before the public project was indirect, with the nearest point being from the south via the Sorrento Valley exit from northbound Interstate 5, or from the north via the Carmel Valley Road exit..

DESCRIPTION OF IMPROVEMENTS: The subject improvements under this scenario are the same as in Valuation Scenario I.

ESTATES APPRAISED: Leased fee and fee simple interests

VALUE ESTIMATED: Fair market value

DATE OF VALUE: May 21, 2008

DATE OF REPORT: June 7, 2010

HIGHEST AND BEST USE:

Scenario I: As If Vacant - Areas A and B: near-term submission of applications to develop the subject property in the future, when warranted by market demand.

As Improved - Areas A and B: near-term submission of applications to redevelop the subject property in the future, when warranted by market demand.

SUMMARY OF SALIENT FACTS AND CONCLUSIONS
(continued)

Scenario II: As If Vacant - Areas A and B; near-term submission of applications to develop the subject property in the future, when warranted by market demand.

As Improved - Areas A and B: near-term submission of applications to redevelop the subject property in the future, when warranted by market demand.

VALUE CONCLUSIONS:

Summary of the Fair Market Value Conclusions - Scenario I as of May 21, 2008		
Value of Subject Property Ignoring the Existing Groundwater Condition	$15,060,000	
Value of the Subject Property Considering the Existing Groundwater Condition before Considering Benefits	(12,250,000)	
Indicated Value Differential		$2,810,000
Value of the Subject Property Considering the Existing Groundwater Condition and Benefits	$12,250,000	
Indicated Benefits		$0
Net Value Differential		**$2,810,000**

SUMMARY OF SALIENT FACTS AND CONCLUSIONS
(continued)

VALUE CONCLUSIONS:

Summary of the Fair Market Values Conclusions - Scenario II as of May 21, 2008		
Value of Subject Property Ignoring the Existing Groundwater Condition	$13,260,000	
Value of the Subject Property Considering the Existing Groundwater Condition before Considering Benefits	(10,560,000)	
Indicated Value Differential		$2,700,000
Value of the Subject Property Considering the Existing Groundwater Condition and Benefits	$12,250,000	
Indicated Benefits		($1,690,000)
Net Value Differential		**$1,010,000**

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following assumptions and limiting conditions:

Special Assumptions and Limiting Conditions

1. In Valuation Scenario I, the estimated value of the subject property reflects that the Interstate 5/805 local bypass lanes and the Interstate 5/Carmel Mountain Road interchange (public project) were operational on the date of value, but ignores as hypothetical condition any affect the existing groundwater condition has on the value of the subject property. Values subsequently estimated in this analysis reflect the affect, if any, that the existing groundwater condition had on the value of the property.

2. In Valuation Scenario II, the value of the subject property before construction of the project ignores as hypothetical conditions the public project and the existing groundwater condition. Subsequent values estimated in this analysis reflect the affect, if any, that the existing groundwater condition had on the value of the property and that the public project was operational. At the direction of counsel, this analysis is based on the extraordinary assumption that the existing groundwater condition was caused by the public project.

3. At the direction of counsel, this analysis is based on an assumption that all acquisitions (takings) from the subject property needed for the public project had been acquired and paid for on the date of value.

4. In the development of this appraisal, we used a site design and the estimated cost to redevelop the subject site that were prepared by Mr. Norm C. Arndt, P.E. of Rick Engineering Company. The appraisers do not warrant either this site plan as it relates to governmental development regulations or the estimated land development costs.

5. The values estimated in this appraisal are based on an extraordinary assumption that it will be possible to meet governmental requirements relating to the historically significant building located on the subject property under the site design prepared by Mr. Arndt and that doing so will not measurably affect the estimated costs.

6. The values estimated in this appraisal are based on an extraordinary assumption that, excluding the buildings located at 11803 Sorrento Valley Road and 3330 and 3336 - 3346 Industrial Court, the subject buildings were in similar condition on the date of value as on the date of inspection.

7. The values estimate in this appraisal are based on an extraordinary assumption that the condition of the tenant spaces composing 11803 Sorrento Valley Road and 3330 and 3336 - 3346 Industrial Court was such that they could have been leased "as is" for the same rental rate that was being charged on, or near, the date of value.

(continued)

General Assumptions and Limiting Conditions

1. Information, estimates, and opinions furnished by others and contained in this report are assumed to be true, correct, and reliable. A reasonable effort has been made to verify such information; however, no responsibility for its accuracy is assumed by the appraisers.

2. No responsibility is assumed for matters legal in character, nor do we render an opinion as to title, which is assumed to be held in fee simple interest as of the date of valuation unless otherwise stated.

3. It is assumed that the subject property is readily marketable and free of all liens and encumbrances except as discussed in this report.

4. Photographs, plats, and maps furnished in this report are to assist the reader in visualizing the subject property. No survey of the subject property has been made, and no responsibility has been assumed in this matter.

5. It is assumed that there are no legitimate environmental or ecological reasons that would prevent use of the subject property to its highest and best use, unless otherwise set forth in this report.

6. A soils engineering study has not been provided for this appraisal. It was assumed that, excluding the existing ground water condition, there are no hidden or unapparent conditions of the subject property such as subsoil conditions that would render it more or less valuable. No responsibility is assumed for such conditions or for engineering that might be required to discover such factors.

7. Possession of this report, or a copy thereof, does not carry with it the right of publication. Disclosure of the contents of this appraisal report is governed by the by-laws and regulations of the Appraisal Institute. Neither all nor any part of the contents of this report (especially reference to the Appraisal Institute or the MAI designation) may be disseminated to the public through advertising media, public relations media, news media, sales media, or any other public means of communications without prior written consent and approval of the appraisers.

8. This report may not be used for any purpose by anyone other than the party to whom it is addressed without the written consent of the appraisers.

9. The submission of this report constitutes completion of the services authorized. It is submitted on the condition that the client will provide the appraisers customary compensation relating to any subsequent required depositions, conferences, additional preparation, or testimony.

ASSUMPTIONS AND LIMITING CONDITIONS

(continued)

10. No warranty is made as to the seismic stability of the subject property.

11. The date of value to which the opinions expressed in this report apply is set forth in the letter of transmittal. The appraisers assume no responsibility for economic or physical factors occurring at some later date that may affect the opinions herein stated.

12. An engineering survey has not been made by the appraisers. Except as specifically stated, data relative to sizes and areas were taken from sources considered reliable.

13. No opinion is expressed as to the value of subsurface oil, gas, or mineral rights and it is assumed that the subject property is not subject to surface entry for the exploration or removal of such materials except as is expressly stated.

14. Testimony or attendance in court or any other hearing is not required by reason of rendering this appraisal unless such arrangements are made a reasonable time in advance.

15. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey and analysis of the subject property to determine whether or not it is in conformance with the various detailed requirements of the ADA. It is possible that a compliance survey of the subject property together with a detailed analysis of the requirements of the ADA could reveal that the subject property is not in compliance with one or more requirements of the ADA. If so, this fact could have a negative impact on its value. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of the ADA in estimating the value of the subject property.

16. Neither a title report nor preliminary title report, or litigation guarantee were proved. As such, the values estimated in this appraisal are based on the assumption that no exceptions to coverage, other than those discussed in the body of this report, affect the subject property.

17. The existence of potentially hazardous material used in the construction or maintenance of the subject improvements, such as asbestos, urea formaldehyde foam insulation, and/or toxic materials, which may or may not be present on the property, has not been considered in this valuation, except as otherwise noted. Since the existence of such substances may have an affect on value, the client is urged to retain an expert in this field if desired (also see Hazardous Materials in the description section of this report).

18. The appraisers have personally inspected the subject property and found no obvious evidence of structural deficiencies except as stated in this report; however, no responsibility for hidden defects or conformity to specific governmental requirements, such as fire, building and safety, earthquake, or occupancy codes, can be assumed without provision of specific professional or governmental inspections.

ASSUMPTIONS AND LIMITING CONDITIONS
(continued)

19. Taxes and fees in arrears, if any, are assumed to be discharged through escrow and have not been reflected in our value conclusions.

20. As used in this workfile, the word "inspection" means a viewing of the property and its improvements for appraisal purposes; it should not be construed to mean a professional building inspection in which the building structures and systems are reviewed, examined, and/or tested. Measurements taken, if any, are for appraisal purposes only and are not to be relied upon for any other use.

ATTACHMENT 6

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

PROPERTY OWNER:	Cal-Sorrento Ltd., a California limited partnership
PROPERTY LOCATION:	11803 and 11777 Sorrento Valley Road; 3330, 3336 - 46, 3347, and 3337 Industrial Court; 3422, 3443, and 3444 Tripp Court
ASSESSOR PARCEL NOS.:	310-080-01, 02, 05 - 08, 14, 17, 18, and 43
PUBLIC PROJECT:	For purposes of this appraisal, the public project has been identified as the construction and operation of the Interstate 5/805 local bypass lanes and the Interstate 5/Carmel Mountain Road interchange.
VALUATION SCENARIO I:	In this scenario, the estimated value of the subject property reflects that the public project was operational on the date of value, but ignores as a hypothetical condition any affect the existing groundwater condition had on the value of the subject property. Subsequent values estimated in this analysis reflect the affect, if any, that the existing groundwater condition had on the value of the property.
SITE DESCRIPTION:	The subject is an irregularly-shaped site that is located along the eastern side of Sorrento Valley Road. As improved, it contains a total of 11.77 acres (512,700 square feet, rounded), and comprises ten adjacent tax parcels, which range in size from about 0.50 acres (about 21,780 square feet) to 2.05 acres (about 89,300 square feet). The subject is adjacent west of Interstate 5 and the southbound Carmel Mountain Road to Interstate 5 onramp. Immediate access is from Sorrento Valley Road, Industrial Court, and Tripp Court. Freeway access is readily available at the Interstate 5/Carmel Mountain Interchange. It is zoned IL-3-1 (Light Industrial) and its general plan land use designation is Industrial Employment, which is consistent with its zone and community plan designations. In the analysis of the subject property, it was further concluded that it is composed of two areas that have different highest and best uses, which are identified as Areas A and B in this report.

(continued)

SITE DESCRIPTION (cont.)

Area A is identified by APNs 310-080-01, 02, 05, 06, 07, 08, and 43 and contains 6.64 acres (about 289,240 square feet). Two of these parcels are accessed from Sorrento Valley Road; all are accessed from Industrial Court.

Area B is identified by APNs 310-080-14, 17, and 18 contains 5.13 acres (about 223,460 square feet). One of these properties has frontage along Sorrento Valley Road, but primary access is from Tripp Court.

DESCRIPTION OF IMPROVEMENTS:

Excluding APN 310-080-07, the parcels that composing Area A are improved with buildings. These buildings range in size from about 4,800 to 39,000 square feet of rentable area, are located at 11777 and 11803 Sorrento Valley Road, and 3330, 3336 - 3346, 3347, and 3337 Industrial Court. These buildings contain a total of about 102,552 square feet. The building located at 3344 Industrial Court is of historic significance and reportedly must be retained, even this parcel is redeveloped. The overall condition of the improvements generally ranged from poor to good. The site improvements are primarily composed of asphalt and concrete paving and a limited amount of landscaping.

The parcels composing Area B are all improved with buildings. They range in size from 15,200 to 39,000 square feet of rentable area and are located at 3442, 3444, and 3443 Tripp Court. The total rentable building area is about 76,670 square feet. The overall condition of these improvements generally ranged from average to good. The site improvements are primarily composed of asphalt and concrete paving and a limited amount of landscaping.

SUMMARY OF SALIENT FACTS AND CONCLUSIONS
(continued)

VALUATION SCENARIO II: In this scenario, the value of the subject property before construction of the project reflects the physical characteristics of the subject that existed on the date of value, but ignores the public project and the existing groundwater condition (these are hypothetical conditions). Values subsequently estimated in this analysis reflect the affect, if any, that the existing groundwater condition had on the value of the property and that the public project is operational.

SITE DESCRIPTION: The physical and legal characteristics of the subject site are the same in this valuation scenario as in Valuation Scenario I. However, freeway access to the subject before the public project was indirect, with the nearest point being from the south via the Sorrento Valley exit from northbound Interstate 5, or from the north via the Carmel Valley Road exit..

DESCRIPTION OF IMPROVEMENTS: The subject improvements under this scenario are the same as in Valuation Scenario I.

ESTATES APPRAISED: Leased fee and fee simple interests

VALUE ESTIMATED: Fair market value

DATE OF VALUE: May 21, 2008

DATE OF REPORT: June 7, 2010

HIGHEST AND BEST USE:

Scenario I: As If Vacant - Areas A and B: near-term submission of applications to develop the subject property in the future, when warranted by market demand.

As Improved - Areas A and B: near-term submission of applications to redevelop the subject property in the future, when warranted by market demand.

SUMMARY OF SALIENT FACTS AND CONCLUSIONS
(continued)

Scenario II: As If Vacant - Areas A and B; near-term submission of applications to develop the subject property in the future, when warranted by market demand.

As Improved - Areas A and B: near-term submission of applications to redevelop the subject property in the future, when warranted by market demand.

VALUE CONCLUSIONS:

Summary of the Fair Market Value Conclusions - Scenario I as of May 21, 2008		
Value of Subject Property Ignoring the Existing Groundwater Condition	$15,060,000	
Value of the Subject Property Considering the Existing Groundwater Condition before Considering Benefits	(12,250,000)	
Indicated Value Differential		$2,810,000
Value of the Subject Property Considering the Existing Groundwater Condition and Benefits	$12,250,000	
Indicated Benefits		$0
Net Value Differential		**$2,810,000**

SUMMARY OF SALIENT FACTS AND CONCLUSIONS
(continued)

VALUE CONCLUSIONS:

Summary of the Fair Market Values Conclusions - Scenario II as of May 21, 2008		
Value of Subject Property Ignoring the Existing Groundwater Condition	$13,260,000	
Value of the Subject Property Considering the Existing Groundwater Condition before Considering Benefits	(10,560,000)	
Indicated Value Differential		$2,700,000
Value of the Subject Property Considering the Existing Groundwater Condition and Benefits	$12,250,000	
Indicated Benefits		($1,690,000)
Net Value Differential		**$1,010,000**

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following assumptions and limiting conditions:

Special Assumptions and Limiting Conditions

1. In Valuation Scenario I, the estimated value of the subject property reflects that the Interstate 5/805 local bypass lanes and the Interstate 5/Carmel Mountain Road interchange (public project) were operational on the date of value, but ignores as hypothetical condition any affect the existing groundwater condition has on the value of the subject property. Values subsequently estimated in this analysis reflect the affect, if any, that the existing groundwater condition had on the value of the property.

2. In Valuation Scenario II, the value of the subject property before construction of the project ignores as hypothetical conditions the public project and the existing groundwater condition. Subsequent values estimated in this analysis reflect the affect, if any, that the existing groundwater condition had on the value of the property and that the public project was operational. At the direction of counsel, this analysis is based on the extraordinary assumption that the existing groundwater condition was caused by the public project.

3. At the direction of counsel, this analysis is based on an assumption that all acquisitions (takings) from the subject property needed for the public project had been acquired and paid for on the date of value.

4. In the development of this appraisal, we used a site design and the estimated cost to redevelop the subject site that were prepared by Mr. Norm C. Arndt, P.E. of Rick Engineering Company. The appraisers do not warrant either this site plan as it relates to governmental development regulations or the estimated land development costs.

5. The values estimated in this appraisal are based on an extraordinary assumption that it will be possible to meet governmental requirements relating to the historically significant building located on the subject property under the site design prepared by Mr. Arndt and that doing so will not measurably affect the estimated costs.

6. The values estimated in this appraisal are based on an extraordinary assumption that, excluding the buildings located at 11803 Sorrento Valley Road and 3330 and 3336 - 3346 Industrial Court, the subject buildings were in similar condition on the date of value as on the date of inspection.

7. The values estimate in this appraisal are based on an extraordinary assumption that the condition of the tenant spaces composing 11803 Sorrento Valley Road and 3330 and 3336 - 3346 Industrial Court was such that they could have been leased "as is" for the same rental rate that was being charged on, or near, the date of value.

(continued)

General Assumptions and Limiting Conditions

1. Information, estimates, and opinions furnished by others and contained in this report are assumed to be true, correct, and reliable. A reasonable effort has been made to verify such information; however, no responsibility for its accuracy is assumed by the appraisers.

2. No responsibility is assumed for matters legal in character, nor do we render an opinion as to title, which is assumed to be held in fee simple interest as of the date of valuation unless otherwise stated.

3. It is assumed that the subject property is readily marketable and free of all liens and encumbrances except as discussed in this report.

4. Photographs, plats, and maps furnished in this report are to assist the reader in visualizing the subject property. No survey of the subject property has been made, and no responsibility has been assumed in this matter.

5. It is assumed that there are no legitimate environmental or ecological reasons that would prevent use of the subject property to its highest and best use, unless otherwise set forth in this report.

6. A soils engineering study has not been provided for this appraisal. It was assumed that, excluding the existing ground water condition, there are no hidden or unapparent conditions of the subject property such as subsoil conditions that would render it more or less valuable. No responsibility is assumed for such conditions or for engineering that might be required to discover such factors.

7. Possession of this report, or a copy thereof, does not carry with it the right of publication. Disclosure of the contents of this appraisal report is governed by the by-laws and regulations of the Appraisal Institute. Neither all nor any part of the contents of this report (especially reference to the Appraisal Institute or the MAI designation) may be disseminated to the public through advertising media, public relations media, news media, sales media, or any other public means of communications without prior written consent and approval of the appraisers.

8. This report may not be used for any purpose by anyone other than the party to whom it is addressed without the written consent of the appraisers.

9. The submission of this report constitutes completion of the services authorized. It is submitted on the condition that the client will provide the appraisers customary compensation relating to any subsequent required depositions, conferences, additional preparation, or testimony.

ASSUMPTIONS AND LIMITING CONDITIONS

(continued)

10. No warranty is made as to the seismic stability of the subject property.

11. The date of value to which the opinions expressed in this report apply is set forth in the letter of transmittal. The appraisers assume no responsibility for economic or physical factors occurring at some later date that may affect the opinions herein stated.

12. An engineering survey has not been made by the appraisers. Except as specifically stated, data relative to sizes and areas were taken from sources considered reliable.

13. No opinion is expressed as to the value of subsurface oil, gas, or mineral rights and it is assumed that the subject property is not subject to surface entry for the exploration or removal of such materials except as is expressly stated.

14. Testimony or attendance in court or any other hearing is not required by reason of rendering this appraisal unless such arrangements are made a reasonable time in advance.

15. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey and analysis of the subject property to determine whether or not it is in conformance with the various detailed requirements of the ADA. It is possible that a compliance survey of the subject property together with a detailed analysis of the requirements of the ADA could reveal that the subject property is not in compliance with one or more requirements of the ADA. If so, this fact could have a negative impact on its value. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of the ADA in estimating the value of the subject property.

16. Neither a title report nor preliminary title report, or litigation guarantee were proved. As such, the values estimated in this appraisal are based on the assumption that no exceptions to coverage, other than those discussed in the body of this report, affect the subject property.

17. The existence of potentially hazardous material used in the construction or maintenance of the subject improvements, such as asbestos, urea formaldehyde foam insulation, and/or toxic materials, which may or may not be present on the property, has not been considered in this valuation, except as otherwise noted. Since the existence of such substances may have an affect on value, the client is urged to retain an expert in this field if desired (also see Hazardous Materials in the description section of this report).

18. The appraisers have personally inspected the subject property and found no obvious evidence of structural deficiencies except as stated in this report; however, no responsibility for hidden defects or conformity to specific governmental requirements, such as fire, building and safety, earthquake, or occupancy codes, can be assumed without provision of specific professional or governmental inspections.

ASSUMPTIONS AND LIMITING CONDITIONS
(continued)

19. Taxes and fees in arrears, if any, are assumed to be discharged through escrow and have not been reflected in our value conclusions.

20. As used in this workfile, the word "inspection" means a viewing of the property and its improvements for appraisal purposes; it should not be construed to mean a professional building inspection in which the building structures and systems are reviewed, examined, and/or tested. Measurements taken, if any, are for appraisal purposes only and are not to be relied upon for any other use.

APPRAISERS' CERTIFICATE

We do hereby certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.

2. The reported analyses, opinions, and conclusions are limited only by the report assumptions and limiting conditions, and are our personal, impartial and unbiased professional analyses, opinions, and conclusions.

3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.

4. We have no bias with respect to any property that is the subject of this report or to the parties involved in this assignment.

5. Our engagement in this assignment was not contingent upon developing or reporting predetermined
results.

6. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

7. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.

8. We have made a personal inspection of the property that is the subject of this report.

9. No one provided significant real property appraisal assistance to the persons signing this certification.

10. As of the date of this report, Stephen D. Roach, MAI and William N. Patterson, MAI, SRA have completed the continuing education program of the Appraisal Institute. Stephen D. Roach, MAI (No. AG002159) and William N. Patterson, MAI, SRA (No. AG002923) have received certification from the state of California as a Certified General Real Estate Appraiser.

		June 7, 2010
Stephen D. Roach, MAI	William N. Patterson, MAI, SRA	Date

APPRAISAL ASSIGNMENT DEFINED

This appraisal was developed to conclude if the existing groundwater condition has caused a loss of value to the subject property. The owner has alleged that the level of the groundwater has been increased by the public project and, as a result, the value of the subject property has been diminished (damaged). In this case, the public project is identified as construction and operation of the Interstate 5/Interstate 805 local bypass lanes and Carmel Mountain Road interchange. At the direction of counsel, two valuation scenarios, which are described in the following paragraphs, are presented in this report.

Valuation Scenario I: In this scenario, the appraisal process used was to 1) estimate the fair market value of subject property with the public project in place, ignoring the existing groundwater condition, 2) estimate the fair market value of the subject property considering the groundwater condition, but ignoring any benefits attributable to the public project, and 3) compare these two values to determine whether there is any difference.

Valuation Scenario II: In this scenario, the appraisal process used was to 1) estimate the fair market value of the subject property before construction of the public project and ignoring the existing groundwater condition, 2) estimate the fair market value of the subject property after construction of the public project, considering the groundwater condition, but ignoring any benefits attributable to the public project, and 3) compare these two values to determine whether there is any difference. The fair market value of the subject property after construction of the public project considering benefits was then estimated. This is because, under California law, damages can be offset by benefits from the public project, if any were created. At the direction of counsel, it was also assumed for purposes of this appraisal that any part of the subject property needed for the public project had been acquired and paid for on the date of value and that the existing groundwater condition was a result of the construction and operation of the public project.

The process used in this appraisal is different from most appraisals prepared for use in conjunction with eminent domain actions. Typically, after estimating the fair market value of the subject site (larger parcel), the fair market value of the proposed acquisition (part taken) is estimated and subtracted from the value of the larger parcel, which results in the value of the remainder as part of the whole. In this analysis, since there are no acquisitions in the subject

property (part taken), neither the value of the part taken nor the value of the property (remainder) as part of the whole were estimated.

For purposes of this appraisal, the terms "subject", "subject site" and "subject property" have been used interchangeably. Due to the nature of this appraisal assignment (absence of a taking), the terms "larger parcel" and "remainder" have not been used in this summary report. The parts of the subject property abutting Industrial Court have been identified as APNs 310-080-01, 02, 05, 06, 07, 08 and 43 or as Area A; the parts of the subject property abutting Tripp Court have been identified as APNs 310-080-14, 17, and 18 or as Area B.

REPORT PRESENTATION

The following discussions are applicable to both of the valuation scenarios identified in the preceding section. Characteristics specific to either Valuation Scenario I or II are discussed within those sections of this report.

IDENTIFICATION OF THE SUBJECT PROPERTY

In the complaint, the owner of the properties summarized in the following table alleges that the value has been diminished due to the construction and operation of the public project. For this reason, these parcels are identified as the subject property.

In the following table, the APNs, addresses, and sizes of the parcels that compose the subject property are summarized. The size of the individual parcels is rounded to the nearest 10 square feet.

Parcels Composing the Subject Property			
		Site Size	Site Size

APN	Address	(AC)	(SF)
310-080-01	11803 Sorrento Valley Road	1.31	57,060
310-080-02	3330 Industrial Court	0.59	25,700
310-080-05	3347 Industrial Court	1.42	61,860
310-080-06	3337 Industrial Court	0.50	21,780
310-080-07	Parking for 11777 Sorrento Valley Road (primarily)	0.52	22,650
310-080-08	11777 Sorrento Valley Road	0.68	29,620
310-080-43	3336-46 Industrial Court	1.62	70,570
310-080-14	3443 Tripp Court	2.05	89,300
310-080-17	3422 Tripp Court	1.34	58,370
310-080-18	3444 Tripp Court	1.74	75,790
Totals		11.77	512,700

LEGAL DESCRIPTION

A legal description of the subject property was not provided. As such, it was assumed that its legal description is the area defined by the APNs previously identified.

EFFECTIVE DATE OF APPRAISAL

The effective date of this appraisal, also known as the date of value, is May 21, 2008.

DATE OF APPRAISAL REPORT

The date of this appraisal report is June 7, 2010.

DEFINITION OF VALUE

In each valuation scenario, the fair market values were estimated. Fair market value is defined in the California Code of Civil Procedure, Section 1263.320, as follows:

The highest price on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing, nor obligated to sell, and a buyer, being ready, willing, and able to buy, but under no particular necessity for so doing, each dealing with the other with full knowledge of all the uses and purposes for which the property is reasonably adaptable and available.

The fair market value of property for which there is no relevant market is its value on the date of valuation as determined by any method that is just and equitable.

Section 1263.330 states:

The fair market value of the property taken shall not include any increase or decrease in the value of the property that is attributable to any of the following:

(a) The project for which the property is taken.
(b) The eminent domain proceeding in which the property is taken.
(c) Any preliminary actions of the plaintiff relating to the taking of the property.

The values estimated in this appraisal are based on payment in either cash in U.S. dollars or their equivalent, absent any sales concessions that might affect the value of the subject.

DEFINITION OF PROPERTY RIGHTS APPRAISED

Due to the characteristics of the subject property, the fee simple and leased fee fair market values of Areas A and B, respectively, were estimated in this appraisal.

This analysis concerns only the real property. Fee simple interest is defined in *The Dictionary of Real Estate Appraisal, Fifth Edition*, copyrighted by the Appraisal Institute in 2010 as follows:

"Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

This definition was expanded to reflect covenants, conditions, and restrictions (CC&R's) and identifiable recorded easements, if any, known to affect the subject property. The impacts (beneficial or detrimental) of these encumbrances were considered in the valuation process.

According to the same source, leased fee interest is defined as follows:

"A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship."

CLIENT, INTENDED USER, AND USE OF APPRAISAL

This appraisal was prepared for the California Department of Transportation (Caltrans) and its attorneys (the client), who are also the intended users. The intended use is in conjunction with litigation alleging inverse condemnation damages due to the construction and operation of a public project.

OWNERSHIP AND PROPERTY HISTORY

According to a copy of the First Amended Complaint provided, title to the subject property is vested in Cal-Sorrento Ltd., a California limited partnership. To our knowledge, no changes in ownership in the subject property have occurred in the last five years and no part of the subject property was listed for sale or under contract of sale on the date of value. Leases encumbering the subject are discussed later.

We were provided with a letter of intent dated February 12, 2008 for 24-Hour Fitness to lease and redevelop 3.52 acres (about 153,300 square feet) of the subject property. This letter of intent was not considered as a direct indication of the property's value in the development of this appraisal for the following reasons. First, it is only a letter of intent, not a pending or signed

leased. Second, 24-Hour Fitness was to be provided a fully-entitled (without conditional use permit) finished site. Third, during peak hours, 24-Hour Fitness was to have use of parking on the owner's adjacent properties, thereby increasing the effective size of this site to more than 3.52 acres.

SCOPE OF THE APPRAISAL

In the completion of this appraisal, it was our intent that the analyses, opinions, and conclusions be those of a disinterested third party. The scope of work includes, but is not limited to:

- the subject property was personally inspected by Mr. Roach and Mr. Patterson;
- the physical, legal, and economic characteristics of the subject were researched, which included conversations with various governmental officials, review of various governmental documents and planning and building files, and review of recently published demographic information for the region and City of San Diego;
- recent sales of similar properties (improved and unimproved) were researched;
- recent leases of spaces in the subject property and other nearby properties were researched;
- the sales comparison and income capitalization approaches were used to estimate the fair market values concluded in this report;
- due to the age, physical deterioration, and functional obsolescence affecting the subject improvements, and their concluded highest and best use, the cost approach was not judged to be a reliable indicator of value and was not used in this appraisal;
- site design and estimated land development costs prepared by Mr. Arndt of Rick Engineering Company were used in the development of this appraisal; and
- appropriate valuation methodologies were used to value the subject property after construction of the public project before and considering benefits to estimate the impact of the alleged changes in groundwater.

Our findings are presented in a summary appraisal report.

AREA/NEIGHBORHOOD DESCRIPTION

Location

The subject property is located near the northern end of the area commonly known as Sorrento Valley, which is in the City of San Diego. It is located about 15 miles north of downtown San Diego, and is generally bordered by Interstate 5, Torrey Hills, and Sorrento Mesa on the east, University City and Torrey Pines on the south, the Torrey Pines State Reserve on the west, and Del Mar and Carmel Valley (formerly North City West) on the north-northeast.

Development Trends

Sorrento Valley is primarily improved for industrial/office uses, with most of the original development occurring in the 1960s and 1970s, from north to south . In recent years, due to demand and the age, design, and condition of some of the buildings, some properties have either been extensively modernized or redeveloped; most of this modernization/redevelopment activity has occurred south of the subject, proximate west to the Interstate 5/805 merge, but north of where Interstate 5 crosses over Sorrento Valley. No significant modernization/redevelopment has occurred in the more immediate subject area. In the relatively recent past, two new projects have been constructed in this general area. The first is a Class A/B office project that was constructed in the early 2000s and occupies part of a knoll north of Carmel Mountain Road west of Interstate 5. As such, it is effectively set apart from the properties improved with buildings that are now 40 to 50 years old. This project is partially visible from Interstate 5 and some of the tenants have views of the Torrey Pines State Reserve to the west. The second project is a Class A office project that is located north of Carmel Mountain Road east of Interstate 5. Although proximate to Sorrento Valley, it is effectively set apart from it due to its location east of Interstate 5. This project is highly visible from Interstate 5 and many of the tenants have views of either the Torrey Pines State Reserve, the Pacific Ocean, or both. Both of these projects were constructed with the knowledge of or after the Interstate 5/Carmel Mountain Road interchange was constructed.

Industrial Market Trends

Based on market surveys developed using CoStar Properties, Inc., between early 2007 and mid-2008 the overall vacancy rate (direct and sublet space) for industrial properties in San Diego County increased from 6.4 to 6.6 percent and the reported average rental rate remained virtually unchanged, only increasing from $0.76 to $0.77 per square foot per month. During this same time frame, the vacancy rate in the Sorrento Valley submarket declined from about 4.2 to 1.5 percent, but the reported average rental rate decreased from $1.05 to $1.00 per square foot per month. Based on the preceding, it is evident that the demand for industrial space in Sorrento Valley in mid-2008 exceeded the countywide demand and that this area commanded higher average rental rates. Ignoring the subject tenant spaces vacated in anticipation of 24-Hour Fitness redeveloping that portion of the subject site, the vacancy rate for the subject property in mid-2008 reportedly approximated that of the Sorrento Valley submarket.

Office Market Trends

Based on a market survey developed using CoStar Properties, Inc., between early 2007 and mid-2008 the overall vacancy rate (direct and sublet space) for office properties in San Diego County increased from 10.3 to 12.3 percent and the reported average rental rate increased slightly from $2.60 to $2.64 per square foot per month. During this time frame, the vacancy rate in the Sorrento Valley submarket increased from 5.4 to 12.2 percent and the reported average rental rate increased from $1.69 to $2.24 per square foot per month. The preceding tends to indicate that unlike industrial space, the demand for office space in Sorrento Valley more closely approximated that of the county as a whole.

Conclusion

Sorrento Valley is a centrally-located well-established industrial/office district and, proximate to the date of value, was experiencing lower vacancy and higher rents for industrial space than countywide; the vacancy rate for office space was similar to the countywide level, but the average rents were lower. It was concluded that during future real estate cycles, the demand for industrial and office space in Sorrento Valley will at least equal that of the county.

DESCRIPTION OF THE PUBLIC PROJECT

The public project that the owner of the subject property alleges caused damages is the construction and operation of the Interstate 5/805 local bypass lanes and Interstate 5/Carmel Mountain Road interchange. Both the northbound and southbound bypasses are four lanes wide, and the interchange provides connections to and from both northbound and southbound Interstate 5.

SITE DESCRIPTION - PHYSICAL CHARACTERISTICS

Unless stated, all of the following descriptions of are substantially the same under both valuation scenarios and for Areas A and B.

Location and Access

The subject is located along the east side of Sorrento Valley Road, is adjacent west of Interstate 5, and is just south of the intersection of Sorrento Valley Road and Carmel Mountain Road. It has over 600 feet of frontage along Sorrento Valley Road. Access onto the subject property is via curb cuts along Sorrento Valley Road, Industrial Court, and Tripp Court

Prior to construction of the public project, primary freeway access (ingress and egress) to Sorrento Valley from the south was to either exit Interstate 805 at the Mira Mesa Boulevard/Sorrento Valley Road interchange or exit Interstate 5 at the Sorrento Valley Road offramp, which are about 2.5 and 1.5 road miles south of the subject, respectively. The most direct freeway access from the north was to exit Interstate 5 at Carmel Valley Road, go east and turn south onto El Camino Real, and then turn west onto Carmel Mountain Road, which intersects with Sorrento Valley Road just north of the subject. The distance to the subject via this route is about 2.25 road miles.

In the past, it was also possible to access Sorrento Valley from the north by exiting Interstate 5 at Carmel Valley Road, going west to Sorrento Valley Road, and then turning south. The distance of that route to the subject property was less than 1.5 road miles. However, in the late 1990s, the City of San Diego closed Sorrento Valley Road from just north of Carmel Mountain Road to Carmel Valley Road to construct a sewer pump station. This closure was then to continue while the earlier described public project and/or the construction of the westbound State Route 56 to southbound Interstate 5 connector ramp was constructed. At some point during the preceding time frame, the City of San Diego decided to close this section permanently, due to the environmentally sensitive nature of the wetlands area adjacent west of the road. As such, in both valuation scenarios, no consideration was given to this historic access route to the subject property.

According to the SANDAG website, the estimated average weekday traffic volumes along Sorrento Valley Road and Carmel Mountain Road in 2006 (most recent count available), proximate to the subject property, were about 20,700 and 17,800 vehicles, respectively. On SANDAG's 2010 Traffic Forecast map, the average weekday traffic volumes along these sections of Sorrento Valley Road and Carmel Mountain Road are 21,000 and 24,000, respectively.

The predominant land uses adjacent and proximate to the subject property are industrial/office in character. Most of these buildings were constructed in the 1960s and 1970s. To our knowledge, none of these buildings have been significantly modernized since their construction and no nearby sites have been redeveloped. Although many of these buildings, particularly the single-story industrial buildings, are nearing, if not at, the end of their economic lives, a trend of modernization/redevelopment has not yet occurred in the immediate subject area, thereby diminishing its overall appeal.

Street Improvements

Sorrento Valley Road is an asphalt-paved four-lane secondary arterial that is improved with a concrete curb/gutter and a central left-turn lane, which provides access to and from Industrial Court and Tripp Court for vehicles traveling south along Sorrento Valley Road. Based

on the Assessor's plat map, Sorrento Valley Road is constructed in a 106-foot wide right-of-way. On-street parking is not permitted along this street. With one exception, Industrial Court and Tripp Court only serve the subject property; the exception is the property located at the southeast corner of the intersection of Sorrento Valley Road and Tripp Court. Industrial Court and Tripp Court are about 600 and 300-foot-long cul-de-sacs, respectively. They are two-lane asphalt-paved streets that are improved with a concrete curb/gutter. Using the tract and Assessor's plat maps, it was concluded that these streets are constructed in about 75-foot-wide rights-of-way. On-street parking is permitted along both of these streets.

Freeway Visibility

Although the subject property did (before the public project) and still abuts the right-of-way for Interstate 5, it was not visible due to the grade change from this freeway down to the subject. It is now visible from the Carmel Mountain Road onramp to southbound Interstate 5.

Shape and Size

According to Assessor's plat maps, the subject site is irregular in shape and contains 11.77 acres, or about 512,700 square feet.

Topography and Drainage

The elevation of the subject property approximates street grade; it generally slopes very gently downward from the south/east to the west, toward Sorrento Valley Road, Industrial Court, and Tripp Court. According to Mr. Arndt, on-site runoff is not adequate and, as a result, significant site work would be required if the subject site was to be redeveloped.

The subject is affected by a groundwater condition, but the initial valuation of the subject property is based on the hypothetical condition that this condition does not exist. Values estimated subsequent to the initial valuation of the subject property reflect the existing groundwater issues.

Off-site, during significant rain events, the area proximate to the intersection of Sorrento Valley Road and Carmel Mountain Road floods. This condition has existed for many years.

Soils

A soils engineering study has not been provided for this appraisal. It was assumed that the soils are adequate to support the concluded highest and best use of the property. No responsibility is assumed for either other soil conditions that might be found in the future or for the engineering that might be required to discover such factors.

As noted in the preceding section, the existing groundwater condition was ignored in the initial valuation of the subject, but reflected in subsequent value estimates.

Seismic Stability

The subject property is not within an Alquist-Priolo special studies zone. According to the SANDAG website, the nearest known earthquake fault is located directly east of the subject under Interstate 5. It was assumed that the subject property is not affected by any active, or potentially active, earthquake faults.

Utilities

Public utilities have been extended to the subject site. Gas and electricity are provided by San Diego Gas & Electric Company. The City of San Diego provides water and sewer service.

Flood Hazard

According to FEMA Flood Insurance Rate Map Community Panel Numbers 06073C1336F on their website, the subject property is shown as being affected by two Zone X

designations. The northwestern part of the subject and along Industrial Court are shown as being in a 500-year flood plain; areas of 100-year flooding with average depths of less than one foot, a drainage area of one square mile or less, and areas protected by levees from 100-year floods. The rest of the subject property is shown as being outside a of the 500-year flood plain.

In the baseline site design prepared by Mr. Arndt, he ignored the existing groundwater condition. In this study, he concluded that in order to create development pads with adequate drainage and raise the northwest part of the subject property out of an identified flood plain, the properties surrounding Industrial Court need to be raised about three feet.

Hazardous Waste

At the time of inspection, no evidence of hazardous contamination or waste was noted. A review of the County Department of Environmental Health website revealed no Site Assessment Mitigation (SAM) case listings affecting the subject property. The values concluded in this appraisal are predicated on the assumption that the subject property is not adversely affected by hazardous contamination or waste.

Adverse Influences

In addition to the noise, dust, and fumes created by traffic using Interstate 5 and the Interstate 5/Carmel Mountain Interchange, two other adverse off-site influences were noted. First, during periods of significant rain, the intersection of Sorrento Valley Road and Carmel Mountain Road floods, which restricts the flow of traffic. Second, due to the absence of modernization or redevelopment of nearby properties or a comprehensive area redevelopment plan, the overall appeal of the immediate subject area is diminished.

SITE DESCRIPTION - LEGAL CHARACTERISTICS

Easements and Encumbrances

Neither a title report nor preliminary title report, or a litigation guarantee, were provided. It appears that access, on-site circulation, and parking are shared by many of the parcels that compose the subject property. For purposes of this appraisal, it was assumed that these reciprocal uses are ensured in the future by either a binding agreement or an easement. Based on a right-of-way map provided by Caltrans, about the eastern 20 feet of the northern part of the subject site is encumbered with a permanent access, maintenance, and footing easement and a permanent utility easement; about the eastern 20 feet of the southern part of the subject site is also encumbered by a permanent access, maintenance, and footing easement. Additionally, there is about a 12-foot wide access easement that extends from the eastern terminus of Industrial Court to the referenced permanent access, maintenance, and footing easement. Though the grant deed is silent, based on the existing use of these easement areas, this appraisal is based on the assumption that these easements are non-exclusive and that the property owner can continue to use these affected areas for on-site circulation, but cannot use them to erect a structure or for parking. These easement areas would also have to honored if the subject were to be redeveloped. It was assumed, excluding the preceding, that there are no recorded, or unrecorded, easements or encumbrances that adversely impact the utility of the subject property.

Zoning and General Plan Land Use Designation

According to information obtained from the San Diego Planning Department, the subject property is zoned IL-3-1 (Industrial Light). The purpose of the IL zone designation is to provide for a wide range of manufacturing and distribution activities; the IL-3-1 designation allows light industrial, office, and some commercial uses. According to planning department staff, although not specified in the zoning ordinance, a fitness center operating 24 hours per day is permitted by right. Development regulations under this zone designation include a maximum floor area ratio (FAR) of 2.0 and no height limit. However, the subject is within the Coastal Overlay Zone, which imposes more limiting development restrictions, and is discussed in the following section of this report.

The subject property's general plan land use designation is Industrial Employment, which is reportedly consistent with its zoning designation.

Overlay Zones

According to information provided by the City Planning Department, the subject property is within the following overlay zones: Coastal (City jurisdiction), Coastal Height Limit, Airport Environs, and Parking Impact Overlay Zones, and High Fire Hazard Severity Zone.

The Coastal Overlay Zone, which in this case is administered by the City, is intended to protect and enhance the quality of public access and coastal resources. Due to this overlay zone, re-development of the subject would be limited to a maximum FAR of 0.5. The Coastal Height Limitation Overlay Zone would also limit the height of new buildings constructed on the subject to 30 feet. Both of these overlay zones were given significant consideration in the analysis of the subject property, as they have a significant impact on its value. In is further our understanding that although the Coastal Overlay Zone is administered by the City, the California Coastal Commission has the right to, and has, required their approval before a project can move forward.

The Airport Environs Overlay Zone is to provide supplemental regulations for properties surrounding various airports, which in this case is MCAS Miramar. If the subject were re-redeveloped, an acoustical study might be required to determine if the development proposal meets the noise standards pursuant to this overlay zone. The Fire Hazard Severity Zone is intended to draw attention to areas of high fire risk, enabling officials to identify measures to retard the rate of fire spread and minimize damage. The purpose of the Parking Impact Overlay Zone is to identify areas of high parking demand and increase the off-street parking requirements accordingly. Since the subject property is not identified as being in a beach or campus community, it is our understanding that the impact of the parking overlay zone is diminished.

Torrey Pines Community Plan

The subject property is also within the Torrey Pines Community Plan Area, in which it is identified for industrial use.

The preceding discussions regarding the land use regulations affecting the subject property are intended to provide a summary of these restrictions. We are not experts in these regulations, which are quite complex. It is recommended that the client, if they so desire, obtain a review of the land use regulations as they relate to the redevelopment of the subject property.

SITE DESCRIPTION - ECONOMIC CHARACTERISTICS

Real Estate Taxes and Fixed Charges

The 2009/2010 assessed values and real estate taxes including special assessments for the subject property are summarized in the following table.

Subject Property Real Estate Taxes Information					
APN	Address	Land Value	Improvement Value	Total	Taxes and Assessments
310-080-01	11803 Sorrento Valley Road	$123,771	$365,814	$489,585	$5,446.86
310-080-08	11777 Sorrento Valley Road	66,545	736,141	802,686	8,881.52
310-080-02	3330 Industrial Court	57,034	114,267	171,301	1,921.02
310-080-43	3336-46 Industrial Court	156,077	414,972	571,049	6,357.14
310-080-05	3347 Industrial Court	142,796	456,597	599,393	6,662.22
310-080-06	3337 Industrial Court	49,500	60,982	110,482	1,250.82
310-080-07	No Address	51,475	5,718	57,193	663.60
310-080-17	3422 Tripp Court	133,288	573,679	706,967	7,842.96
310-080-18	3444 Tripp Court	171,325	638,491	809,816	8,990.82
310-080-14	3443 Tripp Court	199,849	543,990	743,839	8,276.36
	Total	$1,151,660	$3,910,651	$5,062,311	$56,293.32

Current real estate taxes were not considered in this appraisal, as California law requires that a property be reassessed at its market value upon sale, which is represented by the values estimated in this appraisal. The subject property is located in tax rate area 008118 and its 2007/2008 base tax rate was 1.09816 per $100 of assessed value.

Facilities Benefit Assessment (FBA) and Developer Impact Fees (DIFs)

FBA/DIFs are charged when a property is developed with a building, the building is expanded, or a site is redeveloped. Since the subject property is already improved with a number of buildings, the FBA/DIFs that would be charged when it is redeveloped will be reduced by the amount allocable to the existing improvements.

In the Torrey Pines Community Plan area, the FBA/DIFs are $327 per average weekday vehicle trip (ADT) identified by the City for the uses of the existing buildings. Based on the trip generation chart developed by the City, office space and industrial/business park uses are identified as generating 450 ADTs and 200 ADTs per acre, respectively. Absent a determination by the City as to the specific use designations of the existing subject buildings, which to our knowledge has not been made, it was concluded that it would speculative to estimate the exact amount the FBA/DIFs would be reduced. For illustrative purposes, based on an industrial/business park use and the subject site area of 11.77 acres, the FBA/DIFs for redevelopment of the subject site would be reduced by about $770,000, rounded (11.77 multiplied by 200 multiplied by $327).

DESCRIPTION OF SUBJECT IMPROVEMENTS

The subject is improved with 10 industrial/office buildings, including an office building that is reportedly of historic significance. According to the rent rolls provided, these buildings contain a total of 179,222 rentable square feet; based on this figure, the floor area ratio (FAR) is about 35 percent. The sizes of the buildings shown in the rent rolls were used in the development of this appraisal. Unless otherwise stated, the buildings are a single-story design. For informational purposes and if available, the gross building areas were also reported.

The following descriptions are from north to south, as the properties are located around Industrial Court and Tripp Court. A summary of construction details is presented after the following brief descriptions of the subject buildings.

11803 Sorrento Valley Road

This site was improved with an office/industrial building that it is understood was constructed in the mid-1960s. The rent roll indicates a rentable area of 20,550 square feet; the floor plan indicates the gross area of this building is about 20,835 square feet. In the central courtyard of this building there was an above-ground pool that appears to have been constructed and used for testing purposes. About 50 percent of this building was finished as office space; the balance was manufacturing/warehouse space. Based on the physical condition of this building when inspected, it was concluded that on the date of value it was in no better than fair condition. According to the rent roll, on the date of value, this building was occupied by six tenants, with the last lease expiring on June 15, 2008. This is one of the parcels that was being vacated in anticipation of leasing to 24-Hour Fitness.

3330 Industrial Court

This site was improved with an industrial building that it is understood was constructed in the mid-1960s. The rent roll indicates a rentable area of 9,840 square feet; the floor plan indicates a gross building area of about 11,135 square feet, including about a 960-square-foot storage mezzanine. This building was primarily warehouse space, but there was a limited amount of finished office space. It was judged to have been in no better than fair condition on the date of value and, according to the rent roll, was leased to a single tenant on a month-to-month basis. This is one of the parcels that was being vacated in anticipation of leasing the site to 24-Hour Fitness.

3336-46 Industrial Court

This site was improved with three connected structures, which effectively formed a single building. Two of the three structures were office/industrial space. The other was a multi-level (three-story) office structure. The locations of these structures created a courtyard that has been landscaped. It is understood that this building was constructed in the mid-1960s. The rent roll

indicates a rentable area of 25,512 square feet; the building plans indicate a gross building area of 27,870 square feet. The building plans indicate that the multi-level office structure (3344 Industrial Court) contains about 5,200 square feet of rentable area. This building is reportedly of historical significance, as it was designed by Loch Crane, a well-known San Diego architect, and has distinctive features exemplifying Contemporary Modernism design. About one-half of the other two buildings were finished as office space; the rest was warehouse space. It was judged that the overall condition of this building was no better than fair on the date value. According to the rent roll, this building was demised as 14 tenant spaces, of which eight were occupied on the date of value, but were to be vacated by December 31, 2008. This is one of the parcels that was being vacated in anticipation of leasing the site to 24-Hour Fitness.

3347 Industrial Court

This site was improved with two L-shaped structures that form an industrial building with a landscaped enclosed courtyard. It is understood that this building was constructed in the mid-1960s. The rent roll indicates a rentable area of 21,850 square feet; a site plan indicates a gross building area of 22,140 square feet. This building was mostly warehouse/manufacturing space, but there was a limited amount of office space. It was judged to be in less than average condition on the date of value. According to the rent roll, on the date of value, this building was demised as eight tenant spaces and was fully occupied. On the most recent site plan, a part of this site is shown as designated parking for 24-Hour Fitness, which could have facilitated retaining the historically significant office building on the adjacent site.

3337 Industrial Court

This site was improved with a freestanding building that it is understood was constructed in the mid-1960s. The rent roll indicates a rentable area of 4,800 square feet, which is supported by measurements taken by the appraisers. The interior of this building was fully finished. This building was judged to be in average condition on the date of value and, according to the rent roll, was leased to a single tenant.

11777 Sorrento Valley Road

This site was improved with a building that it understood was constructed in the early 1970s. The rent roll indicates a rentable area of 20,000 square feet; the floor plan indicates a gross building area of 22,600 square feet, plus about a 3,290-square-foot second level deck. It is understood that this building was designed and constructed for a single-tenant, with warehouse/manufacturing space on the ground level and offices on the second floor. The first floor is now primarily finished as exercise/dance studio and office space; the second floor is finished as office space. This building was judged to be in above-average condition of the date of value. According to the rent roll, this building was leased to a single tenant on the date of value, but it appeared that the lessee was subleasing the demised spaces.

3422 Tripp Court

This site was improved with a building that it is understood was constructed about 1970. The rent roll and a site plan indicate that the gross and rentable areas are 15,200 square feet (excluding 600 square feet of common area/restroom space). About 10,000 square feet of this building was finished and operated as a preschool/daycare, with the rest being warehouse space. This building was demised as four tenant spaces. It was judged to be in average to less -than-average condition on the date of value and, according to the rent roll, was fully occupied.

3444 Tripp Court

This site was improved with an industrial building that it is understood was constructed in the late 1960s. The rent roll indicates a rentable area of 39,000 square feet. The floor plan provided indicates a gross building area of 37,960 square feet. However, this size does not include the second floor area in the Mistral and PECC/Qual Tech tenant spaces. This building was primarily composed of industrial space; about 15 percent was finished as offices, which is partially second-floor space. It was demised as four tenant spaces. This building was judged to be in average condition on the date of value and, according to the rent roll, was fully occupied.

3443 Tripp Court

This site was improved with two L-shaped structures that created an enclosed landscaped courtyard. It is understood that this building was constructed in the mid-1960s. The rent roll and floor plan indicate that the rentable and gross areas are 22,470 square feet. The interior was fully finished for the manufacture of pharmaceuticals. Although some items of deferred maintenance (exterior) were noted, this building was judged to be in average condition on the date of value. According to the rent roll, this building was entirely leased to a single tenant on the date of value.

Construction Details

The following are a brief description of the general construction details noted during our inspection of the subject property.

Foundation:	Concrete slab on grade
Structure:	Predominantly concrete block
Exterior Walls:	Painted concrete block; aluminum frame windows
Roof:	Built-up flat roof
Interior Walls:	Painted drywall; painted concrete block
Floor Coverings:	Various hard surface floor coverings in the finished areas with some commercial carpeting; unfinished concrete in the warehouse areas
Ceilings:	Ceilings in the finished areas are generally suspended acoustic tiles; ceilings in the warehouse space are exposed beams and joists; there are skylights in some suites; ceilings heights range from about 8 feet in some finished space to about 26 feet in some of the warehouse space.
Doors:	Pedestrian doors; grade-level roll-up doors
Heating and Air Conditioning:	Several of office building/spaces have wall-mounted HVAC package units. Much of the warehouse and manufacturing space is not heated. Some of the building have roof mounted HVAC units.

Electrical: Suites are individually metered, and is assumed to be adequate for the current use.

Lighting: Ceiling mounted/recessed fluorescent fixtures in the finished areas; suspended fluorescent tube fixtures in the warehouse spaces. Some office and finished areas have incandescent fixtures. Exterior areas have building-mounted spot lighting.

Restrooms: Several buildings have common restrooms that serve all tenants; other buildings have restrooms in the individual tenant spaces.

Quality and Condition

The subject buildings were judged to be constructed of average quality materials. As discussed earlier, the condition of the individual buildings ranges from no better than fair to above average condition. Generally, the buildings along Tripp Court and 11777 Sorrento Valley Road were in the best condition; the other buildings along the south side of Industrial Court were in average to above-average condition; and those along the north side of Industrial Court were in the worst condition.

Functional Utility

The functional utility of the improvements varies. The floor plans of the buildings located at 11803 Sorrento Valley Road, 3336 - 3346 Industrial Court, and to some degree 3347 Industrial Court, are composed of a number of tenant spaces that appear to have been demised for specific tenants over the years (atypically-configured spaces), negatively impacting the functional utility of the buildings. The floor plans of the rest of the buildings were judged to offer average functional utility for their current uses. Other items affecting the functional utility of some of the subject buildings are low ceiling height in warehouse spaces and the heating/cooling systems.

Site Plan Utility, On-Site Circulation, and Parking

The overall site utility of the subject property and on-site circulation pattern were judged to be average for the current uses. Based on the existing on-site circulation and parking patterns,

it appears that there is reciprocal use of the parking and access areas between the parcels that compose the subject property.

According to the site plans provided, the subject property is improved with 337 on-site parking spaces. Based on a total rentable building area of about 179,222 square feet, this equates to about 1.9 spaces per 1,000 square feet of rentable area. Given the availability of parking at the various times the subject was viewed, it was concluded that parking is adequate for the current uses of the subject buildings. The parking ratios for the individual parcels that compose the subject property range from about 0.6 to just over three spaces per 1,000 square feet of building area.

Site Improvements

The primary site improvements are asphalt and concrete paving and a limited amount of landscaping. Based on the condition of these improvements when inspected, ignoring the impact that it was judged that the existing groundwater has had on them, it was concluded that they would have been in average condition.

Hazardous Materials and Hazardous Waste

With no information to the contrary, it was assumed that no hazardous materials were used in the construction of the subject improvements. Since we are not experts in this field, it is recommended that the client, if they so desire, retain an expert in this field.

Remaining Economic Life

The overall physical condition and functional utility of the subject improvements vary. Based on the overall condition and functional utility of the buildings located at 11803 Sorrento Valley Road, 3330 Industrial Court, and 3336-46 Industrial Court, it was concluded that they have effectively reached the end of their economic lives. This conclusion is strongly supported by the fact that since 2003, the owner has been considering redeveloping the subject and other

adjacent properties; most recently a letter of intent was signed with 24-Hour Fitness to ground lease the referenced subject properties for redevelopment. Based on their age, condition, and functional utility, before considering anticipated market trends, it was concluded that the remaining physical lives of the buildings located at 3337 and 3444 Industrial Court and 3422 Tripp Court might be five to 10 years; based on the same factors, it was concluded that the remaining physical life of the buildings located at 11777 Sorrento Valley Road and 3443 and 3444 Tripp Court might be in the range of 10 to 15 years.

It must be recognized that at least two factors could shorten the remaining lives identified in the preceding paragraph. First, given the design, age, and condition of the subject and other nearby buildings and an emerging trend of redevelopment in Sorrento Valley, when demand warrants during the next development cycle, the subject property will probably be redeveloped. Second, it might be found in the redevelopment planning process that to maximize the utility of these parcels it would be necessary to include some of the other buildings prior to their reaching the above-estimated remaining lives.

DESCRIPTION OF LEASES

Lease information, taken from leases and rent rolls, for both Areas A and B are presented in the valuation sections of this report.

VALUATION SCENARIO I

The purpose of this appraisal is to conclude if the value of the subject property has been diminished by the existing ground water condition. This valuation scenario reflects that the public project had been completed and was operational on the date of value.

VALUATION OF THE SUBJECT PROPERTY IGNORING THE EXISTING GROUNDWATER CONDITION

HIGHEST AND BEST USE

The following definition of highest and best use contained on page 278 of *The Appraisal of Real Estate, Thirteenth Edition* (2008), was used in the development of this appraisal.

"The reasonably probable and legal use of vacant land or an improved property that is legally permissible, physically possible, appropriately supported, and financially feasible and that results in the highest value."

As If Vacant

Based on the legally permissible uses and physical characteristics of the subject site, development trends and market demand for industrial, office, and commercial space in the subject area, it was concluded that on the date of value the highest and best use of the subject site as if vacant, was near-term processing of a development plan for future redevelopment with industrial, office, or commercial uses, which includes a fitness center operating 24 hours a day.

As Improved

The highest and best use of an improved property is continued use as improved until its land value, less demolition costs, is greater than its value as improved and demand warrants redeveloping the property. However, in this case, due to the design, age, and condition of the subject improvements and an emerging trend of redeveloping sites in Sorrento Valley, it is not readily apparent whether the highest and best use of the subject property is to position it for redevelopment during the next development cycle or to continue to operate the property as improved. For these reasons, a number of valuation analyses were developed before concluding the highest and best use of the subject property.

VALUATION ANALYSES

The significant characteristics of the subject property that are atypical of most sites being considered for redevelopment are discussed in the following sections.

Site Work Required to Redevelop the Subject Property

In a the preparation of a baseline site design (ignoring the existing groundwater condition), Mr. Arndt concluded that to develop the properties abutting Industrial Court, a significant amount of land development work would be required. He further concluded that redevelopment of the properties fronting on Tripp Court would not require any significant land development work after removing the existing improvements (ignoring the existing groundwater condition).

According to Mr. Arndt, the land development work for the properties fronting Industrial Court is needed to create buildable pads that meet current governmental development requirements and market standards. This work would include raising the finished floor elevation at least two feet above the 100-year frequency flood elevation, raising the elevation of Industrial Court about three feet, replacing most of the utility service lines in Industrial Court, grading the site so that it has adequate drainage, constructing bio-swales, and installing sidewalks along Sorrento Valley Road.

Mr. Arndt developed two cost estimates to complete the needed work; one estimate is based on published bond prices ($2,741,499); the second is based on unit prices from actual bids in the region and/or RS Means ($2,510,304). The average of these two estimates is about $2,625,000. The preceding estimates do not include City processing and permitting fees, dump fees for debris from the demolition of Industrial Court, or entrepreneurial incentive. An allowance for these costs was included in the entrepreneurial incentive that we applied to the estimated land development costs to arrive at the cost figure used in the valuation process. Other factors reflected in the entrepreneurial incentive include general risk, the risk associated with processing a redeveloping plan, and the possibility that the California Coastal Commission

would intercede in the approval process. In either case, there is a possibility that an EIR addressing global warming and rising sea levels might have to be prepared.

Based on market expectations regarding the land component of a development project, it was concluded that an entrepreneurial incentive (profit rate) of 10 percent of the estimated land development costs would be adequate to attract capital. As such, the land development cost figure used in the valuation process is calculated as follows:

Estimated Land Development Costs		
Direct and Some Indirect Construction Costs		$2,625,000
Entrepreneurial Incentive @	10%	262,500
Total Estimated Land Development Costs		$2,887,500
Rounded		$2,890,000

Demolition Costs

This cost is not atypical of sites that are being redeveloped, but since all of the land sales used in the valuation process were vacant, it was judged that the magnitude of these costs should be considered and discussed. All of the existing subject improvements (buildings and site improvements), with the possible exception of the historic significant building, would have to be removed to redevelop the site. Based on a cursory analysis of demolition cost information published in Marshall Valuation Service, it was concluded that it would be reasonable to anticipate that the cost to demolish these improvements could be in excess of $1,500,000, plus any costs for hauling (removing) and dumping the debris. Another possible cost would be to mitigate for any hazardous materials that might have been used in the construction of the buildings.

Based on analyses and conclusions presented later, demolition costs were not included as a line item the analysis of the land sales. This is because it was concluded that the interim income from the improvements could be used to defray the demolition costs.

Potential Street Vacation

Because all of the parcels that abut Industrial Court are held in common ownership, the potential exists to vacate this street when this part of the site is redeveloped, which might increase the size of the subject site. However, since on-site circulation replacing the function of this street would have to be provided, the increase in useable area would not be as large as the area within this right-of-way, which was estimated to be about one acre. This has only been identified as a potential vacation, as retention of the street may be required (or desired) to the develop the subject site. This is evidenced by the fact that on the site plan for the 24-Hour Fitness site, Industrial Court is retained and referenced in the letter of intent for parking.

The same potential to vacate Tripp Court doesn't exist, as the property located at the southeast corner of Tripp Court and Sorrento Valley Road (3421 Tripp Court per the Assessor's records) is not part of the subject property (separate ownership).

Valuation Methodology

The first step in this analysis was to conclude which of the parcels that compose the subject property should be considered together. The first parcels to be considered are those located along the north side of Industrial Court. According to materials provided, the owner of the subject property has been considering redeveloping the subject site and several adjacent properties since 2003 and signed a letter of intent in February 2008 with 24-Hour Fitness to ground lease and redevelop APNs 310-080-01, 02, 43, and part of 05. In anticipation of the redevelopment of this part of the subject, routine maintenance of the improvements on the referenced APNs had been deferred and these improvements had been, or were to be, vacated shortly after the date of value. Based on the following factors, it was concluded that the parcels identified by APNs 310-080-05, 06, 07 and 08 and APNs 310-080-01, 02, 43 should be considered together; for purposes of this appraisal this part of the subject property has been identified as Area A.

- the overall age quality, condition, and appeal of two of the three buildings situated on the parcels along the south side of Industrial Court (3337 and 33470);

- the rents being obtained for these properties;
- the fact that in Mr. Arndt's baseline site design it is necessary to raise the elevation of Industrial Court three feet, which all of the identified APNS abut, including 11777 Sorrento Valley Road; and
- although not reflected in Mr. Arndt's costs, including these parcels creates the possibility of vacating Industrial Court, thereby potentially increasing the utility of the site.

The APNs, address, and sizes of the parcels surrounding Industrial Court that are being considered first in this analysis are summarized in the following table.

Summary - APNs 310-080-01, 02, 05, 06, 07, 08 and 43 (Area A)

APN	Address	Site Size (AC)	Site Size (SF)
310-080-01	11803 Sorrento Valley Road	1.31	57,060
310-080-02	3330 Industrial Court	0.59	25,700
310-080-05	3347 Industrial Court	1.42	61,860
310-080-06	3337 Industrial Court	0.50	21,780
310-080-07	Parking for 11777 Sorrento Valley Road (primarily)	0.52	22,650
310-080-08	11777 Sorrento Valley Road	0.68	29,620
310-080-43	3336-46 Industrial Court	1.62	70,570
Totals		6.64	289,240

The process used in this analysis was first to estimate the fee simple fair market land value of the identified APNs. The fair market leased fee value for the same parcels as improved was then estimated. These value indications were then compared to conclude the highest and best use of this part of the subject property. The sales comparison and income capitalization approaches were used in the development of the identified analyses. Due to the age, condition, and functional utility of the subject buildings, the cost approach was not deemed applicable or necessary to value the subject property and was not used in this appraisal.

The same valuation process was used for the values of the three parcels (APNs 310-080-14, 17, and 43) that compose the portion of the subject property which has been identified as Area B in the appraisal and are summarized in the following table.

Summary of APNs 310-080-14, 17, and 43 (Area B)

APN	Address	Site Size (AC)	Site Size (SF)
310-080-14	3443 Tripp Court	2.05	89,300
310-080-17	3422 Tripp Court	1.34	58,370
310-080-18	3444 Tripp Court	1.74	75,790
Subtotals		5.13	223,460

Our investigation of the market data used in this appraisal involved viewing the properties and discussions with the buyer, seller, real estate broker, other party familiar with details of the transaction, or other source believed to be reliable.

Land Valuation Analysis

The sales comparison approach was used to estimate the fee simple fair market land value of the subject site. The sales judged to be most helpful in this analysis are summarized in the table on the following page. Each property was viewed to determine locational, condition, and other physical characteristics. The units of comparison employed in this analysis are price per square foot of land and price per square foot of building area, which includes structured parking. In this analysis, the first step was to estimate the finished land values of Area A and B. These values were then adjusted to reflect the cost to finish these areas.

Summary of Sales

No.	Property Location	Sale Date	Zoning	Price	Site Area (SF)	Price/ SF of Land	Building Size (SF)	FAR	Price per SF of Bldg.
1	**Carmel Mountain Road at Interstate 5** **Torrey Hills** **San Diego**	06/06	IL-2-1/ RM-2-5	$20,500,000	337,590	$60.72	405,000	1.20	$50.62
2	5897 Copley Drive Kearny Mesa San Diego	08/06	IL-2-1	30,400,000	895,595	33.94	1,070,000	1.19	28.41
3	Torrey Santa Fe at Camino del Sur Torrey Highlands San Diego	01/07	IP-2-1/ CV-1-2	28,000,000	452,155	61.93	530,000	1.17	52.83
4	10301-43 Meanly Drive Scripps Ranch San Diego	04/07	IP-2-1	10,000,000	388,555	25.74	157,900	0.41	63.33
5	Camino Ruiz north of Miralani Drive Miramar San Diego	02/08	IL-2-1	3,200,000	113,255	28.25	200,000	1.77	16.00
6	5530 Morehouse Drive Sorrento Mesa San Diego	08/08	IL-3-1	11,750,000	179,900	65.31	300,000	1.67	39.17

Land Sale No. 1 was an irregular site that may have been partially graded when sold. This site is located about 1,000 feet northeast of the subject property, adjacent east and well above the elevation of Interstate 5 and the Interstate 5/Carmel Mountain Road interchange; it also abuts Carmel Mountain Road on the south. It contains a total of about 7.75 acres (about 337,590 square feet). Its net area (development pad) is smaller, but most (if not all) of the site area was needed to create the development pad due to the site's topography and existing Caltrans easement. It was reported that the land development costs for this site were about $1,500,000. This site is not only highly visible and accessible from Interstate 5 (the ADT count at this location is over 220,000), but it has views of the Pacific Ocean to the west and the Torrey Pines State Reserve to the south. At the time of sale, this property was fully entitled (including approved plans) for two four-story Class A office buildings containing about 200,000 square feet and about 205,000 square feet of structured parking; it was reported these entitlements/plans had a value of about $1,000,000. The entitlements/plans enabled the buyer to start construction within two weeks of the close of escrow. Since this site is located in the Torrey Hills community, no Facilities Benefit Assessments (FBAs) had to be paid. The allowable FAR for this property is 2.0. Most of this site, including some landscaped areas, is zoned IL-2-1; some of the area that is landscaped/manufactured slopes is zoned RM-2-5. This site is not within the Coastal or Coastal Height Limitation Overlay Zones. It is in the Airport Environs Overlay Zone, Fire Hazard Severity Zone, and appears be within the Parking Impact Overlay Zone. This sale included an agreement (clause) for the seller to buyback the property when construction was finished, thereby reducing the risk associated with the construction of a speculative project. Although this sale is less reliable due to the conditions of the transaction, it has been included due to its proximity to the subject and because it was vacant when sold.

Land Sale No. 2 is an irregular site that was in raw condition when it sold and is located about six miles southeast of the subject. It is composed of about 25 gross acres, of which only 20.56 acres (895,595 square feet) were developable. Although the gross site area can be used to calculate the maximum allowable FAR, the net area was used in the analysis of this sale, as the difference is hillside that is not useable (unlike Land Sale No. 1, this hillside was not used as manufactured slopes). This site is located at and above the Interstate 805/State Route 52 interchange; at this location, these freeways carry a total of over 300,000 vehicles per day. As such, it is readily visible from both of these freeways and offers territorial views on all four sides. Access to this is site is somewhat indirect. The purchase price was established by Home Depot, who intended to construct a big-box retail building on the site. They assigned the purchase contract to the buyer in this transaction, who intended the primary use of the site to be

an office development. At the time of sale, a conceptual plan for four six-story Class A office buildings containing about 500,000 square feet of space plus structured parking and about a 123,000-square-foot self-storage facility had been developed. It was ultimately developed with three mid-rise office buildings containing about 560,000 square feet plus about 385,000 square feet of structured parking and the self-storage facility. The allowable FAR of this property is 2.0. The buyer in this transaction subsequently sold an office building site to North Island Federal Credit Union and the self-storage site. This site is not within the Coastal, Coastal Height Limitation, or Parking Impact Overlay Zones. It is within the Airport Environs Overlay and Fire Hazard Severity Zones.

Land Sale No. 3 is an irregular (long and narrow) substantially finished site. It is located about 5.5 miles northeast of the subject. It is located adjacent south of State Route 56 and the State Route 56 to Camino Del Sur offramp (this is a full freeway interchange); it is readily visible from this freeway and offramp. This site is entitled for development for development with about 250,000 square feet of office (primary) and retail (limited) plus about 280,000 square feet of structured parking. The intended use is to develop this property as approved, with the office component being Class A space. This is Phase III of Santa Fe Summit, an office park that is to comprise about 1,055,000 square feet of primarily office space. The buyer of this site already owned Phases I and II of Santa Fe Summit. The allowable FAR of this property is 2.0. This is the only office park within Torrey Highlands along the central part of the State Route 56 corridor. It is not the within Coastal, Coastal Height Limitation, or Parking Impact Overlay Zones. It is within the Airport Environs Overlay and Fire Hazard Severity Zones.

Land Sale No. 4 is an irregular site that was in raw condition when sold and is located about eight miles east of the subject property. It is located just over one mile from access to Interstate 15. This site does not front on a primary arterial and is situated at the end of a cul-de-sac. It contains 11.35 gross acres, but due to its topography, only 8.92-acres (about 388,555 square feet) were developable. Although the gross site area can be used to calculate the maximum allowable FAR, the developed area was used in the analysis of this sale, as the remaining portion was unusable. It was reported that to maximize the developable area of the site, the buyer spent about $1,000,000 for retaining walls. The intended use of this site was to construct three two-story flex/R&D buildings containing about 157,900 square feet. The allowable FAR for this property is 2.0. but, based on developable area, this property was improved at an FAR of about 0.40. This site is not within the Coastal, Coastal Height

Limitation, or Parking Impact Overlay Zones. It is within the Airport Environs Overlay and Fire Hazard Severity Zones.

Land Sale No. 5 is a triangular site that was substantially finished when sold and is located about 6.5 miles east of the subject. Its gross area is 6.34 acres, but only about 2.6 acres (about 113,255 square feet) are developable due to its topography. Although the gross site area can be used to calculate the maximum FAR, the developable area was used in the analysis of this sale; the rest of the site is natural hillside and is not usable. It has frontage along Camino Ruiz, a primary four-lane arterial that connects the Miramar area with Mira Mesa. It is located about one-quarter mile north of Miramar Road, at the northern edge of a well-established commercial/industrial area. This transaction was privately financed, but the selling broker indicated that this had no effect on the price paid and that it was an arm's-length transaction. The intended use of this site was to construct about a 200,000-square-foot multi-level self-storage facility, but due to the downturn in market conditions, the buyers have not begun construction. The allowable FAR for this property is 2.0. This site is not within the Coastal, Coastal Height, or Parking Impact Overlay Zones. It is within the Airport Environs Overlay and Fire Hazard Severity Zones.

Land Sale No. 6 is a flag-shaped site that was substantially finished and is located about 2.5 miles southeast of the subject. It is an interior lot, no street frontage, in an area that is dominated by Class A and B office properties; the newer buildings are generally Class A. Its gross area is 4.13 acres (about 179,900 square feet), but about 22,200 square feet are improved as part of an access road that serves this property and four other properties. Since the owner of this site has the use of other common circulation elements, the gross site area was used in the analysis of this sale. This site was purchased by an owner-user (Qualcomm) in anticipation of constructing a 300,000-square-foot Class A building office plus structured parking. The allowable FAR of this property is 2.0. Construction of this building has been delayed due to current economic conditions. This site is not within the Coastal, Coastal Height Limitation, or Parking Impact Overlay Zones, or the Fire Hazard Severity Zone. It is within the Airport Environs Overlay Zone. Though not considered in this analysis, this site sold in May 2005 for about $3,959,000. Based on an area 179,900 square feet, this equates to about $22.00 per square foot. It was reported that at the time of this sale, the maximum allowable FAR for this site was 0.5. After acquiring this property, before reselling it to Qualcomm, the buyer was able to obtain approvals to develop it at an FAR of 2.0, anticipating that would be improved with about 300,000 square feet of office space and structured parking.

Price per Square Foot of Land Analysis

To assist in the analysis of the market data, the following comparison grid, which reflects the differences in characteristics of the land sales compared to the subject property, was developed. In this analysis, adjustments for conditions of sale and market conditions were quantified. The other elements of comparison are expressed qualitatively; this methodology was used due to the lack of adequate market data for analysis to support quantitative differences.

Conditions of Sale: Based on available information, it was judged that only Land Sale No. 1 was affected by atypical conditions. When this site sold, there was a seller buyback agreement when construction of the proposed project was completed. This diminished the risk associated with marketing of a speculative project. Though subjective in nature, this sale was adjusted downward 10 percent for this characteristic.

Market Conditions: The next element of comparison considered was market conditions, which can change over time. Based on conversations with brokers in the development of this appraisal, the consensus opinion was that prices peaked between August and December 2007 and that by mid 2008 had fallen by at least 15 percent. As such, downward adjustments of 10 percent for sales in 2006 and 15 percent for sales in 2007 were made. Since Sale Nos. 5 and 6 sold proximate to the date of value, they were not adjusted.

Location: This element of comparison includes general location, access, freeway visibility, ocean or territorial views, and surrounding land uses. Land Sale No. 1 is highly visible from Interstate 5 and the Interstate 5/Carmel Mountain Road interchange it abuts. It also offers views of the Pacific Ocean and Torrey Pines State Reserve. The location of this site was judged to be superior to the subject. Although the immediate access to Land Sale No. 2 is less direct than to the subject, it overlooks a primary freeway interchange (Interstate 805 and State Route 52) and is highly visible from these freeways and interchanges. It also offers territorial views. The location of this site was judged to be superior to the subject. Land Sale No. 3 abuts the eastbound offramp from State Route 56 to Camino del Sur. It is highly visible from this freeway and offers some territorial views. It is part of the only office park along the central part of the State Route 56 corridor. The location of this site was judged to be similar to the subject. Land Sale No. 4 is located at the end of a cul-de-sac and is not visible from any primary arterials. It lacks any significant view amenity. The location of this site was judged to be inferior to the subject. Land Sale No. 5 is located about one-quarter mile north of Miramar Road and has

frontage along Camino Ruiz, a four-lane arterial. It is located at the edge of the existing development and the proximate land uses vary. The location of this site was judged to be inferior to the subject. Land Sale No. 6 is not visible from any primary arterials, but is located about one-half mile from the Interstate 805/Mira Mesa Boulevard interchanges. It is in an area of Sorrento Mesa that is substantially built out, primarily with Class A and B office buildings, and is heavily invested in by Qualcomm, including their corporate headquarters. The location of this site was judged to be superior to the subject.

Facilities Benefit Assessment (FBA)/Developer Impact Fee (DIF): FBA/DIFs are paid when a site is developed, when the size of the existing improvements is increased, and when a site is redeveloped. Since the subject is improved with buildings that have to be demolished to redevelop the site, the FBA/DIFs will be reduced by the amount allocable to the existing improvements. As such, with the exception of Land Sale No. 1, which had no FBA fees, all of the land sales were judged to be inferior to the subject. Land Sale No. 1was judged to be superior to the subject.

Physical Condition: In this analysis it was assumed that the subject is a finished site. Sale Nos. 1, 2, and 4 were in raw condition. In addition, part of Sale No. 1's gross area is manufactured slopes. These sales were judged to be inferior to the subject property in this characteristic. Sale Nos. 3, 5, and 6 were substantially finished sites. They were judged to be slightly inferior to the subject property.

Possible Street Vacation: To our knowledge, none of the land sales abutted streets that could potentially be vacated, thereby possibly increasing their net (developable) area of the site. It was concluded that all of the sales were inferior to the subject, given the potential to vacate Industrial Court.

FAR: The allowable FARs of all of the land sales is 2.0, which is superior to the subject property. In the case of Land Sale No. 4, the anticipated development density approximated 0.40 FAR, which was judged to be overall similar to the subject. The FAR all of the of the other land sales was judged to be superior to the subject.

Zoning, Overlays Zones, and Entitlements: The zoning for all of the land sales is similar to the subject. None of the sales are affected by the Coastal and Coastal Height Limitation Overlay Zones. Since these characteristics are inherently reflected in the preceding

FAR comparison, they were not again considered as part of this element. All of the sales are within the Airport Environs Overlay Zone, as is the subject. None of the sales, with the possible exception of Land Sale No. 1, are within the Parking Impact Overlay Zone. In that the subject is not in an identified beach or campus area, it was judged that his overlay zone does not measurably affect its value. The subject and all of the land sales, excluding Land Sale No. 6, are in a Fire Hazard Severity Zone. Land Sale No. 1 was fully entitled (including plans), which it was reported contributed about $1,000,000 to the price paid. This sale was judged to be superior to the subject. Land Sale No. 3 was entitled to be developed with about 250,000 square feet of office space, a superior characteristic compared to the subject. The other sales were judged to be similar to the subject.

Historic Building: As discussed, the subject property is improved with a historic building that reportedly needs to be retained under the current and any future uses. It was judged that as result of this requirement, the ability to maximized the utility of the subject site for redevelopment might be impacted (the retention of this building was not addressed in Mr. Arndt's land development plan). As such, it was concluded that all of the sales are superior to the subject in this regard.

Size and Shape: The shapes and sizes of Land Sale Nos. 1, 3, 4, and 6 were judged to be overall similar to the subject. Land Sale No. 2 was judged to be inferior to the subject, as it is about twice its size. Land Sale No. 5 was judged to be inferior due to the combination of its useable pad area and triangular shape, which affects its utility.

Analysis of Land Sales - Price per Square Foot of Land						
	Sale No. 1	Sale No. 2	Sale No. 3	Sale No. 4	Sale No. 5	Sale No. 6
Price Square Foot	$60.72	$33.94	$61.93	$25.74	$28.25	$65.31
Closing Date	06/06	08/06	01/07	04/07	02/08	08/08
Conditions of Sale	-10%	--	--	--	--	--
Subtotal	$54.65	$33.94	$61.93	$25.74	$28.25	$65.31
Market Conditions	-10%	-10%	-15%	-15%	0%	0%
Adjusted Price	$49.19	$30.55	$52.64	$21.88	$28.25	$65.31
Location	Superior	Superior	Similar	Inferior	Inferior	Superior

FBA/DIF Fees	Superior	Inferior	Inferior	Inferior	Inferior	Inferior
Physical Condition	Inferior	Inferior	Slightly Inferior	Inferior	Slightly Inferior	Slightly Inferior
Possible Street Vacation	Inferior	Inferior	Inferior	Inferior	Inferior	Inferior
FAR	Superior	Superior	Superior	Similar	Superior	Superior
Zoning, Overlays, and Entitlements	Superior	Similar	Superior	Similar	Similar	Similar
Historic Building	Superior	Superior	Superior	Superior	Superior	Superior
Size and Shape	Similar	Inferior	Similar	Similar	Interior	Similar
Overall Qualitative	Superior	Similar	Superior	Inferior	Inferior	Superior
Value Indication	Less Than $49.19/SF	About $30.55/SF	Less Than $52.64/SF	Above $21.88/SF	Above $22.85/SF	Less Than $65.31/SF

Based on the preceding analysis, we concluded that the indicated finished value of the subject property by this analysis is $35.00 per square foot.

Price per Square Foot of Finished Building Area

In this analysis, with the exception of the FAR element of comparison, all of the comparisons are the same. In this case, an FAR above that of the subject is an inferior characteristic.

Analysis of Land Sales - Price per Square Foot of Building Area						
	Sale No. 1	Sale No. 2	Sale No. 3	Sale No. 4	Sale No. 5	Sale No.6
Price per Square Foot of Building	$50.62	$28.41	$52.83	$63.33	$16.00	$39.17
Closing Date	06/06	08/06	01/07	04/07	02/08	08/08
Conditions of Sale	-10%	--	--	--	--	--

Subtotal	$45.56	$28.41	$52.83	$63.33	$16.00	$39.17
Market Conditions	-10%	-10%	-15%	-15%	0%	0%
Adjusted Price	$41.00	$25.57	$44.91	$53.83	$16.00	$39.17
Location	Superior	Superior	Similar	Inferior	Inferior	Superior
FBA/DIFs	Superior	Inferior	Inferior	Inferior	Inferior	Inferior
Physical Condition	Inferior	Inferior	Slightly Inferior	Inferior	Slightly Inferior	Slightly Inferior
Possible Street Vacation	Inferior	Inferior	Inferior	Inferior	Inferior	Inferior
FAR	Inferior	Inferior	Inferior	Similar	Significantl y Inferior	Inferior
Zoning, Overlays, and Entitlements	Superior	Similar	Superior	Similar	Similar	Similar
Historic Building	Superior	Superior	Superior	Superior	Superior	Superior
Size and Shape	Similar	Inferior	Similar	Similar	Inferior	Similar
Overall Qualitative	Superior	Inferior	Inferior	Slightly	Significantl	Inferior
Value Indication	Below $41.00/SF	Above $25.57/SF	Above $44.91	Above $53.83/SF	Well Above $16.00/SF	Above 39.17

Although the value indication of Sale No. 1 is inconsistent with the other indicators, we concluded that the indicated value of the subject property by this analysis is $60.00 price per square foot of finished building area. If the subject site is developed at an FAR of 0.50 (the maximum allowable), based on a site area of 512,700 square feet, the indicated land value of the subject site is calculated as follows:

512,700	square feet	x	0.5	x	$60.0	per square	=	$15,381,000
Rounded								$15,380,000

The preceding value equates to $30.00 per square foot of land area, rounded.

Concluded Per Unit Value

In the preceding analyses, the indicated fee simple fair market land values of the subject site are $35.00 and $30.00 per square foot, respectively. Of these two indicators, the one

resulting from the price per square foot of land analysis was judged to be the more reliable. This is because the price per square foot of finished building area analysis is based on the subject's maximum allowable FAR, which is often not achievable when the site is irregular and the building height is limited to 30 feet (two stories). Based on these indicators and the concept of fair market value, it was concluded that as of May 21, 2008, the subject property's fee simple fair market land value as if finished was $35.00 per square foot.

Finishing Costs Adjustment

The value per square foot concluded in the preceding analysis is reflective of a finished site. As discussed earlier, after demolishing the existing buildings and before considering the groundwater condition, it was estimated by Mr. Arndt that it would have cost $2,890,000 to finish Area A. Based on a site area of 289,240 square feet, the fair market land value of Area A after adjusting for finishing costs is calculated as follows:

Land Valuation of Area A						
289,240	square feet	x	$35.00	per square foot	=	$10,123,400
Less Land Development Costs						(2,890,000)
Indicated Fair Market Land Value of Area A						$7,233,400
Fair Market Land Value of Area A (rounded)						$7,235,000

Area A Leased Fee Analysis

The following is a summary of the contract rents are summarized in the following tables, which represent the parcels located north and south of Industrial Court, respectively. Although a number of the tenant spaces in buildings along the north side of Industrial Court were vacant (in anticipation of redevelopment), it was assumed in this analysis that these spaces could be leased at the same rent as to the prior tenant was paying, in their "as is" condition; these prior rents are shown in the table.

APNs 310-080-01, 02 and 43 - Annual Income from Contract Rents

Tenant	Size (SF)	Monthly Rent				Annual Rent	Rent/SF/Mo.
11803 Sorrento Valley Road							
Matt Basson	3,270	$1,125	x	12	=	$13,500	$0.34
Cladan, Inc.	900	500	x	12	=	6,000	0.56
Garcia Furniture Design	1,339	250	x	12	=	3,000	0.19
Vacant	7,000	10,450	x	12	=	125,400	1.49
Vacant	2,400	721	x	12	=	8,652	0.30
Vacant	150	100	x	12	=	1,200	0.67
Vacant	2,950	2,200	x	12	=	26,400	0.75
Rafael Morley	800	300	x	12	=	3,600	0.38
Jack Widden	1,741	300	x	12	=	3,600	0.17
Apogen Technologies (pool)	0	1,500	x	12		18,000	n/a
3330 Industrial Court							
Mission Playground	9,840	4,700	x	12	=	56,400	0.48
3336 - 3346 Industrial Court							
Jordon Ellingson	850	500	x	12	=	6,000	0.59
Automation Engineering, Inc.	1,722	1,800	x	12	=	21,600	1.05
Vacant	1,100	350	x	12	=	4,200	0.32
Moura Surfboads	3,600	2,595	x	12	=	31,140	0.72
Fairbanks School/Perform Arts	2,800	1,400	x	12	=	16,800	0.50
Vacant	2,370	1,100	x	12	=	13,200	0.46
Dan Camp	1,400	600	x	12	=	7,200	0.43
Surf Sessions	600	375	x	12	=	4,500	0.63
Vacant	1,225	610	x	12	=	7,320	0.50
Vacant	705	550	x	12	=	6,600	0.78
Vacant	1,100	980	x	12	=	11,760	0.89
Steve Bergen	1,880	500	x	12	=	6,000	0.27
Car Turner, Inc.	4,800	2,500	x	12	=	30,000	0.52
Vacant	1,360	500	x	12	=	6,000	0.37
Totals/Avg. Rent per SF per Mo.	55,902					$438,072	$0.65

APNs 310-080-05, 06, 07 and 08 - Annual Income from Contract Rents							
Tenant	Size (SF)	Monthly Rent				Annual Rent	Rent/SF/Mo.
11777 Sorrento Valley Road							
Matthew Basson	20,000	$18,000	x	12	=	$216,000	$0.90
3337 Industrial Court							
Bethesda, Inc.	4,800	4,700	x	12	=	56,400	0.98
3347 Industrial Court							
Blackwrap, Inc.	1,000	1,000	x	12	=	12,000	1.00
Upholstery Workroom	1,000	550	x	12	=	6,600	0.55
Eurogentec North America	8,200	7,992	x	12	=	95,904	0.97
Continental 7, Inc.	4,650	3,500	x	12	=	42,000	0.75
Sorrento Glass and Mirror	2,000	1,600	x	12	=	19,200	0.80
Upholstery Workroom	2,000	1,150	x	12	=	13,800	0.58
American Function Materials	1,000	834	x	12	=	10,008	0.83
American Function Materials	2,000	1,778	x	12	=	21,336	0.89
Totals/Avg. Rent per SF per Mo.	46,650					$493,248	$0.88

The overall average rent for the tenant spaces summarized in the preceding tables is about $0.75 per square foot per month.

Market Rent Analysis

Although contract rents were used in this analysis, recent rents for spaces in the subject property (before the date of value) and nearby properties were researched. This information was then used to form an opinion of the relationship of the contract rents and lease terms to market rents and lease terms, which was considered in the selection of the capitalization rate used in the income study.

These rentals are presented in three sections: tenant spaces in the subject property prior to the date of value, nearby properties, and nearby properties that are owned by the same, or a related, entity as the subject property; this information was taken from rent rolls provided that did not include either expense or rent increase information. Based on the leases provided for the

subject property, the tenants typically pay for their utilities and janitorial; the landlord is typically responsible for the other operating expenses. When researching nearby properties similar to the subject, it was found that the allocation of its expenses are typical in the subject area.

The rental data is summarized in the table on the following page.

Summary of Recent Rents and Lease Terms							
No.	Tenant/Location	Date	Term (months)	Expenses	Annual Increases	**Size (SF)**	**Rent per SF**
	Subject Property						
1	Bethesda, Inc. 3337 Industrial Court	01/08	8	Ind. Gross	None	4,800	$0.98
2	Mistral LLC 3444 Tripp Court	03/07	60	Ind. Gross	4%	12,000	1.04
	Nearby Properties						
3	Achates Power Inc. 4060 Sorrento Valley Boulevard	01/09	36	Ind. Gross	3%	23,400	1.05
4	Trio Display 10373 Roselle St., Ste. 100	11/07	60	Ind. Gross	4%	8,588	1.00
5	Great Garages 10373 Roselle St., Ste. 130	12/06	48	Ind. Gross	4%	2,846	0.95
6	Treasures Brand 10635 Roselle St., Ste. B	11/07	60	Ind Gross	4%	2,328	1.00
	Other Cal-Sorrento Properties						
7	Incitrio, Angela Hill 10951 Sorrento Valley Road	04/07	36	n/a	n/a	1,500	1.30
8	National Lending Associates 11526 Sorrento Valley Road	05/07	18	n/a	n/a	1,140	1.38
9	National Lending Associates 11526 Sorrento Valley Road	05/07	18	n/a	n/a	1,100	1.43
10	Joseph Siemienowski 10951 Sorrento Valley Road	06/07	24	n/a	n/a	1,074	1.35
11	Vision Robotics Corporation 11722 Sorrento Valley Road	07/07	15	n/a	n/a	1,075	0.93
12	Boys/Girls Club of San Dieguito 11526 Sorrento Valley Road	12/07	36	n/a	n/a	18,900	0.81
13	San Diego Plan Room, Inc. 11722 Sorrento Valley Road	03/08	12	n/a	n/a	1,096	0.87
14	DATAcap 11526 Sorrento Valley Road	06/08	36	n/a	n/a	1,120	1.20

Summary of Recent Rents and Lease Terms							
15	Sorrento Valley Fitness 10999 Sorrento Valley Road	07/08	36	n/a	n/a	12,000	0.83

Rental Nos. 1 and 2 are in the subject property. Rental No. 1 is a fully-finished freestanding masonry-block building that was effectively delivered in "as is" condition. When this lease was extended in early 2009 for two years, the rent was increased about two percent. This lease includes exclusive use of seven parking spaces. Rental No. 2 is a masonry-block building that is composed of office, warehouse, and display space. Its ceiling height is at least 20 feet. The tenant received a $200,000 tenant improvement allowance. This lease includes exclusive use of 25 parking spaces. Due to the physical characteristics and condition of these spaces, it was concluded that these rents are well above the average market rent for the tenant spaces being considered in this analysis.

Rental No. 3 is a concrete tilt-up industrial/office building that was constructed in the early 1970s that was leased by a single tenant. About 50 percent of its space is office space. The ceiling height in the warehouse space appears to be about 14 feet. It is understood that this building was in at least average condition when it was leased. Due to the physical characteristics and condition of the subject, it was concluded that the rent for this space is well above the average market rent for the tenant spaces being considered in this analysis.

Rental Nos. 4 and 5 are located in a concrete tilt-up industrial building that appears to have been built in the 1970s. It is understood that these tenant spaces have some finished office space and that this space was in average condition when it was leased. The ceiling height in this building is about 18 feet. Due to the physical characteristics and condition of the subject, it was concluded that the rents for these spaces are well above the average market rent for tenant spaces being considering in this analysis.

Rental No. 6 is located in a concrete tilt-up industrial building that appears to have built in the 1970s or 1980s. It appears that the tenant spaces in this building have some office space. It is understood that this space was in average condition when it was rented. The ceiling height in this building is about 18 feet. The on-site circulation is restricted as the access road does not go all of the way around the building. Due to the physical characteristics and condition of the subject, it was concluded that the rent for this space is well above the average market tent for tenant spaces being considered in this analysis.

Rental Nos. 7 and 10 are located in a two-story frame and stucco office building that is located at the intersection of Sorrento Valley Road and Sorrento Valley Boulevard. The overall quality and condition of this building were judged to be above average. Due to the physical characteristics and condition of the subject, it was concluded that the rents for these tenant spaces are well above the average market rent for the tenant spaces being considered in this analysis.

Rental Nos. 8, 9, 11, 13 and 14 are smaller suites located in two-story masonry-block office buildings that appear to have been constructed in the 1970's. The condition and appeal of the building located at 11526 Sorrento Valley Road was judged be superior to the building located at 11722 Sorrento Valley Road. It was concluded that the rents for these tenant spaces are above to well above the average market rent for the tenant spaces being considered in this analysis.

Rental Nos. 12 and 15 are masonry-block and concrete tilt-up warehouse buildings that appear to have been constructed in the 1970s. Both of these spaces are occupied by sports-oriented businesses, fitness and volleyball clubs. These buildings appear to be in average condition. It was concluded that the rents for these spaces are somewhat above the average market rent for the tenant spaces being considered in this analysis.

Based on the characteristics of the preceding rentals and those of the subject property, it was concluded that the average contract rents for tenant spaces being considered in this analysis approximate or are slightly below market.

Vacancy and Collection Loss

When researching the improved sales used in the selection of the capitalization rate, it was found that the buyers based their investment decisions on the income streams that were in place; they did not base their decision on a pro forma that included an allowance for vacancy and/or collection loss. If a space was either vacant or it was known that it was to be vacated near-tem, this characteristic was reflected in the extracted capitalization rate. To be consistent with the market data, no deduction for vacancy and collection loss was made in the following income study.

Operating Expenses

Operating expense statements for the subject property for 2006, 2007, and 2008 were requested but not provided. The ownership of the subject property did provide, excluding 3422 Tripp Court, operating expense statements for 2000, 2001, and 2002. These statements did not include management or, in most cases, real estate taxes and special assessments. In some cases, they included gas, electricity, and janitorial, which are now typically paid by the tenants. In the analysis of the statements, expenses for management, real estate taxes and special assessments, gas, electricity, and janitorial were excluded. Management and real estate taxes and special assessments are considered separately. Since tenants now typically pay for gas, electricity, and janitorial, these expenses were not included as expenses in this analysis.

The expense statements that were provided for Area B were considered in two groups, the parcels that are located north of Industrial Court and those located south of Industrial Court. These groupings are based on the overall age and condition of the buildings. When the historic expenses are trended forward to 2008 using the San Diego Consumer Price Index, the indicated operating expenses are $1.07 and $1.16 per square per year. Operating expenses of $1.10 per square foot per year were used in the income study for parcels being considered in this analysis.

Several brokers were also interviewed for an opinion of operating expenses. Arnie Friedman with Colliers International indicated that expenses for older industrial properties generally ranged from $1.44 to $1.80 per square foot per year, including management and property taxes (which are generally low). Chris Pascale with CBRE opined that expenses for older industrial properties including management, but excluding taxes, are generally in the range of $1.80 to $2.40 per square foot per year. Although these opinions vary somewhat, it was concluded that they generally support the earlier expense estimates.

Management

In the income study, this expense is based on 5.0 percent of the gross income.

Real Estate Taxes and Special Assessments

Since properties are reassessed at the time of sale, this expense was calculated based on the gross income less management and operating expense, the applicable tax rate, and the capitalization rate used in the analysis, plus special assessments.

Capitalization Rate

Overall capitalization rates could be extracted for four of the properties contained in the sales comparison approach, which are summarized in the following table.

Summary of Overall Capitalization Rates

No.	Location	Sale Date	Price	NOI	OAR
1	9020-80 Activity Road San Diego	02/09	$25,900,000	$2,111,860	8.15%
3	9550-90 Distribution Avenue San Diego	10/07	7,850,000	431,750	5.50%
4	4125 Sorrento Valley Boulevard San Diego	10/07	2,850,000	188,100	6.60%
5	11620 Sorrento Valley Road San Diego	03/07	7,500,000	450,000	6.00%

The extracted capitalization rates range from 5.5 to 8.15 percent and all of these properties were purchased in anticipation of continued long-term use as improved. Since all improved sales presented in that analysis are superior in quality, condition, and design, and have significantly longer remaining economic lives than the subject, it was concluded that an appropriate capitalization rate to use in the following income study is well above the upper end of the range extracted for the referenced improved sales. For these reasons, it was concluded that a prudent buyer would use, at a minimum, a 12.00 percent capitalization rate when making an investment decision about the parcels being considered in this analysis, which is the rate used in the following income study.

Income Study - APNs 310-080-01, 02, 05, 06, 07, 08 and 43

	Size (SF)					Annual Rent
APNs 310-080-01, 02, and 43	55,902					$438,072
APNs 310-808-05, 06, 07, and 08	46,650					493,248
Gross Income						$931,320
Less Operating Expenses Excluding	102,552	@	$1.10	/sf/yr.	=	(112,807)
Less Management		@	5.0%			(46,566)
Less R.E. Taxes and Special Assessments		tax rate	0.0109816			(65,032)
Net Operating Income						$706,915
Capitalized			@			12.00%

Estimated Leased Fee Value (rounded)	$5,890,000

The indicated value of the property as improved ($5,890,000) is considerably less than the concluded value of the property for redevelopment purposes ($7,235,000). Based on these analyses, it was concluded that on the date of value, the improvements situated in Area A no longer contribute to the value of the property. Taking into consideration that market conditions had started to deteriorate prior by the date of value, it was concluded that the highest and best use of Area A is near-term submission of applications to redevelop the parcels being considered in this analysis in the future, when warranted by market demand. Although the improvements no longer contribute to value, it was concluded that a prudent buyer would retain them temporarily to generate an interim income stream that could be used to defray holding and demolition costs.

It was concluded that the fair market value of the Area A parcels identified above, as of May 21, 2008, was $7,235,000.

Area B Land Valuation Analysis

Based on the earlier land valuation analysis and a site area of 223,460 square feet, the fee simple fair market land value of Area B is calculated as follows:

Land Valuation of Area B						
223,460	square feet	x	$35.00	per square foot	=	$7,821,100
Less Land Development Costs						0
Indicated Fair Market Land Value						$7,821,100
Fair Market Land Value (rounded)						$7,820,000

Area B Leased Fee Analysis

The contract rental rates for Area B are summarized in the following table. The rent per square foot per month is rounded to the nearest $0.01.

Contract Rental Rates			
Address/Tenant	Size (SF)	Annual Rent	Rent/SF/Mo.
3422 Tripp Court			
Atlanta West	3,800	$38,400	$0.84
A Brighter Future	9,200	120,000	1.09
Tom Henderson	2,200	18,000	0.68
3443 Tripp Court			
Purified Proteins, Inc.	22,470	212,724	0.79
3444 Tripp Court			
Mistral	12,000	156,000	1.08
Equipment Connection, Inc.	4,600	30,000	0.54
PECC/Qual Tech	18,000	132,300	0.61
Continental 7, Inc.	4,400	39,600	0.75
Totals/Average	76,670	747,024	0.81

Market Rent Analysis

Rental Nos. 1, 2, 3, 4, 5, 6 presented in the earlier leased fee analysis were concluded to be somewhat above the average market rent for the tenant spaces being considered in this analysis. Rental Nos. 7 and 10 were concluded well above the average market rent for the tenant spaces being considered in this analysis.

Rental Nos. 8, 9, 11, 13 and 14 are smaller suites located in two-story masonry-block office buildings that appear to have been constructed in the 1970's. The condition and appeal of the building located at 11526 Sorrento Valley Road was judged be superior to the building located at 11722 Sorrento Valley Road. It was concluded that the rents in the building located at 11526 Sorrento Valley Road are above the tenant spaces composing Area B and the rents in the building located at 11722 Sorrento Valley Road approximate the average market rent for the tenant spaces composing Area B.

Rental Nos. 12 and 15 were concluded to be somewhat below the average market rent of the tenant spaces being considered in the analysis.

Based on the characteristics of the rentals presented, it was concluded that the average contract rent for the tenant spaces being considered in this analysis is somewhat below market.

Vacancy and Collection Loss

For the reasons noted in the earlier leased fee valuation analysis, a deduction for vacancy and collection loss was not made in this analysis.

Operating Expenses

When the operating expenses for Area B contained in the operating statements provided (circa 2001-2003) were trended forward to 2008 using the San Diego Consumer Price Index, the indicated operating expenses are $0.65 per square foot, which is the figure used in the following income study. As in the earlier leased fee analysis, these expenses do not include management and real estate taxes and special assessments, which are considered separately. It was concluded that these operating expenses are lower than for the parcels considered in the earlier leased fee analysis because the buildings in this analysis are generally newer and in superior condition.

Management

In the income study, this expense was based on 5.0 percent of the effective gross income.

Real Estate Taxes and Special Assessments

The same methodology used in the earlier leased fee analysis was used in this analysis.

Capitalization Rate

The capitalization rates indicated by four of the improved sales presented earlier from 5.5 to 8.15 percent. Although the contract rents appear to be somewhat below market, given the age and condition of the subject buildings, which are inferior to the sales and will require more ongoing maintenance to continue to achieve the existing contract rents, it was judged that an appropriate capitalization rate to use in the income study is at the high end of the range. Based on the preceding, a capitalization rate of 8.00 percent was used in the income study.

Income Study

Income Study - Area B						
Tenant	Size (SF)					Annual Rent
3422 Trip Court						
Atlanta West	3,800					$38,400
A Brighter Future	9,200					120,000
Tom Henderson	2,200					18,000
3443 Tripp Court						
Purified Proteins, Inc	22,470					212,724
3444 Tripp Court						
Mistral	12,000					156,000
Equipment Connections	4,600					30,000
PECC/Qual Tech	18,000					132,300
Continental 7, Inc.	4,400					39,600
Gross Income						$747,024
Less Operating Expenses	76,670	sf	x	$0.65	/sf/yr.	= ($49,836)
Less Management			@	5.0%		(37,351)
Less R.E. Taxes and Special Assessments			tax rate	0.0109816		(79,842)
Net Operating Income						$579,995
Capitalized				@		8.00%
Indicated Leased Fee Value by the Income Approach (rounded)						$7,250,000

Area B Sales Comparison Analysis

Due to fact that the indicated fee simple land value ($7,820,000) and the leased fee value as improved indicated by the income capitalization approach ($7,820,000) are more similar in this analysis, a sales comparison approach analysis was developed as a test. The improved sales judged to be most helpful in valuing the subject property are summarized in the following table. The unit of comparison used in the analysis is price per square foot of building area.

Summary of Improved Sales

No.	Location	Sale Date	Sale Price	Site Area (SF)	Bldg. Area (SF)	Price/SF of bldg
1	9020-80 Activity Road San Diego	02/09	$25,900,000	657,320	252,320	$102.65
2	9431 Dowdy Drive San Diego	06/07	6,315,000	108,030	55,000	114.82
3	9550-9590 Distribution Avenue San Diego	10/07	7,850,000	123,710	56,350	139.31
4	4125 Sorrento Valley Boulevard San Diego	10/07	2,850,000	n/a	16,800	169.64
5	11620 Sorrento Valley Road San Diego	03/07	7,500,000	160,300	40,785	183.89

When analyzing the improved sales, it was found that all of them are concrete tilt-up buildings and that the overall condition, functional utility, amenities, and appeal are superior to the parcels being considered in this analysis. The locations of all of the improved sales were judged to be similar to the subject property. All of the sales were purchased for long-term use as improved. Given these factors, it was concluded that the value of the parcels being considered, as improved, cannot be more than $100.00 per square foot of building area. Based on a building area of 76,670 square feet, this analysis provides a maximum indicated value calculated as follows.

76,670	square feet	x	$100.00	per square foot	=	$7,667,000
Rounded						$7,670,000

Based on the preceding analyses, it was concluded that on the date of value, the improvements situated on Area B no longer contribute measurably to the value of the property. Taking into consideration that market conditions had started to deteriorate by the date of value, it was concluded that the highest and best use of Area B was near-term submission of applications to redevelop it in the future, when warranted by market demand. Although the improvements no longer contribute to value, it was concluded that a prudent buyer would retain them to generate an interim income stream which could be used to defray holding and demolition costs. In this case, since redevelopment projects are typically constructed in phases and due to the condition of these improvements, it was concluded that the area of these parcels could be developed as a later phase. Additionally, one of the leases in 3444 Tripp Court does not expire until 2012; absent

buying out the tenant's interest, which is somewhat speculative, the property could not be developed until that date at the earliest.

It was concluded that fair market value of Area B, as of May 21, 2008 was $7,820,000.

Reconciliation of Subject Value

Based on the preceding analyses, it was concluded that fair market value of the subject property, ignoring any adverse groundwater conditions, as of May 21, 2008, is as followings:.

Concluded Fair Market Value of the Subject Property As of May 21,2008	
Area A (APNs 310-080-01, 02, 05, 06, 07, 08 and 43)	$7,235,000
Area B (APNs APNs 310-080-14, 17, and 18)	7,820,000
Indicated Value	$15,055,000
Concluded Value (Rounded)	**$15,060,000**

VALUATION OF THE SUBJECT PROPERTY CONSIDERING THE EXISTING GROUNDWATER CONDITION BEFORE CONSIDERING BENEFITS

Typically, the next step in an appraisal being used in conjunction with an eminent domain action is to value the affected property after deducting the value of the part acquired; the result of this step is referred to as the value of the remainder as part of the whole. However, since this inverse condemnation analysis doesn't include an acquisition, this step was skipped, as these values are the same. As such, the next step was to estimate the fair market value of the subject property considering the existing groundwater condition before considering benefits.

In this case it is alleged that the construction and operation of the Interstate 5/805 local bypass lanes and the Interstate 5/Carmel Mountain Road interchange caused an increased in the level of the groundwater under the subject site, thereby diminishing its value.

To address this condition, Mr. Arndt prepared site designs that addressed this condition and estimated the land development costs to create a finished site considering this condition. The primary differences from the parameters identified earlier are that the elevation of Industrial

Court and the parcels abutting it (Area A) need to be raised an *additional* two feet and the eastern part of Tripp Court and the parcels abutting it (a part of Area B) need to be raised three feet.

As in his baseline analysis, he developed two cost estimates each (using the same sources) for Areas A and Area B. The estimated costs for the work needed for Area A are $3,225,136 and $3,021,117, with the average being about $3,125,000; this is the figure used in this analysis. The estimated costs for the work needed for Area B are $1,163,187 and $1,096,413, with the average being about $1,130,000; this is the figure used in the analysis.

As in the earlier analysis, a 10 percent factor for entrepreneurial incentive (profit rate) was applied to these costs. As such, the land development cost figures used in this valuation process are calculated as follows:

Estimated Land Development Costs - Area A		
Direct and Some Indirect Construction Costs		$3,125,000
Entrepreneurial Incentive @	10%	312,500
Total Estimated Land Development Costs		$3,437,500
Rounded		$3,440,000

Estimated Land Development Costs - Area B		
Direct and some Indirect Construction Costs		$1,130,000
Entrepreneurial Incentive @	10%	113,000
Total Estimated Land Development Costs		$1,243,000
Rounded		$1,240,000

Analysis of Area A

As in the earlier analysis, the first step was to estimate the fee simple land value of Area A. In this analysis, the impact of the groundwater issue is being reflected. In addition to increasing the development costs, the groundwater adversely impacts the interim utility and rent generation capacity of the improvements, particularly those on the north side of Industrial Court. It is our opinion that this factor reduces the land value. Based on our analysis of demolition

costs and the net income from the buildings, we concluded that the land value was reduced by 10 percent in this analysis. The resulting value is calculated as follows:

Land Valuation of Area A						
289,240	square feet	x	$31.50	per square foot	=	$9,111,060
Less Land Development Costs						(3,440,000)
Indicated Fair Market Land Value of Area A						$5,671,060
Fair Market Land Value of Area A (rounded)						$5,670,000

before benefits

The leased fee value of $5,890,000 estimated earlier is not relevant in this analysis as the property cannot be maintained in that condition due to the groundwater. Therefore, it was concluded that the highest and best use of Area A considering the groundwater issue was near-term submission of applications to redevelop it in the future, when warranted by market demand, and that its value is $5,670,000.

Analysis of Area B

The fee simple land value of Area B is calculated in the following table. Because we concluded that the groundwater issue does not have the name near-term impact on Area B as on Area A, the land value remains at $35.00 per square foot.

Land Valuation of Area B						
223,460	square feet	x	$35.00	per square foot	=	$7,821,100
Less Land Development Costs						(1,240,000)
Indicated Fair Market Land Value of Area B						$6,581,100
Fair Market Land Value of Area B (rounded)						$6,580,000

before benefits

The same leased fee value of $7,250,000 estimated earlier was used in ths analysis.

Based on the preceding analysis, it is found that in theory the existing improvements may contribute a small amount to the value of the property. However, in that the indicated

contributory value of these improvements is only about 10 percent, and considering their design, age, and condition of these improvements (also considering the possible affect of the groundwater on the buildings in the near future), it was concluded that a buyer would acquire this part of the subject property in anticipation of redeveloping in the future. As such, was concluded that the highest and best use of the Area B was near-term submission of applications to redevelop it in the future, when warranted by market demand. As such, it was further concluded that a prudent buyer would base a purchase of Area B on its land value, in anticipation that any interim income from the improvements could be used to defray holding and future demolition costs. Hence, it was further concluded that the value of Area B is $6,580,000.

Based on the preceding analyses, the concluded fair market value of the subject property considering the existing groundwater condition is as follows:

Value of Subject Property Considering the Existing Groundwater Condition before Considering Benefits	
Value of Area A	$5,670,000
Value of Area B	6,580,000
Indicated Value of Subject Property Considering the Existing Groundwater Condition before Benefits	$12,250,000

When the preceding value conclusion is subtracted from the value of the subject property ignoring the groundwater condition estimated earlier, any value differential is identified.

Summary of Analysis	
Value of the Subject Property Ignoring the Existing Groundwater Condition	$15,060,000
Value of the Subject Property Considering the Existing Groundwater Condition before Benefits	(12,250,000)
Indicated Value Differential	$2,810,000

VALUATION OF THE SUBJECT PROPERTY CONSIDERING THE EXISTING GROUNDWATER CONDITION AND BENEFITS

Since this valuation analysis reflects that the public project had been completed and was operational on the date of value, any benefits attributable to it are inherently included in the values estimated. As such, it was concluded that in this analysis the value of the subject property considering the groundwater condition before and considering benefits is the same - $12,250,000

SUMMARY OF VALUE CONCLUSIONS - VALUATION SCENARIO I

Summary of the Fair Market Value Conclusions - Scenario I as of May 21, 2008		
Value of Subject Property Ignoring the Existing Groundwater Condition	$15,060,000	
Value of the Subject Property Considering the Existing Groundwater Condition before Considering Benefits	(12,250,000)	
Indicated Value Differential		$2,810,000
Value of the Subject Property Considering the Existing Groundwater Condition and Benefits	$12,250,000	
Indicated Benefits		$0
Net Value Differential		**$2,810,000**

VALUATION SCENARIO II

At the request of legal counsel, this alternative valuation analysis was developed. Only the characteristics that differ from those contained in Valuation Scenario I are addressed in this scenario.

This scenario is based on a hypothetical condition that the public project (Interstate 5/805 local bypass lanes and the Interstate 5/Carmel Mountain Road interchange) had not been constructed on the date of value.

VALUATION OF THE SUBJECT PROPERTY IGNORING THE EXISTING GROUNDWATER CONDITION

Location

Absent the identified public project, access to the subject property was significantly less direct than after its construction, which it was judged would have had a direct impact on the fair market value of the subject property.

Land Valuation Analysis

Based on our analysis of the market data presented earlier, we concluded that the fair market land value of the subject property in Scenario II is between 10 and 15 percent lower than in Scenario I. Giving the benefit of the doubt to the property owner, it was concluded that the land value of the subject property in this scenario was $31.50 per square foot (ignoring the existing groundwater condition and the public project). Based on site areas of 289,240 and 223,460 square feet for Areas A and B, respectively, and the land development costs used in Scenario I, the land value of Areas A and B are calculated as follows:

Land Valuation of Area A						
289,240	square	x	$31.5	per square	=	$9,111,060

	feet		0	foot		
Less Land Development Costs						(2,890,000)
Indicated Fair Market Land Value of Area A						$6,221,060
Fair Market Land Value of Area A (rounded)						$6,220,000

Land Valuation of Area B						
223,460	square feet	x	$31.5	per square foot	=	$7,038,990
Less Land Development Costs						0
Indicated Fair Market Land Value of Area B						$7,038,990
Fair Market Land Value of Area B (rounded)						$7,040,000

Leased Fee Valuation Analysis

Although the location of the subject property was judged to be less desirable in this analysis, it was concluded that due to the age, design, functional utility, and condition, neither the rents nor operating expenses for the subject property would have been affected by the absence of the public project. As such, it was concluded that leased fee value of Areas A and B buildings in this analysis are the same as in Scenario I, which are $5,890,000 and $7,250,000, respectively.

After comparing these values with the land values estimated in the preceding section, it was concluded that the highest and best use of Areas A and B is the same as in Scenario I - near-term submission of applications to redevelop it in the future, when warranted by market demand.

Concluded Value of the Subject Property

It was concluded that the fair value of the subject property under this scenario is as follows.

Concluded Fair Market Value of the Subject Property As of May 21,2008	
Value of Area A	$6,220,000
Value of Area B	7,040,000
Indicated Value	$13,260,000
Concluded Value (Rounded)	**$13,260,000**

VALUATION OF THE SUBJECT PROPERTY CONSIDERING THE EXISTING GROUNDWATER CONDITION BEFORE CONSIDERING BENEFITS

Excluding land value, the same parameters and analyses used Scenario I are used in this analysis. The value of Area A is calculated as follows. As in Scenario I, the land value for Area A was reduced by 10 percent.

Land Valuation of Area A						
289,240	square feet	x	$28.35	per square foot	=	$8,199,954
Less Land Development Costs						(3,440,000)
Indicated Fair Market Land Value of Area A						$4,759,954
Fair Market Land Value of Area A (rounded)						$4,760,000

The value of Area B is as follows:

Land Valuation of Area B						
223,460	square feet	x	$31.50	per square foot	=	$7,038,990
Less Land Development Costs						(1,240,000)
Indicated Fair Market Land Value of Area B						$5,798,990
Fair Market Land Value of Area B (rounded)						$5,800,000

For Area A, there is no reason to compare the indicated land value with the leased fee value previously presented, because the groundwater issue significantly affected the income-producing capability of the improvements. Therefore, the highest and best use of Area A in this analysis is the same as presented in Scenario I. For Area B, the concluded leased fee value of $7,250,000 is well above its indicated land value. However, for the reasons discussed relative to Area B in Scenario I, it was concluded that its highest and best use is the same as that identified for the property in Scenario I. As such, the values of these components in this analysis are those shown in the tables above.

It was concluded that the value of the subject property considering the existing groundwater before considering benefits is as follows:

Concluded Fair Market Value Considering the Existing Groundwater Condition Before Benefits	
Value of Area A	$4,760,000
Value of Area B	5,800,000
Indicated Value	$10,560,000
Concluded Value (Rounded)	**$10,560,000**

When the preceding value conclusion is subtracted from the value of the subject property ignoring the groundwater condition estimated earlier, any value differential is identified.

Summary of Analysis	
Value of the Subject Property Ignoring the Existing Groundwater Condition	$13,260,000
Value of the Subject Property Considering the Existing Groundwater Condition before Benefits	(10,560,000)
Indicated Value Differential	$2,700,000

VALUATION OF THE SUBJECT PROPERTY CONSIDERING THE EXISTING GROUNDWATER CONDITION AND BENEFITS

This analysis reflects the fact that the Interstate 5/805 local bypass lanes and the Interstate 5/Carmel Mountain Road interchange had been constructed and were operational on the date of value.

Land Valuation Analysis

Based on the market data and analyses presented in Scenario I, and the earlier analyses presented in this scenario, it was concluded that the finished land for Area A was $31.50 per square foot and for Area B was $35.00 per square foot. The value of Area A is as follows:

Land Valuation of Area A						
289,240	square feet	x	$31.50	per square foot	=	$9,111,060
Less Land Development Costs						(3,440,000)
Indicated Fair Market Land Value of Area A						$5,671,060
Fair Market Land Value of Area A (rounded)						$5,670,000

The value of Area B is as follows:

Land Valuation of Area B						
223,460	square feet	x	$35.00	per square foot	=	$7,821,100
Less Land Development Costs						(1,240,000)
Indicated Fair Market Land Value of Area B						$6,581,100
Fair Market Land Value of Area B (rounded)						$6,580,000

The preceding land values are the same as those concluded in Scenario I.

Comparison of Land Values Before and Considering Benefits					
	Considering Benefits	-	Before Benefits	=	Benefits
Area A	$5,670,000		$4,760,000		$910,000
Area B	6,580,000		5,800,000		780,000
Benefits					$1,690,000

SUMMARY OF VALUE CONCLUSIONS - VALUATION SCENARIO II

Summary of Fair Market Value Conclusions - Scenario II as of May 21, 2008		
Value of Subject Property Ignoring the Existing Groundwater Condition	$13,260,000	
Value of the Subject Property Considering the Existing Groundwater Condition before Considering Benefits	(10,560,000)	
Indicated Value Differential		$2,700,000
Value of the Subject Property Considering the Existing Groundwater Condition and Benefits	$12,250,000	
Indicated Benefits		($1,690,000)
Net Value Differential		**$1,010,000**