

April 8, 2013

City of Moreno Valley Community and Economic Development Department
14177 Frederick St.
Moreno Valley, CA 92553

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**CITY OF MORENO VALLEY
Planning Division**

Gentlemen:

As directed by the Guidelines of the Draft Environment Impact Report for the World Logistics Center, persons wishing to make comments on the DEIR, must submit, their comments in writing to the City of Moreno Valley Community and Economic Development Department by no later than the conclusion of the 60-day review period, or by 5:30 pm on Monday, April 8, 2013. These pages are to be considered such a written response to the request for comments, and will address comments on the following topics:

- A. Employee Density
- B. Wages
- C. Occupancy of the WLC
- D. Build Out
- E. Residency
- F. Job-Housing Ratio
- G. Trip Generation Rate
- H. Cerrell Effect
- I. Miscellaneous
- J. DEIR

Each of these comments is presented in the corresponding section of this document; i.e. Comment A is presented and discussed in Section A, Comment B in Section B, and so forth. All comments are to be assumed as individual comments, and, as such, each should be considered and answered individually.

This document is our personal opinion on a matter of great importance to Moreno Valley. Any negative comments are not intended as slander or defamation of any person or any organization, but are our opinions of the facts.

Thanking you for the opportunity of commenting the Draft Environment Impact Report for the World Logistics Center to be located in Rancho Belago, Moreno Valley, Ca., we remain,

Sincerely Yours,



Mr. & Mrs. H.W. Wolterbeek
11521 Slawson Ave.
Moreno Valley, CA 92557

CC: Emailed to mvedcommunityforum@moval.org

A: **COMMENT: The number of employees/KSF quoted in the DEIR may be overstated by as much as 26%, and further employee/KSF information must be obtained before proceeding with Phase 2 of the WLC.**

A.1. In Appendix O of the DEIR, the *Fiscal & Economic Impact Study of the WLC document*, Table 4-A and Exhibit 3 of Appendix A, David Taussig & Associates (DTA) uses the employment metrics of **.50 employees/KSF** for Logistics (LD/LL) and **2.5 employees/KSF** for Retail. These amounts are given as sourced from the DTA Public Works Database, which, in turn, is said to be confirmed by "*Employment Density Study*" SCAP (2001), and "*Logistics Trends and Specific Industries*," NAIOP Research Foundation (March 2010).

A.1.a. The DTA Public Works Database seems to be a proprietary database, and its contents may not have been published for general research. If this is the case, then DTA must be faulted as using data which cannot be verified by the research of any person(s) wishing to comment of the validity of the information presented in the DEIR of WLC. Lack of access to this database prevented a validation of the assertion that the WLC would support .5 employees per KSF as stated in the DEIR.

A.1.b Table B-1 (Employment Densities (employees per acre) by Anderson Code) found in the SCAP source cited above ("*Employment Density Study*" SCAP (2001)) gives the value of 16.32 employees/acre for the Anderson Code of 1340 (Wholesaling & Warehousing). This, then, is equivalent to **0.37 employees/KSF**, which is 26% less than the .5 employees/KSF used by DTA in its employment metric for the WLC.

A.1.c The NAIOP source cited above ("*Logistic Trends and Specific Industries*") used inventory, employment and square feet per employee as identified through the Energy Information Administration Commercial Buildings Energy Consumption Survey for 1992, 1995, 1999, and 2003 (the most recent year available at the time of the survey).

A.1.c.(1) The NAIOP source qualified its research results by stating "the limitations of this research result from limited data availability for recent time periods and for more specific building types and characteristics." They continue by stating that "the uncertainty of employment projections, especially from the 2008 base year at the start of the recession, is also an important caveat."

A.1.c.(2). According to the research done for the NAIOP study, "the real estate inventory for logistics buildings (including refrigerated warehouses, non-refrigerated warehouses, distribution or shipping centers, self-storage and flex buildings of 50 percent or more

warehouse and storage activities) ranged from 11.4 billion to 10.1 billion square feet for the four available years of survey information between 1992 and 2003. Employment related to this inventory has ranged from 4.5 million to 6.2 million employees for the same years. The ratio of inventory to associated employment averaged 2,059 square feet per employee with no clear trend in direction, and was 2,241 square feet per employee in 2003, the most recent year." This converts to between **0.49 employees/KSF to 0.45 employees/KSF**.

A.1.c.(3) Attempts to verify this information in the NAIOP source document proved fruitless, since online access to the underlying Energy Information Administration Commercial Buildings Energy Consumption Survey for 1992, 1995, 1999, and 2003 database was unavailable. However, specific Tables and Summary Reports were accessible. Included below is a copy of Table 3 (Building Size Inventory and Employment for Logistics Buildings) from *"Logistics Trends and Specific Industries," NAIOP Research Foundation (March 2010)*.

A.1.c.(3).a. Table 3 of the NAIOP study is listed below. Note that this table has building size, inventory size, and number of workers.

Table 3 of the NAIOP:

Building Size in Sq.Ft	Inventory in MSF	Number of Workers
1,001-5,000	905	491,362
5,001-10,000	912	493,605
10,001-2,5000	208	961,104
25,001-50,000	1,048	602,526
50,001-100,000	1,494	646,284
100,001-200,000	1,162	454,007
200,001-500,000	1,322	377,733
500,000-1000,000	684	364,879
1000,000+	552	142,317

A.1.c.(3).b. There is also a (Table B14, Part 2) in the EIA Summary Tables, (Floor space for Non-Mall Buildings, 2003) that included data for 10,078 buildings in the Principal Building Activity of Warehouse and Storage. This EIA Table is discussed in Section A.1.c.(4) below.

A.1.c.(4) Definitive data giving the number of workers per floorspace was not directly available in the EIA Summary Tables, however Table B14, Part 2 (Floorspace for Non-Mall Buildings, 2003) included the following data for 10,078 buildings in the Principal Building Activity of Warehouse and Storage:

EIA Summary Table B14, Part 2 , (Floor space for Non-Mall Buildings, 2003):

Building Size in Sq.Ft	Warehouse and Storage (MSF)
1,001-5,000	895
5,001-10,000	868
10,001-2,5000	2,064
25,001-50,000	1,043
50,001-100,000	1,494
100,001-200,000	1,162
200,001-500,000	1,322
Over 500,000	Q

A.1.c.(4).(a) These Tables allow direct verification that the information of the two tables probably came from the same source. In this case, the NAOIP Table probably came from an Energy Information Summary Table, or directly from the Energy Information Summary Data.

A.1.c.(4).(b). Note that this table does not include an estimate for the number of workers in these buildings, only the size of the building. (Note that the designation "Q" in the EIA table signifies that data was withheld either because the relative standard error was greater than 50%, or that fewer than 20 buildings were sampled.) Furthermore, even though verification of the number of workers in each

category of building, as stated in the NAIOP document, could not be obtained, it is possible that NAIOP had access to data not generally available to online researchers. However, the qualifier, "Q", above shows that for buildings over 500,000 Square Feet, the Energy Department considers its data "unreliable", and should not have been used by the NAIOP study.

A.1.c.(5) Attempts to verify the information regarding the number of employees in Table 3 of the NAIOP study (shown above) were unsuccessful because direct online access to the data for the Energy Information Administration (EIA) Commercial Buildings Energy Consumption Surveys of 1992, 1995, 1999, and 2003 was unavailable. However, the EIA did provide some summary tables online, and Table B1, from the EIA, provided the following data for the Warehouse and Storage Subcategory of Principal Building Activity:

EIA Summary Table B1 , (Total and Means of Floorspace, Number of Workers, and Hours of Operation for Non-Mall Buildings, 2003):

Number of Buildings in Thousands	Total Floor Space in Millions Square Feet	Total Number of Workers in Thousands	Mean Square Foot Per Building in Thousands	Mean Square Foot per Worker
597	10,078	4,369	17,000	2,306

A.1.c.(6) The EIA Reports indicate that the Mean Worker/KSF was .43 for buildings supporting warehouse and storage activities.

A.2. In summary, there exist several estimates for the number of warehouse workers per KSF for the Warehouse and Storage category. The DTA uses 0.5 employees/KSF based on its apparently proprietary database. DTA supports this number by referencing "Employment Density Study" SCAP (2001), which states that the number is 0.37 employees/KSF. DTA also states that its number is supported by referencing "Logistics Trends and Specific Industries," NAIOP Research Foundation (March 2010), which maintains that there are 0.45 employees/KSF. There does not appear to be a solid, reliable number for the number of employees per KSF for buildings greater than 500,000 Square Feet, and the number quoted in the DEIR may be overstated by as much as 26%.

- A3. A better determination of employees/KSF must be made to ensure that Moreno Valley managers can properly plan for the safety, security, and welfare of WLC employees, and for Moreno Valley citizens. It is imperative that more data be obtained before Moreno Valley proceeds with Phase 2.

B: COMMENT: The annual wages/employee stated in the DEIR may be overstated by as much as 26%, and further information must be obtained before proceeding with Phase 2.

B.1. In Appendix O of the DEIR, the Fiscal & Economic Impact Study of the WLC document, Table 4A states that the average wage of the WLC employees will be **\$42,341**.

B.1.a. The wage assumptions are as follows: 90% of all employees will earn \$41,229 annually, and 10% of all employees (the managers) will earn \$52,346 annually, giving an annual average wage of \$42,341.

B.1.b. Table 4A states that this data was obtained for warehouse and transportation workers from *U.S. Census Bureau, Longitudinal Employer-Household Dynamics Reports (California, 2010) for Riverside-San Bernardino-Ontario Metropolitan Area and Riverside County; confirmed by Bureau of Labor Statistics (May 2010)*.

B.2. Since Appendix O did not provide adequate specificity of the sources from which the data was drawn, it was impossible to verify the wage numbers.

B.2.a. References to the Census Reports and/or Bureau of Labor Statistical documents, just name the document, without providing any information as to the search criteria used for analysis, nor any specific table numbers or report page which may have been utilized. Appendix O did not define either the various labor codes that were used to arrive at the wage numbers, nor the probable number of workers in each of the various labor codes. This information is crucial in determining an accurate estimate of the average wage earned by the employees, as well as in determining the probability those workers will be located in Moreno Valley, and the potential impact on such items as sales tax revenue to Moreno Valley.

B.2.b. Therefore it was necessary to review the entire sourced document and resulted in the conclusion that the Fiscal and Economic Study was either based on erroneous information, or that the study's conclusions were based on an improper data set.

B.2.b.(1). The Census Bureau and the Department of Labor use different codes for the various labor categories. The Census Bureau data base was studied for the Warehouse and Transportation Category Group (Census Bureau codes 48 and 49) for the metropolitan area for Riverside and San Bernardino County in 2010.

B.2.b.(1).(a). The average wage for this category is listed as **\$38,463**.

B.2.b.(1).(b). Note that this value is lower by approximately 10% from the \$42,341 value in Table 4A of Appendix O.

B.2.b.(1).(c). The decision to use Category Groups 48-49 in the Census Database is valid since these categories are called "Transportation and Warehouse" within that database and Appendix O, Table 4A states that the Census Data was used for the category group "Warehouse and Transportation."

B.2.b.(1).(d). The wage number \$42,341 was not reproducible using Census Data for Category Groups 48-49, hence it would appear that DTA did not use these Category Groups. If DTA used other Category Groups for data, it should have specified which Category Groups they were using.

B.2.b.(2). However, note that the 48-49 Category Groups are, in reality, too broad for application to the WLC, since these categories include, for example, aircraft transportation workers, marine transportation workers, etc. The use of category groups in obtaining results from the Census database is too general. Consequently, it is assumed that DTA used more specific categories to obtain their results.

B.2.b.(3). In addition, by using various category data, Appendix O should have included an estimate of the number of employees expected to work in the WLC in each category in order to determine a valid estimate of the annual wage.

B.2.c. To determine a better estimate of the average annual wage for the WLC project, wage information from the 2010 Census (the same database used by DTA) for the metropolitan area of Riverside and San Bernardino County for the Census Code 4931 (the code specifically for warehousing and storage employees) was analyzed. This gave an average wage of **\$33,504, approximately 21% lower than that stated in Appendix O."**

B.3. Data was then obtained from the Bureau of Labor Statistics in May 2012 (not May 2010) for the Standard Occupational Classification (SOC) Codes 53-0000 and 43-0000. (The different date of the report is not relevant for the purpose of this wage study since the

wages did not change by 20% between 2010 and 2012). The information was used since the data is more recent and therefore more relevant to Moreno Valley managers.

B.3.a The code 53-0000 was included since this category includes freight and stock material movers. (However, note that while this category group includes truck drivers, it also includes commercial pilots and boat captains.) The code 43-0000 was included since this group includes billing clerks, stock clerks and order clerks. (However, note that this category group also includes postal mail carriers, brokerage clerks and order clerks.)

B.3.b. The annual wage for the code 53-0000 was **\$33,940**. Observe that the wage quoted in this Bureau of Labor Statistics for heavy truck/tractor-trailer truck drivers (category 53-3032) was listed at \$44,610. Further refinement was obtained for category 53-6099 (generic transportation workers with an average annual wage of \$25,870), category 53-5071 (industrial truck and tractor operators with an annual wage of \$32,450), category 53-7061 (laborers and material movers with an annual wage of \$26,030, and category 53-7064 (packers and packagers with an annual wage \$24,080).

B.3.c. Similarly, the annual wage for code 43-0000 was **\$34,130**. Wages for this category were not refined since most of these wages average about \$30,000 to \$34,000, and are not sufficient to raise the average wages to the number quoted in the DEIR.

B.3.d. Note that most of the workers in the 43 and 53 labor standard category group classifications do not earn over \$40,000. It was not possible to duplicate the stated average WLC wages of \$42,341. Again, it must be stated that DTA must define the labor categories used in the WLC report and specifically should refine the data to include probable numbers of each category. If that cannot be done, than the data from the generic category groups 43 and 53 must stand as valid and that the estimate of \$42,340 in Table 4A of the Fiscal Impact Study is wrong.

B.4. The quarterly Publication of the University of California, Riverside, Volume 5, Issue 2, Summer 2012, states that the warehouse industry in the Inland Empire, hired about 114,000 workers in Riverside and San Bernardino counties in 2010. The document continues that most of these workers are Latino, of which half are immigrants. It states that most of these warehouse workers are temporary workers who lack benefits and are paid low wages, without benefits, and work in an unsafe and unhealthy environment.

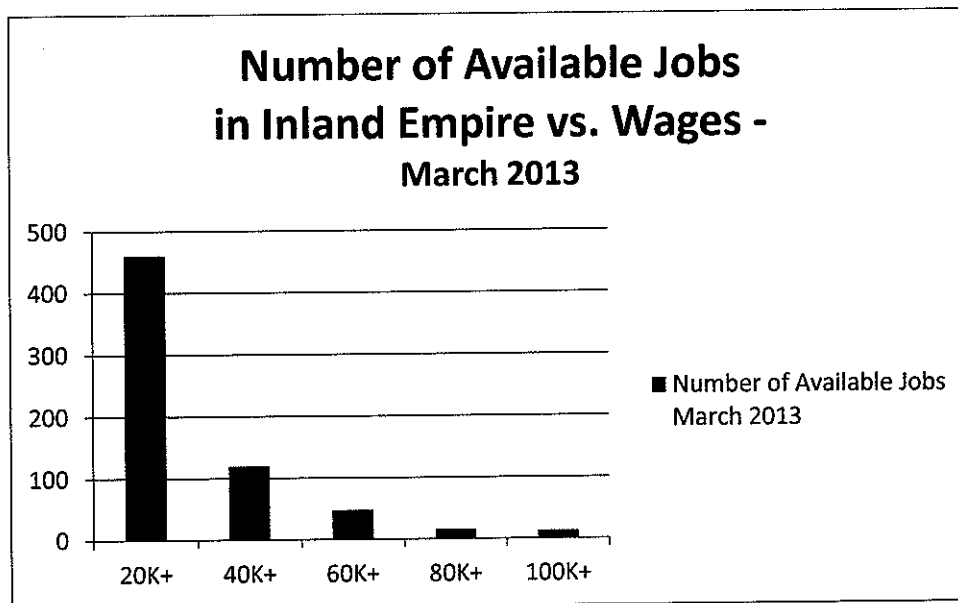
It also states that most of the region's warehouse workers are employed through temporary employments services. This study references information from Allen 2010, and Delara 2009. It further states that the median hourly wages (i.e. half of the workers earn less than this amount) in the Inland Empire range from \$9.11 to \$13.08. This implies an annual wage of **\$17,500 to \$25,000**. The UCR study also stated that

temporary workers are frequently paid less than this (41% of these blue-collar workers are paid less than \$10.50 per hour (Bonacich and DeLara 2009)).

B.5. In an attempt to test the validity of the premise that most workers at WLC will be earning wages of approximately \$20,000, an empirical data test (thought experiment) was performed on March 29, 2013, by the commentator. A data set of actual job openings in the warehouse/storage industry, within a radius of 25 miles of Moreno Valley, was obtained from the *Indeed.com* website.

B.5.a. The obtained data set resulted in 640 job openings with a wage distribution that included a typical wage distribution pattern that one might expect when setting up a warehouse. The data distribution should be considered typical of the WLC wage distribution in current dollars. The following table and chart summarize that data:

Wage Range	Number of Available Jobs March 2013
20K+	461
40K+	120
60K+	48
80K+	16
100K+	13



B.5.a.(1). The weighted average wage was calculated to be **\$29,605**. Note that the total number of available positions was 658. This is a

sufficiently large statistical sample to be considered a valid forecaster of the anticipated wage pattern of the WLC in current dollars.

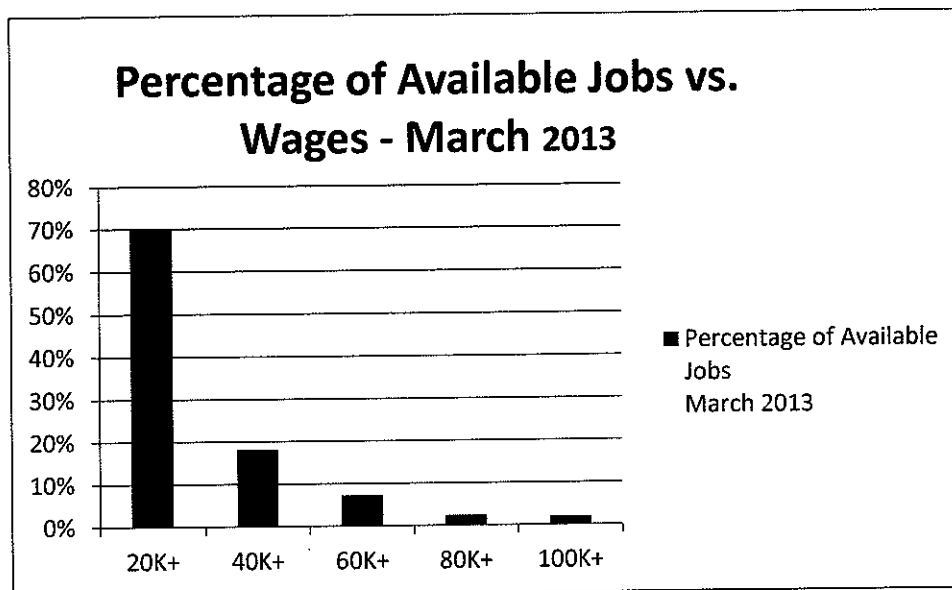
B.5.a.(2). A smaller subset was obtained from openings on that date in Moreno Valley. This is shown in the table below:

Wage Range	Number of Available Jobs March 2013
20K+	23
40K+	10
60K+	6
80K+	0
120K	1

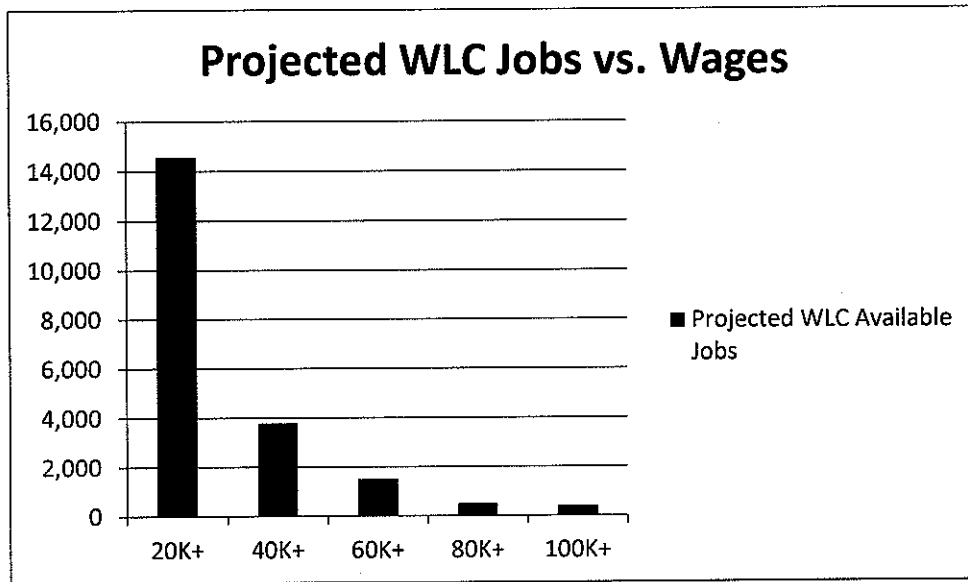
B.5.a.(3). Since it is very probable that most of this data was probably included in the data for openings within 25 miles, this data will not be counted separately, even though this data set has a higher mean wage of \$33,500.

B.5.b. Continuing with the empirical test, the ratio of job numbers versus wages can be applied to the projected WLC employment.

B.5.b.(1). The following chart shows the empirical text percentage data:

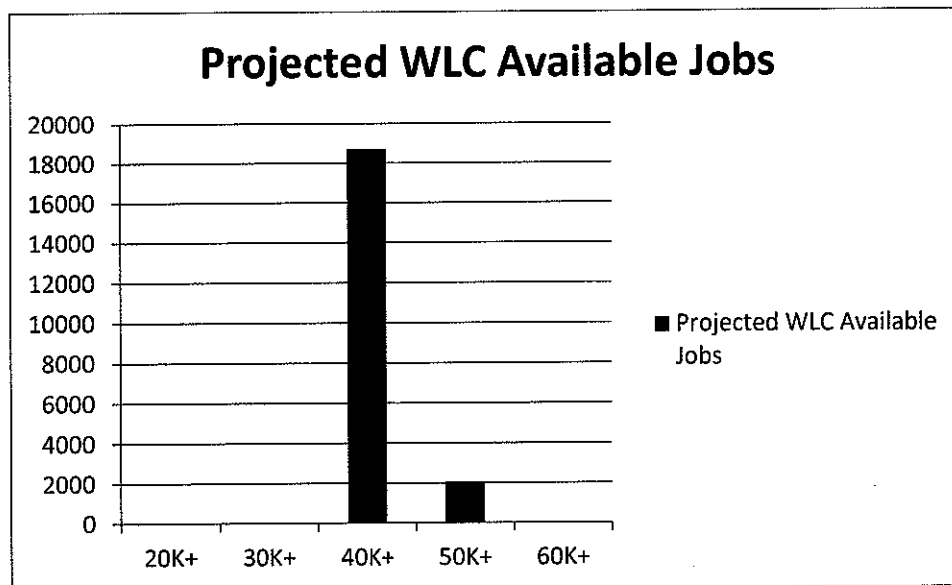


B.5.b.(2). Assuming that there are 20,808 actual jobs available in the WLC, and applying these percentages to the WLC employment projection, we have the following results:



B.5.b.(3). This gives an average projected wage for all WLC employees as **\$39,407**. However the majority of employees would be earning approximately **\$30,000 or less**.

B.5.b.(4). The DTA wage breakdown, as taken from *Appendix O of the DEIR, the Fiscal & Economic Impact Study of the WLC document, Table 4A*, is provided in the following chart.



B.6. In conclusion it appears that the wage numbers for WLC workers in 2013 dollars is much less than \$42,341 as presented by Appendix O. Indeed, it appears from this analysis, as well as from the empirical experiment, and from extrapolation from the UCR study that

the annual wages/employee stated in the DEIR may be may be overstated by as much as 26%.

- B7. In order for Moreno Valley to better understand the true economic impact of the WLC on Moreno Valley, better wage information must be obtained before proceeding to Phase 2.

C: COMMENT: The DEIR must include realistic projections of occupancy of the WLC over time. The projection must include considerations of fluctuations in the economic conditions of Southern California.

C.1. The DEIR Fiscal and Economic Impact Study (Appendix O) assumes full occupancy for its validity. This is unrealistic. The following discussion shows that full occupancy of the buildings of Phase 1 will probably not be completed until the ninth year after the first buildings of Phase 1 begin to be occupied. The discussion shows that occupancy of Phase 2 buildings is not needed until the ninth year after the first buildings begin to be occupied. It is imperative that the DEIR include a realistic projection of the probable occupancy over time. This projection must include assumptions of economic conditions of Southern California as they may affect the WLC.

C.1.a. No project as large as the WLC can be fully occupied from day one. This is unrealistic. In addition, the DEIR does not include anticipations of the reasonable effects on the WLC of variations from the probable economic fluctuating conditions for the next 15 years.

C.1.b. Because the DEIR states that the WLC is aimed at Southern California markets, which in turn depend heavily on the health of the rest of the United States, the DEIR must address the potential economic effects of the Southern California economy on the occupancy rate.

C.1.c. It is imperative that the Moreno Valley City Council require that the DEIR be modified to include a realistic determination of the probable occupancy of the WLC buildings over the next 15 years.

C.2. The DEIR states that the WLC in Moreno Valley will consist of 41.6 million square feet of warehouse buildings, of which 41.4 million square feet will be devoted to high cube industrial warehouses. The minimum size of these high cube buildings will be 500,000 square feet.

C.2.a. For lack of further definition of the specific size of individual high cube buildings, the following analysis assumed that the WLC will have 80 tenants of 500,000 square feet and one tenant of 1.6 million square feet. This analysis will only address the occupancy rate of the 500,000 square ft buildings, and will not address the occupancy rate of the 1.6 millions square feet building.

C.2.b. The DEIR states that the First Phase of the build out, consisting of about half of the project, will be completed by 2017. The Second Phase of the build out is scheduled to be completed by 2022.

C.2.b.(1). The city and the owner of the WLC property will need to aggressively market those 80 buildings to tenants who not only can

afford the operational cost of a 500,000 square foot building in Moreno Valley, but also can set up the necessary logistics to make the buildings economically profitable.

C.2.b.(2). Several assumptions were made for a reasonable occupancy profile for the WLC.

C.2.b.(2).(a). The first assumption made was that even though Phase 1 is not completed until 2017, the project can receive the first tenants in 2015.

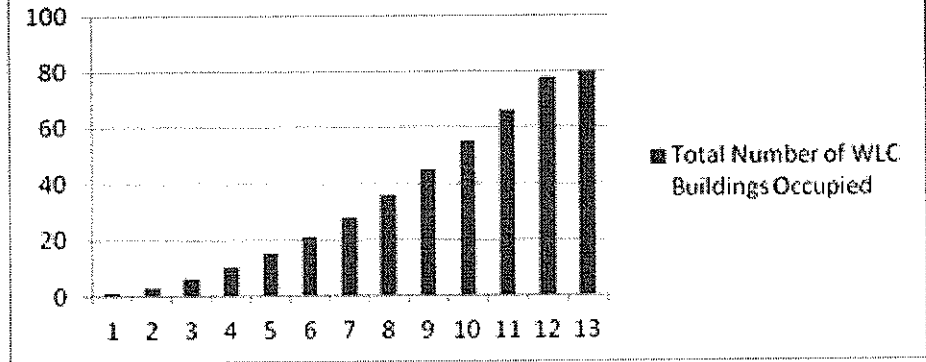
C.2.b.(2).(b). The second assumption was an equation for the probably occupancy rate of the WLC over time.

C.2.b.(2).(b).1. Assumptions of quadratic or exponential occupancy curves, for the occupancy rate over time discussion, appear unreasonable. Even a linear occupancy curve, where the number of buildings occupied is equal to 5.5 times the number of years after 2015, is unrealistic, since it is logical that it will be easier to find tenants once the WLC has buildings already occupied. That is to say that it is not logical to assume that the same number of new buildings will be occupied in 2026 as will be newly occupied in 2016.

C.2.b.(2).(b).2. Probably a more realistic assumption is a projection that the warehouse occupancy increases each year at a rate of $[1+x]$ where x is 0 for the first year (2015), one for the second year (2016), etc., until full occupancy.

C.2.b.(2).(b).3. The following chart depicts such an occupancy rate.

Total Number of WLC Buildings Occupied as a Function of Time of Buildout Beginning in 2015



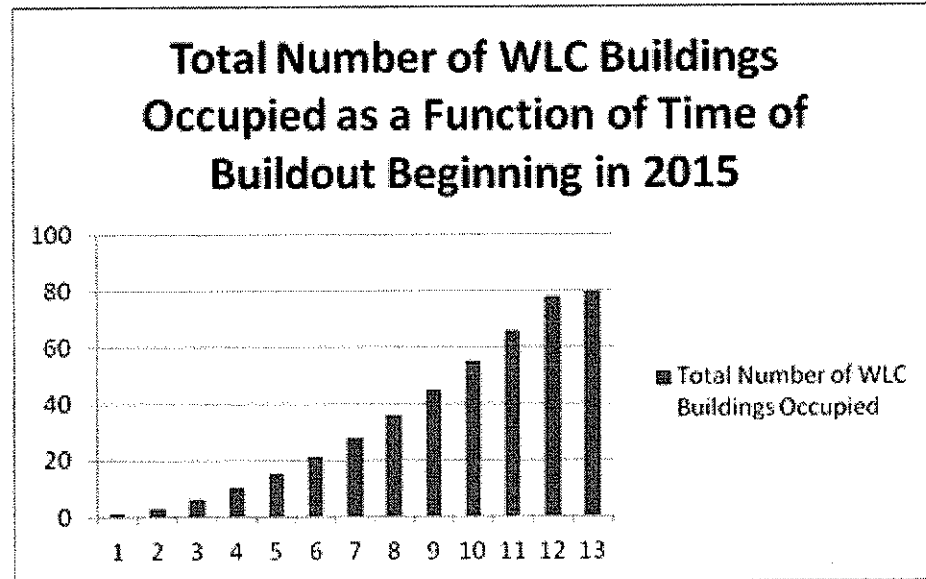
C.2.c. This graph shows the WLC build out as a function of time between 2015 and 2027, where 2015 is year 1, 2016 is year 2, etc.

C.2.c.(1). The graph shows that with this build out, the WLC will, assuming excellent economic conditions, be fully occupied in 2027. Note that this occupancy rate would be significantly affected if the nation's economy goes through one or more recessions. The effect of such recessions is not included in this analysis. The probability is very great that any economic slowdowns could extend the date of full occupancy well into the 2030's. This, therefore, implies that the WLC will probably have empty warehouse buildings well into the 2030's.

C.2.c.(2). The bar graph shows that the WLC will not reach full occupancy of the projected Phase 1 build out (40 buildings) until 2023. Note that in 2020, (year 6 in the above chart), approximately 20 buildings constructed in Phase 1 may be occupied. Or put another way, 20 buildings from Phase 1 may still be empty.

D: **COMMENT: Phase 2 build out does not need to start in 2017. The occupancy rate will be sufficiently low that Phase 2 can be delayed until 2021 or 2022.**

D.1. Comment C (above) discussed the projected occupancy of the WLC as:



D.2. This graph shows the WLC build out as a function of time between 2015 and 2027, where 2015 is year 1, 2016 is year 2, etc.

D.2.a. The graph shows that with this build out, the WLC will be fully occupied in 2027. Note that this occupancy rate would be significantly affected if the nation's economy goes through one or more recessions. The effect of such recessions is not included in this analysis. The probability is very great that any economic slowdowns could extend the date of full occupancy well into the 2030's. This, therefore, implies that the WLC will probably have empty warehouse buildings well into the 2030's.

D.2.b. The bar graph shows that the WLC will not reach full occupancy of the projected Phase 1 build out (40 buildings) until 2023.

D.3. Furthermore, this graph shows that since full occupancy of the projected Phase 1 build out (40 buildings) won't be reached until 2023, buildings from Phase 2 won't be needed until 2024. Therefore the **Phase 2 build out does not need to start in 2017, but, indeed, can be delayed until 2021, even 2022.**

E. COMMENT: Moreno Valley must make concessions to prospective WLC occupants to induce the hiring of existing Moreno Valley residents, since non-Moreno Valley residents will not relocate to Moreno Valley, and thus will not reduce commuting.

E.1. According to the DEIR (Page 57, Appendix L, Traffic), "One consequence of the existing imbalance between jobs and housing is that a large majority (70%) of Moreno Valley workers commute to jobs outside the city, and in many cases far outside the city. According to the U.S. Census Bureau, 21.7% of Moreno Valley workers currently commute more than 50 miles one way to work, and another 20.8% drive 25 to 50 miles one way. Nearly four out of five Moreno Valley workers drive to work alone. Since other Inland Empire cities have similar commute characteristics, the resulting transportation pattern is one of heavy westbound flows in the morning and eastbound flows in the evening, overwhelming the freeway system during peak commuting hours. Another consequence is the high cost of commuting both in terms of out-of-pocket expenses and reduced quality of life for the commuters and their families."

E.1.a. The DEIR implies that one consequence of bringing 20,000+ jobs to Moreno Valley is the decrease in commuting distances, thereby alleviating congested freeway traffic patterns.

E.1.b. The *Claremont McKenna College – UCLA Inland Empire Forecast, October 2012*, study states that workers that are more than 50 miles away from the Los Angeles county line are not concerned about employment in Los Angeles; instead they are concerned about jobs within 50 miles of their residence.

E.1.b.(1). It can be inferred from this study that most people will not relocate to another residence (closer to their place of employment) if the job is located within 50 miles from their home. This implies that workers at WLC whose residence is within a reasonable driving range (say 25 to 50 miles) from the WLC will not relocate and will not become Moreno Valley residents. Hence those employees

will not have any direct effect on traffic pattern changes.

E.1.b.(2). The DEIR (Page 21, Appendix O, Fiscal/Economic Impact) states that “because the Center does not involve a residential component, the jobs generated by the Center do not need to support new households as a result of direct or indirect employment.” This can be taken to imply that the DEIR agrees with the fact that most WLC employees will not relocate to Moreno Valley.

E.1.b.(3). It is necessary that Moreno Valley make concessions during discussions with potential occupants of the WLC, to induce those companies to hire Moreno Valley residents. This will help improve the Moreno Valley unemployment rate and help reduce traffic in Riverside County.

E.2. No evidence is given that simply by establishing 20,000+ new jobs in Moreno Valley at the WLC there will be any significant freeway traffic pattern changes due to commuting employees. In fact, the reverse is true, and there is a study (*Claremont McKenna College – UCLA Inland Empire Forecast, October 2012*), which indicates that **employees will travel up to 50 miles one way for jobs.**

F. **COMMENT: The DEIR needs to state explicitly that even though the WLC may improve the Job-Housing Ratio, it may not improve the job situation for Moreno Valley residents.**

F.1. Many Moreno Valley residents are of the opinion that the WLC will bring jobs to current Moreno Valley residents. While it is possible that some Moreno Valley residents will have jobs at the WLC, it is highly probable that most WLC jobs will go to non residents of Moreno Valley.

F.1.a. The DEIR (Page 21, Appendix O, Fiscal/Economic Impact) states that "at build out, the Center will significantly affect the Jobs-Housing balance". It is true that if Moreno Valley gets more jobs and if no new housing is built, then the ratio of jobs to housing improves from its current value. However, this ratio is deceiving for Moreno Valley residents, many of whom assume that this means that Moreno Valley residents will get the new jobs.

F.1.b. This is validated by the fact that when Sketchers shuttered several places in the Inland Empire in order to relocate to Moreno Valley, the new facility, apparently, hired only one more Moreno Valley resident.

F.1.b.(1). Mayor Stewart is quoted in a Press Enterprise article of February 1, 2012 that "he knows of one Moreno Valley man who was hired for an engineering job".

F.1.b.(2). In the same article, Moreno Valley's Economic Development Director Foster was quoted "that ...the last time I talked to them they said 600 jobs, and said a lot are coming from Ontario."

F.1.b.(3). The article also states that "Foster ... know[s] of no local recruitment events by the company".

F.1.b.(4). As discussed in Section D.1.a.(2) and D.1.a.(2).a., given above, **employees will travel up to 50 miles, one way, for jobs, and the establishment of 20,000+ new jobs in Moreno Valley, in the WLC, does not imply that these new position will be filled by Moreno Valley residents.**

F.2. The DEIR needs to state explicitly that even though the WLC may improve the Job-Housing Ratio, it may not improve the job situation for Moreno Valley residents.

F.2.a. Moreno Valley residents need to be educated on this fact by the Moreno Valley City Council.

F.2.b. While the Moreno Valley City Council cannot force occupants of the WLC to hire Moreno Valley residents, the city needs to make concessions during discussions with potential occupants

that will entice them to hire Moreno Valley residents. As noted above, Sketchers, apparently, did not attempt to hire Moreno Valley residents via recruitment events.

G: COMMENT: The Trip Generation Rate Parameter in the WLC is overly pessimistic for Traffic Data, and is questionable for Air Quality Data. The data from the DEIR is suspect and may result in improper mitigation measures. In order to evaluate the actual traffic impact and air quality impact, and thus determine the feasibility of implementing Phase 2, the developer should conduct Air Quality and Traffic Analysis Studies during, and after, build out of Phase 1, and continue while Phase 1 is being occupied.

G.1. A study was performed by Urban Crossroads in response to a request by Moreno Valley on the "NAIOP High Cube Warehouse Trip Generation Study", 2011. This report can be found in Appendix T, Urban Crossroads Peer Review of the NAIOP Study, 2011, of the DEIR. It included an excellent summary of various attempts to determine the trip generation rate (trips/1000 sq ft of warehouse or trips/KSF).

G.1.a. Many studies have determined different values for the parameter "trips/KSF", but only a few have included data for facilities greater than 500,000 square ft.

G.1.b The following table summarizes some of these studies, and provides some of the individual characteristics of the data set in these studies.

Source of Trip Generation Rates	Reference Number (See Bottom of Section)	Daily Trips/KSF	General Comments
2003 Fontana Study	1	1.97	4 Buildings > 200,000 SF and 1 Building > 500,000 SF**
2005 NAIOP Study	2	1.096	1 Building > 200,000 SF and Two Building Totaling 800,000 SF**
2007 NAIOP Study	3	1.11	4 Buildings > 500,000 SF and 9 Buildings approximately 300,000 SF**
2008 ITE, 8th Ed.	4	1.44	11 Buildings > 500,000 SF and Occupancy Rate and Rail Accommodations Unknown**
2011 SCAQMD Study	5	2.59	2 Sigma Estimate and Not All Buildings in South California**
2011 NAIOP Study	6	0.99	31 Buildings > 500,000 SF**
2012 ITE, 9th Ed.	7	1.68	National Average Not Related to Southern California and Were Not Automated*
*Comment on 2012 ITE			Source: WLC EIR
** Comment on other entries			Source: Urban Crossroads, 2012

G.2. All the data given in the table above was listed in a study by Urban Crossroads, 2012. In evaluating this data, it becomes clear that there is wide disagreement in the warehouse community regarding the selection of a valid trip generation value. All of the studies prior to 2011 used a very small statistical sample of buildings larger than 500,000 square feet. This is important since it appears to be self evident that buildings of that size have their own unique efficiencies and air quality generation characteristics. It appears that the older studies should be ignored.

G.2.a. The *2011 SCAQMD study* was meant to assess the greater pollution impact of the heavier trucks used by the larger warehouses. The study did include larger warehouses. The study is criticized by the Urban Crossroads study for presenting two sigma trip generation values.

G.2.b. The comment by the DEIR authors consider the *2012 ITE study* invalid for application to the WLC since the *2012 ITE study* included warehouses throughout the country, and because the study included non-automated warehouses. The unstated conclusion here is that the WLC is expected to contain only automated warehouses.

G.2.c. The *2011 NAIOP study* included 31 buildings greater than 500,000 square feet, but no smaller buildings were included. Even though this study seems to be appropriate for the use of traffic analysis for the WLC, the applicability of the *2011 study* to air quality effects cannot be evaluated at this point.

G.3. Consequently, the fact remains as to which value should be used for air quality assessments and traffic analysis.

G.3.a. The DEIR states that "a decision was made to use the *ITE* rate as a "worst-case" scenario for the WLC project, even though the author disagreed with the *ITE* result. Consequently, the value of 1.68 was used to evaluate both traffic impacts and air quality degradation.

G.3.b. The use of the number 1.68 for trip generation, for traffic analysis, appears to be too high. The number .99 from the *2011 NAIOP study* seems to be more relevant to traffic studies in the Inland Empire, since this study included the

traffic impacts on Inland Empire traffic from 31 buildings greater than 500,000 square feet.

G.3.c. However, the use of the 1.68 parameter in air quality studies may or may not be sufficient. The question seems to be open as to whether the 1.68 value is appropriate or whether the 2.58 value (even though this seems to be a two sigma value) is better for Moreno Valley. Since the .99 value seems to be appropriate for traffic studies, which included heavy trucks, the value of .99 may be proper for air quality. More data is needed.

G.4. There currently is no data available to help the City Council determine a true cost/benefit analysis based on the fact that some of the "cost" drivers are not just financial, but also social in nature.

G.4.a. It is important that the dual "cost" drivers on the environment and the traffic degradation be fully understood because each of these can cause the City, County, and State, to perform costly mitigation measures that are either inadequate or are "overkill".

G.4.b. For example, one valid question is whether air filters are measures needed for Moreno Valley schools? Similarly, are all anticipated traffic mitigation efforts really necessary? Each of these components has a cost impact to the City, County, or State.

G.5. It is recommended that, as a condition for development, the WLC developer obtain and install appropriate traffic monitors at appropriate locations in Moreno Valley and Riverside County, and that the collected data be reviewed and used by proper government agencies to make appropriate decisions relating to traffic scenarios.

G.6. It is recommended that, as a condition for development, the WLC developer obtain and install appropriate air quality monitors in the Moreno Valley area for use by the SCAQMD for evaluation of air quality degradation due to the WLC project.

References:

- 1) *Trip Generation Study (August 2003), Page 1*
- 2) *San Bernardino/Riverside County Warehouse/Distribution Center Trip Generation Study (2005)*
- 3) *Riverside County Warehouse/Distribution Center Vehicle Trip Generation Study (2007)*
- 4) *Trip Generation Manual (8th Edition 2008), Page 272*
- 5) *NAIOP High-Cube Warehouse Trip Generation Analysis (2010)*
- 6) *Large Warehouse and Distribution Center Trip Rates (SCAQMD 2011)*
- 7) *Trip Generation Manual (9th Edition 2012)*

H. COMMENT: The potential “Cerrell Effect” of the WLC will reduce the ability of Moreno Valley to attract high-paying jobs of the proposed Medical School of the University of California, Riverside, and will galvanize citizens to become politically active.

H.1. According to the 1984 report “*Political Difficulties Facing Waste-to-Energy Conversion Plant Siting*” by Cerrell Associates, Inc., the California Waste Management Board commissioned the consulting firm of Cerrell Associates to define communities that won’t resist siting of LULUs (Locally Undesirable Land Use). This was done to combat the offensiveness displayed by local citizens when a “trash dump site” was to be created in their neighborhood. Since then, the term “LULU” has evolved into an idiom connotating any land usage which the general populous considers as undesirable for the local community. And similarly, the “Cerrell Effect” describes the fact that proponents of some projects face the strong public opposition to these projects.

H.1.a. The Moreno Valley City Council, in conjunction with the WLC, is attempting to change the Moreno Valley Specific Plan to bring a LULU to this city. The added noise, pollution, and traffic which the WLC will bring to Moreno Valley is not in the interest of the citizens of Moreno Valley.

H.1.a.(1). By devoting a large portion of the city to warehouses, the City Council is condemning Moreno Valley to becoming a “lower class city”, where new residents will think twice before relocating, and the current residents will be looking to move “up in the world” to other cities. The City Council is creating a LULU.

H.1.a.(1).(a). Instead of enticing the graduates of the proposed Medical School of the University of California, Riverside Campus, to live and work in Moreno Valley, the City Council is saying that we are more interested in bringing 20,000 low-paying “blue collar” jobs to the city, with no guarantee that any of our local

businesses will see a real increase in long-term revenue.

H.1.a.(1).(b). The city is touting its plans for a large biotechnical research development within its borders. This goal will not come to fruition if the WLC is built. These developments will seek sites in more prestigious locales, like Redlands, Corona, or even Orange County. Instead of helping Moreno Valley grow, the LULU will keep the city a “small, blue-collar town” with bad air and bad traffic

H.1.a.(2). And while the Moreno City Officials are eyeing the projected \$5 million in excess city revenue as a blessing which could be used to possibility increase city employee wages and benefits, and to build the city infrastructure, (i.e., a beautiful symphony hall or performing arts center, etc.), they are ignoring the fact that long-time residents want a respectful, safe, city, where their families can enjoy the good air and open environment.

H.1.b. Since the WLC will be offering jobs typically associated with low education, Moreno Valley runs the risk of seeing more homeless or poor immigrants coming to the city. This will increase the need of providing assistance in food and shelter for some. Charitable organizations, like the Salvation Army, currently are not getting donations to support the current need, let alone an increase caused by the LULU.

H.2. As the “Cerrell Effect” takes hold, more citizens of Moreno Valley will become vocal. Citizen Interest Groups will increase. More citizens will become politically active, and many will become motivated to seek election on the basis that they do not support the LULU. When the “Cerrell Effect” maximizes, current elected city officials may see their chances of re-election being minimized, and notice a real backlash from the voting public.

- I: **COMMENT: If the Moreno Valley City Council elects to proceed with the build of Phase 1 of the WLC,**
- a. **It is recommended that the Council only approve Phase 1,**
 - b. **It is recommended that the Moreno Valley City Council not commit to any changes to the Moreno Valley Planning Document that would prevent the City from not continuing with Phase 2,**
 - c. **It is recommended that there be a data collection period of environmental, traffic, economic, and social data during the build out of Phase 1 and after the completion of Phase 1 for approximately three years,**
 - d. **It is recommended that another EIR be developed and evaluated in 2020,**
 - e. **It is recommended that the Moreno Valley City Council then use this second EIR before deciding whether to continue with Phase 2.**

I.1. There are many different values that can be used to estimate the number of truck trips and car trips at the WLC facility. It was observed during recent analysis that even studies from 2011 and 2012 give conflicting information on the expected number of trips/Kilo Square Foot or trips/KSF of warehouse space.

Since this figure is used to estimate the impact on the WLC traffic, as well as on the Moreno Valley air quality, a reasonable man would conclude that additional information is needed for Moreno Valley officials to properly assess the impact of the WLC on both air quality and traffic conditions. Arbitrary use of the number 1.68 will probably result in an overestimate of traffic impact, while its use in estimating air quality is uncertain.

I.1.a. It is recommended that Moreno Valley require the developer of the WLC to obtain air quality sensors in Moreno Valley and traffic density evaluation sensors at appropriate locations around Moreno Valley beginning in 2013. It is further recommended that these sensors be operated by the developer for various government agencies, or that the developer turn these data sensors over to the appropriate government agencies.

- I.1.b. It is recommended that Moreno Valley and other government agencies collect and evaluate this data beginning in 2013, in order to determine better estimates for trip generations at the WLC during the build out of Phase 1, as well as during the beginning of occupancy of Phase 1 buildings. Since only a few buildings will be occupied in 2017, insufficient trip rate data during occupancy will have been collected by 2017. It is imperative that the data collection period be extended past 2017. Section D3 shows that delays of the build out of Phase 2 until 2021 or 2022 will not materially affect the occupancy of the WLC.
- I.1.c. It is recommended that another EIR be developed in 2020, in order to insure that Moreno Valley has good traffic data and environmental data from Phase 1 of the WLC, before continuing with Phase 2.
- I.2. The DEIR lists the probable number of employees per thousand square feet (KSF) as .5 employees/KSF.
 - I.2.a. The David Taussig & Associates (DTA) study of the fiscal and economic impacts, lists the DTA Public Works database as a basic source for its estimate of .5 employees/KSF at the WLC. This database was inaccessible for online review by this author, and is probably a proprietary database. If the database is not proprietary, this database should be an online database. If the database is online, the DTA document should have indicated the website for that database.
 - I.2.b. Reviews of the reference data sources indicate that the DTA value could not be verified. It is possible that the number may be as low as .37, or as high as .49
 - I.2.b.(1). It appears that a reasonable man might conclude that the attained value in the DTA study in the DEIR cannot be relied upon for estimates of the number of employees in the WLC.
 - I.2.b.(2). It is imperative that employment data must be collected once buildings begin to be occupied, to help insure that Moreno Valley officials can adequately plan for WLC impacts relating to economic, safety, and welfare. The collected data should be included in a subsequent EIR for the WLC.

- I.3. The DEIR is very optimistic in that all presented data in the document is based on a nearly 100 percent occupancy, without regard to the potential economic fluctuations in Southern California. This is unrealistic.

It is imperative that Moreno Valley obtain realistic estimates of the impact of economic fluctuations on the occupancy of the WLC. Recent history has shown that recessions can severely impact the economic health of Southern California, of the Inland Empire, and of Moreno Valley in particular. Even at this date, in 2013, the economic future of the Inland Empire is in question. It is imperative that any future EIR include an estimate of the probable effect on the WLC, and therefore, on Moreno Valley due to economic fluctuations.

- I.4. Phase 1 build out will be completed in 2017. During this phase, about 40 buildings of 500,000 square feet will be built. It is planned that another 40 buildings be built during Phase 2. The planned start date of Phase 2 is 2017; the planned completion date of Phase 2 is 2022.

An estimate was made of the probable occupancy of the 80 buildings of the WLC. This estimate indicated that the 40 buildings of Phase 1 will probably not be occupied until sometime in 2023. This indicates that Phase 2 does not need to be available for occupancy until sometime in 2023. Consequently, a delay of Phase 2 will not materially affect the marketing of Phase 2o buildings.

- I.5. It is recommended that there be a data collection period of environmental, economic, and social data both during the build out of Phase 1, as well as a period of approximately three years after the completion of the build out of Phase 1. It is important that such data be collected during the initial occupancy of the WLC buildings, and be included in the subsequent EIR.
- I.6. It is recommended that another EIR be developed and evaluated in 2020.
- I.7. It is recommended that the Moreno Valley City Council then use this second EIR before deciding whether to proceed with Phase 2.

J. COMMENT: The DEIR was an excellent report. Specifically, the traffic analysis was thorough and well done. The major weakness of the report was that some major conclusions were made on some old or proprietary data.

