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February 10, 2012

Linda Patterson, Sparks City Clerk
City of Sparks
1675 East Prater Way, Suite 107
Sparks, Nevada 89432

Dear Linda:

Subject: Crestgate Pyramid – Appeal of Planning Commission Decision

On Thursday, February 2, 2012, the Sparks Planning Commission considered and took action on a Master Plan Amendment request to change the land use designation from Office Professional (OP) to General Commercial (GC) and a request for Tentative Approval of an amendment to a Planned Development Handbook (Crestgate Pyramid) to revise the land uses by removing the senior housing component and adding personal and RV storage as permitted uses; also including changes to landscaping, parking, signage, and other matters relating thereto. Crestgate Pyramid is a 12.17 acre project located along both sides of Roberta Lane, west of Pyramid and south and west of the Sparks Mercantile Shopping Center.

The Planning Commission recommended approval of the requested land use designation. But, the commission had two options to consider in regards to the request to amend the Planned Development Handbook. The first request as recommended by staff was to allow a smaller area of personal storage set behind new and additional office buildings with no RV storage. The other option as desired by the applicant, Sycamore Gardens, was to allow the remaining undeveloped portion of Crestgate Pyramid to be developed with personal storage and RV storage. The personal storage would be developed in area 3 and the RV storage in area 4. Areas 1 and 2 have already been fully developed with an auto parts store on professional and medical offices. SEE ATTACHED FIGURES FOLLOWING THIS LETTER.

Sycamore Gardens, the owners and developers of Crestgate Pyramid purchased the property and began looking at development options in 1995. From the start, the developer has worked closely with the neighborhood and has had numerous meetings to ensure that the adjoining neighbors were always satisfied with the project and desired changes to the project. Neighbors of Crestgate Pyramid have always been concerned with traffic, school impacts, safety, quality of the project including landscaping, building heights and setbacks, and access from their neighborhood to Sparks Mercantile Shopping Center. Sycamore Gardens has gone to great lengths at each step of the way to make sure that neighborhood concerns are always addressed.

This long lasting recession has put a halt to further development of the project. It will be many years before there is a new demand for offices or senior housing on our project. Current reports indicate that office vacancy rates have actually gotten worse in Sparks, increasing from 26% in the 2nd quarter 2011 to 31% in the 4th quarter 2011 (*Colliers International Office Properties Group. 4th quarter 2011 Report*). In addition, vacancy rates in the two newest senior housing projects constructed a few years ago in the Spanish Spring area are reportedly near 50%. In addition, we have had increasing problems in the last couple of years with crime, graffiti,

vandalism, and vagrants. Broken windows, illegal camping, constant graffiti, and recently over \$80,000 in damage from copper stolen from 13 air conditioning units highlight the need to complete the project. With offices, there is no weekend presence to deter crime and graffiti. Thus, the owners knew they had to look at another option.

After much thought and work including preparation of market studies, it is now clear that the highest and best use of the undeveloped portion of Crestgate Pyramid is to construct personal and RV storage. This use will greatly decrease traffic volumes compared to office or senior housing, not impact schools, allow pedestrian access to the shopping center to remain, allow for a continuation of the excellent landscaping theme that exists within the project and protect the quality of life that residents enjoy.

A neighborhood meeting was held November 16, 2011 to present the proposed changes to the neighborhood to eliminate the senior housing component and allow personal storage in area 3 and RV storage in area 4. We explained to the neighbors that the great recession has eliminated any chance of developing professional offices or senior housing for years to come. Professional offices have been developed along the entire length of Roberta Lane and now provide a solid buffer between the existing single family home and Sparks Mercantile shopping center. Trees and landscaping have matured (in fact, we had to cut down a tree last week at the request of a neighbor as the evergreen had grown too large and was potentially undermining the adjoining masonry wall).

The neighbors that attended the meeting appeared very satisfied that the new plan addressed their concerns with a few additional changes to the handbook including: limits on hours of operation, mandating a live in and on-site manager, language to prohibit people residing in any storage unit or RV and a prohibition against any maintenance in a storage unit or to a RV.

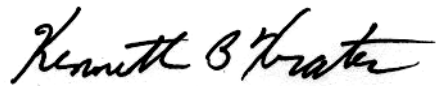
Prior to the planning commission hearing, we had follow up discussion with the neighborhood after they had time to consider our plan and as a result, we also added to the handbook language to mandate video surveillance as part of the security system and requiring management staff to assist RV owners to safely park and remove their vehicles from the storage facility.

We provided a comprehensive presentation to the Planning Commission at the public hearing including a detailed look at the findings required to support approval of the tentative handbook. We feel that we clearly demonstrated that all of the findings could be made. One person spoke at the hearing (other than staff and the applicant) to simply ask and confirm if recreational vehicles could navigate Roberta Lane. The question was adequately addressed based on the fact that the road was designed to accommodate fire engines and delivery trucks that are approximately the same size as legally licensed RV's. Note that the proposed handbook requires all RV's stored in the facility to be legally licensed.

Upon completion of the public hearing, the commission proceeded to read the findings as written by staff and moved to support staff's recommendation without asking a single question of staff or the applicant. Based on expert testimony provided by the applicant's representative, it is mind boggling to think that the commission failed to ask even a simple question on a project that involved hundreds of hours of time and tens of thousands of dollars to create the amended handbook that has the support of the neighborhood. In fact, one commissioner made the statement that the economy is improving, which is in direct conflict with Colliers 4th quarter report. The project as approved by the commission requires construction of three additional office buildings in Area 3 and two additional office buildings in Area 4; this is not financially feasible and will leave the property undeveloped for perhaps a decade; this will not solve the graffiti, crime, and vandalism problems that everyone would like to eliminate.

Following this letter is a summary of findings pertinent to this project and supporting reasons as to why the findings can be made. This project will benefit the City of Sparks this year with millions of dollars in local construction, increased property taxes, sales taxes from the sale of storage supplies such as locks and boxes, and over half a dozen permanent jobs. The project will benefit the neighborhood with 24 hour security and what should be a significant drop in the amount of crime, vandalism, and graffiti afforded by the completion of the project and the fact that the live in manager will be able to keep a watchful eye on the property days, nights and weekends. We hope you agree and urge you to support and approved our project per our request.

Sincerely,

A handwritten signature in black ink that reads "Kenneth B. Krater". The signature is written in a cursive, flowing style.

Kenneth Krater, P.E.

cc: Mark and Jeff Len, Sycamore Gardens

1. **PD3 The plan is consistent with the objective of furthering the public health, safety, morals and general welfare by providing for the more efficient use of land and public or private services.**
 - a. We would all love to have a thriving office and senior housing market. But should a developer who has always lived up to their commitments & developed as much of a high quality project as financially possible be punished due to the greed on Wall Street and incompetence in Washington and prohibited from developing a project that addresses neighborhood concerns and maintains a high quality project? The proposed project is a very efficient use of the land and furthers the public health by dealing with crime, graffiti, and vandalism problems.
2. **PD4 The plan is consistent with the objective of furthering the public health, safety, morals and general welfare by providing for changes in technology of land development so that resulting economies may be available to those in need of homes.**
 - a. The senior housing market is sparks is severely overbuilt w/ +/-50% vacancy rates and operators having to do things such as put three people per rooms built for two to remain in business.
3. **PD7 The plan does not depart from zoning and subdivision regulations otherwise applicable to the property and these departures are in the public interest for bulk.**
 - a. Garden offices already exist along the vast majority of the public portion of Roberta Lane and along with the extensive landscaping planned for the personal storage facility ensure that the existing character of the planned development will be maintained. Furthermore, development of the personal and RV storage facilities will once and for all eliminate the weeds, graffiti, crime, and vandalism that are certainly not in character with the PD Handbook.
4. **PD8 The plan does depart from zoning and subdivision regulations otherwise applicable to the property and these departures are in the public interest for use.**
 - a. Professional and garden style offices that are residential in character are 100% complete adjacent to existing older homes in the adjoining residential neighborhood. Personal storage units will not lie adjacent to existing homes.
5. **PD10 Common open space in the planned development exists for what purpose, is located where within the project, and comprises how many acres (or what percentage of the development site taken as a whole) & PD15 The plan does provide for the furtherance of access to light, air, recreation and visual enjoyment.**
 - a. While the percentage of landscaping is reduced with the planned project, all of the landscaping will be located along Roberta Lane including a large landscaped area at the existing Cul-De-Sac bulb such that the residential character of Roberta Lane is maintained.
6. **PD14 The plan does provide control over vehicular traffic.**
 - a. Although there will be larger vehicles on Roberta, the overall order of magnitude decrease in traffic volumes (1/6 as much traffic as office) will negate any noticeable change in the character of traffic.

7. **PD16 The relationship of the proposed planned development to the neighborhood in which it is proposed to be established is beneficial.**

- a. The proposed new iron gate at the Gault Way entrance that will allow pedestrian access but prohibit vehicles will further the original intent of the PD handbook. Graffiti, crime, and vandalism will be largely eliminated.

PD17 To the extent the plan proposed development over a number of years, the terms and conditions intended to protect the interests of the public, residents and owners of the planned development in the integrity of the plan are sufficient. & PD19 The project is consistent with the surrounding existing land uses.

- b. The existing garden style offices provide the desired buffer that is residential in character and the transition from office to personal storage will provide a further peaceful buffer that generates minimal traffic, no school impacts, provides for a safe neighborhood, and provides for a beautiful and attractive landscaped area along the remaining undeveloped portion of Roberta Lane.

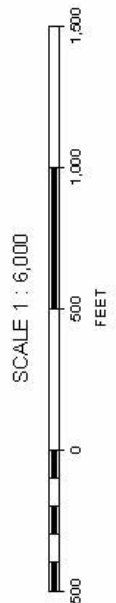
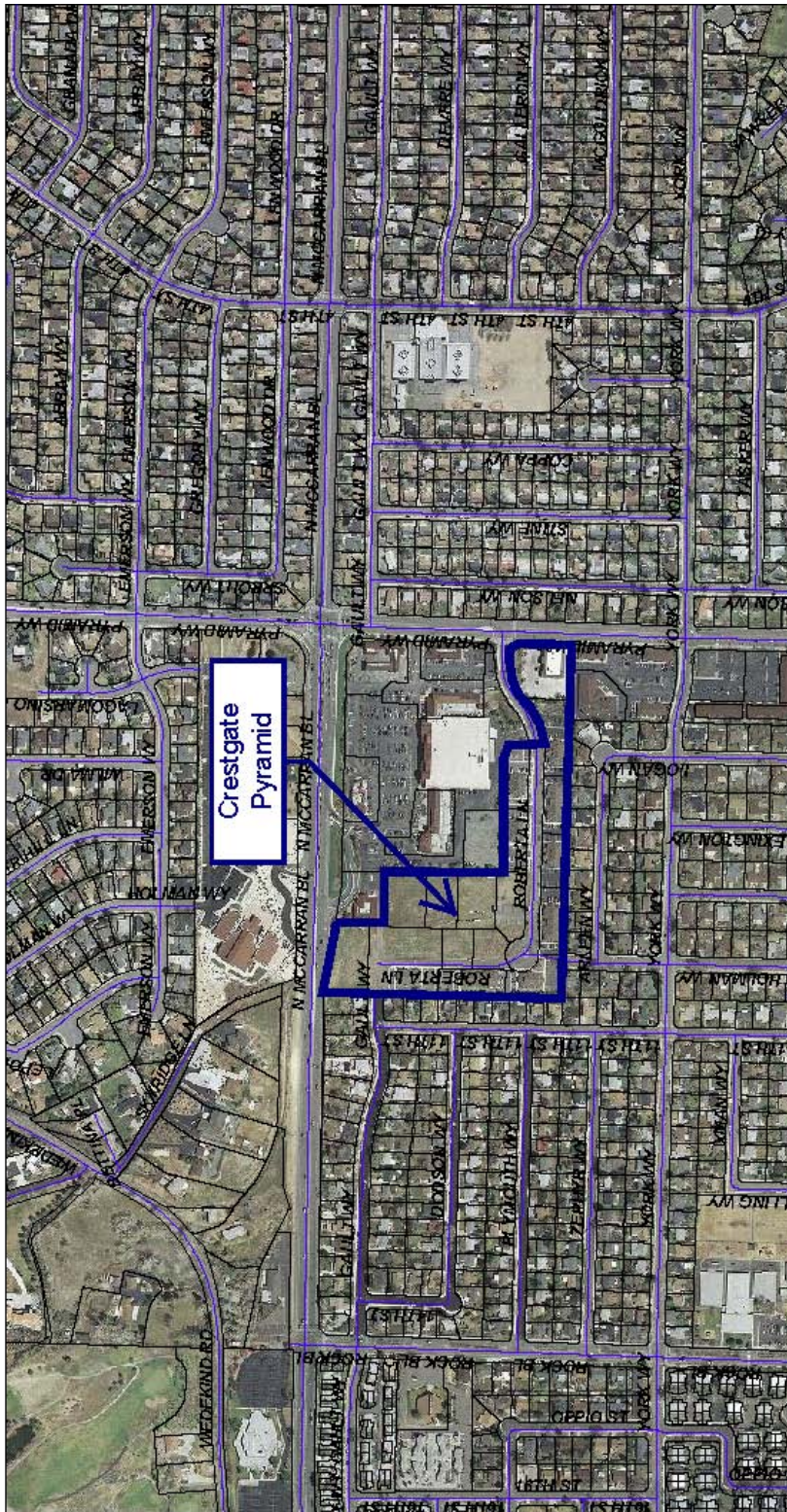
8. **PD21 Modification of Crestgate Pyramid Planned Development furthers the interest for the City and the residents and preserves the integrity of the plan.**

- a. Personal storage will generate much needed revenue, construction jobs, and some permanent jobs, along with provision of needed services to the City of Sparks in 2012. Otherwise, weeds, crime, and vandalism will remain for at least five years if not longer until an office market returns. As the PD will survive in perpetuity, when the useful life of the storage facility ends, the owners will still be allowed to construct offices at that time.
- b. Roberta Lane will remain residential in character given that the vast majority of the street is already developed with offices and a substantial amount of landscaping will be installed along the remaining undeveloped portion, including a substantial landscaped area at the existing cul-de-sac bulb. The landscaping will be professionally maintained and will include a substantial number of trees, greatly in excess of minimum code requirements.
- c. Traffic as previously discussed will be negligible (1/6 of that compared to the allowed offices) and will not noticeably affect the character of the area.

9. **Conclusion**

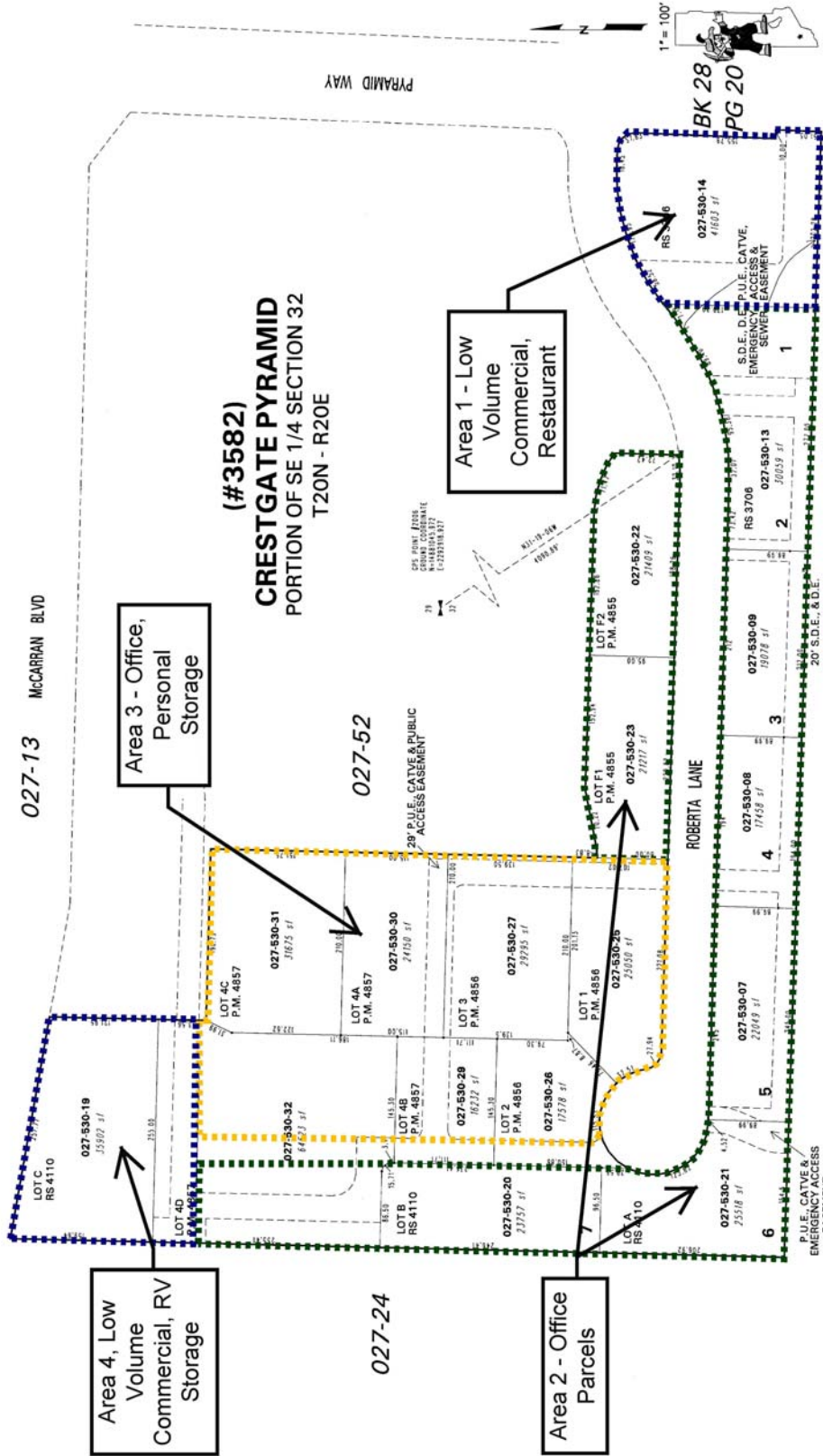
- a. We feel that all of the required findings can be made in support of the approval of the developers proposed project to allow options 1-3 in Area 3 of the handbook including the RV storage.

VICINITY MAP



Vicinity Map

027-53



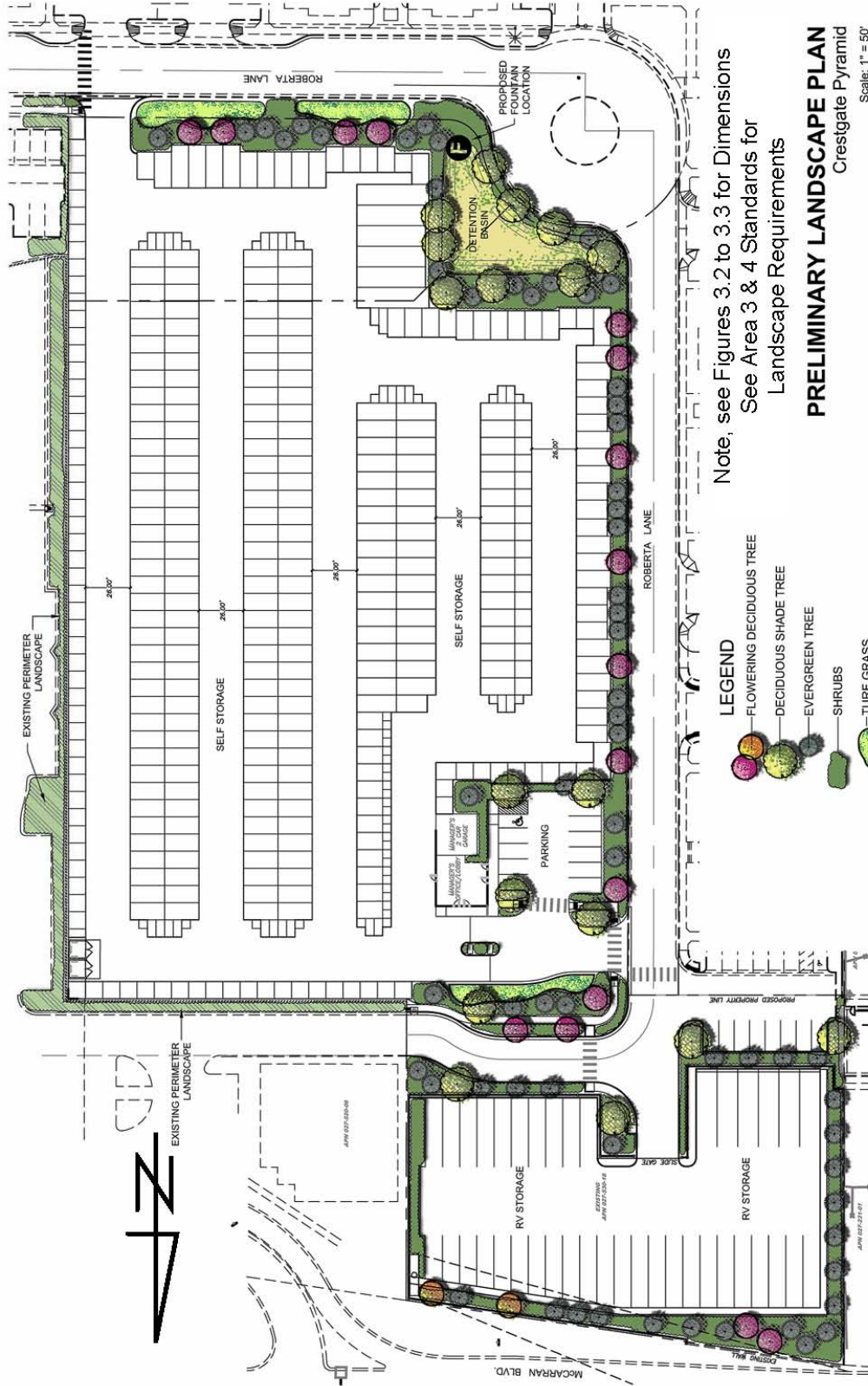
Drawn by: DSP 08/27/98
 Revised: DSR 2/9/00 HCS 7/22/02
 NLH 12/04/07 v-3

This area previously shown on 27-24
 NOTE: Areas of parcels which are less than 2 acres are shown in square feet.

Office of Washoe County Assessor, Nevada - Joshua G. Wilson

NOTE: This map is prepared for the use of the Washoe County Assessor for assessment and illustrative purposes only. It does not represent a survey of the premises. No liability is assumed as to the sufficiency or the accuracy of the data delineated hereon.

Location of Development Areas

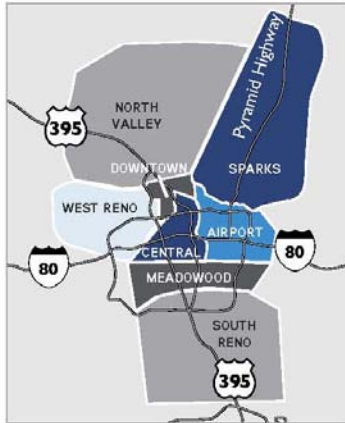


Note, see Figures 3.2 to 3.3 for Dimensions
See Area 3 & 4 Standards for
Landscape Requirements

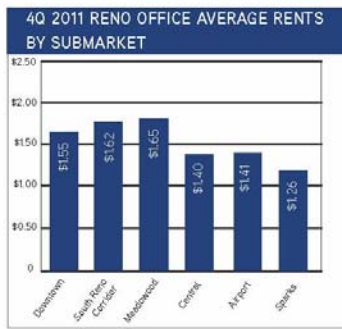
PRELIMINARY LANDSCAPE PLAN
Crestgate Pyramid
Scale: 1" = 50'

- LEGEND**
- FLOWERING DECIDUOUS TREE
 - DECIDUOUS SHADE TREE
 - EVERGREEN TREE
 - SHRUBS
 - TURF GRASS

Developer Proposed Personal & RV Storage



Northern Nevada Office Market Submarket Map



Fourth Quarter 2011 Office Update, *continued from page 1*

Tenants will also be leasing less square footage per employee. Implementing concepts such as benching, collaborative spaces, and alternate work strategies, most corporations will try to reduce their real estate expense line. Fewer employees will have private offices, if they have an office at all. The changes in computing and telephony technologies allow employees today to work from alternate locations. This does not bode well for the office market in the future.

VACANCY RATES

As mentioned above, the overall vacancy rate declined for the year. Another significant

trend to watch is the shifting of vacancy rates. Class A buildings in all submarkets, but South Meadows, declined for the year. In addition, Class C building vacancy rates increased. The data supports the trend that tenants are vacating the lower class buildings to upgrade to higher class buildings. The real losers here are the Class C landlords. They have nowhere to go when rents are below operating expenses. In coming years, some of these buildings will be torn down. This is very similar to the older hotels in the gaming center.

4th Quarter, 2011 Office Vacancy Sparks, NV



Significant Lease Activity in 2011

Property Address	Tenant	Size	Type
100 W Liberty, Reno, NV	McDonald, Carano, Wilson, LLP	34,924 SF	Renewal/Expansion
6225 Neil Road, Reno, NV	Ormat	18,079 SF	Expansion
Magnolia South Meadows- 9785 Gateway Dr.	EP Minerals	18,000 SF	Renewal
750 Sandhill Road, Reno, NV	Prospect Education	18,000 SF	Expansion
10315 Professional Cir, Reno, NV	Morrison University	15,996 SF	Renewal
300 E 2nd Street, Reno, NV	Fusion Call Center	14,000 SF	New Lease
1595 Meadowood Lane, Reno, NV	ITS Logistics	12,578 SF	Renewal
Park Center East- 9850 Double R Blvd.	HP	12,000 SF	New Lease
10345 Professional Cir, Reno, NV	PC Doctor	11,000 SF	New Lease
Lakeridge Centre- 6005 Plumas	Lemons Grundy & Eisenberg	10,721 SF	Renewal
NNCC 2- 10539 Professional Circle	Ablefish	10,000 SF	Renewal

Current Office Vacancy Rate - Sparks (Colliers)