ATTACHMENT 1

JUSTIFICATION STATEMENT

Project Site

CarMax Real Estate (CarMax) and CenterPoint Integrated Solutions propose to develop an automobile sales and service facility with accessory uses on a ±19.0 acre site located in southern Sacramento County. The proposed project consists of a CarMax Auto Superstore pre-owned automobile dealership with a sales and service building, carwash building, customer and employee parking lot, sales display area, sales staging area, associated access drives and landscaped areas. The Phase 1 project includes construction of 27,025 square feet (sf) of building space with approximately 15,252 sf of sales area, 6,150 sf of attached service area and 4,736 sf of presentation area and a stand-alone 888 sf non-public carwash building.

CarMax intends to construct the project in two phases. The application sets forth detailed information regarding the first phase which shall be constructed on a portion of County of Sacramento APN 115-0130-063. This information includes a complete grading plan, detailed site plans, elevations, a landscaping plan and other information. The application requests all approvals / permits necessary for the construction of Phase 1 of the project.

The application addresses the second phase of the CarMax project, but in less detail. The Phase 2 Project is to be located on the remainder of APN 115-0130-063 and on APN 115-0130-065. Phase 2 information includes a rough grading plan, building locations / envelopes, and frontage improvement and landscaping plans. The application requests all approvals / permits necessary for Phase 2 construction, except that final approval of Phase 2 shall be subject to Design Review approval at the staff level, with appropriate performance criteria to be included in the conditions of approval for the project (e.g., materials, colors, other site design criteria).

The Project site is located on the east side of East Stockton Boulevard north and west of the intersection of East Stockton Boulevard and Power Inn Road and south of the intersection of East Stockton Boulevard and Stevenson Avenue. The first phase of the project shall be constructed on Sacramento County Assessor's Parcel 015-0130-063. Future expansion of the CarMax Sacramento County facility would include auto repair and re-conditioning land uses and would occur on Sacramento County Assessor's Parcel 015-0130-065. A Boundary Line Adjustment (BLR) application shall be filed concurrent with this application. With approval of the BLR, the existing Parcel Line shall be removed and relocated to create a separate parcel for the remnant property lying west of East Stockton Boulevard.

The General Plan designation of the Project Site is Commercial and Office. Sacramento County APN 115-0130-065 is currently zoned Limited Commercial (LC). APN 115-0130-063 is also zoned Limited Commercial (LC). Approval of the CarMax application will require a Community Plan Amendment and Rezone. Rezoning of the Project Site to Auto Commercial (AC) is proposed. The remnant property lying west of East Stockton Boulevard (±0.23 acre) will remain zoned LC. The land uses proposed by CarMax will be compatible with uses permitted within the Sacramento County AC Land Use Zone.

The Project Site encompasses property which was part of the Gateway Towers Community Plan Amendment, Rezone and Subdivision Map. An agreement for a Mitigation Monitoring and Reporting Program (MMRP) was executed by the property owners (Sierra Gateway LLC) and Sacramento County and recorded (Sacramento County Records, Book 20070615, Page 371). Previous efforts to develop the project site did not proceed. With the approval of the CarMax Community Plan Amendment and Rezone Application, a new Mitigation Monitoring and Reporting Program ("MMRP"), it is anticipated that a new MMRP will be prepared for the CarMax project which will supersede and replace the Gateway Towers MMRP.

As further discussed under the Existing and Proposed Zoning changes of this application, adjacent land uses include the existing multi-family residential zoned development to the east (Auberry Park Apartments, APN 115-0130-064 and the Verandas, APN 115-0130-066) and single family zoned property to the north (APN 115-0202-005). County approved landscape screening and a 6 foot high CMU block wall are proposed along the northerly, and easterly perimeters as part of the Phase 1 Project. Landscape screening and the 6 foot wall will be extended along the easterly and southerly perimeter as part of the Phase 2 Project. The proposed perimeter wall will cross the water transmission main easement of the Freeport Regional Water Authority (FRWA). Modifications to the proposed 6 foot high CMU wall may be required by FRWA within the limits of their existing easement.

The parcel to the south of the Project Site is the South Valley Centre, APN 115-1820-013. This property is zoned MP and developed with existing office buildings.

Site Layout

As presently proposed, the sales display area will be located at the front of the property along East Stockton Boulevard and will be secured by guardrail and screened by landscaping. Access in and out of the sales display area to East Stockton Boulevard will be limited to test drives and will be secured with an embassy-style security gate. The private carwash building will be located behind the service building. The sales staging area will be surrounded by a six foot high masonry wall for screening and security purposes. The sales staging area will also be secured with an embassy-style security gate.

The following information outlines the proposed operations based on similarly operating CarMax facilities. CarMax operates on the cutting edge of its business and the operations and facility described may be modified during the approval process or in the future to address enhancements in the customer experience.

Prototypical CarMax Uses

CarMax operates with the following uses as part of its prototypical stores: sales and purchasing of pre-owned vehicles, initial vehicle and final quality control inspections, limited retail vehicle servicing, vehicle detailing and reconditioning, vehicle appraisals, non-public licensed dealer vehicle auctions, paint booth, non-public carwash with reclaim water system, non-public fuel storage and dispensing and temporary sales staging.

Sales & Marketing

CarMax operates differently from traditional car dealerships in that it physically separates its sales display area from customer and employee parking. This is both for loss prevention control as well as operational efficiency and safety. The sales display area will be separated from the general public by means of guardrail, gates, and fencing. Ornamental fencing is typically used to separate the customer and employee parking from the sales display area.

Vehicular access to the sales display area is controlled by embassy-style security gates through the use of a secured key-card. Prospective customers are typically accompanied by an employee when they are in the sales display area. Only employees are permitted to drive cars within the secured sales display area. Emergency access can be provided within the sales staging and sales display areas as required by the Sacramento Metropolitan Fire Department.

CarMax does not use outdoor loudspeakers as associates carry pagers and/or cell phones for communications. In addition, CarMax does not use flags, balloons, inflatables (or any other dirigibles), placards in open car hoods, painted window lettering or the like in its marketing program. Instead, CarMax promotes a high-end retail operation that results in a welcoming environment for its customers and associates. Temporary banners may be utilized from time to time as permitted through the appropriate agency.

Service Operations

An integral part of the CarMax used car consumer offer is the reconditioning process that is performed on all vehicles offered for sale. This process includes a comprehensive Certified Quality Inspection of the engine and all major systems. CarMax offers retail vehicle service (routine maintenance, tires, diagnostic, and mileage services) and provides repairs of vehicles covered by CarMax's extended service plans. Most routine mechanical and cosmetic repairs are performed by CarMax; however, for any significant work associated with reconditioning, retail vehicle service, or extended service plan repairs such as major engine, transmission, and suspension repairs, third parties specializing in those services are engaged. CarMax does not currently perform manufacturers' warranty repairs but sends cars requiring this service to the appropriate branded dealer for repairs. Onsite CarMax service and reconditioning work is performed inside fully heated and air conditioned buildings equipped with advanced high-speed rollup or rubberized doors, providing the associates with a great work environment and eliminating the need to conduct operations with open bay doors.

Vehicles that are not presently "for sale" in the sales display area are kept in the secured non-public sales staging area on a temporary basis. As a visual screen, and to provide security for the vehicles, the sales staging area shall be screened and secured by a six foot high masonry wall. Vehicular access to that area shall be strictly controlled through the use of embassy-style security gates. Because the staging of vehicles within this area changes on a daily basis, parking spaces are not designated on the site plan.

A non-public carwash shall be located within the enclosed sales staging area for washing inventory vehicles before they are either placed in the sales display area or presented to customers. A 12,000 gallon underground fuel storage tank is proposed for

this site. A non-public fuel pump shall be provided within the secured sales staging area to fuel inventory vehicles as needed.

Non-public Licensed Dealer only Auctions

As an accessory use, vehicles purchased through the CarMax in-store appraisal process that do not meet the CarMax retail quality standards may be sold through on-site, non-public wholesale auctions. Auctions are generally held weekly or every other week; however, frequency at a given superstore is determined by volume. The auctions are conducted within the enclosed portion of the carwash/FQC building. Participation in the wholesale auction is restricted to pre-qualified licensed automobile dealers only, the majority of whom are independent dealers. While some larger dealers may bring vehicle carriers to the sale to transport their purchased vehicles, most will bring drivers to take individual vehicles away. Purchased vehicles must be removed from the site within 48 hours.

Hours of Operation

CarMax plans to operate the Sacramento County Superstore 7 days a week. Store operating hours vary by store. Store management shall determine the operating hours closer to the opening date, however, the showroom (sales) areas are typically open to the public 7 days per week. The service area is typically open to the public Monday through Friday but may include Saturdays and Sundays if warranted.

Deliveries

Deliveries of vehicles, parts and supplies are made on-site and typically require the presence of associates to receive the delivery. Vehicle carriers will load and unload vehicles in the customer and employee parking lot. Unloaded vehicles will be driven by employees from the parking lot into the sales staging area to await preparation for resale.

Site Lighting & Security

CarMax typically uses “shoebox” type lighting fixtures mounted on 24-foot tall light poles on 2-foot concrete bases for visibility and security. Fixtures use a flat lens and are downcast to reduce light spill onto adjacent properties. Exterior lighting will be reduced after operating hours. Lighting shall be directed away from residential areas and public streets so as not to produce a glare as seen from such areas but will insure the general safety of other vehicular traffic and the privacy and well-being of local residents. The minimum lighting level shall be two foot candles of maintained illumination on the parking surface during the hours of use between one-half hour before dusk and one-half hour after dawn. Final light standard height, design and location shall be subject to County review and approval as part of the County’s Design Review Process.

CarMax typically does not use on-site security guards, but uses interior and exterior security cameras that are monitored at the Home Office by off duty Police Officers for safety and inventory protection.

Water Quality

Stormwater quality control measures shall be included in the Project design consistent with the Sacramento City / County Drainage Manual and Guidance Manual for Onsite Storm Water Quality Control Measures, Sacramento Stormwater Management Program. (City of Sacramento Department of Utilities. County of Sacramento Water Resources Division).

Stormwater quality control measures proposed include:

- Grading and drainage facilities shall isolate fueling areas to provide containment of spills and incidental wash water
- Outdoor loading areas shall be drained to a pre-treatment device (oil / water separator)
- Drainage from carwash areas shall be connected to an appropriate pre-treatment device (oil / water separator) and then to the sanitary sewer
- Site grading and drainage shall be designed to direct runoff to vegetated swales (bioswales) which will provide a minimum of 7 minutes contact time before discharge to the County storm water system.

Grading

The Project Site is located outside of the limits of 100 year flood plains as designated in FEMA FIRM Map Community Parcel Number 060262 0310F. The Project Site is located within the Strawberry Creek drainage shed. Two existing regional detention ponds have been previously constructed immediately downstream of the Project Site. A grading plan has been proposed as part of this application. No onsite detention facilities are proposed.

Noise

A noise study shall be submitted to County DERA as part of this application.

Access

The Project Site is bounded on the west and southwest by East Stockton Boulevard. East Stockton Boulevard is a County Collector Street. East Stockton Boulevard intersects Power Inn Road approximately ¼ mile east of the Project. Mack Road, Elsie Avenue, East Stockton Boulevard, Power Inn Road, Cosumnes River Boulevard and Calvine Road are all located in close proximity to the Project Site and are major roadways (Collectors, Arterials, Thoroughfares) in the Sacramento County Region.

Access to and from the CarMax Project Site is available from State Highway 99 Freeway interchanges located approximately ¼ mile south at Calvine Road / Cosumnes River Boulevard and approximately 1 mile north at Mack Road / Elsie Avenue. In addition there is a northbound 99 off-ramp which connects directly to East Stockton Boulevard approximately ½ mile north of the Project Site. The CarMax Project Site is visible from State Highway 99 northbound and southbound lanes.

As part of the CarMax site development East Stockton Boulevard along the project frontage will be improved with pavement widening to 42 feet, a 3 foot wide vertical (Type 1A) curb and gutter, an 8 foot wide landscaped buffer and a 5 foot wide PCC Sidewalk. Per current County Standards, the East Stockton Boulevard frontage of the Project Site will be developed with a 48 foot right-of-way width and a 20 foot wide easement for public utilities and public facilities. Project driveway access shall be provided in conformance with County Standards.

Economic Development

This CarMax facility will have a significant positive economic impact on Sacramento County. The facility as currently proposed will generate 59 full time and 21 part time associate positions at store maturity, with an estimated annual payroll in excess of $3 million. Most of these positions will be filled from the local market. If market sales warrant, total associate positions could be expanded to as many as 90 full time and 23 part time positions, with a total annual payroll of approximately $4.5 million. As a Fortune 500 Company, and one of Fortune 2011 “100 Best Companies to Work For”, CarMax provides its associates with competitive salaries, comprehensive benefits, bonus programs, and professional development opportunities.

The initial capital investment on this proposed site is estimated at approximately $15.5 million. In addition to the construction and supplier jobs generated by development of the facility, the completed project will generate over $150,000 in annual property tax revenue for the County and other public agencies.

Finally, annual taxable sales at the site are expected to be $65 million - $80 million, which will generate approximately $650,000 - $800,000 in annual sales tax revenue to the County.

Summary

As described above, this proposed CarMax facility is a superbly planned project. The project is compatible with adjacent land uses, and sensitively designed to address environmental and other project-generated impacts. Sales and marketing operations are conducted in a professional manner and any operation which could impact an adjacent property is conducted in fully enclosed structures in order to minimize or altogether avoid the possibility of inconvenience or annoyance to neighboring properties. This CarMax will generate jobs for the community, and significant tax revenue for Sacramento County and other local public agencies. The project will be a significant, positive addition to the social and economic fabric of Sacramento County.