

ATTACHMENT 2

Automobile Club of Southern California

Automobile Club of Southern California (the “Auto Club”), a California nonprofit mutual benefit corporation, was founded on December 13, 1900, in Los Angeles as one of the nation's first motor clubs dedicated to improving roads, proposing traffic laws, and improvement of overall driving conditions. The Auto Club, and its eight other affiliated motor clubs located throughout the United States, comprise the largest motor club group within the American Automobile Association (“AAA”) national federation and serve more than 8 million members in Southern California and more than 17 million members across 21 states. The Auto Club provides various products and services to its AAA members, including roadside assistance, insurance, and travel. The Interinsurance Exchange of the Automobile Club (the “Exchange”), a California domiciled insurance company, is the Auto Club’s largest affiliated insurer and offers automobile, homeowners, personal liability, and watercraft insurance to nearly 3.5 million Auto Club members. The Exchange owns the subject property located at 3333 Fairview Road (the “Costa Mesa Campus”) and is party to the agreements with the City of Costa Mesa for developing the Costa Mesa Campus.

Significantly, the Auto Club is one of the largest employers, if not the largest employer, in the City of Costa Mesa, and one of the largest employers in Orange County. According to data available on the California Economic Development Department (“EDD”) website, the Auto Club is listed as a “Major Employer” in Orange County. As such, the Auto Club is a significant economic driver in not only Costa Mesa but also Orange County.

Employer Name	Location	Industry
Abbvie	Irvine	Pharmaceutical Research Laboratories
American Funds	Irvine	Services NEC
Anaheim City Hall	Anaheim	City Hall
Auto Club of S California	Costa Mesa	Automobile Clubs
B Braun Medical Inc	Irvine	Physicians & Surgeons Equip & Supls-Mfrs
Boeing Co Coml Airlines Spprt	Seal Beach	Call Centers
Broadcom Corp	Irvine	Semiconductors & Related Devices (mfrs)
California State Univ Filrtn	Fullerton	Schools-Universities & Colleges Academic
Edwards Lifesciences Corp	Irvine	Orthopedic Prosthetic/Srgcl Appl (mfrs)
Fairview Developmental Ctr	Costa Mesa	Hospitals
James R Glidewell Dental Crmcs	Irvine	Dentists
Jefferson School of Philosophy	Laguna Hills	Books School & Textbooks
Judicial Council of California	Santa Ana	Federal Government Contractors
Kaiser Permanente Orange	Anaheim	Hospitals
Laguna Woods Village Cmnty Ctr	Laguna Woods	Senior Citizens Service
Largo Concrete	Tustin	Concrete Contractors
Media Relations Dept-Ca Dept	Anaheim	Government Offices-State
Menzies Aviation	Costa Mesa	Aircraft Ground Support & Service Equip
Mission Hospital	Mission Viejo	Hospitals
Pacifi Care Health Systems LLC	Cypress	Insurance
Providence St Joseph Hosp Org	Orange	Hospitals
Providence St Jude Medical Ctr	Fullerton	Hospitals
Pylusd Schools	Placentia	Schools

The full list of “Major Employers,” as identified by America’s Labor Market Information System (ALMIS) Employer Database, 2024 1st Edition, may be accessed on EDD’s website at: <https://labormarketinfo.edd.ca.gov/majorer/countymajorer.asp?CountyCode=000059>.

Since the Auto Club desires to continue its presence in Costa Mesa and to grow its operations, we have submitted an application to amend the term of the currently operative 1994 Development Agreement (as defined below). The proposed amendment is simple and straightforward. It extends the term of the 1994 Development Agreement – with no other proposed changes – for an additional twenty (20) years from the current expiration date of October 31, 2024.

The Auto Club has long been dedicated to a presence in Costa Mesa and the development of facilities there dating back to 1979. As more fully described below, the Auto Club started developing the Costa Mesa Campus well before the currently operative 1994 Development Agreement was approved in 1994. With the proposed amendment, the Auto Club seeks to continue their progress and strong business connection to the City of Costa Mesa.

Purchase and 1980s Development of Costa Mesa Campus

In 1979, the Auto Club purchased raw land in Costa Mesa to support the Auto Club's substantial Southern California growth. In 1980, there were plans for a two phase development of the property with Phase I consisting of three structures and Phase II with an additional two buildings. Phase I, completed in 1985, consisted of a processing center, satellite building and service center/warehouse totaling 467,000 square feet with 1,010 parking stalls. After the completion of Phase I, the Auto Club and the City engaged in discussions to revisit and expand upon the Phase II proposal, which ultimately became the subject of the 1994 Development Agreement.

1990s Entitlements and Development of Costa Mesa Campus

By the 1990s, the Auto Club outgrew its Los Angeles headquarters – located in its landmark 100-year-old South Figueroa Street building – and began expansion planning efforts to transition most of its administrative operations from Los Angeles to Costa Mesa. In 1993-1994, Auto Club applied for the following entitlements from the City:

- A General Plan Amendment (“GPA”) to change approximately 39.2 acres from Industrial Park and Medium Density Residential to Urban Center Commercial.
- A rezone (Zone Change) of approximately 39.2 acres from Industrial Park and Planned Development Residential-Medium Density to Planned Development Commercial.
- A final development plan (Final Development Plan) for a 500,000 square foot expansion of Auto Club's facility in two phases, including two 4-story office buildings (250,000 square feet each) and one 4-level parking structure with 1,840 parking spaces (the “Proposed Project”).
- A Development Agreement subject to a term of 30 years (ending October 31, 2024) (“1994 Development Agreement”).
- A parcel map to divide the northerly portion of the Segerstrom Home Ranch site into three parcels to accommodate the Proposed Project.

These Entitlements were approved by the City between June through November 1994. Additional raw land was purchased in 1994 to accommodate the additional planned development.

The 1994 Development Agreement contemplates two phases of development on the Costa Mesa

Campus:

- *Phase I:* 1,010 new surface parking spaces distributed on the 39.2 acres, creating a total of 2,165 parking spaces. A new 250,000 square foot office building, allowing an additional 687 people onsite, bringing the total square footage of the Campus’s buildings to 717,000 square feet, excluding a parking structure.
- *Phase II:* A 4-level parking structure, not to exceed 35 feet above grade, to be constructed on the northwestern portion of the site. The EIR and GPA documents contemplate a parking structure with 1,860 parking spaces. Along with the parking structure, a second 250,000 square foot office building, bringing another estimated 687 additional employees to the Campus.

Collectively, the approved planned development, when fully built out, would provide 967,000 total square feet of building space and 2,976 total parking spaces (856 surface spaces and 1,860 structure spaces) on the Costa Mesa Campus. The Auto Club completed development of Phase 1 in 1997 and most of the Auto Club’s administrative operations are now housed in Costa Mesa. We commonly refer to the Campus as the Costa Mesa Administrative Offices.

Growth Plans

In 2019, the Costa Mesa Campus was reaching capacity. Auto Club initiated aggressive carpooling and ride share programs to mitigate parking concerns and planning started for Phase II of the development plans.

Due to the effects of the 2020 COVID-19 pandemic, many of staffing plans significantly changed. Work from home was a necessity for our operations. In order to remain relevant in a competitive employee marketplace, Auto Club aggressively revamped work from home strategies. These new staffing strategies provided substantial surplus space across our portfolio. Through our facilities utilization process, we looked to dispose of smaller regional sites while strengthening our Costa Mesa operations. Our total number of staff allocated to the Costa Mesa Campus is currently 2,940, of which about 1,900 come into the office at any given day. (See Current Staffing chart below.)

PRE-COVID STAFFING STATISTICS

Year	Total Staff	Staff In Office	Required Parking	Parking Stalls	Remaining Stalls
2017	2,892	2,754	2,203	2,275	72
2018	2,959	2,809	2,247	2,275	28
2019	3,044	2,865	2,292	2,275	(17)
2020	2,645	600	480	2,275	1,795
2021	2,750	1,254	1,003	2,275	1,272
2022	2,800	1,589	1,271	2,275	1,004
2023	2,940	1,895	1,516	2,275	759

ANTICIPATED STAFFING GROWTH

Year	Total Staff	Staff In Office	Required Parking	Parking Stalls	Remaining Stalls	
2024	2,940	1,933	1,546	2,275	729	
2025	2,984	1,972	1,577	2,275	698	
2026	3,029	2,011	1,609	2,275	666	
2027	3,074	2,051	1,641	2,275	634	
2028	3,120	2,092	1,674	2,275	601	
2029	3,167	2,134	1,707	2,275	568	
2030	3,215	2,177	1,741	2,275	534	
2031	3,263	2,220	1,776	2,275	499	
2032	3,312	2,265	1,812	2,275	463	
2033	3,362	2,310	1,848	2,275	427	
2034	3,412	2,356	1,885	2,275	390	
2035	3,463	2,403	1,923	2,275	352	
2036	3,515	2,451	1,961	2,275	314	
2037	3,568	2,500	2,000	2,275	275	
2038	3,621	2,550	2,040	2,275	235	
2039	3,676	2,601	2,081	2,275	194	
2040	3,731	2,653	2,123	2,275	152	Submit for permitting
2041	3,787	2,707	2,165	2,275	110	<i>Phased Construction</i>
2042	3,844	2,761	2,209	2,275	66	
2043	3,901	2,816	2,253	2,275	22	
2044	3,960	2,872	2,298	2,976	678	Completion

Shifting Business Operations

The Costa Mesa Campus was originally developed for both call center operations and back office administrative support. Many of the call center operations have downsized and have implemented “work from home” strategies. This has allowed for growth in higher paying technology and management positions that are primarily in the office. The Costa Mesa Campus remains the largest facility among the Auto Club’s real estate portfolio. The facilities house the majority of executive leadership along with key leadership personnel for the organization.

Campus Expansion Outlook

The Auto Club anticipates a substantial need for the planned Phase II building and parking space in the next 10 to 20 years to accommodate future growth. Our goal is to continue to modernize and expand the Costa Mesa Administrative Offices to provide quality space for our employees. As more employees return to the office or are hired, the offices will continue to grow and the need for parking will increase. Our estimated milestones to ensure our Costa Mesa Campus can accommodate the future growth plans are as follows:

- 2030: Auto Club develops a 10-year occupancy plan.
- 2040: Auto Club secures necessary permits and approvals.
- 2041 - 2043: Auto Club commences phased construction for both parking structure and additional office space.
- 2044: Construction complete.

Completed & Pending Items / Conclusion

As the employment and projected growth data (above) indicate, the Costa Mesa Campus is anticipated to reach full build-out – pursuant to the already-approved, current land use entitlements – between 2041-2043. With the issuance by the City of the Certificates of Occupancy on August 25, 1997 (Costa Mesa Building Permit No. B81204), August 25, 1997 (Costa Mesa Building Permit No. B81204 [Offices]), September 5, 1997 (Costa Mesa Building Permit No. B83128, B81585 [Offices]), October 2, 1997 (Costa Mesa Building Permit No. B83651 [Offices]), October 18, 1997 (Costa Mesa Building Permit No. B81205, B83002 [Offices]), and October 28, 1997 (Costa Mesa Building Permit No. B83935 [Company Store]), all of the development requirements set forth in the 1994 Development Agreement for Phase I at the Costa Mesa Campus were completed. The development requirements that are pending under the agreement are those for Phase II.

Thus, the Auto Club has submitted a request for the simple amendment to the 1994 Development Agreement to extend the term for 20 years. And while COVID-19 delayed plans for build-out of Phase II under the 1994 Development Agreement, the Auto Club's ultimate development plans still align with that agreement's current entitlements. Therefore, the Auto Club respectfully requests that the City grant the simple amendment to 1994 Development Agreement.