

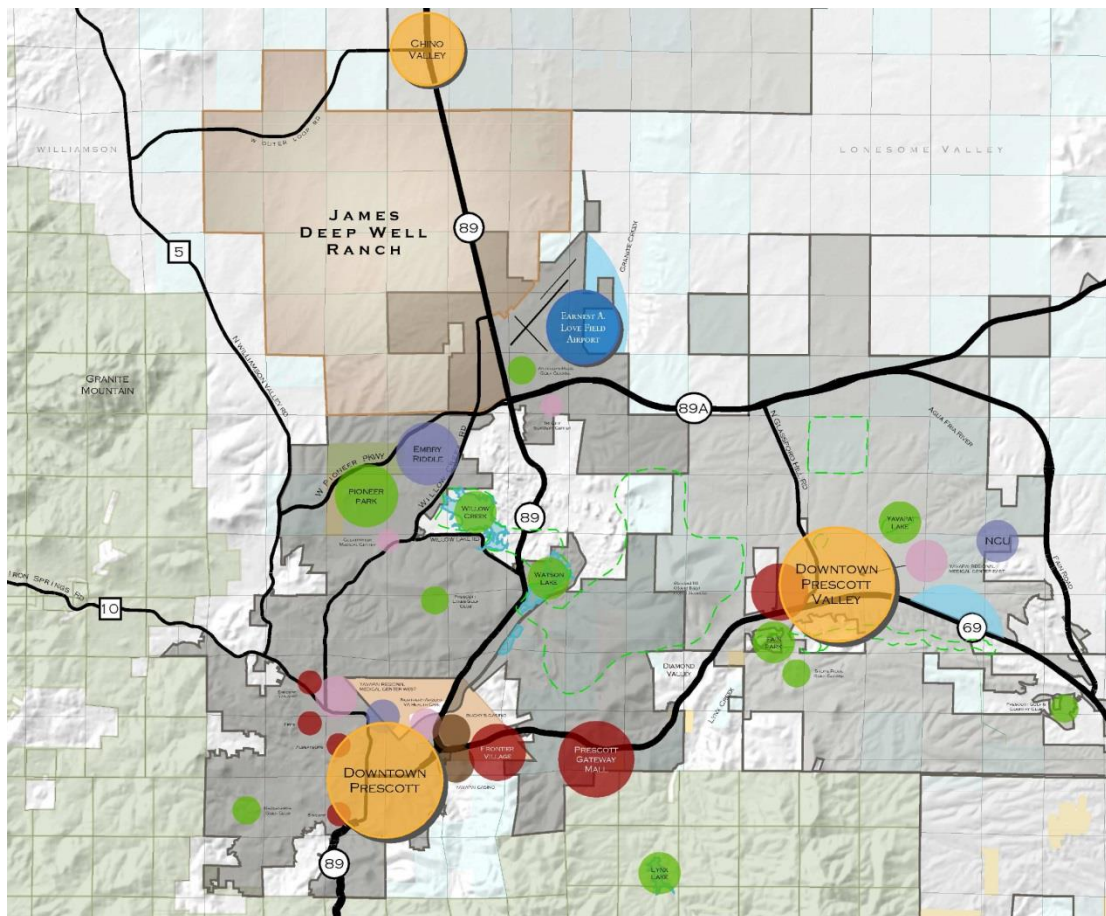
SECTION 2 SITE AND CONTEXT

2.1 REGIONAL CONTEXT

James Deep Well Ranch consists of approximately 19,000 acres and includes the Property. The Ranch is located between Prescott and Chino Valley with portions of it within Prescott city limits. Outer Loop Road and Pioneer Parkway generally bound the ranch to the north and south. State land bounds the property to the west. Recently improved Willow Creek Road and Highway 89 cut through the ranch.

Only the portion of the Ranch that comprises the Property is included in this Master Plan. The Property is generally 6.5 miles north of downtown Prescott, 6.5 miles west of downtown Prescott Valley and 2.5 miles south of Chino Valley. Views of Granite Mountain to the west, the Granite Dells to the south, and distant San Francisco peaks to the northwest can be found throughout the Property. Refer to **Exhibit 2.1 – Regional Context**.

Exhibit 2.1 – Regional Context



The Prescott Municipal Airport, Ernest A. Love Field (the “Airport”) is a regional economic engine. The Airport is classified by the FAA as a Class II Commercial Service public use airport and currently serves commercial and multi-faceted general aviation for the greater Yavapai County. Major airports within a two-hour flight include Los Angeles, San Diego, Denver, Salt Lake City, Las Vegas, Phoenix and Tucson.

In addition to commercial airline services, the Airport provides a location for training flights for students attending Embry-Riddle Aeronautical University. The 539 acre university campus is one (1) mile south of the Property. Northern Arizona University also has a campus in the region.

Major retail centers are located near the central and southern area of the tri-city region along Highway 69. This includes downtown Prescott Valley, Prescott Gateway Mall and Frontier Village. Neighborhood scale retail cores are located throughout the City with grocers primarily locating around downtown.

Within two (2) to three (3) miles of the Property are City recreational amenities, including Watson Lake, Willow Lake, Pioneer Park and a multitude of regional trails including the Peavine Trail west of the Airport along Granite Creek and the Prescott Circle Trail that when completed is anticipated to provide a fifty (50) mile loop around the City. South of the Airport is City-owned Antelope Hills Golf Course and golf related residential neighborhoods.

Infrastructure necessary for a municipal airport often goes hand-in-hand with the needs of educational, industrial and commercial users. The recent investments at the Airport and in the infrastructure surrounding the Airport position the region in a manner ready to support employment.

2.2 AIRPORT INFLUENCE

The Airport is owned and operated by the City of Prescott. The Airport is both an asset for transportation and a regional economic engine for the area. In 2014, the Airport was the fourth busiest Arizona airport in takeoffs and landings (having 273,701) after Phoenix Sky Harbor (432,091), Phoenix Deer Valley (341,380) and Falcon Field (Mesa, 276,293) airports. This ranking is in part due to relationship with Embry-Riddle Aeronautical University flight training accounting for a majority of flights.

In effort to protect the long term vitality of the Airport and economic impact it provides, the City adopted the 2009 Airport Master Plan, the 1997 Airport Business Plan and the 2001 Airport Specific Area Plan. The plans and policies encourage Airport protection so it may continue to provide economic benefit and develop a plan for renewing and expanding Airport infrastructure, including future runway expansions and ensuring the continued economic vitality and modernization. The Airport is in the process of updating the Airport Master Plan and has formed an airport advisory committee to help guide future policy and master planning efforts.

Zoning of undeveloped land around the Airport is largely Industrial Light (IL) with Airport Noise Overlay (ANO). The ANO lists allowed uses in the Land Use Compatibility Table based on day-night noise levels. The overlay district also establishes standards for noise reduction and aviation easements. Refer to **Exhibit 2.2 – Airport Context**.

Exhibit 2.2 – Airport Context Aerial



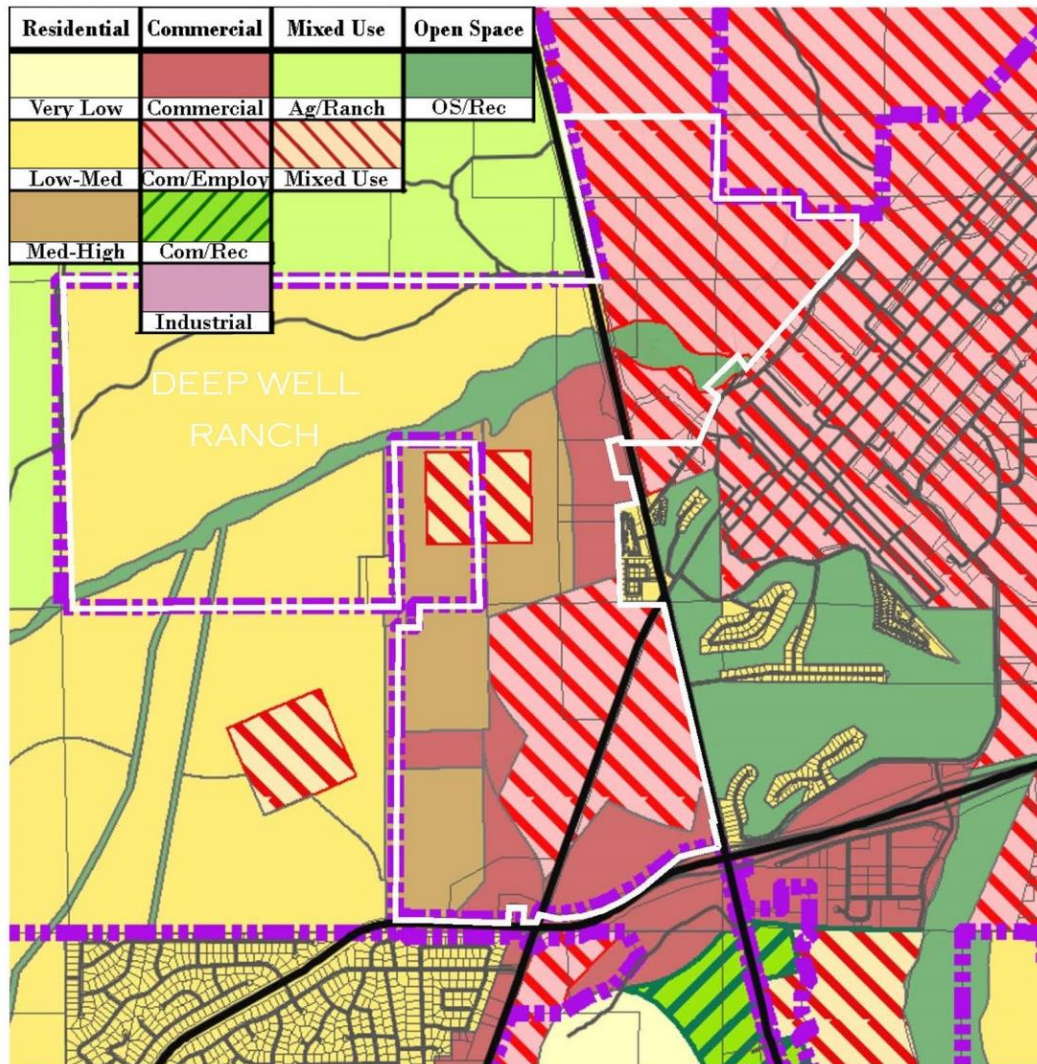
2.3 HISTORICAL CONTEXT AND LAND USE

James Deep Well Ranch, of which this Project is a portion of, is a working cattle ranch that has been owned and operated by the James family for generations. Due to the historic use of the Property as ranchland, there are few existing structures.

In 2009, the Owner and the City entered into a procedural Pre-Annexation Agreement that set forth a mutual understanding for annexation and other matters related to the Property. In 2011, the City initiated a General Plan Amendment to reflect proposed changes to the allowed uses on portions of the ranch in anticipation of the eventual annexation. In 2015, the City initiated annexations, a master plan amendment and rezoning subject to the Pre-Annexation Agreement. The annexation was subject to Proposition 400 (Resolution No. 3735). This process included aligning the General Plan, Airport Specific Area Plan and

zoning. The annexations (ANX 15-001 and ANX 15-002) were approved by the City in 2015. City Council adopted the General Plan update by resolution (Resolution No. 4923-1502) and voters of the City ratified the update the same year. The General Plan land use designations within the Property comprise a mix of uses including: Commercial, Commercial/Employment, Low-Medium Density Res. (1-7 DU/Acre), Med-High Density Res. (8-32 DU/Acre), Mixed Use, Recreation/Open Space. Refer to **Exhibit 2.3 – 2015 General Plan Land Use Designations**.

Exhibit 2.3 - 2015 General Plan Land Use Designations



2.4 EXISTING SITE CHARACTER/QUALITY

Views of Granite Mountain are visible to the west, the Bradshaw Mountains and to the south and southwest, the Black Hills and Mingus Mountains to the East. The snowcapped San Francisco Peaks are visible to the northeast. Bottleneck Wash meanders through the Property in a generally northeast direction. See **Figure 2-1 – View of Granite Mountain**.

The Property consists of gently sloping grasslands and gradually rolling hills and has no significant natural slope or rock outcropping features. Several of the rolling hills extend like

fingers with minor wash corridors feeding into Bottleneck Wash. Bottleneck Wash crosses the north half of the Property from west to east. East of Highway 89 the wash varies in size as the bottom splits and then rejoins in several areas. The wash flows beneath the highway through four (4) large box structures. East of the highway, the wash is naturally well defined as it winds toward the Airport. As it leaves the Property and crosses Ruger Road it is channelized. The eighty-five (85) foot wide concrete channel parallels the northwest boundary of the Airport. See **Figure 2-2 – View Southwest near Bottleneck Wash** and **Figure 2-3 – View East from Highway 89**.

Figure 2-1 View of Granite Mountain



Figure 2-2 View Southwest near Bottleneck Wash



Figure 2-3 View East from Highway 89



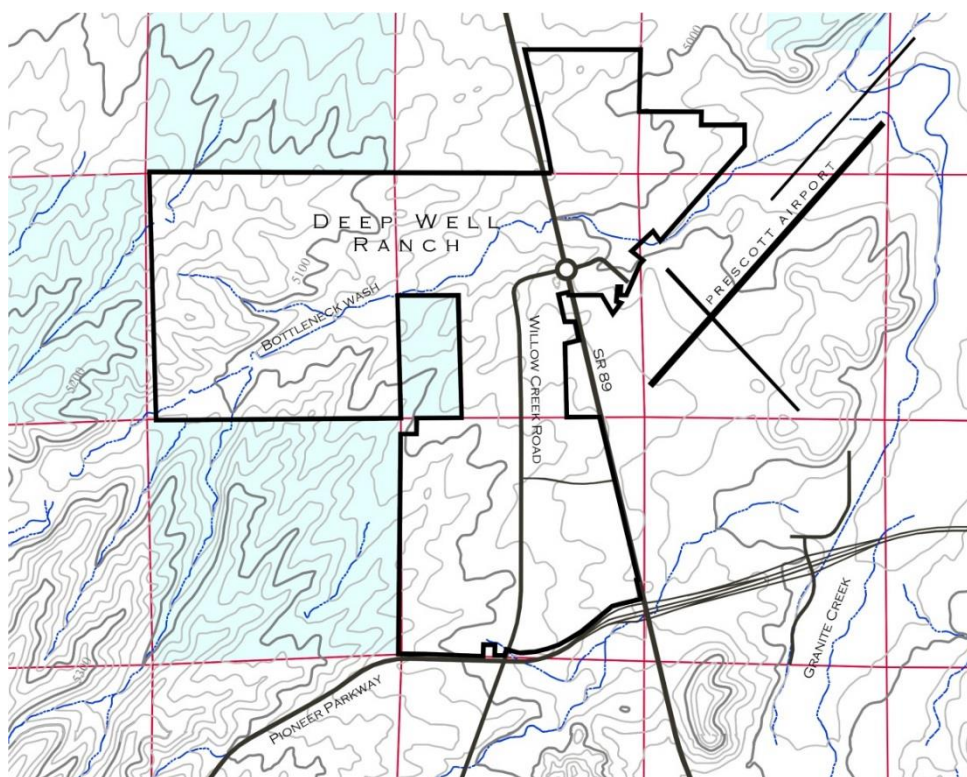
The University of Arizona describes six (6) plant communities in Yavapai County of which two (2), grasslands and interior chaparral, can be used to describe the predominant vegetation character on the Property. The grasslands are just that, grassland composed principally of grama grasses. Interior chaparral is characterized as shrub dominated that generally includes oakbrush, deerbrush and squaw brush with an understory of grama grasses, muhly grasses and squirreltail with isolated stands of pinyon and juniper. Land east of Highway 89 can be characterized as grassland with an occasional cluster of shrubs characteristic of interior chaparral. West of Highway 89 is also grassland with a greater influence of interior chaparral characterized area.

In addition to grazing livestock, the area is said to have a variety of wildlife, including mule deer, havalina and pronghorn.

2.5 REGIONAL DRAINAGE PATTERNS

The Property is located within the Prescott Active Management Areas (AMA). Bottleneck Wash carries a seasonal flow through the Property, feeding Granite Creek and ultimately the Verde River. Bottleneck Wash is typically a dry wash that collects water on site as well as the lands to the south and west. Granite Creek is a waterway of more regional significance south and west outside the Property and east of the Airport. It is partially regulated by Goldwater Reservoirs on Bannon Creek, Willow Creek and Watson Reservoirs. According to the Federal Emergency Management Agency (FEMA) flood insurance Rate maps (2010) for the City of Prescott, Bottleneck Wash represents the only area designated as floodplain "Zone A". Refer to **Exhibit 2.4 – Topography**.

Exhibit 2.4 – Topography



USGS 20' contours shown

2.6 GEOLOGY/SOILS

According to the USDA Natural Resources Conservation Service Soil Survey, local soils consist predominately of Lonti-Wineg-Lynx association characterized by deep well drained soils that formed in alluvium from mixed sources typical of rangeland in the area. The Lynx soils define the wash and drainage ways and typically consist of a fine loamy texture with a high plasticity index. The majority of the site consists of Lonti series soils with characteristics including a gravelly sandy loam that is well drained with medium to slow runoff and slow permeability. These soils are primarily used for livestock grazing and also serve as wildlife habitat.

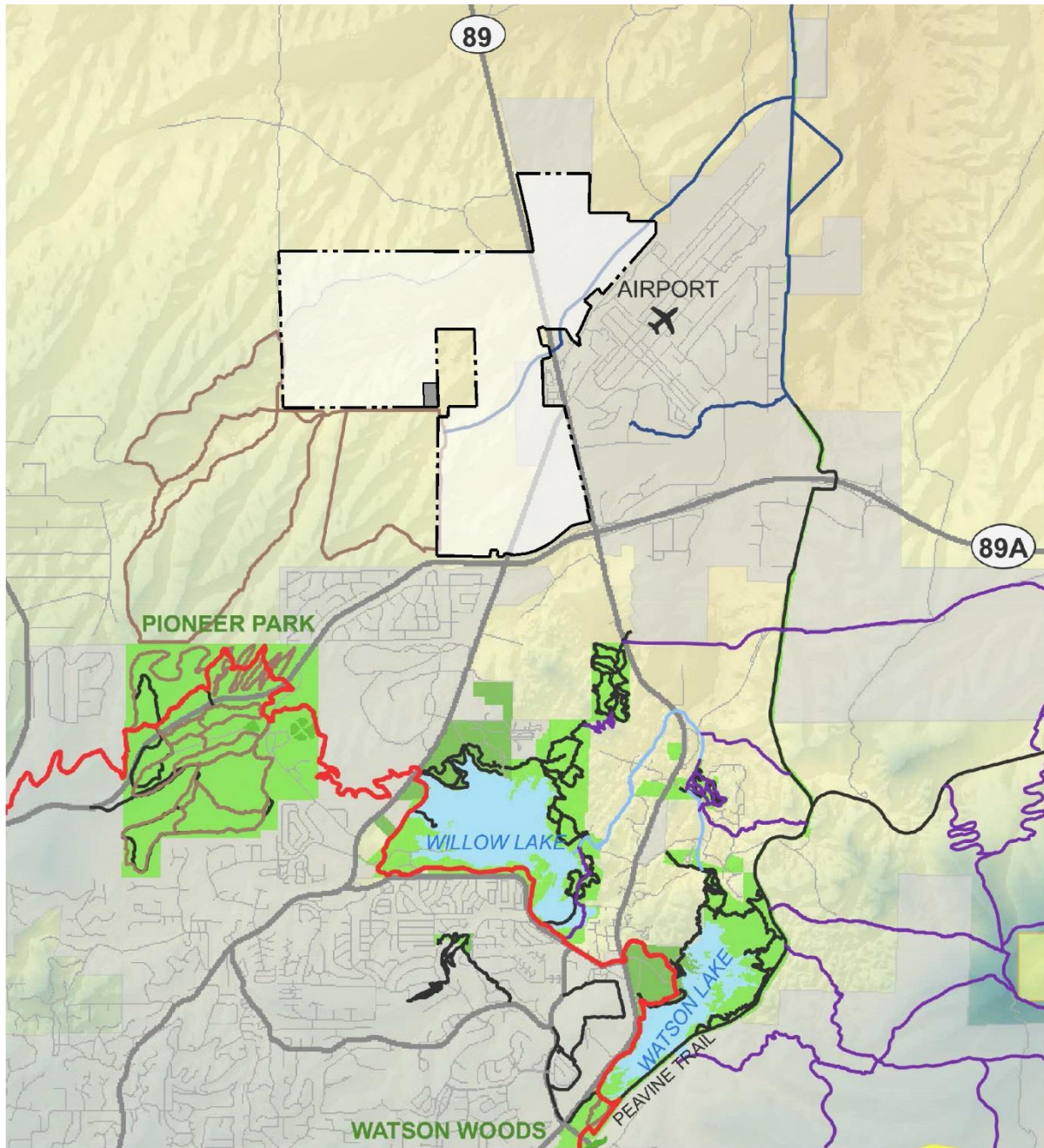
2.7 ARCHEOLOGY

There are currently no known archaeological objects or features related to significant Native American historic or prehistoric activities existing on the Property. A majority of the Property is un-subdivided and will be developed in phases. Prior to project specific development disturbance, a Class III Archeological Survey (the "Archeological Report") may be required by the City. The Archeological Report may include recommended mitigation. Recommended mitigation shall be evaluated by the City and Master Plan Administrator. Mitigation deemed required by the Archeological Report must be completed prior to commencing project improvements that would impact a cultural resource.










2.8 REGIONAL PATH AND TRAIL

The City has an extensive outdoor recreation and trails system. Seventeen (17) defined trails located south of the Property connect and wind through Pioneer Park, Embry-Riddle University, Willow Lake and Watson Lake. This network connects to the regional system including the Circle and Peavine Trails. When completed, the Circle Trail is envisioned to encircle the City with over fifty (50) miles of trail. Access points to the trail near the Property are located in Pioneer Park and along Willow Lake and Watson Lake. The Prescott Peavine National Recreation Trail (the "Peavine Trail") is a rails to trails project following an 1893 Santa Fe Railway alignment. The alignment is east of Watson Lake and Granite Creek. The trail terminates at the old railway bridge crossing Granite Creek. North of the Airport the trail alignment continues to Chino Valley. Just north of Watson Lake, the Iron King Trail, connecting to Prescott Valley, intersects with the Peavine Trail. See **Exhibit 2.5 – 2015 General Plan Open Space and Trails Map**.

Exhibit 2.5 – 2015 General Plan Open Space and Trails Map



LEGEND:

- | | | |
|--|---|--|
|  Circle Trail |  Lake to Lake |  Major Street |
|  Peavine-to-Chino Trails |  Trail Networks |  Streets |
|  Dells & Trail to the Top |  Existing Trails |  Open Space/Lakes |