(c) McFarland Tire Service, in the downtown commercial district;

(d) Goertzen Auto Parts, in the southern commercial district.

Dun & Bradstreet's estimate of retail sales for the lowest-grossing store is $160,000.

ADE also overlooked two automotive service stores that would compete with Wal-Mart's automotive department:

- M&J's Tune & Lube, at 1st Street and Frontage Road in the downtown commercial district;
- J's Automotive & Towing, in the northwestern commercial district.

City of McFarland's Comments—Delano Marketplace Supplemental EIR—page 9

2-3 (continued)

(4) ADE believes that there are no specialty food stores in any of the six urban areas. (ADE Addendum, Table 2.) This too is an error—McFarland has at least three, not counting two meat markets that ADE apparently classifies as grocery stores (see ADE Addendum, pp. 12–13 & Table 8 (discussing Pixley)):

(a) 1 2 3 Nutrition and

2-3 (continued)

City of McFarland's Comments—Delano Marketplace Supplemental EIR—page 10

(b) Lopez Mexican Candies in the downtown commercial district;

(c) Rosa's Bakery No. 2 in the southern commercial district.

City of McFarland's Comments—Delano Marketplace Supplemental EIR—page 11

2-3 (continued)

Dun & Bradstreet estimates these businesses' sales as $400,000.

(5) ADE believes that there are no appliance and electronics stores in McFarland. (ADE 2009, Table 2.) It overlooked Pulse Audio in the northwest commercial district, which sells auto stereos.

(6) ADE believes that McFarland has just one specialty retail store, and estimates its annual sales at $75,000. (ADE 2009, Tables 2 & 22.) This too is an error. McFarland has no fewer than six specialty retail stores in its commercial districts:

(a) McFarland Tent & Awning,

(b) Lupita's Party Time, and

(c) No Limits (a cell phone store) in the downtown commercial district;

City of McFarland's Comments—Delano Marketplace Supplemental EIR—page 12

2-3 (continued)

(d) Veronica's, which is a gift shop, and

2-3 (continued)

(e) Fernando's Flower Shop, both of which are in the northwestern commercial district:

City of McFarland's Comments—Delano Marketplace Supplemental EIR—page 13

(f) Lilly's Flower Shop (a gift store) in the southern commercial district.

The information available from Dun & Bradstreet concerning the specialty retail stores indicates that their annual sales exceed $350,000.

Thus, ADE significantly underestimated the number of retail businesses in the commercial districts in McFarland and the amount of their retail sales, and overlooked the fact that McFarland has specialty food stores, specialty retail stores, auto parts and accessories stores, and even one audio store. ADE's analysis of the impact on McFarland—and the draft report, which relies on that analysis—are based on evidence that is clearly inaccurate and erroneous. The analysis, and the draft report's conclusion that the environmental impact on McFarland would not be significant, are not supported by substantial evidence. *(Public Res. Code, § 21082.2, subd. (c); CEQA Guidelines § 15384; Bakersfield Citizens for Local Control v. City of Bakersfield* (2004) 124 Cal.App.4th 1184, 1198.) 2-3 (continued)

Comment 4: ADE's gravity model is a black box

The impact ratios played an important role in ADE's distribution of impacts among the six urban areas. Neither the draft report nor the addendum fully describes the gravity model that ADE used to determine the impact ratios. (See ADE Addendum, p. 5.) It isn't clear, from the sparse description provided in the ADE Addendum, whether ADE incorporated any variables in the model's governing equation in addition to the distance from Delano and the "amount of retail activity," nor is it clear how a particular set of those variables produced the impact ratio that ADE determined. This is important, be- 2-4 cause the distance between McFarland and the Project is only 4.2 miles, not the 7.7 miles that ADE used. McFarland's impact ratio may be much greater than ADE realized.

The draft report's statement, in the concluding sentence of the third paragraph of section 4.3—"The factors utilized in the gravity model include the distance between Delano and each town and city as well as the amount of retail activity in each area"—is ambiguous, because the word "include" can be used in two different ways—one restrictive and one not. ADE's gravity model is, in effect, a black box.

An environmental impact report must include enough technical detail to permit the full assessment of significant environmental impacts. (CEQA Guidelines § 15147.) Since the complete description of the gravity model does not appear in the ADE Appendix, where one would expect to find it, the description must appear in the supplemental EIR.

In addition, ADE should have used the actual distance between McFarland and the Project in running the model: 4.2 miles. ADE used the wrong number.

2-4 (continued)

Comment 5: ADE's impact distribution protocol is not consistently applied

If ADE had distributed the impacts in a consistent manner and been aware of all of the categories of retail stores open for business in McFarland, the total impact on McFarland retailers would have been approximately $9 million, rather than the $7.5 million that ADE allocated.

ADE's distribution of impacts was ostensibly governed by two principles: (1) "City and town gravity model impact ratios were applied uniformly across all retail store types in each area[;]" however, (2) only to the extent of any sales revenue that ADE had estimated for the *particular* store type and area. (See ADE Addendum, pp. 5–6.) Whenever impacts were not fully attributed to businesses within the six urban areas, ADE assumed the impacts would be borne by businesses located outside of those areas, whether inside or outside of the regional market area. Although the exact procedure that ADE followed is not clearly described in the addendum or the draft report, analysis of the distribution in Table 4 allows us to infer what was actually done. The distribution to Wasco provides an illustration of ADE's approach:

2-5

Wasco's Impact Ratio Per ADE Gravity Model (ADE Table 3): 22.9% Retail Groups	Total Regional Impact (ADE Table 1)	Credited Retail Sales (ADE Table 2)	Allocation (ADE Table 4)	% of Total Impact Allocated to Wasco	% Reduction in Sales
Apparel Store Group	$784,415	$2,154,052	$179,677	22.9%	8.3%
General Merchandise Group	$9,941,510	$22,604,961	$2,277,190	22.9%	10.1%
Specialty Retail Group	$2,177,850	$1,126,543	$498,858	22.9%	44.3%
Grocery Stores	$6,804,032	$16,655,060	$1,558,523	22.9%	9.4%
Specialty Food Stores	$228,577	$0	$0	0.0%	
Liquor Stores	$50,160	$0	$0	0.0%	
Eating Places	$1,714,031	$9,727,960	$392,521	22.9%	4.0%
Furniture & Furnishings	$330,617	$2,339,738	$75,731	22.9%	3.2%
Appliances & Electronics	$396,013	$0	$0	0.0%	
Used Merchandise (Building Mats/Home Furnishings)	$87,875	$0	$0	0.0%	
Home Improvement	$2,771,024	$1,058,013	$634,727	22.9%	60.0%
New/Used Vehicles	$29,545	$962,080	$6,768	22.9%	0.7%
Gasoline Service Stations	$303,749	$2,736,729	$69,576	22.9%	2.5%
Auto Parts & Accessories	$85,202	$2,923,979	$19,516	22.9%	0.7%
TOTAL	$25,704,630	$62,289,113	$5,713,185	22.2%	9.2%

Wasco had no stores in four Retail Groups. In those instances, ADE allocated $0 in impacts to Wasco and added Wasco's 22.9% share to "Economic Impacts Outside Regional Towns and Cities." The estimated pre-Project receipts of Wasco's stores in each of the remaining Retail Groups exceeded 22.9% of the total regional impact attributable to that group, and so Wasco was allocated a full 22.9% of each impact.

The distribution to Pixley shows how the protocol worked when an urban area's sales from a Retail Group was greater than $0, but less than its allotted percentage of the total regional impact:

Pixley's Impact Ratio Per ADE Gravity Model (ADE Table 3): 5.1% Retail Group	Total Regional Impact (ADE Table 1)	Credited Retail Sales (ADE Table 2)	Share Per Impact Ratio	Allocation (ADE Table 4)	% of Total Impact Allocated to Pixley	% Reduction in Sales
Apparel Store Group	$784,415	$0	$40,005	$0	0.0%	
General Merchandise Group	$9,941,510	$200,000	$507,017	$200,000	2.0%	100.0%
Specialty Retail Group	$2,177,850	$75,000	$111,070	$75,000	3.4%	100.0%
Grocery Stores	$6,804,032	$3,528,162	$347,006	$346,046	5.1%	9.8%
Specialty Food Stores	$228,577	$0	$11,657	$0	0.0%	
Liquor Stores	$50,160	$0	$2,558	$0	0.0%	
Eating Places	$1,714,081	$0	$87,417	$0	0.0%	
Furniture & Furnishings	$330,617	$0	$16,861	$0	0.0%	
Appliances & Electronics	$396,013	$0	$20,197	$0	0.0%	
Used Merchandise (Building Mats/Home Furnishings)	$87,875	$0	$4,482	$0	0.0%	
Home Improvement	$2,771,024	$0	$141,322	$0	0.0%	
New/Used Vehicles	$29,545	$0	$1,507	$0	0.0%	
Gasoline Service Stations	$303,749	$1,285,400	$15,491	$15,448	5.1%	1.2%
Auto Parts & Accessories	$85,202	$0	$4,345	$0	0.0%	
TOTAL	$25,704,630	$5,088,562	$1,310,936	$636,494	2.5%	12.5%

City of McFarland's Comments—Delano Marketplace Supplemental EIR—page 16

2-5 (continued)

In those instances, which concerned the general merchandise and specialty retail groups, ADE assigned Pixley an impact amount equal to 100% of sales, and the remainder of Pixley's 5.1% share to "Economic Impacts Outside Regional Towns and Cities."

ADE deviated from the protocol in one instance affecting McFarland:

McFarland's Impact Ratio Per ADE Gravity Model (ADE Table 3): 48.1% Retail Groups	Total Regional Impact (ADE Table 1)	Credited Retail Sales (ADE Table 2)	Share Per Impact Ratio	Allocation (ADE Table 4)	% of Total Impact Allocated to McFarland	% Reduction in Sales
Apparel Store Group	$784,415	$0	$377,304	$0	0.0%	
General Merchandise Group	$9,941,510	$3,715,127	$4,781,866	$3,165,852	31.8%	85.2%
Specialty Retail Group	$2,177,850	$75,000	$1,047,546	$75,000	3.4%	100.0%
Grocery Stores	$6,804,032	$9,921,050	$3,272,739	$3,274,605	48.1%	33.0%
Specialty Food Stores	$228,577	$0	$109,946	$0	0.0%	
Liquor Stores	$50,160	$374,500	$24,127	$24,141	48.1%	6.4%
Eating Places	$1,714,061	$4,454,346	$824,463	$824,933	48.1%	18.5%
Furniture & Furnishings	$330,617	$0	$159,027	$0	0.0%	
Appliances & Electronics	$396,013	$0	$190,482	$0	0.0%	
Used Merchandise (Building Mats/Home Furnishings)	$87,875	$0	$42,268	$0	0.0%	
Home Improvement	$2,771,024	$0	$1,332,863	$0	0.0%	
New/Used Vehicles	$29,545	$0	$14,211	$0	0.0%	
Gasoline Service Stations	$303,749	$1,285,400	$146,103	$146,187	48.1%	11.4%
Auto Parts & Accessories	$85,202	$0	$40,982	$0	0.0%	
TOTAL	$25,704,630	$19,825,423	$12,363,927	$7,510,718	29.2%	37.9%

McFarland's 48.1% "share" of the regional impact on the general merchandise group was equal to $4,781,866. However, ADE estimated McFarland's sales attributable to the group as $3,715,127. Following protocol, ADE should have allocated $3,715,127 of impact to McFarland, resulting in a 100% reduction in general merchandise sales. Instead, ADE allocated $3,165,852 to McFarland, representing 31.8% of the regional impact and an 85.2% reduction in sales. (ADE Addendum, Tables 4 & 19.) The deviation from protocol has not been explained, and thus the diminished allocation is not supported by substantial evidence. 2-5 (continued)

Comment 6: ADE underestimated the impact on McFarland

If ADE had followed protocol and taken into account McFarland's specialty food, specialty retail, auto parts and accessories, and clothing stores, it would have allocated an additional $1.3 million in impacts to McFarland: 2-6

McFarland	Total Regional Impacts	48.1%	ADE's Est. of Retail Sales	ADE's Allocation of Impacts	Retail Sales ADE Missed	Additional Impacts	% Reduction in Sales
Apparel Store Group	$784,415	$377,304	$0	$0	$250,000	$250,000	100.0%
General Merchandise Group	$9,941,510	$4,781,866	$3,715,127	$3,165,852	$0	$549,275	100.0%
Specialty Retail Group	$2,177,850	$1,047,546	$75,000	$75,000	$275,000	$275,000	100.0%
Grocery Stores	$6,804,032	$3,272,739	$9,921,050	$3,274,605	$0	$0	33.0%
Specialty Food Stores	$228,577	$109,946	$0	$0	$400,000	$109,946	27.5%
Liquor Stores	$50,180	$24,127	$374,500	$24,141	$0	$0	6.4%
Eating Places	$1,714,081	$824,463	$4,454,346	$824,933	$0	$0	18.5%
Furniture & Furnishings	$330,617	$159,027	$0	$0	$0	$0	
Appliances & Electronics	$396,013	$190,482	$0	$0	$75,000	$75,000	100.0%
Used Merchandise (Building Mats/Home Furnishings)	$87,875	$42,268	$0	$0	$0	$0	
Home Improvement	$2,771,024	$1,332,863	$0	$0	$0	$0	
New/Used Vehicles	$29,545	$14,211	$0	$0	$0	$0	
Gasoline Service Stations	$303,749	$146,103	$1,285,400	$146,187	$0	$0	11.4%
Auto Parts & Accessories	$85,202	$40,982	$0	$0	$160,000	$40,982	25.6%
TOTAL	$25,704,630	$12,363,927	$19,825,423	$7,510,718	$1,160,000	$1,300,203	42.0%

2-6 (continued)

A little more than one-third of the total regional impacts fall on McFarland.

Comments Concerning § 4.4.5 of the Draft Report and the Corresponding Portions of the ADE Addendum

Comment 7: McFarland has four commercial districts, not three

Both the draft report and the ADE Addendum say that McFarland has three commercial areas, all of them west of Highway 99. (Draft report, p. 7; ADE Addendum, p. 22.) ADE overlooked a fourth commercial district, which centers on the intersection of Kern Avenue and Browning Road east of Highway 99. The district contains four grocery stores and a self-service car wash. All four stores are active. A vacant commercial building is situated on Kern Avenue at each end of the strip: on the west, a vacant multi-use service and repair shop building, and on the east, a former gasoline service station. The commercial area is surrounded by homes. 2-7

- Carniceria Jalisco, 287 Browning Road (building 1 on the following map), occupies a primarily wooden building that was constructed in 1993 and converted from a laundromat into a meat market between 2005–2008. It has a gross building area of 1,248 square feet, and the Kern County Assessor's office considers it to be in average condition.

City of McFarland's Comments—Delano Marketplace Supplemental EIR—page 18

2-7
(continued)

City of McFarland's Comments—Delano Marketplace Supplemental EIR—page 19

2-7 (continued)

City of McFarland's Comments—Delano Marketplace Supplemental EIR—page 20

• Community Market, 288 Browning Road (building 2), on the opposite corner from Carniceria Jalisco, occupies two parcels of land. Off-road parking is provided on the south side of the store, which is the side in which the entrance is located. The store has a gross building area of 3,170 square feet, was built in 1947, and is rated in average condition by the assessor.

• Sonora Food Market, 414 E. Kern Street (building 3), was built in 2003. The store building is set back from Kern Street, with a parking lot in front of the building. The store has a gross building area of 2,208 square feet and is also in average condition according to the assessor, who considers the number of parking spaces to be adequate.

City of McFarland's Comments—Delano Marketplace Supplemental EIR—page 21

2-7 (continued)

- Mi Ranchito Market, 279 San Lucas Street, also occupies two parcels, one of which is the store's parking lot. It is separated from Community Market by an alley. The store building is considerably larger than the Community Market building. It was constructed in 1945 and given a new roof in 1999.

The two vacant buildings show signs of neglect. The multi-use building at 301 San Juan Street (building 7) has no glass in its windows, is missing several doors, has a damaged roof, and has some graffiti which has been partially covered by paint.

2-7 (continued)

City of McFarland's Comments—Delano Marketplace Supplemental EIR—page 22

Close-up of 301 San Juan

The property was sold for delinquent property taxes in 1995.

Property Search · PROPERTY DETAILS

Property Information

ATN	[illegible]	Status	Active
Parcel Num.	[illegible]	View Parcel Map	GIS Map
Site Addr.	301 SAN JUAN ST MC FARLAND		
Legal	CITY MARVIL BLOCK [illegible] LOT [illegible]		
Acres	[illegible]		
Use Code	[illegible] MULTI USE SERVICE REPAIR SHOPS		
Prior APN	--		
Supervisorial District	1 Jon McQuiston		

Recorded Documents

Document Number	Document Type	Date Recorded
[illegible]	Deed - Quitclaim	[illegible]
[illegible]	Deed - Quitclaim	[illegible]
[illegible]	Deed - Tax	[illegible]

City of McFarland's Comments—Delano Marketplace Supplemental EIR—page 23

2-7 (continued)

The Kern County Assessor's records indicate that the service station was constructed in 1954 and is in poor condition today.

Property Search - PROPERTY DETAILS

Kern Property Profile

Property Information

ATN	201 161 10 00 8	Status	Active
Parcel Num.	201 161 10 6	View Parcel Map	GIS Map
Site Addr.	200 SAN LUCAS ST MC FARLAND		
Legal	TRACT 1211 116		
Acres	0.00		
Use Code	2301 - SERVICE STATION		
Prior APN	--		
Supervisorial District	1 - Jon McQuiston		

Recorded Documents

Document Number	Document Type	Date Recorded
208001151	Deed	01/03/08
201107828	Deed	07/31/01

Property Characteristics

Bldg#1 - Canopy Area : 528
Bldg#1 - Class of Construction : s
Bldg#1 - Gross Building Area : 980
Bldg#1 - Original Year Built : 1954
Bldg#1 - Property Condition : Poor
Bldg#2 - Class of Construction : D40
Bldg#2 - Gross Building Area : 1,152
Bldg#2 - Original Year Built : 1940E
Bldg#2 - Property Condition : Poor

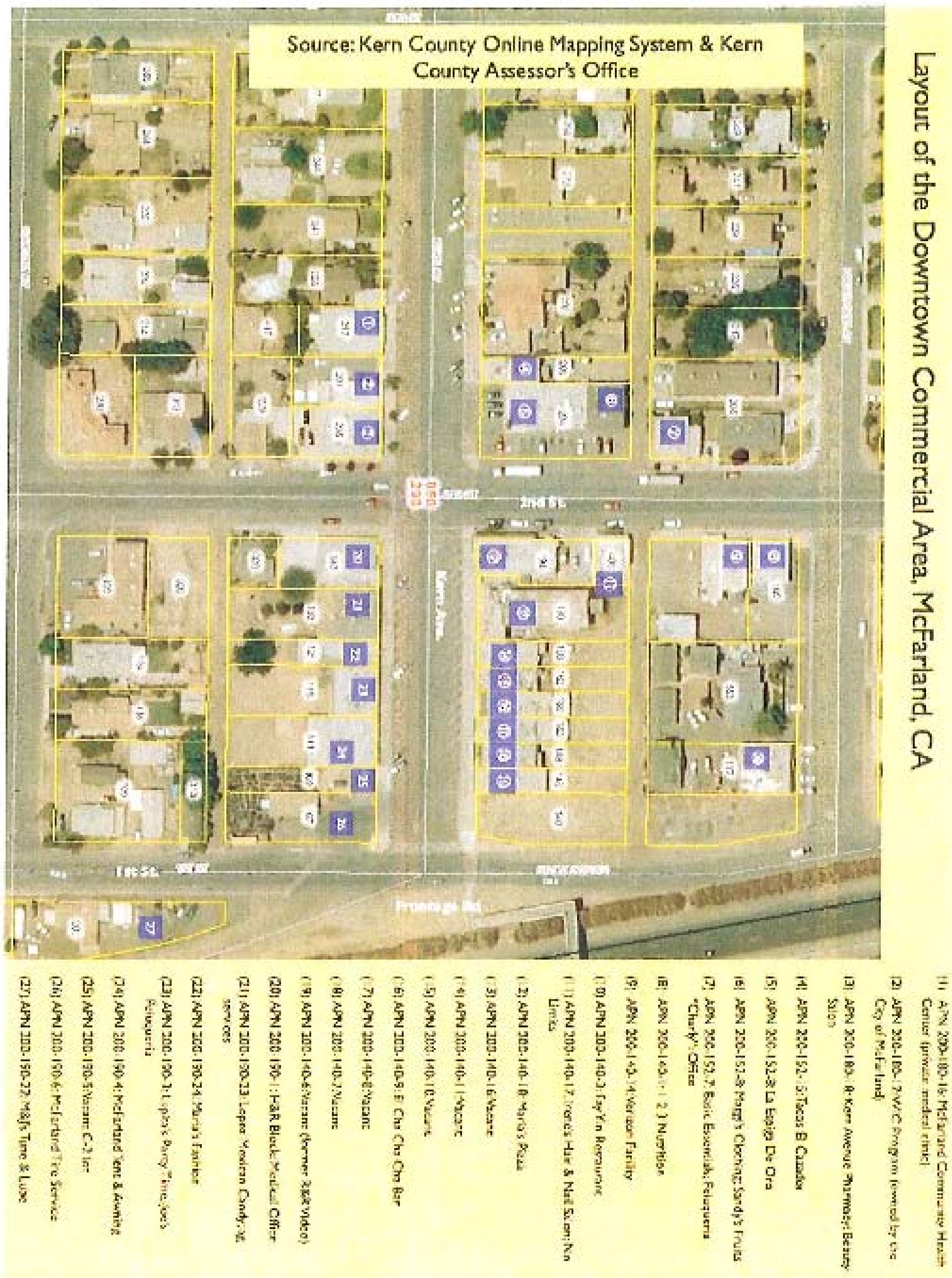
ADE did not analyze the Project's impact on the stores in this commercial district and the accompanying potential for urban decay there. This is a material omission. As a result, the draft report doesn't comply with the legal requirement that the Lead Agency conduct a *thorough* investigation before it concludes that a particular impact is too speculative for evaluation. (CEQA Guidelines § 15145.) In addition, the analysis performed and conclusions reached in the draft report and the ADE Addendum are not supported by substantial evidence.

2-7 (continued)

Comment 8: the downtown commercial district is already at risk for urban decay

ADE describes McFarland's downtown commercial district as "well-maintained, with no evidence of urban decay in place already. The area's vacancy rate is low." (ADE Addendum, p. 23; see draft report, p. 7.) Things are not that rosy. The layout and business population of McFarland's downtown are shown below:

2-8



City of McFarland's Comments—Delano Marketplace Supplemental EIR—page 25

2-8 (continued)

Out of 25 commercial buildings in the downtown area, six are vacant. Two more have been converted to noncommercial uses. The buildings on the north side of Kern Avenue, east of 2nd Street, are especially vulnerable. The only active businesses are a pizza restaurant on the corner of 2nd and Kern, and a tavern in the middle of the block. Some of the vacant buildings are missing doors and windows, and have been boarded-up. With the exception of the pizza restaurant, the buildings on the north side are in various states of distress.

Above: buildings 14 and 15; *below:* building 16

City of McFarland's Comments—Delano Marketplace Supplemental EIR—page 26

2-8 (continued)

Above: building 18;

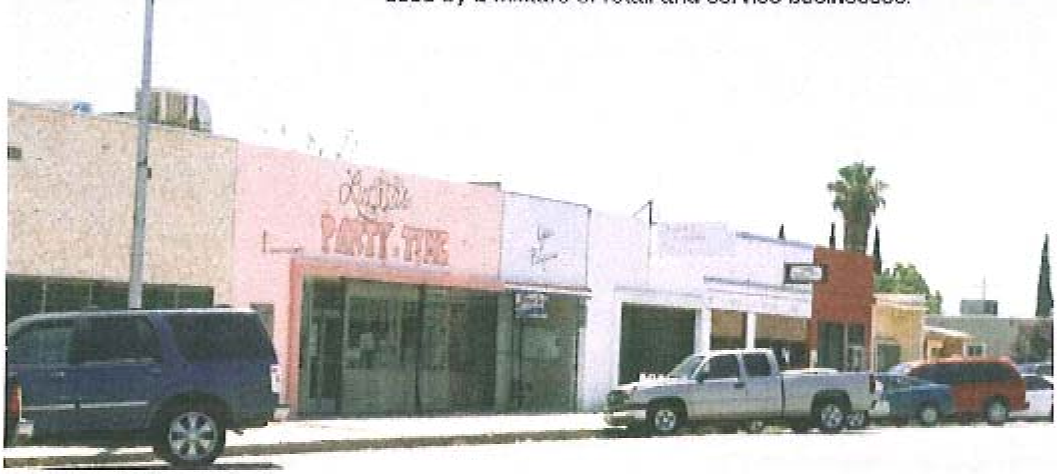
Below: building 19: former home of R&R Video & Mini Mart Deli

2-8 (continued)

City of McFarland's Comments—Delano Marketplace Supplemental EIR—page 27

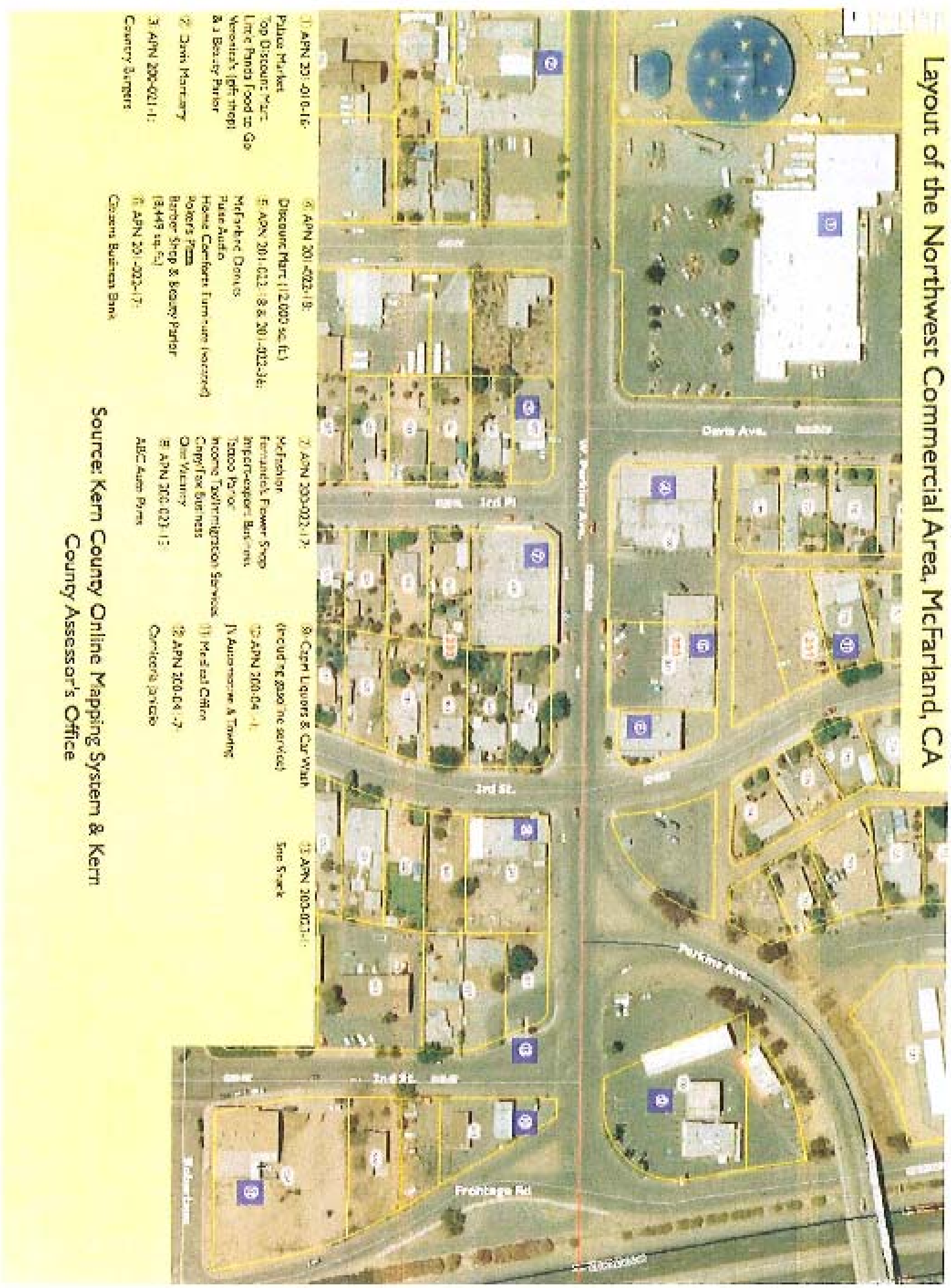
Below: the rear of buildings 19 and 18:

In contrast, the block of commercial buildings on the south side of Kern Street, shown below, are in better condition and actively used by a mixture of retail and service businesses. 2-8 (continued)



Comment 9: the northwest commercial district

The draft report's discussion of McFarland's northwest commercial district indicates that the district consists of a single strip-mall "anchored by a discount store and a bank." (Draft report, p. 7.) ADE's study does recognize the existence of a small shopping center next to the "strip-mall." (ADE Addendum, p. 24.) However, neither the draft report nor the addendum recognize the full extent of McFarland's northwestern commercial district. There are 13 buildings in the district, the composition and layout of which appear on the next page. 2-9



2-9 (continued)

City of McFarland's Comments—Delano Marketplace Supplemental EIR—page 29

The retailers in the northwest district include ABC Auto Parts, J's Automotive & Towing, McFashion, Veronica's, Pulse Audio, Fernando's Flower Shop, two hair-styling establishments, and Carniceria Janitzio, none of which was identified or considered in the draft report or ADE Addendum.

Capri Liquor also sells gasoline.

City of McFarland's Comments—Delano Marketplace Supplemental EIR—page 30

2-9 (continued)

Comment 10: the southern commercial district

ADE's study describes McFarland's southern commercial district, excluding the A&M Food Market, in a single sentence: "McFarland has three commercial areas, one of which serves traffic coming directly off of Highway 99." (ADE Addendum, p. 22.) The draft report is even more cursory. (Draft report, p. 7.) This description is incomplete and only partially accurate.

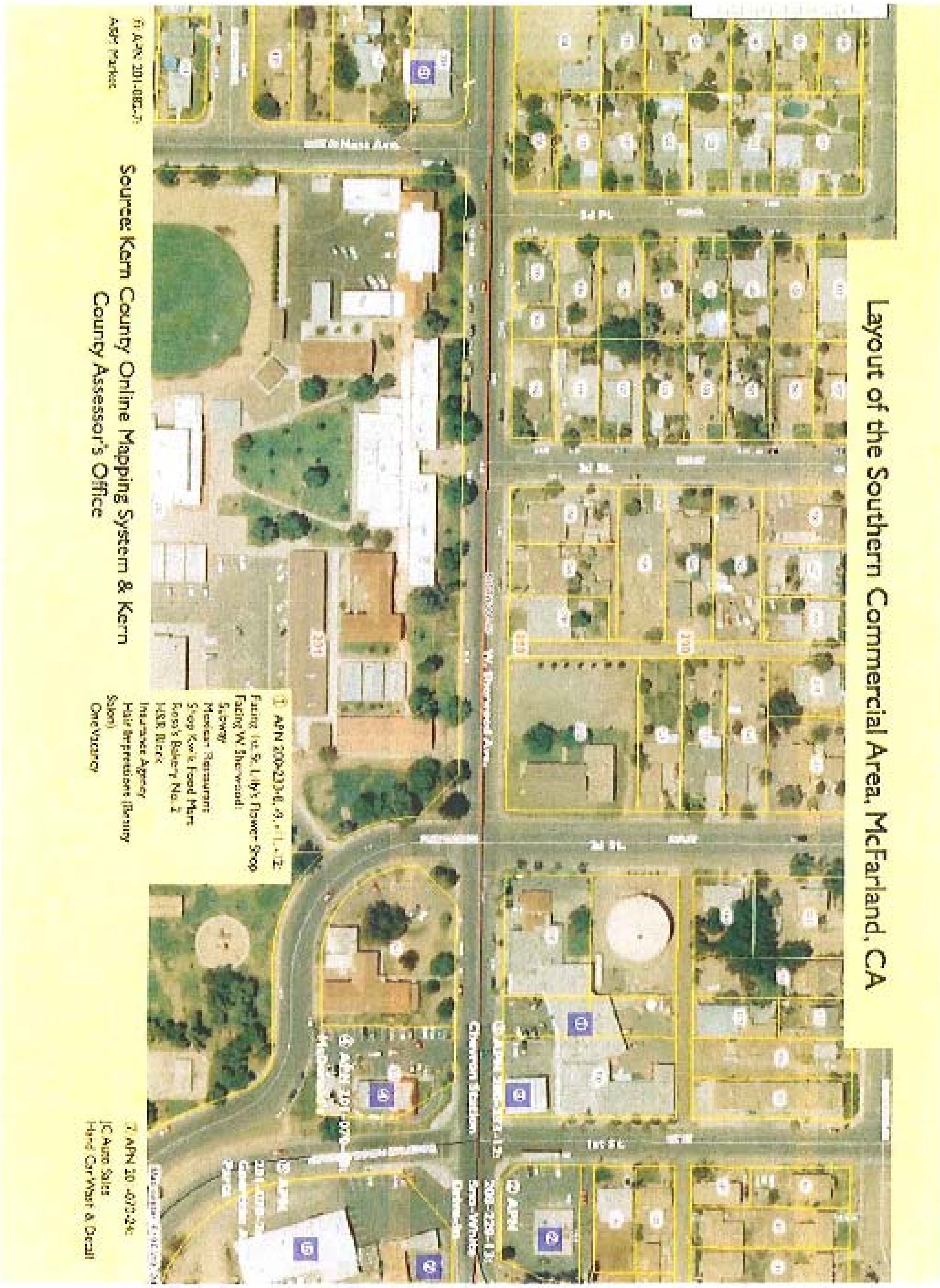
The southern district is actually a mixture of businesses that serve both travelers and the community (four eating places, the Shop Kwik Food Mart, and the Chevron service station), and those that predominantly serve the local population. In the latter category, in addition to the A&M Food Market, are Lilly's Flowers, Rosa's Bakery, Goertzen Auto Parts, H&R Block, an insurance agent, and a beauty salon. With the exception of the A&M Food Market, all of these businesses are clustered around the intersection of Sherwood Avenue and 1st Street. Another business in the cluster, JC's Auto

Sales, may have closed. The commercial building on the northwest corner of Sherwood and 1st has at least one vacancy.

The layout and business population of McFarland's southern commercial district is displayed on the next page.

2-10

City of McFarland's Comments—Delano Marketplace Supplemental EIR—page 31



2-10 (continued)

City of McFarland's Comments—Delano Marketplace Supplemental EIR—page 32

Comment 11: the impact on McFarland's 10 grocery stores

ADE undercounted the number of grocery stores in McFarland, giving the total number as four on page 24 of the ADE Addendum, and as five in Table 20 and also on page 26. The true number is ten:

1. Palace Market (northwest district);
2. Carniceria Janitzio (northwest district);
3. La Espiga De Oro (downtown district);
4. Basic Essentials (downtown district) (a convenience store);

5. Shop Kwik Food Mart (southern district);
6. A&M Food Market (southern district);
7. Carniceria Jalisco (eastern district);
8. Community Market (eastern district); 2-11

City of McFarland's Comments—Delano Marketplace Supplemental EIR—page 33

9. Sonora Food Market (eastern district);

10. Mi Ranchito Market (eastern district).

ADE classified Palace Market, La Espiga De Oro, and A&M Food Market as full-service supermarkets. ADE believed that there are two convenience stores, but did not identify them. Presumably, Shop Kwik Food Mart is one of them. By excluding one-half of McFarland's grocery stores from consideration, ADE's study and the draft report based on that study have made a material omission.

The fact that there are five more grocery stores than ADE realized does not warrant increasing ADE's estimate of the grocery store group's combined pre-Project sales. ADE's estimate of $9,921,050 (ADE Addendum, Table 20) greatly exceeds Dun & Bradstreet's estimate of $4.5 million for nine of the ten grocery stores, attributing more than half to the Palace Market. We were unable to obtain an estimate of the Kwik Shop Food Mart's sales; however, ADE's estimate for the two convenience stores combined was between $750,000 and $1.5 million. (ADE Addendum, p. 26.)

ADE estimates that competition by the Delano Marketplace, a scant 4.2 miles away, will cut aggregate sales in McFarland by one-third to $6,646,445. (ADE Addendum, Table 20.) ADE's prediction is that "[o]f the five grocery stores, the two convenience stores will likely close," Palace Market will remain viable, and La Espiga De Oro and A&M Food Market may survive by becoming "neighborhood grocery stores ...." (ADE Addendum, p. 26; see draft report, pp. 7 & 9.) ADE predicts that the three remaining grocery stores will capture the convenience stores' sales, enhancing theirs by $753,340. ADE adds the $753,340 to the $6,646,445 to obtain what it describes as "Residual Sales," concluding that after the demise of the convenience stores, the three remaining grocery stores will have $7,399,785 to split. (ADE Addendum, p. 26 & Table 20.) 2-11 (continued)

The analysis is flawed in the following ways.

First, there are ten grocery stores instead of five. Neither the draft report nor the ADE study on which it is based considered the impact of the reduction in sales on *ten* grocery stores situated in close proximity to each other—in the eastern district, the stores are hardly separated at all.

Second, the grocery stores in McFarland are already "neighborhood-serving grocery stores." That is not the mechanism by which any of the stores can survive.

Third, ADE's Residual Sales concept is illogical. If the post-Project sales are $6.6 million, split among ten stores, and two stores go out of business, the $6.6 million doesn't grow larger; instead, the same amount of money is now split eight ways instead of ten. The pie doesn't grow larger.

ADE assumed that the same percentage reduction in sales would apply to each store. (See ADE Addendum, p. 26.) Thus, each of the ten stores would have its gross receipts slashed by one-third. None of the stores could tolerate such a reduction. (See letter from Save Mart Supermarkets (May 18, 2006), p. 2-12 of Final Impact Report Delano Marketplace (July 2007).) Competition among the ten stores would increase—it is easier for the stores to take on each other than it is to take on Wal-Mart—and the weaker stores would fail. In addition to the two convenience stores, it is probable that at least four more stores would close. 2-11 (continued)

Comment 12: the impact on McFarland's general merchandise stores

The analysis of the impact on general merchandise stores, including the Kern Avenue Pharmacy, is confusing.

ADE assumed that sales of general merchandise would be initially reduced by \$3,165,852, which is 85.2% of pre-project sales. (ADE Addendum, Table 19.) ADE thus determined that post-Project sales would be equal to \$549,275. (Table 19.) As previously stated, if ADE had followed its own distribution protocol, it would have estimated that sales by general merchandise stores would be reduced by 100%, and all three stores would go out of business. ADE provides no basis for its deviation from protocol.

Assuming that ADE's unexplained deviation from protocol was somehow correct:

- The arithmetic in the 2008 column of Table 19 is flawed: the numbers don't add up properly. What happens to the excess of line 3 over line 7?

- ADE's estimation of pre-Project sales is flawed. It says that Top Discount's current sales are approximately \$550,000. (ADE Addendum, p. 25.) It estimates the pharmacy's share of the impact at \$750,000 (*ibid.*), which implies that the pharmacy's pre-Project sales are equal to $\frac{\$750{,}000}{85.2\%} = \$880{,}000$. This implies that the pre- 2-12

  Project sales of Discount Mart, which is the second discount store, are equal to \$3,715,127 - (\$550,000 + \$880,000), which equals \$2,285,127. That would mean that Discount Mart had annual sales of approximately \$190 per square foot. If we double-check, we note that ADE predicts that Discount Mart would close (draft report, p. 7), freeing up \$357,180 for reallocation to Top Discount (and apparently none for reallocation to the Kern Avenue Pharmacy). The \$357,180 should be equal to 100% - 85.2% (= 14.8%), multiplied by Discount Mart's pre-Project sales,

TABLE 19
MCFARLAND GENERAL MERCHANDISE STORES

Impact Detail	2008	2018
1. Categorical Retail Sales	\$3,715,127	\$3,715,127
2. Project Impact	\$3,165,852	\$2,213,983
3. Post Project Impact Sales (Existing Retailers)	\$549,275	\$1,501,144
4. Number of Stores	2	2
5. At-Risk Stores	1	0
6. Potential Store Closure Losses (Reallocated to Remaining Businesses)	\$357,180	\$0
7. Residual Sales	\$438,389	\$1,501,144
8. Percent Change (Combined)	-88%	-60%

Source: ADE, data estimated from Board of Equalization and U.S. Economic Census ZIP Code Files

City of McFarland's Comments—Delano Marketplace Supplemental EIR—page 35

which would mean that its pre-Project sales were equal to $\frac{\$357,180}{14.8\%} = \$2,413,378$.

The two numbers are significantly different. No evidentiary basis is provided for either number, nor is any evidence or rationale provided as to why the Kern Avenue Pharmacy would not receive a portion of the closed store's sales.

- No evidence is provided that Top Discount could suffer a net 24% annual reduction in sales and continue in business.
- The draft report concludes that it is too speculative to predict that the Kern Avenue Pharmacy would close. (Draft report, p. 7.) However, the stated reasons why the pharmacy might not close are themselves more speculation and unsubstantiated opinion:

> As explained in the ADE Addendum, "In many communities across the United States, locally-owned pharmacies are able to withstand competition from national chains located in the same area, by attending to the personal needs of customers, through home-delivery prescription services, personal service between pharmacist and customers, service in English and Spanish, and other services such as including a doctor's office hours in the building."

The ADE study contains no supporting evidence. Moreover, the reasons given are relevant to sales of prescription medicines but not to general merchandise. Substantial evidence must be evidence that a reasonable mind might accept as adequate to support a conclusion. (*American Canyon Community United for Responsible Growth v. City of American Canyon* (2006) 145 Cal.App.4th 1062, 1070.) There is no such evidence in the record on this topic.

Thus, there is no substantial evidence that would allow a decision-maker to avoid reaching the conclusion indicated by a consistent application of the ADE protocol: the Project would capture 100% of general merchandise sales from the pharmacy and discount stores, causing those businesses to close. 2-12 (continued)

Comment 13: the impact on McFarland's other retail stores

Taking into account the three clothing stores, six specialty retail stores, and Pulse Audio, and following ADE's normal protocol, one has to conclude that all ten stores would be likely to close. 2-13

Comment 14: eating places

Table 21 of the ADE study makes the same mistake we noted with respect to grocery stores: the unsupported and erroneous assumption that a closure of stores results in an *increase* in aggregate sales: in this case, from \$3,629,412 in post-Project sales to \$4,110,217 in "Residual Sales." Store closures do not increase the size of the overall 2-14 pie; they reduce the number of its *pieces*. The difference is likely to mean one additional store closure. 2-14 (continued)

Comment 15: the impact on the downtown area if the Project proceeds

Two stores are the primary magnets for downtown shoppers: La Espiga De Oro and the Kern Avenue Pharmacy. If ADE's protocol is consistently applied, the pharmacy is likely to close, reducing the draw to downtown. In addition, three buildings east of 2nd Street and south of Kern Avenue are likely to lose their tenants: Maria's Fashion (building 22), Lupita's Party Time (building 23), and McFarland Tent & Awning (building 24). Further north on 2nd street, buildings 6 and 7 are likely to lose Maggi's Clothing and Basic Essentials; No Limits, in building 11, is also likely to close. Decreased foot traffic resulting from the retail closures will impact the beauty salons, which share buildings 3 and 11, and the barbershops, which share buildings 7 and 23. They are likely to close as a result.

Thus, in addition to the distressed buildings already present on the north side of Kern Avenue, east of 2nd Street (buildings 13–19), six nearby buildings (3, 7, 11, 22, 23, and 24) are likely to become vacant as a result of these business closures, and building 6 is likely to become partially vacant.

A critical question is the extent to which new tenants can be found for these buildings. Unless there is substantial evidence that the buildings can be relet on a sufficiently lucrative basis to provide an incentive for proper maintenance and repair, urban decay is likely to take hold downtown.

The draft report and ADE suggest that re-tenanting isn't likely to be difficult. (See draft report, p. 7; ADE Addendum, p. 25.) But who would sign up for the space? ADE recognizes that spaces won't likely be rented for uses which compete with businesses in the Delano Marketplace. (ADE Addendum, p. 25.) This means that no retailers will take space. ADE already predicts a contraction in the number of existing eating places (ADE Addendum, p. 27 & Table 21), so eating places aren't likely to take any of the available space. ADE suggests that space might be used for offices, either government or private. (ADE Addendum, p. 25.) The available buildings downtown are small—less than 5,000 square feet, according to the assessor, and generally around 3,000 square feet or less. They could only be suitable for small offices. The demand for smaller office space in McFarland is already less than the available supply. Medical office demand has been met: there are three medical offices (including two in the downtown district). McFarland already has two H&R Block offices (one in the downtown district) and another business offering both income tax and immigration services. There is an insurance agency in building 1 of the southern district, and building 21 of the downtown district contains the office of Santiago J. Renteria, who specializes in orchard and vineyard planting. There is vacant office space in building 7 in the northwestern district. The space formerly occupied by Home Comforts Furniture in building 5 in the northwestern district is also on the market; it could be converted to a small office at least as easily as the vacant space in the downtown district, as could a vacancy in building 1 of the southern district. 2-15

McFarland's city government has all of the office space that it requires. There is no evidence and no reason to predict that any county, state, or federal agency will seek to open an office of any size in McFarland in the foreseeable future. ADE's suggestion, in effect, that "it could happen," is pure speculation and does not constitute substantial evidence to support the conclusion that the impact of the Delano Marketplace on McFarland is too speculative to be evaluated.

Thus, there is no credible, reasonable basis to conclude that the space that becomes vacant in the downtown area can be rented to new occupants at a rate that will foster adequate maintenance and repair. The downtown is likely to undergo a significant physical decline as buildings are abandoned and fall into disrepair, leading to urban decay.

Above: a for-rent sign in northwest building 7

2-15 (continued)

Above: a vacancy in northwest building 5

2-15 (continued)

Comment 16: the impact on the eastern area if the Project proceeds

Neither the draft report nor the ADE study discuss the impact of the Delano Marketplace on the eastern commercial district. The impact is relatively easy to predict. At least three of the four grocery stores would probably close. It is entirely possible that all four would close. There would be the same dearth of potential tenants for the vacant space resulting from the closures as there would be downtown. The vacant and deteriorating buildings presently standing at each end of the commercial strip are evidence of the difficulty in restoring vacant commercial buildings to productive use in McFarland.

2-16

Because the eastern district is a pocket surrounded by homes, the physical deterioration of the commercial buildings resulting from abandonment and neglect would plant a seed of decay that would grow and infect the entire residential area east of Highway 99. The abandoned store buildings would also provide an oasis for criminals and gangs.

Comment 17: the impact on the other areas if the Project proceeds

Although the Delano Marketplace might not cause any multi-tenant commercial building in the northwestern or southern commercial districts to become vacant and abandoned, the impact would probably weaken both areas and facilitate the spread of decay from the interior downtown and eastern districts.

2-17

In the northwestern district, building 1 would have at least two vacancies (Top Discount and Veronica's); building 4 would become vacant; building 5 would have one new vacancy (for a total of two: Pulse Audio and Home Comforts Furniture); building 7 would have two new vacancies (for a total of three: McFashion, Fernando's Flower Shop, and the existing office space); building 12 (Carniceria Janitzio) might also become vacant, depending on the outcome of the competition for survival among McFarland's ten grocery stores.

Building 4 is a relatively large space for McFarland: 12,000 square feet adapted for a single occupant in a town in which 3,000 square feet is the norm. There would probably be no takers for the space, government or otherwise. Without the prospect of a rent-paying tenant, the building would probably deteriorate physically.

Adjacent to it, building 5 would have two vacancies; and with diminished traffic, the combination barber shop and beauty salon might also be forced to close, creating a third. In any event, the reduced rental income would probably result in deferred maintenance and repair, and in the physical deterioration of the building. Across the street, building 7, which would have seven tenants if full, would be running on four of seven cylinders. This too would be likely to result in deferred maintenance and repair, and physical deterioration.

The vacancies in the northwestern district would compete with those in the downtown district for any potential tenants. As the northwestern buildings would be in generally better condition than the vacant buildings in the downtown district, the competition would favor the northwest. Carniceria Janitzio might survive at the expense of La Espiga De Oro, based on the meat market's closer proximity to the northwestern district. If La Espiga De Oro closed, both downtown anchors would be gone, and the downtown district's fate would be sealed. 2-17 (continued)

Comment 18: the Project's environmental impact on McFarland from urban decay would be significant

Urban decay has a significant effect on the environment if it is substantial or potentially substantial. (CEQA Guidelines § 15382, defining "significant effect on the environment.") The adverse physical changes that the Project would be likely to cause within McFarland, as described above, would be substantial.

The revenue available to the city and its redevelopment agency with which to combat urban decay would be diminished by the environmental impacts, because sales tax and property tax revenues would decline as businesses closed and property tax increment declined. The loss of revenue increases the impacts' significance.

The draft report's conclusion that the environmental impact of urban decay in the regional market area would *not* be significant (draft report, p. 9) is not supported by substantial evidence for all of the reasons outlined above. If the decision-maker does not determine that the impact *would* be significant, on the basis of the present record, then the draft supplemental EIR should be withdrawn until the impact can be evaluated based on an accurate and thorough understanding of conditions in McFarland.

2-18 (continued)

Comments Concerning § 4.5 of the Draft Report and § 2.7 of the ADE Addendum

Comment 19: additional business closures and vacancies will occur in McFarland

The Recirculated Draft EIR (April 2007), § 5.0, predicted that cumulative projects would add 1.9 million square feet of new commercial space to the Delano market. (See ADE 2007, pp. 33–34.) ADE writes:

> The additional market pressures that these projects collectively place on the retail centers in the secondary market area *will likely result in additional store closures and retail vacancies*, with about about $88 million in economic impact on existing stores (including new retail businesses that would open in the interim as the population grows). *Precise* predictions about resulting closures are speculative ....

(ADE Addendum, p. 37, italics added.)

1. The draft report inexplicably ignores ADE's non-speculative prediction that additional store closures and retail vacancies will occur in the secondary market area. (See draft report, p. 8.)

2. ADE says "the most likely store closures will likely occur within shopping areas in McFarland and Wasco, due to their large concentrations of competitive retail stores." (ADE Addendum, p. 37.) The draft report attributes the prediction to "ADE's gravity model" (draft report, p. 8), a statement that is incorrect unless the model, which has not

2-19

yet been described in detail, takes the concentration of competing businesses into account in addition to relative sales and proximity to Delano. See our comment no. 4.

3. The draft report says that "current economic conditions call into question the likelihood of the predicted amount of retail sales under cumulative conditions." (Draft report, p. 8.) ADE says something different, namely, "current economic conditions call into question the likelihood of full buildout of the 1.9 million cumulative square foot figure." (ADE Addendum, p. 37.) Neither statement belongs in a discussion of long-term impacts up to 21 years in the future. Economic conditions can change many times over that period. No assessment of long-term cumulative impacts can be reasonably based on economic conditions that may prevail for a relatively short period of time.

The cumulative impacts of the Delano Marketplace and other projects is likely to cause additional store closures in McFarland over and above those that result from the Project's impacts alone. We agree with that portion of ADE's analysis, and there is no contrary evidence in the record. 2-19 (continued)

Comment 20: the cumulative impacts on McFarland from urban decay will be significant

The draft report says that McFarland is not presently experiencing urban decay. (Draft report, p. 8.) We have shown that the statement is incorrect. The beginnings of urban decay are there in McFarland's downtown commercial district, but they are not yet out of control.

According to ADE and the draft report, the potential for urban decay on properties in the affected areas "would depend on the prospects for market growth to create other tenanting options for those retail centers." (Draft report, pp. 8–9; ADE Addendum, p. 37.) The draft report suggests that "service and governmental establishments may move into vacant retail spaces, as has occurred in downtown Delano." (Draft report, p. 9.) 2-20

McFarland is not Delano. It is much smaller both in area and population than Delano, its commercial districts are fewer, smaller, and generally older than Delano's, and its population's growth rate and income are also lower than Delano's. (See ADE 2007, pp. 1–4.) Yet McFarland is just a few miles from Delano. Service businesses and government offices that are at all regional in nature are not likely to choose McFarland when they can locate in Delano, and the demand for commercial space from purely local business or government users will be less than the space that will become available from business closures. Thus, the prospect of future business closures, long-term resulting vacancies, and the growth of urban decay in McFarland's commercial buildings is *probable*; the draft report's suggestion that service and government users may claim the space is speculative at best. Speculation is not substantial evidence.

The draft report concludes the section on cumulative effects as follows:

> Re-tenanting of large store spaces is accomplished by evolving uses to differentiated offerings, such as neighborhood-serving grocery stores. Co-

ordinated public and private strategies and investments to protect and preserve vulnerable locations (e.g. Wasco's downtown revitalization strategy) reduce negative cumulative physical impacts that could otherwise result from large store closures. These continued efforts would reduce the possibility of urban decay.

(Draft report, p. 9.) This does not reflect what is possible in McFarland. Most of the city (627 contiguous acres) lies within the McFarland Redevelopment Agency's project area because it suffers from physical and economic conditions of blight. Although blight and urban decay are not one and the same, private investment's inability to reverse conditions of blight in the project area indicates that private investment won't succeed in preventing urban decay either. Government efforts to combat urban decay will be hindered by the reduction in revenues resulting from business closures and building vacancies. 2-20 (continued)

Mitigation Measures

Comment 21: mitigation is both feasible and necessary

CEQA requires that Delano mitigate or avoid the significant effects on the environment of projects that it carries out or approves whenever it is feasible to do so, and that it discuss feasible methods of mitigating the effects in the EIR. (*City of Marina v. Board of Trustees of the Cal. State University* (2006) 34 Cal.4th 341, 349, citing provisions of CEQA and the CEQA Guidelines.) An additional reason why the draft report is deficient is that it doesn't discuss potential mitigation measures.

Mitigation can include:

(c) Rectifying the impact by repairing, rehabilitating, or restoring the impacted environment.

(d) Reducing or eliminating the impact over time by preservation and maintenance operations during the life of the action. 2-21

(e) Compensating for the impact by replacing or providing substitute resources or environments.

(CEQA Guidelines § 15370.)

Mitigating the effects on McFarland would require municipal or regional action to stabilize and revitalize the affected commercial districts. The actions would include:

- building preservation;
- infrastructure improvements to make the commercial areas more attractive to businesses and shoppers;
- financial incentives to businesses to locate or stay within the commercial districts;

City of McFarland's Comments—Delano Marketplace Supplemental EIR—page 43

- marketing efforts to attract businesses from other regions that would be compatible with the Delano Marketplace (and thus more likely to survive);
- increased policing of the affected districts and neighborhoods in the vicinity of vacant commercial buildings to reduce vandalism and other crime engendered or inspired by vacant commercial buildings.

Neither the City of McFarland nor the McFarland Redevelopment Agency has the resources to perform those actions to the extent that would be necessary in order to minimize the significant impacts.

Delano would experience a net increase in tax revenues by reason of the Project. Since a significant environmental effect of the Project will fall on McFarland, a voluntary contribution to McFarland of a proportionate share of Delano's sales tax revenue from the Project would be a feasible form of mitigating the effect. (See *City of Marina, supra,* 34 Cal.4th, p. 359–360.) The mere fact that environmental impacts occur outside of Delano's city limits, and within another city's jurisdiction, does not excuse Delano from the duty to mitigate or avoid the impacts "because CEQA requires a public agency to mitigate or avoid its' projects' significant effects not just on the agency's own property but 'on the environment' [citation], with 'environment' defined for these purposes as 'the physical conditions which exist within the area which will be affected by a proposed project' [citation]." (*Ibid.*)

There is legal authority for such an arrangement. Under section 29(b) of article XIII of the California Constitution, and Government Code section 55704.5, two cities can enter into a voluntary agreement to apportion sales tax revenue between them.

Mitigation must be roughly proportional to the impacts. (CEQA Guidelines § 15126.4(a)(4)(B).) In this case, McFarland's lost sales amount to approximately $8.8 million. ADE estimated the total impact on existing sales by existing retailers to be $85.4 million, of which $59.7 million would be borne by retailers in Delano. (ADE Addendum, Table 1.) McFarland's proportion is 10% of the total impact on retailers inside and outside of Delano. Appropriate and proportional mitigation would consist of a voluntary and continuing apportionment to the City of McFarland of 10% of the excess of sales tax revenues attributable to the Delano Marketplace over those attributable to the taxable portion of the $59.7 million impact on existing Delano retailers. Based on ADE's revenue estimate for the Delano Marketplace (ADE 2007), the sales tax revenue apportioned to McFarland would be between $100,000 and $110,000 per year. The City of McFarland could use this revenue to ameliorate the environmental impacts of urban decay by taking the actions identified above and any other similar actions. The agreement between the two cities would impose an enforceable obligation on McFarland to use the revenue for the agreed purposes. The apportionment would reduce, but not eliminate, the impacts.

2-21 (continued)

* * *

The evidence provided herein comes from the following sources:

1. The personal knowledge of the City of McFarland's employees, officers, agents, and the members of its City Council, and the officers, directors, and agents of the McFarland Redevelopment Agency;
2. Photographs of affected properties in McFarland's four commercial districts;
3. The County of Kern's on-line mapping system accessible at (http://maps.co.kern.ca.us/imf/sites/krn_pub/launch.jsp);
4. The Kern County Assessor's on-line assessment information available at (http://recorder.co.kern.ca.us/propertysearch/index.php), including assessor's parcel maps and assessment information;
5. The State Board of Equalization;
6. The Preliminary Report for the Development Plan for the McFarland Redevelopment District (2007);
7. LexisNexis SmartLinx® Searches Comprehensive Business Reports concerning affected properties and businesses, including sales information from Dun & Bradstreet;
8. The administrative record.

We appreciate having had the opportunity to comment on the draft report, and we look forward to working cooperatively with the City of Delano to minimize or avoid the environment effects of urban decay in the City of McFarland engendered by the Project.

Very truly yours,

Mayor of the City of McFarland

President of the McFarland Redevelopment Agency

City of McFarland's Comments—Delano Marketplace Supplemental EIR—page 45

COMMENT 2-1:

Comment: The commenter asserts that the predicted impact in the regional trade area is an annual figure.

Response: The commenter is correct. The predicted economic impact figures are annual figures.

COMMENT 2-2:

Comment: The comment purports to summarize ADE's methodology for analyzing economic impact and urban decay. The comment also expressly summarizes comments described in detail later in the comment letter.

Response: No response necessary.

COMMENT 2-3:

Comment: The commenter asserts that ADE made a number of important errors in estimating McFarland's retail sales. According to the commenter, these errors significantly underestimated the number of businesses and overall retail sales in McFarland.

Response: See ADE's Master Analysis 1, which describes ADE's methodology for identifying McFarland's retail sales in conjunction with the sales of the other five communities that were subject to analysis. As explained in ADE's Master Analysis 1, Board of Equalization data was not available for four out of the six communities that were subject to the study and therefore did not provide a reasonable data set for consistent analysis of the six geographic areas.

The comment is correct that the ADE Addendum's Table 18 did not include revenue estimates for McFarland's auto parts and accessories even though this data was included in the Zip Code Statistics data set. ADE's Master Analysis 1 includes a revision to that Table that incorporates this data. (See Master Analysis 1, Table 5.) After accounting for this omission, McFarland's total predicted sales are increased from $19,825,423 to $21,000,423. As explained in ADE's Master Analysis 1, the omission was limited to the specific Table 18; the data was included in the overall analysis of regional supply, demand and leakage.

The comment is also correct that ADE reported fewer businesses located within McFarland. However, this is not an error as suggested by the commenter. ADE's Master Analysis 1 explains why the data set excluded "non-employer business." The Master Analysis 1 also explains how the prediction of overall McFarland retail sales is still very similar to the commenter's predictions based on the more precise Board of Equalization data. In fact, accounting for the omitted auto parts sales, ADE's estimate of $21,000,423 is merely 4.17% different from the commenter's estimate. Furthermore, the BOE data references 56 retail stores, 26% more than the commenter identifies. Far from "clearly inaccurate and erroneous" as suggested by the commenter, this minor deviation – based on less accurate data – actually confirms the validity and accuracy of ADE's methodology.

COMMENT 2-4:

Comment: The commenter asserts that the SEIR provided an insufficient description of the Huff Gravity Model.

Response: Please see ADE's Master Analysis 2.

COMMENT 2-5:

Comment: The commenter asserts that ADE's impact distribution protocol is not consistently applied, as evidenced by the fact that $3,165,852 in general merchandise sales were allocated to McFarland rather than $3,715,125.

Response: Contrary to the commenter's suggestion, there is no inconsistency in ADE's analysis or deviation in protocol. As explained on page 24 of the ADE Addendum, ADE identified three general merchandise stores in McFarland. One of these is the new pharmacy in the downtown area. Notwithstanding the prediction from the Gravity Model, ADE's site-specific review of McFarland and the pharmacy determined a strong likelihood that the pharmacy would continue to operate. ADE based this conclusion on specific characteristics of the pharmacy:

> In many communities across the United States, locally-owned pharmacies are able to withstand competition from national chains located in the same area, by attending to the personal needs of customers, through home-delivery prescription services, personal service between pharmacist and customers, service in English and Spanish, and other services such as having doctor's office hours in the building. ***The pharmacy in the downtown area provides all of these extra services, leading us to believe that the pharmacy in the Super Wal-Mart in Delano will not cut into McFarland.***

(ADE Addendum, p. 25.)

Thus, in ADE's professional judgment, the specific characteristics of the pharmacy indicated that it could remain open notwithstanding the Gravity Model's general prediction. This analysis was documented in the Draft SEIR, and explains why ADE assigned economic impacts in the amount of $3,165,852.

COMMENT 2-6:

Comment: The comment asserts, "If ADE had followed protocol and taken into account McFarland's specialty food, specialty retail, auto parts and accessories, and clothing stores, it would have allocated an additional $1.3 million in sales diversions to McFarland."

Response: This statement is untrue for two reasons. First, the commenter's asserted figure is incorrect. The commenter's figure of $1.3 million includes $549,275 for general merchandise