

**CITY OF SANTA BARBARA
CITY COUNCIL
FINANCING AUTHORITY**

Helene Schneider
Mayor
Randy Rowse
Mayor Pro Tempore
Grant House
Ordinance Committee Chair
Dale Francisco
Finance Committee Chair
Frank Hotchkiss
Cathy Murillo
Bendy White



James L. Armstrong
City Administrator

Stephen P. Wiley
City Attorney

City Hall
735 Anacapa Street
<http://www.SantaBarbaraCA.gov>

**MAY 7, 2013
AGENDA**

ORDER OF BUSINESS: Regular meetings of the Finance Committee and the Ordinance Committee begin at 12:30 p.m. The regular City Council meeting begins at 2:00 p.m. in the Council Chamber at City Hall.

REPORTS: Copies of the reports relating to agenda items are available for review in the City Clerk's Office, at the Central Library, and <http://www.SantaBarbaraCA.gov>. In accordance with state law requirements, this agenda generally contains only a brief general description of each item of business to be transacted or discussed at the meeting. Should you wish more detailed information regarding any particular agenda item, you are encouraged to obtain a copy of the Council Agenda Report (a "CAR") for that item from either the Clerk's Office, the Reference Desk at the City's Main Library, or online at the City's website (<http://www.SantaBarbaraCA.gov>). Materials related to an item on this agenda submitted to the City Council after distribution of the agenda packet are available for public inspection in the City Clerk's Office located at City Hall, 735 Anacapa Street, Santa Barbara, CA 93101, during normal business hours.

PUBLIC COMMENT: At the beginning of the 2:00 p.m. session of each regular City Council meeting, and at the beginning of each special City Council meeting, any member of the public may address the City Council concerning any item not on the Council's agenda. Any person wishing to make such address should first complete and deliver a "Request to Speak" form prior to the time that public comment is taken up by the City Council. Should City Council business continue into the evening session of a regular City Council meeting at 6:00 p.m., the City Council will allow any member of the public who did not address them during the 2:00 p.m. session to do so. The total amount of time for public comments will be 15 minutes, and no individual speaker may speak for more than 1 minute. The City Council, upon majority vote, may decline to hear a speaker on the grounds that the subject matter is beyond their jurisdiction.

REQUEST TO SPEAK: A member of the public may address the Finance or Ordinance Committee or City Council regarding any scheduled agenda item. Any person wishing to make such address should first complete and deliver a "Request to Speak" form prior to the time that the item is taken up by the Finance or Ordinance Committee or City Council.

CONSENT CALENDAR: The Consent Calendar is comprised of items that will not usually require discussion by the City Council. A Consent Calendar item is open for discussion by the City Council upon request of a Councilmember, City staff, or member of the public. Items on the Consent Calendar may be approved by a single motion. Should you wish to comment on an item listed on the Consent Agenda, after turning in your "Request to Speak" form, you should come forward to speak at the time the Council considers the Consent Calendar.

AMERICANS WITH DISABILITIES ACT: In compliance with the Americans with Disabilities Act, if you need special assistance to gain access to, comment at, or participate in this meeting, please contact the City Administrator's Office at 564-5305 or inquire at the City Clerk's Office on the day of the meeting. If possible, notification at least 48 hours prior to the meeting will enable the City to make reasonable arrangements in most cases.

TELEVISION COVERAGE: Each regular City Council meeting is broadcast live in English and Spanish on City TV Channel 18 and rebroadcast in English on Wednesdays and Thursdays at 7:00 p.m. and Saturdays at 9:00 a.m., and in Spanish on Sundays at 4:00 p.m. Each televised Council meeting is closed captioned for the hearing impaired. Check the City TV program guide at www.citytv18.com for rebroadcasts of Finance and Ordinance Committee meetings, and for any changes to the replay schedule.

ORDER OF BUSINESS

- 11:30 a.m. - Special Finance Committee Meeting, David Gebhard Public Meeting Room, 630 Garden Street
- 2:00 p.m. - City Council Meeting Begins
- 2:00 p.m. - Special Financing Authority Meeting

SPECIAL FINANCE COMMITTEE MEETING - 11:30 A.M. IN THE DAVID GEBHARD PUBLIC MEETING ROOM, 630 GARDEN STREET (120.03)

1. Subject: 2013 Water Revenue Refunding Certificates of Participation

Recommendation: That the Finance Committee recommend that Council and Board Members:

- A. Adopt, by reading of title only, A Resolution of the Board of Directors of the Santa Barbara Financing Authority Authorizing the Execution and Delivery by the Santa Barbara Financing Authority of an Installment Sale Agreement and a Trust Agreement in Connection With the Execution and Delivery of City of Santa Barbara Water Revenue Refunding Certificates of Participation, Series 2013, Authorizing the Execution and Delivery of Such Certificates Evidencing Principal in an Aggregate Amount of Not to Exceed \$30,000,000 and Authorizing Related Actions; and
- B. Adopt, by reading of title only, A Resolution of the City Council of the City of Santa Barbara Authorizing the Execution and Delivery by the City of an Escrow Agreement in Connection With the Execution and Delivery of City of Santa Barbara Water Revenue Refunding Certificates of Participation, Series 2013, Approving a Notice of Intention to Sell and Authorizing the Distribution of an Official Notice of Sale in Connection with Authorizing the Execution and Delivery of Such Certificates Evidencing Principal in an Aggregate Amount of Not to Exceed \$30,000,000, Authorizing the Distribution of a Preliminary Official Statement in Connection Therewith and Authorizing Related Actions.

(See Council Agenda Item No. 11)

2. Subject: Finance Committee Review Of The Proposed Two-Year Financial Plan For Fiscal Years 2014 And 2015

Recommendation: That the Finance Committee hear a report from staff on the Proposed Two-Year Financial Plan for Fiscal Years 2014 and 2015, including the Recommended Budget for Fiscal Year 2014.

**REGULAR CITY COUNCIL MEETING – 2:00 P.M.
SPECIAL FINANCING AUTHORITY MEETING – 2:00 P.M.**

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

CEREMONIAL ITEMS

1. Subject: Employee Recognition - Service Award Pins (410.01)

Recommendation: That Council authorize the City Administrator to express the City's appreciation to employees who are eligible to receive service award pins for their years of service through May 31, 2013.

2. Subject: Proclamation Declaring May 2013 As Public Gardens Appreciation Month (120.04)

CHANGES TO THE AGENDA

PUBLIC COMMENT

CONSENT CALENDAR

3. Subject: Minutes

Recommendation: That Council waive the reading and approve the minutes of the regular meeting of April 30, 2013.

CONSENT CALENDAR (CONT'D)

4. Subject: Adoption Of Ordinance For City Consent To Sublease Amendment Between Signature Flight Support Corporation And Coastal Aviation Maintenance, LLC (330.04)

Recommendation: That Council adopt, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Approving the City's Consent to an Amendment of a Sublease Between Signature Flight Support Corporation, a California Corporation, and Coastal Aviation Maintenance, LLC, a California Limited Liability Company, for the Sublease of a Portion of the Premises Leased to Signature Flight Support in Restated Lease Agreement No. 12037.2 Located at 303 John Donaldson Place.

5. Subject: Introduction Of Ordinance For Power Purchase Agreement (380.01)

Recommendation: That Council introduce and subsequently adopt, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Authorizing the Execution and Delivery of a California Renewable Energy Small Tariff Agreement with Southern California Edison, Inc., for the Purpose of Selling Electricity Generated at the City's Conduit Hydroelectric Plant, and Authorizing Related Actions.

6. Subject: Introduction Of Ordinance For Fire Management Memorandum Of Understanding (440.02)

Recommendation: That Council:

- A. Ratify the Memorandum of Understanding between the City of Santa Barbara and the Santa Barbara Fire Managers Association for the period of July 1, 2012, through June 30, 2015, by introduction and subsequent adoption of, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Adopting the 2012-2015 Memorandum of Understanding Between the City of Santa Barbara and the Santa Barbara Fire Managers Association;
- B. Adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara For Paying and Reporting the Value of Employer-Paid Member Contributions for Certain Fire Management Association Employees Effective January 12, 2013;
- C. Adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara For Paying and Reporting the Value of Employer-Paid Member Contributions for Certain Fire Management Association Employees Effective June 29, 2013;

(Cont'd)

CONSENT CALENDAR (CONT'D)

6. (Cont'd)

- D. Adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara For Paying and Reporting the Value of Employer-Paid Member Contributions for Certain Fire Management Association Employees Effective January 11, 2014; and
- E. Adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara For Paying and Reporting the Value of Employer-Paid Member Contributions for Certain Fire Management Association Employees Effective January 10, 2015.

7. **Subject: Acquisition Of Real Property At 15 And 20 W. Mason Street For The Mason Street Bridge Replacement Project (330.03)**

Recommendation: That Council adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara to Acquire and Accept In Fee the Real Property Interests Located at 15 and 20 W. Mason Street to Accommodate the Mason Street Bridge Replacement Project, and Authorize the Public Works Director to Execute Such Agreements and Documents, to be Approved as to Form by the City Attorney, as Necessary for the Acquisition and Acceptance of Said Real Property Interests, and Record Said Real Property Interests in the Official Records of the County of Santa Barbara.

8. **Subject: Set A Date For Public Hearing Regarding Renewal Of Levy For Fiscal Year 2014 For The Wildland Fire Suppression Assessment (290.00)**

Recommendation: That Council adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara Declaring its Intention to Renew the Wildland Fire Suppression Assessment Within the Foothill and Extreme Foothill Zones; Declaring the Work to be of More Than General or Ordinary Benefit and Describing the District to be Assessed to Pay the Costs and Expenses Thereof; Preliminarily Approving the Updated Engineer's Report; Stating Intention to Levy Assessments for Fiscal Year 2013-2014; and Establishing a Time of 2:00 P.M. on Tuesday, May 21, 2013, in the City Council Chambers for a Public Hearing on the Wildland Fire Suppression Assessment.

NOTICES

- 9. The City Clerk has on Thursday, May 2, 2013, posted this agenda in the Office of the City Clerk, on the City Hall Public Notice Board on the outside balcony of City Hall, and on the Internet.

CONSENT CALENDAR (CONT'D)

10. Receipt of communications advising of vacancies created on: 1) the Rental Housing Mediation Task Force with the resignation of Pamela McMaster, and 2) the Santa Barbara Youth Council with the resignation of Sami Soto.

This concludes the Consent Calendar.

REPORT FROM THE FINANCE COMMITTEE

FINANCING AUTHORITY REPORTS

11. **Subject: 2013 Water Revenue Refunding Certificates Of Participation (240.04)**

Recommendation:

- A. That the Board adopt, by reading of title only, A Resolution of the Board of Directors of the Santa Barbara Financing Authority Authorizing the Execution and Delivery by the Santa Barbara Financing Authority of an Installment Sale Agreement and a Trust Agreement in Connection With the Execution and Delivery of City of Santa Barbara Water Revenue Refunding Certificates of Participation, Series 2013, Authorizing the Execution and Delivery of Such Certificates Evidencing Principal in an Aggregate Amount of Not to Exceed \$30,000,000, and Authorizing Related Actions; and
- B. That Council adopt, by reading of title only, A Resolution of the City Council of the City of Santa Barbara Authorizing the Execution and Delivery by the City of an Escrow Agreement in Connection With the Execution and Delivery of City of Santa Barbara Water Revenue Refunding Certificates of Participation, Series 2013, Approving a Notice of Intention to Sell and Authorizing the Distribution of an Official Notice of Sale in Connection with Authorizing the Execution and Delivery of Such Certificates Evidencing Principal in an Aggregate Amount of Not to Exceed \$30,000,000, Authorizing the Distribution of a Preliminary Official Statement in Connection Therewith, and Authorizing Related Actions.

SUCCESSOR AGENCY REPORTS

12. **Subject: Proposed Approval Of Long-Range Property Management Plan (620.01)**

Recommendation: That the Successor Agency to the Redevelopment Agency of the City of Santa Barbara approve the Long-Range Property Management Plan for the Calle Cesar Chavez, Bath Street, Paseo Nuevo, Children's Museum and Railroad Depot properties and request review and approval by the Oversight Board.

CITY COUNCIL ADMINISTRATIVE AND ATTORNEY REPORTS

PUBLIC WORKS DEPARTMENT

13. Subject: Adoption Of Resolution Of Necessity For The Cota Street Bridge Replacement Project (330.03)

Recommendation: That Council adopt, by reading of title only, A Resolution of Necessity by the Council of the City of Santa Barbara to Acquire the Real Property Commonly Known as 230 W. Cota Street.

COUNCIL AND STAFF COMMUNICATIONS

COUNCILMEMBER COMMITTEE ASSIGNMENT REPORTS

CLOSED SESSIONS

14. Subject: Conference with Legal Counsel - Threatened Litigation (160.03)

Recommendation: That Council hold a closed session to consider significant exposure to litigation (one potential case) pursuant to subsection (b)(1) of section 54956.9 of the Government Code and take appropriate action as needed.

Scheduling: Duration, 15 minutes; anytime

Report: None anticipated

15. Subject: Public Employee Performance Evaluation - Government Code Section 54957 (170.01)

Recommendation: That Council hold a closed session for a Public Employee Performance Evaluation per Government Code Section 54957.

Title: City Administrator

Scheduling: Duration, 40 minutes; anytime

Report: None anticipated

16. Subject: Public Employee Performance Evaluation - Government Code Section 54957 (160.01)

Recommendation: That Council hold a closed session for a Public Employee Performance Evaluation per Government Code Section 54957.

Title: City Attorney

Scheduling: Duration, 40 minutes; anytime

Report: None anticipated

(Continued from April 30, 2013)

ADJOURNMENT

CITY OF SANTA BARBARA
FINANCE COMMITTEE
SPECIAL MEETING AGENDA

DATE: May 7, 2013

Dale Francisco, Chair

TIME: 11:30 a.m.

Bendy White

PLACE: David Gebhard Public Meeting Room
630 Garden Street

Cathy Murillo

James L. Armstrong
City Administrator

Robert Samario
Finance Director

ITEMS TO BE CONSIDERED:

1. Subject: 2013 Water Revenue Refunding Certificates of Participation

Recommendation: That the Finance Committee recommend that Council and Board Members:

- A. Adopt, by reading of title only, A Resolution of the Board of Directors of the Santa Barbara Financing Authority Authorizing the Execution and Delivery by the Santa Barbara Financing Authority of an Installment Sale Agreement and a Trust Agreement in Connection With the Execution and Delivery of City of Santa Barbara Water Revenue Refunding Certificates of Participation, Series 2013, Authorizing the Execution and Delivery of Such Certificates Evidencing Principal in an Aggregate Amount of Not to Exceed \$30,000,000, and Authorizing Related Actions; and
- B. Adopt, by reading of title only, A Resolution of the City Council of the City of Santa Barbara Authorizing the Execution and Delivery by the City of an Escrow Agreement in Connection With the Execution and Delivery of City of Santa Barbara Water Revenue Refunding Certificates of Participation, Series 2013, Approving a Notice of Intention to Sell and Authorizing the Distribution of an Official Notice of Sale in Connection with Authorizing the Execution and Delivery of Such Certificates Evidencing Principal in an Aggregate Amount of Not to Exceed \$30,000,000, Authorizing the Distribution of a Preliminary Official Statement in Connection Therewith, and Authorizing Related Actions.

(See Council Agenda Item No. 11)

2. Subject: Finance Committee Review Of The Proposed Two-Year Financial Plan For Fiscal Years 2014 And 2015

Recommendation: That the Finance Committee hear a report from staff on the Proposed Two-Year Financial Plan for Fiscal Years 2014 and 2015, including the Recommended Budget for Fiscal Year 2014.



CITY OF SANTA BARBARA

FINANCE COMMITTEE AGENDA REPORT

AGENDA DATE: May 7, 2013
TO: Finance Committee
FROM: Administration Division, Finance Department
SUBJECT: Finance Committee Review Of The Proposed Two-Year Financial Plan For Fiscal Years 2014 And 2015

RECOMMENDATION:

That the Finance Committee hear a report from staff on the Proposed Two-Year Financial Plan for Fiscal Years 2014 and 2015, including the Recommended Budget for Fiscal Year 2014.

DISCUSSION:

On Tuesday, April 16, 2013, the Proposed Two-Year Financial Plan for Fiscal Years 2014 and 2015 ("Proposed Plan") was submitted to Council. On that day, the Finance Committee approved its budget review schedule for the Proposed Plan, including additional topics that the Committee requested be included for their review.

On Tuesday, April 30, 2013, in connection with its review of the budget, the Finance Committee discussed the General Fund non-departmental revenues and growth assumptions and an updated multi-year forecast for the General Fund. At today's meeting, the Finance Committee will review General Fund proposed fee changes.

The next meeting for the Committee's review of the Proposed Plan is scheduled on Tuesday, May 14, 2013, from 11:00 a.m. – 1:45 p.m. The following topics will be discussed:

1. Enterprise Fund proposed changes to fees and service charges.
2. Long-term impacts of recently approved increases to retirement contribution rates by CalPERS.
3. Timing of Human Services Funding

The approved Finance Committee budget review schedule is attached to this report.

ATTACHMENT: Approved Finance Committee Budget Review Schedule

SUBMITTED BY: Robert Samario, Finance Director

APPROVED BY: City Administrator's Office

CITY OF SANTA BARBARA
Proposed Finance Committee Review Schedule
Two-Year Financial Plan for Fiscal Years 2014 and 2015

| Meeting Date and Time | Department |
|--|---|
| Tuesday, April 16, 2013 12:30 p.m. – 1:45 p.m. | <ul style="list-style-type: none"> ➤ Proposed Finance Committee Budget Review Schedule |
| Tuesday, April 30, 2013 12:30 p.m. – 1:45 p.m. | <ul style="list-style-type: none"> ➤ General Fund non-departmental revenues and assumptions ➤ General Fund Multi-Year Forecast (updated) ➤ March 31st Quarterly Investment Report (non-budget Item) |
| Tuesday, May 7, 2013 11:00 a.m. – 1:45 p.m. | <ul style="list-style-type: none"> ➤ General Fund departmental proposed fee changes <ul style="list-style-type: none"> - Community Development, Public Works, Parks & Recreation, Police, Fire and Library ➤ Proposed sale of Water Fund Revenue Certificates of Participation (non-budget Item) |
| Tuesday, May 14, 2013 11:00 a.m. – 1:45 p.m. | <ul style="list-style-type: none"> ➤ Enterprise fund proposed fee changes <ul style="list-style-type: none"> - Water, Wastewater, Waterfront, Solid Waste, Downtown Parking, Golf and Airport ➤ Impacts of CalPERS planned rate increases starting in fiscal year 2016 ➤ Discussion of timing of Human Services funding decisions ➤ Fiscal Year 2013 Third Quarter Review (non-budget item) |
| Tuesday, May 21, 2013 11:00 a.m. – 1:45 p.m. | <ul style="list-style-type: none"> ➤ Review of Citywide reserve balances and City Debt ➤ Recap of unfunded liabilities (OPEB, Pension and Infrastructure) ➤ Understanding how unfunded infrastructure liabilities have changed over the last 10-20 years ➤ Staff recommended adjustments, if any ➤ Finance Committee decisions/ recommendations |



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: May 7, 2013
TO: Mayor and Councilmembers
FROM: City Administrator's Office
SUBJECT: Employee Recognition – Service Award Pins

RECOMMENDATION:

That Council authorize the City Administrator to express the City's appreciation to employees who are eligible to receive service award pins for their years of service through May 31, 2013.

DISCUSSION:

Since 1980, the City Employees' Recognition Program has recognized length of City Service. Service award pins are presented to employees for every five years of service. Those employees achieving 25 years of service or more are eligible to receive their pins in front of the City Council.

Attached is a list of those employees who will be awarded pins for their service through May 31, 2013.

ATTACHMENT: May 7, 2013, Service Awards
PREPARED BY: Myndi Hegeman, Administrative Specialist
SUBMITTED BY: Marcelo López, Assistant City Administrator
APPROVED BY: City Administrator's Office

MAY 2013 SERVICE AWARDS

MAY 7, 2013, Council Meeting

5 YEARS

Amber Anderson, Fire Inspector I, Fire Department
Brian Baxter, Firefighter, Fire Department
Joshua Brousseau, Fire Engineer, Fire Department
Andrew Lee, Firefighter, Fire Department
Josef Mairleitner, Firefighter, Fire Department
Paul Spinale, Fire Engineer, Fire Department
Ernesto Lazaro, Senior Water Distribution Operator, Public Works Department
Anthony Trejo, Water Distribution Operator II, Public Works Department
Edmundo Aguilar, Wastewater Treatment Plant Operator II, Public Works
Department
Seth Gelber, Wastewater Treatment Plant Operator II, Public Works Department
Laura Condon, Recreation Specialist, Parks and Recreation Department
Jeffrey Langley, Park Ranger, Parks and Recreation Department

10 YEARS

Ramon Bravo, Senior Wastewater Collection Systems Operator, Public Works
Department

15 YEARS

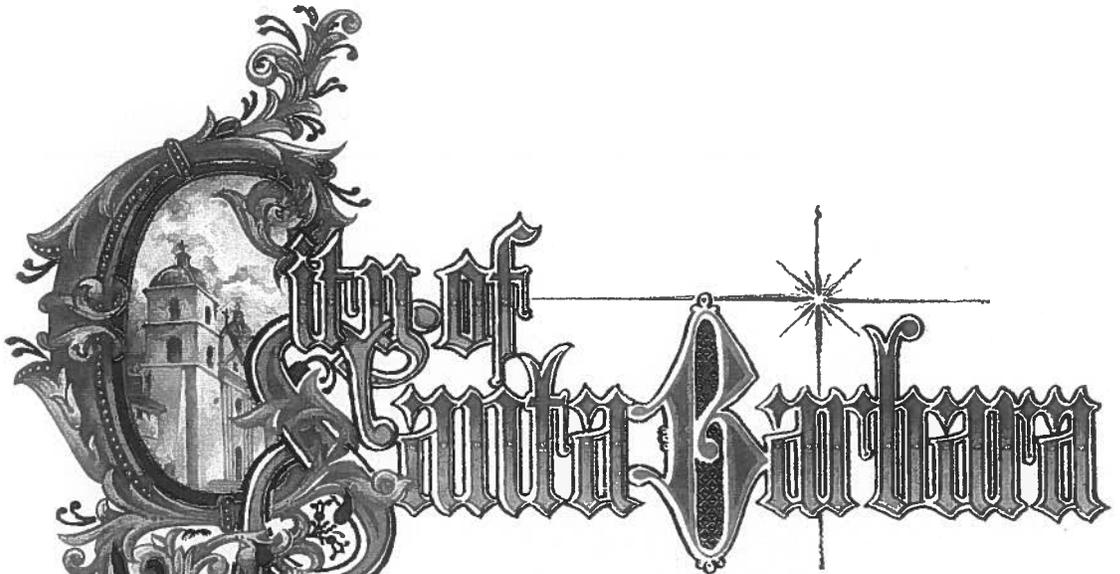
Bruce McDonald, Senior Public Works Inspector, Public Works Department

20 YEARS

R Patrick Kelly, Assistant Public Works Director, Public Works Department

30 YEARS

Stephen Wiley, City Attorney, City Attorney's Office
Bettie Weiss, City Planner, Community Development



**PROCLAMATION
PUBLIC GARDENS
APPRECIATION MONTH
MAY, 2013**

WHEREAS, Santa Barbara's public gardens inspire us with their beauty and serenity. They play an important role in our cultural landscape and encourage an appreciation of and a connection to nature and the concern for the preservation and enhancement of the environment; and

WHEREAS, the City and County of Santa Barbara strive to preserve and protect the historic, natural, and cultural resources for all who live, work, and play in our community; and

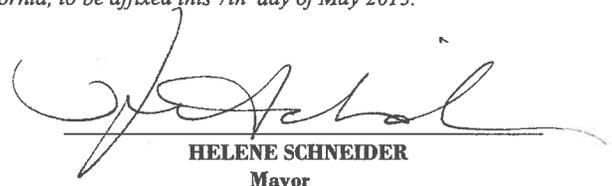
WHEREAS, the City of Santa Barbara is home to the Mission's Rose Garden, La Huerta Historic Garden and Alice Keck Park Memorial Garden, – each with their own unique gardens, be they native plant, ornamental, rare species or historical; and

*WHEREAS, the celebration of **Public Gardens Appreciation Month** includes special events and activities listed on www.sbpublicgardens.org, which encourage the community to explore and discover their local public gardens and marks the first county-wide collaboration like it in the country; and*

WHEREAS, this county-wide collaboration includes more than 20 nonprofit, public sector, luxury hotel, community funders, and university members ~ has officially been named "Santa Barbara Public Gardens Partnership" whose mission is "to promote awareness of our unique and inspiring public gardens.

NOW, THEREFORE, I HELENE SCHNEIDER, by virtue of the authority vested in me as Mayor of the City of Santa Barbara, California do hereby recognize the importance of public gardens to our history, economy, landscape, and environment, and declare May 2013, as **Public Gardens Appreciation Month** in the City of Santa Barbara.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Official Seal of the City of Santa Barbara, California, to be affixed this 7th day of May 2013.


HELENE SCHNEIDER
Mayor





CITY OF SANTA BARBARA CITY COUNCIL MINUTES

REGULAR MEETING April 30, 2013 COUNCIL CHAMBER, 735 ANACAPA STREET

CALL TO ORDER

Mayor Helene Schneider called the meeting to order at 2:00 p.m. (The Finance Committee met at 12:00 p.m. The Ordinance Committee, which ordinarily meets at 12:30 p.m., did not meet on this date.)

PLEDGE OF ALLEGIANCE

Mayor Schneider.

ROLL CALL

Councilmembers present: Dale Francisco, Frank Hotchkiss, Grant House, Cathy Murillo, Randy Rowse, Bendy White, Mayor Schneider.

Councilmembers absent: None.

Staff present: City Administrator James L. Armstrong, Assistant City Attorney Sarah Knecht, City Clerk Services Manager Gwen Peirce.

CEREMONIAL ITEMS

1. Subject: Proclamation Declaring April 2013 As Fair Housing Month (120.04)

Action: Proclamation presented to City Housing & Human Services Employees Liz Stotts and Andrea Bifano.

CHANGES TO THE AGENDA

City Administrator Armstrong stated that the following item was being removed from the agenda:

16. Subject: Public Employee Performance Evaluation - Government Code Section 54957 (160.01)

Recommendation: That Council hold a closed session for a Public Employee Performance Evaluation per Government Code Section 54957.

Title: City Attorney

Scheduling: Duration, 40 minutes; anytime

Report: None anticipated

PUBLIC COMMENT

Speakers: Robert Mayo, Bob Hansen, Nancy McCradie, Dr. Robert Johns, k8 longstory.

CONSENT CALENDAR (Item Nos. 2 – 11)

The titles of the ordinance and resolution related to Consent Calendar items were read.

Motion:

Councilmembers White/Hotchkiss to approve the Consent Calendar as recommended.

Vote:

Unanimous roll call vote.

2. Subject: Minutes

Recommendation: That Council waive the reading and approve the minutes of the regular meeting of April 16, 2013 and the special meeting of April 17, 2013.

Action: Approved the recommendation.

3. Subject: Professional Services Agreement For Evaluation Of Wildland Fire Evacuation Procedures (520.03)

Recommendation: That Council authorize the Fire Chief to execute a standard City Professional Services Agreement with Dudek, in a form of agreement acceptable to the City Attorney, in the amount of \$61,780 for technical and engineering services to evaluate and provide recommendations to improve wildland fire evacuation procedures and authorize the Fire Chief to approve expenditures of up to \$15,220 for extra services that may result from necessary changes in the scope of work.

Action: Approved the recommendation; Agreement No. 24,491 (April 30, 2013, report from the Fire Chief).

4. Subject: Increase To Afterschool Services Provided In The City/Santa Barbara Unified School District Afterschool Opportunities For Kids Program (570.06)

Recommendation: That Council increase revenues and appropriations by \$23,365 in the Parks and Recreation Department Fiscal Year 2013 Miscellaneous Grants Fund for the Afterschool Opportunities for Kids (A-OK) Program.

Action: Approved the recommendation (April 30, 2013, report from the Parks and Recreation Director).

5. Subject: Integrated Pest Management 2012 Annual Report And Advisory Committee Resolution (330.01)

Recommendation: That Council:

- A. Accept the Integrated Pest Management (IPM) 2012 Annual Report; and
- B. Adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara Revising the Composition of the Integrated Pest Management Advisory Committee and Rescinding Resolution 06-008.

Action: Approved the recommendations; Resolution No. 2013-022 (April 30, 2013, report from the Parks and Recreation Director; proposed resolution).

6. Subject: Capital Improvement Projects: Third Quarter Report For Fiscal Year 2013 (230.01)

Recommendation: That Council receive a report on the City's Capital Improvement Projects for the Third Quarter of Fiscal Year 2013.

Speakers:

Staff: Assistant Public Works Director/City Engineer Pat Kelly,
Supervising Transportation Engineer Derrick Bailey.

Action: Approved the recommendation (April 30, 2013, report from the Public Works Director).

7. Subject: Introduction Of Ordinance For City Consent To Sublease Amendment Between Signature Flight Support Corporation And Coastal Aviation Maintenance, LLC (330.04)

Recommendation: That Council introduce and subsequently adopt, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Approving the City's Consent to An Amendment of A Sublease Between Signature Flight Support Corporation, a California Corporation, and Coastal Aviation Maintenance, LLC, a California Limited Liability Company, For the Sublease of a Portion of the Premises Leased to Signature Flight Support in Restated Lease Agreement No. 12037.2 Located at 303 John Donaldson Place.

Action: Approved the recommendation (April 30, 2013, report from the Airport Director; proposed ordinance).

8. Subject: March 31, 2013, Investment Report And March 31, 2013, Fiscal Agent Report (260.02)

Recommendation: That Council:

- A. Accept the March 31, 2013, Investment Report; and
- B. Accept the March 31, 2013, Fiscal Agent Report.

Action: Approved the recommendations (April 30, 2013, report from the Finance Director).

9. Subject: Donation For Police Canine Unit Trust (520.04)

Recommendation: That Council accept a donation of \$52,000 from the Santa Barbara Police Foundation for the Canine Unit Trust fund.

Speakers:

Santa Barbara Police Foundation: President Craig Case.

Action: Approved the recommendation (April 30, 2013, report from the Police Chief).

10. Subject: Set A Date For Public Hearing Regarding Appeal Of Fire And Police Commission Decision For 435 State Street (520.01)

Recommendation: That Council set the date of May 14, 2013, at 2:00 p.m. for hearing the appeal filed by Bill Clayton, Business Owner, of the Fire and Police Commission's decision to suspend the Nightclub Dance Permit for Whiskey Richards, located at 435 State Street.

Action: Approved the recommendation (April 3, 2013, letter of appeal).

NOTICES

11. The City Clerk has on Thursday, April 25, 2013, posted this agenda in the Office of the City Clerk, on the City Hall Public Notice Board on the outside balcony of City Hall, and on the Internet.

This concluded the Consent Calendar.

REPORT FROM THE FINANCE COMMITTEE

Finance Committee Chair Dale Francisco reported that the Committee met to hear a staff report on the March 31, 2013, Investment Report and discuss revenues and expenditures for Fiscal Years 2014 – 2015.

CITY COUNCIL ADMINISTRATIVE AND ATTORNEY REPORTS

PUBLIC WORKS DEPARTMENT

12. Subject: Annual Wastewater Collection System Report (540.13)

Recommendation: That Council hear a report from staff on the wastewater collection system maintenance and management activities.

Documents:

- April 30, 2013, report from the Public Works Director.
- PowerPoint presentation prepared and made by Staff.
- March 28, 2013, letter from Public Works Director Christine Andersen to Santa Barbara Channelkeeper Executive Director Kira Redmond.
- March 31, 2013, Annual Wastewater Collection System Report 2012.
- March 31, 2013, Annual Exfiltration Abatement Program Plan 2012.
- March 31, 2013, SSO Reduction Action Plan 2012.

Speakers:

- Staff: Public Works Director Christine Andersen, Water Resources Manager Rebecca Bjork, Wastewater Systems Manager Chris Toth.
- Santa Barbara Channelkeeper: Executive Director Kira Redmond.
- Water Commission: Member James Smith.

By consensus, the Council received the report, and their questions were answered.

COUNCILMEMBER COMMITTEE ASSIGNMENT REPORTS

Information:

- Councilmember Murillo reported on her attendance at a recent Metropolitan Transit District Board meeting where service changes for Line 22 and a potential rate increase for City College were discussed. She also reported on her attendance at a Joint Cities-County Affordable Housing Task Force meeting, Westside Neighborhood Watch meeting, and State of the Library Presentation, which highlighted the Children's Library project and the book budget.
- Councilmember Hotchkiss further reported on the Westside Neighborhood Watch meeting, and he spoke regarding recent park clean-up events and the Jewish Festival at Oak Park.
- Mayor Schneider spoke regarding her participation in the Chihuahua de Mayo Parade and reported on her attendance at the League of California Cities Channel Counties Division meeting that was held in Moorpark. She commended the Park Foundation on its sold-out event at the Cabrillo Arts Pavilion.
- Councilmember House spoke regarding Santa Barbara High School's presentation of *Spamalot*. He reported on the unveiling of the Conference and Visitors Bureau Strategic Plan and the Arts Symposium that had recently been held at the Canary Hotel.

RECESS

Mayor Schneider recessed the meeting at 3:37 p.m. in order for the Council to reconvene in closed session for Agenda Item Nos. 13, 14 and 15. She stated there would be no reportable action taken during the closed sessions.

CLOSED SESSIONS

13. **Subject: Conference with Real Property Negotiators - State Route 225 (330.03)**

Recommendation: That Council hold a closed session pursuant to the authority of Government Code Section 54956.8 to provide direction to the City Administrator and to the City Attorney regarding the relinquishment by the State of California of a portion of State Route 225 to the City of Santa Barbara.

- Real Property: A portion of State Route 225 between Post Mile 0.031 to Post Mile 4.55 (Castillo Street to Cliff Drive to Las Positas Road) within the City of Santa Barbara.
- City Negotiators: Public Works Director and the City Attorney
- Negotiating Party: CALTRANS, Deputy District Director Loe (San Luis Obispo District)
- Under Negotiation: Price and Terms of Transfer and Compensation
Scheduling: Duration, 30 minutes; anytime
Report: None anticipated

(Cont'd)

13. (Cont'd)

Documents:

April 30, 2013, report from the City Attorney.

Time:

3:45 p.m. – 3:57 p.m.

No report made.

15. Subject: Conference with Legal Counsel - Pending Litigation (160.03)

Recommendation: That Council hold a closed session to consider pending litigation pursuant to subsection (a) of Section 54956.9 of the Government Code and take appropriate action as needed. The pending litigation is *Sian Harden v. City of Santa Barbara, et al.*, SBSC No. 1385957.

Scheduling: Duration, 15 minutes; anytime

Report: None anticipated

Documents:

April 30, 2013, report from the City Attorney.

Time:

3:57 p.m. – 4:20 p.m.

No report made.

14. Subject: Conference With Labor Negotiator (440.05)

Recommendation: That Council hold a closed session, per Government Code Section 54957.6, to consider instructions to City negotiator Kristy Schmidt, Employee Relations Manager, regarding negotiations with the Police Bargaining Unit, Supervisors' Bargaining Unit, and the General Bargaining Unit, and regarding discussions with certain unrepresented managers about salaries and fringe benefits.

Scheduling: Duration, 30 minutes; anytime

Report: None anticipated

Documents:

April 30, 2013, report from the Assistant City Administrator.

Time:

4:23 p.m. – 4:55 p.m.

No report made.

ADJOURNMENT

Mayor Schneider adjourned the meeting at 4:55 p.m.

SANTA BARBARA CITY COUNCIL

SANTA BARBARA
CITY CLERK'S OFFICE

HELENE SCHNEIDER
MAYOR

ATTEST:

GWEN PEIRCE, CMC
CITY CLERK SERVICES MANAGER

ORDINANCE NO. _____

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SANTA BARBARA APPROVING THE CITY'S CONSENT TO AN AMENDMENT OF A SUBLEASE BETWEEN SIGNATURE FLIGHT SUPPORT CORPORATION, A CALIFORNIA CORPORATION, AND COASTAL AVIATION MAINTENANCE, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY, FOR THE SUBLEASE OF A PORTION OF THE PREMISES LEASED TO SIGNATURE FLIGHT SUPPORT IN RESTATED LEASE AGREEMENT NO. 12037.2 LOCATED AT 303 JOHN DONALDSON PLACE.

THE COUNCIL OF THE CITY OF SANTA BARBARA DOES ORDAIN AS FOLLOWS:

SECTION 1. In accordance with the provisions of Section 521 of the Charter of the City of Santa Barbara, that certain City Consent to Amendment of Sublease Agreement between Signature Flight Support Corporation and Coastal Aviation Maintenance, LLC, is hereby approved upon adoption of the enabling ordinance.



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: May 7, 2013

TO: Mayor and Councilmembers

FROM: Water Resources Division, Public Works Department

SUBJECT: Introduction Of Ordinance For Power Purchase Agreement

RECOMMENDATION:

That Council introduce and subsequently adopt, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Authorizing the Execution and Delivery of a California Renewable Energy Small Tariff Agreement with Southern California Edison, Inc., for the Purpose of Selling Electricity Generated at the City's Conduit Hydroelectric Plant, and Authorizing Related Actions.

DISCUSSION:

The City owns a conduit hydroelectric power plant located near City's Cater Water Treatment Plant. The hydroelectric power plant receives water from the City's Gibraltar Dam and Reservoir that is delivered to Santa Barbara via the City's Mission Tunnel. Because the hydroelectric power plant uses the water at the end of the conduit piping water from the Gibraltar Reservoir, it is considered a conduit hydroelectric power plant. In 1985, the plant began producing electrical power, which was sold to Southern California Edison (SCE). The plant was idled in 1998, when it was determined that the project operation and maintenance costs, along with regulatory burdens, exceeded the income from power sales. Staff is currently working to bring the hydroelectric power plant back online.

The City is currently negotiating with the Bureau of Reclamation to purchase fee title to the land beneath the power plant.

In order for the City to sell and deliver power from the plant into SCE's power grid, the City needs to enter into a power purchase agreement. A "California Renewable Energy Small Tariff" (CREST) Agreement is a Power Purchase Agreement (PPA) which offers stable and favorable rates for the sale of the plant's power. Today's authorization is for the City to enter into a CREST PPA.

The California Public Utilities Commission has approved the replacement of the CREST program with a market-based pricing mechanism (Re-MAT). The new program is intended to “capture maximum value for ratepayers”, which will not offer the same sales price and term stability to the City that is offered by the CREST program. It is unknown when the Re-MAT program will be implemented; however, SCE staff has stated that this will happen in the near future and that, once it is implemented, the CREST PPAs will no longer be executed. Staff is hopeful that the City’s PPA can be approved while CREST PPAs are still being executed. The City can elect the term of the PPA, and staff recommends the maximum 20-year term, with projected power sales estimated at \$210,000 per year selected.

Copies of the CREST agreement are available for review by the public at the City Clerk’s Office and available to Councilmembers in the City Council’s reading file.

PREPARED BY: Rebecca Bjork, Water Resources Manager/RR/mh

SUBMITTED BY: Christine F. Andersen, Public Works Director

APPROVED BY: City Administrator’s Office

ORDINANCE NO. _____

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SANTA BARBARA AUTHORIZING THE EXECUTION AND DELIVERY OF A CALIFORNIA RENEWABLE ENERGY SMALL TARIFF AGREEMENT WITH SOUTHERN CALIFORNIA EDISON, INC., FOR THE PURPOSE OF SELLING ELECTRICITY GENERATED AT THE CITY'S CONDUIT HYDROELECTRIC PLANT, AND AUTHORIZING RELATED ACTIONS

WHEREAS, the City received United States Bureau of Reclamation License and Agreement No. 20-07-20-L2148 (City Agreement No. 11,539), dated July 15, 1982, which permitted the construction, operation and maintenance of the City's Hydroelectric Plant on United States land adjacent to Lauro Reservoir;

WHEREAS, the City's hydroelectric plant produced clean, renewable power from 1985 through 1998;

WHEREAS, the City decommissioned the hydroelectric plant in 1998, when it was determined that project operation, maintenance, permit, and regulatory costs exceeded project revenues;

WHEREAS, on November 2, 2010, the City Council adopted Resolution No. 10-086 to demonstrate the City's desire to resume operations at the hydroelectric plant, and to demonstrate intent by Council to accept ownership of the underlying land, if conveyed to the City by Reclamation;

WHEREAS, on October 17, 2012, City staff filed an application for a California Renewable Energy Small Tariff Agreement with Southern California Edison, Inc., for the Purpose of Selling the City's Hydroelectric Conduit Plant Power;

WHEREAS, on January 7, 2013, the U.S. General Services Administration (GSA) issued a Notice that it had determined the land beneath the City's hydroelectric plant "to be Government surplus and available for disposal";

WHEREAS, on March 19, 2013, the City Council adopted Resolution No. 13-015 Authorizing Christine F. Andersen, Public Works Director, to Act on Behalf of the City in the Negotiated Purchase of the Real Property Beneath the City's Hydroelectric Plant and Verifies that Funds Have Been Budgeted for the Purchase, which will be based upon an Appraisal by a State Certified Appraiser; and

WHEREAS, the City Council has been presented with the form of a California Renewable Energy Small Tariff Agreement, and the City Council has examined and approved such document and desires to authorize and direct the execution of such documents, subject to minor changes.

NOW, THEREFORE, THE COUNCIL OF THE CITY OF SANTA BARBARA DOES ORDAIN AS FOLLOWS:

Section 1. In accordance with the provisions of Section 521 of the Charter of the City of Santa Barbara, that certain agreement between the City of Santa Barbara and Southern California Edison, Inc., which provides for the sale of power from the City's Hydroelectric Conduit Power Plant for a period of 20 years, is hereby approved.

Section 2. The Authorized Officers are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable in order to consummate the agreement herein authorized and otherwise to carry out the terms and intent of this Ordinance.

Section 3. All actions heretofore taken by the officers, employees and agents of the City with respect to the agreement set forth above are hereby approved, confirmed and ratified.



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: May 7, 2013

TO: Mayor and Councilmembers

FROM: City Administrator's Office

SUBJECT: Introduction Of Ordinance For Fire Management Memorandum of Understanding

RECOMMENDATION: That Council:

- A. Ratify the Memorandum of Understanding between the City of Santa Barbara and the Santa Barbara Fire Managers Association for the period of July 1, 2012, through June 30, 2015, by introduction and subsequent adoption of, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Adopting the 2012-2015 Memorandum of Understanding Between the City of Santa Barbara and the Santa Barbara Fire Managers Association;
- B. Adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara For Paying and Reporting the Value of Employer-Paid Member Contributions for Certain Fire Management Association Employees Effective January 12, 2013;
- C. Adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara For Paying and Reporting the Value of Employer-Paid Member Contributions for Certain Fire Management Association Employees Effective June 29, 2013;
- D. Adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara For Paying and Reporting the Value of Employer-Paid Member Contributions for Certain Fire Management Association Employees Effective January 11, 2014; and
- E. Adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara For Paying and Reporting the Value of Employer-Paid Member Contributions for Certain Fire Management Association Employees Effective January 10, 2015.

EXECUTIVE SUMMARY:

This action will ratify the first labor agreement between the City and the newly recognized Fire Managers Association, covering five employees. The agreement term is for three years, through June 30, 2015, and will result in a reduction in ongoing City labor costs of \$4,349 per year, or about 0.5%. Under the agreement, employees will gradually increase

their contributions toward their pension benefits to 9% of compensation. The pension contributions will be partially offset by salary and benefit increases. The California Public Employees Retirement System (CalPERS) requires adoption of a separate resolution for each pension contribution change.

DISCUSSION:

Background

On April 20, 2012, the City received an initial request for formal recognition of the Santa Barbara City Fire Managers Association (FMA) as outlined in Santa Barbara Municipal Code Chapter 3.12 governing the City's Employer-Employee Relations. The FMA presented a copy of its constitution and by-laws currently in effect, and evidence of the majority support of the approved membership, and was duly recognized by the City as the majority representative of the Fire Managers bargaining unit. The new bargaining unit covers five employees in the management classifications of Fire Battalion Chief and the Prevention Fire Division Chief. It does not include the Fire Chief or the Suppression Fire Division Chief (formerly the Deputy Fire Chief).

Subsequently, as required by state law, the City entered into "meet and confer" negotiations with the new bargaining unit with regard to changes to the terms and conditions of employment. After several months of discussions without reaching agreement, the City issued its last, best and final offer to the FMA for a three-year agreement, with an alternative one-year offer on less favorable economic terms.

On April 19, 2013 the FMA and City Negotiators reached a tentative agreement on terms substantially similar to the City's three-year last, best and final offer. The tentative agreement was ratified by the FMA membership on April 24, 2013.

Summary of Agreement

The new three-year labor agreement is effective retroactive to July 1, 2012, and incorporates various status quo wage and benefit provisions for these employees that were previously contained in the Management Performance and Compensation Plan, applicable Management Salary Plan, and the Santa Barbara Municipal Code.

Changes to the terms and conditions of employment that were negotiated and incorporated into the document include:

- Full compliance for new members of the CalPERS pension plan with the Public Employees' Pension Reform Act of 2013 (CPEPRA);
- Increased employee contributions toward pension benefits for existing ("Classic") CalPERS members so that, by the end of the agreement, the employee will be paying a 9% member contribution (these employees have been paying the equivalent of 2.25% under a previous agreement, but that was set to expire in June 2013);

- Discontinuance of the “roll-up” benefit, which consisted of reporting Employer Paid Member Contributions (EPMC) to CalPERS as additional compensation, in the last year of the agreement;
- Salary increases of 7.5% over the term of the agreement that will partially offset employee pension contributions, with a reopener on negotiations over a possible additional salary increase in January 2015;
- A \$116 per month increase to the cafeteria plan allowance for health benefits that is funded through the permanent elimination of 40 hours of management leave.
- New caps on accruals of sick leave for all employees, and on holiday time for new employees;
- Restoration of Fiscal Year 2013 holiday and personal leave that was temporarily reduced as a concession under the former Management Salary Plan; and
- An increase to pay for compensable overtime, currently paid at straight time, to a premium of 110% of straight time pay when assigned to backfill for another employee’s shift (administrative overtime is still unpaid).

This agreement will reduce the City’s ongoing total compensation costs for this group by about 0.5% by the end of the agreement versus the status quo. However, since employees are still making a previously implemented temporary concession and because part of the City’s saving relate to the elimination of a “roll-up” benefit not received by employees until retirement, the net effect to employees’ take home pay will be a slight increase.

Compaction and Overtime

City HR staff has long recognized significant compaction issues for Battalion Chief compensation when compared to lead Fire Captains, who are represented by the Firefighters Association. For the several years before the recession, compensation increases granted to Firefighter union members exceeded those for unrepresented fire managers. In addition, Captains earn overtime at time and one half, and have significantly more available overtime than Battalion Chiefs due to constant staffing. The lower salary increases for management coupled with greater overtime earning opportunities for non-management have led to the compensation of many Captains exceeding the compensation of the Battalion Chiefs who manage them. This becomes a problem in enticing employees to promote to management and leads to morale issues. This is true even though these managers are paid well in comparison to similar positions in comparable agencies.

The increase to a 110% premium for overtime of this group is designed to be as step toward addressing the compaction issue. The Fire managers are the only City managers eligible for non-emergency overtime pay. They are currently eligible for overtime at straight time when covering the absence of another Battalion Chief in order to comply with constant staffing requirements. An analysis by staff about how compaction is addressed in other agencies showed that many comparable agencies pay their Shift Battalion Chiefs overtime at a premium.

PERS Pension Contributions

Until recent years, in addition to paying its own CalPERS employer pension contributions, the City paid police and fire safety employees' required member contributions on the employees' behalf. However, required City pension contributions have increased steadily, significantly exceeding what was anticipated when the City agreed to enhance retiree benefits to the 3% at 50 formula a little over a decade ago. During the recent economic recession, safety employees agreed to temporarily share part of the cost of their pension benefits. During these negotiations, the City asked employees to begin to share permanently in these unexpected pension cost increases.

Since January 2011, Fire Management employees have been paying 2.98% of their pensionable earnings to CalPERS through a reporting mechanism allowed by CA Government Code Section 20516 (Section 20516). Paying under Section 20516 preserved the employee's "roll-up" benefit. In preserving that benefit it provided savings to the City roughly equivalent to employees paying 2.25% of the member contribution. This is schedule to expire in June 2013.

Under the new agreement, not only will employee pension contributions continue, but they will increase over time. Effective retroactive to January 2013, in addition to the 2.98% contribution under Section 20516, employees will also pay 2.25% toward the member contribution. When the Section 20516 contributions expire in June 2013, employee member contributions will increase by another 2.25%, to 4.5% total. These contributions will increase again by 2.5% in January 2014 and by 2% on January 2015, so that by the end of the agreement employees will pay their full 9% member contribution on their own behalf.

Salaries and Other Benefits

Over the three year period, permanent contributions to pensions will be partially offset by salary increases.

| <u>Effective Date</u> | <u>Increase</u> |
|-----------------------|-----------------|
| July 14, 2012 | 2.0% |
| January 12, 2013 | 1.0% |
| January 11, 2014 | 2.5% |
| January 10, 2015 | 2.0% |

There is a reopener in the final year to discuss a possible additional increase in January 2015. This was offered due to FMA's interest in having such discussions in the event that more generous compensation terms are negotiated with other safety bargaining groups over the next few years. Whether there will actually be an additional increase will depend on negotiations between the City and the FMA at that time.

Employees will also receive a \$116 per month increase in the cafeteria allowance for health benefits effective January 2013, the cost of which will be fully offset through the overtime savings achieved through the elimination of 40 hours of paid management leave.

The agreement calls for the restoration of 40 hours of Fiscal Year 2013 holiday and personal leave time that was temporarily reduced as a concession under the old Management Salary Plan. New caps of 2160 hours will be placed on accruals of sick leave for all employees. In addition, for new employees, the department will be able to cash out accrued holiday hours in excess of 120 to keep these accrued leave banks down.

BUDGET/FINANCIAL INFORMATION:

Overall, this three year agreement will reduce the City's compensation costs for this group by approximately 0.5% versus the status quo. This will result in ongoing savings to the City of \$4,349 per year.

Since a portion of the City savings from employee pension contributions were already known and budgeted in FY 2013, but offsetting costs were not, there will be an estimated unbudgeted cost of \$10,000 in the current year. If, by year-end, these costs are not able to be absorbed by the existing Fire Department budget, additional appropriations will be requested to cover these costs..

PREPARED BY: Kristine Schmidt, Employee Relations Manager

SUBMITTED BY: Marcelo Lopez, Assistant City Administrator

APPROVED BY: City Administrator's Office

ORDINANCE NO. _____

AN ORDINANCE OF THE COUNCIL OF THE CITY OF
SANTA BARBARA ADOPTING THE 2012-2015
MEMORANDUM OF UNDERSTANDING BETWEEN THE
CITY OF SANTA BARBARA AND THE SANTA BARBARA
FIRE MANAGERS ASSOCIATION

THE COUNCIL OF THE CITY OF SANTA BARBARA DOES ORDAIN AS FOLLOWS:

SECTION 1. The Memorandum of Understanding between the City of Santa Barbara and the Santa Barbara Fire Managers Association entered into as of July 1, 2012 and attached hereto and incorporated herein by reference as Exhibit "A" is hereby adopted.

SECTION 2. During the term of the agreement, the City Administrator is hereby authorized to implement the terms of the Memorandum of Understanding between the City of Santa Barbara and the Santa Barbara Fire Managers Association without further action by the City Council, unless such further action is explicitly required by state or federal law. This authorization shall include, but not be limited to, the authority to implement employee salary increases and publish changes to the salary schedule(s) adopted with the annual operating budget.

**CITY OF SANTA BARBARA
AND
SANTA BARBARA FIRE MANAGEMENT ASSOCIATION
2012-2015 MEMORANDUM OF UNDERSTANDING**

**MEMORANDUM OF UNDERSTANDING
BETWEEN
THE CITY OF SANTA BARBARA
AND THE
SANTA BARBARA CITY FIRE MANAGERS ASSOCIATION**

THIS AGREEMENT IS ENTERED INTO AS OF _____, BETWEEN THE CITY OF SANTA BARBARA, HEREINAFTER REFERRED TO AS THE "CITY," AND THE SANTA BARBARA CITY FIRE MANAGERS ASSOCIATION, HEREINAFTER REFERRED TO AS THE "ASSOCIATION."

Pursuant to Section 3.12 of the Municipal Code of the City of Santa Barbara and Section 3500 et. seq. of the Government Code, the duly authorized representatives of the City and the duly authorized representatives of the Association, having met and conferred in good faith concerning wages, hours, and terms and conditions of employment of Unit employees, declare their agreement to the provisions of this Memorandum of Understanding.

FOR THE CITY:

FOR THE ASSOCIATION:

Kristine Schmidt
Employee Relations Manager

Lee Waldron, Fire Battalion Chief
President

James McCoy, Fire Battalion Chief
Vice President

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1. Scope of Representation

A. The Association represents the following management job classifications:

Fire Battalion Chief
Fire Division Chief (Prevention)

B. "Shift personnel" as used in this Agreement refers to those managers in the above classifications assigned by the Fire Chief to a 56 hour per week shift schedule.

2. Base Salaries

A. Base salaries will be increased as follows:

| <u>Effective Date</u> | <u>Increase</u> |
|-----------------------|-----------------|
| July 14, 2012 | 2.0% |
| January 12, 2013 | 1.0% |
| January 11, 2014 | 2.5% |
| January 10, 2015 | 2.0% |

B. Upon receipt of 30 days written notice from the Association to the City, effective not earlier than November 5, 2014, parties will meet and confer in good faith regarding the sole issue of a possible additional January 10, 2015 salary increase.

3. Overtime

A. Overtime for non-emergency situations is limited to when a member is assigned by the Fire Chief to backfill another employee's shift as the assigned Suppression Battalion Chief on that shift. Such overtime will be paid at straight time only.

B. Overtime will be accrued or paid to Fire Safety Management at straight time only when assigned to emergency suppression or prevention duties.

C. In an effort to address compensation compaction within the fire service, the City will begin moving toward premium pay for overtime. Effective July 13, 2014, such overtime will be paid at a premium rate of 110% of the employee's regular rate of pay.

D. Overtime shall be accrued or paid out at the rate of time and one-half when providing mutual aid for which the City is reimbursed at the rate of time and one half.

E. Overtime will not be accrued for performing administrative duties.

F. Overtime may be accrued in a bank of hours (compensatory time) not to exceed 48 hours.

4. Cafeteria Plan Contribution

- A. Employees will receive a monthly contribution to the cafeteria plan for the purchase of health and welfare benefits and/or optional cash-out. The cafeteria plan contribution will be \$1,560.00 per month.

Effective January 1, 2013, the cafeteria plan amount will be increased by \$116.00 per month, to \$1676.00 per month. In the first year of this increase, the 2013 plan year, such equivalent increase shall be allocated over the remaining pay periods in the cafeteria plan year following ratification of this Agreement. The City shall not be obligated to conduct an additional open enrollment related to this increase to the cafeteria plan amount.

- B. Information about the benefits available and their cost will be distributed to all employees at the beginning of each benefit year (i.e. calendar year).
- C. The City retains full and complete control over the selection, approval and administration of the City's group insurance program.
- D. The benefits will be subject to the following rules:
1. Benefit selections must be made prior to the beginning of each benefit year. Employee changes in benefit plan selections, such as adding or deleting coverage and/or dependents, may only be made in accordance with Section 125 of the Internal Revenue Code and City policy.
 2. All benefits selected from the cafeteria plan must be paid for in full from the maximum benefit provided except when the maximum is insufficient to cover all insurance coverage selected. In such cases, the premium amount not funded by the City-provided benefit will be paid through an employee deduction applied against the medical premiums.
 3. No unexpended dollar amounts associated with selected benefits may be disbursed to a terminating employee.
 4. All benefit selections are subject to State and Federal rules, regulations, and laws regarding employee benefits and tax status. No guarantee is made regarding the tax-exempt status of any and all benefits presented or selected.
 5. Employees will be eligible for benefits coverage and the monthly cafeteria plan contribution, on the first day of the month following their hire date.

5. Domestic Partnership Benefits

The cafeteria plan allowance can be used toward same sex and opposite sex domestic partner dependent coverage under the medical, dental, and vision plans, and any other plan where such coverage is allowed. In order to receive this benefit, domestic partners must be registered with the City Clerk's Office and/or the Secretary of State of California, and the employee must provide proof of registration. The affected employee(s) will be responsible for all tax consequences of this benefit.

Additionally, Domestic Partners who are registered with the City Clerk's Office and/or the Secretary of State of California are treated the same as spouses under all City policies related to employees' families.

6. Life Insurance

Life Insurance will be provided equal to an amount of one times annual salary. An equal amount will be provided for accidental death and dismemberment (ADD) coverage. This amount will not be counted against the cafeteria plan allowance.

7. Long Term Disability

Each employee will receive City-paid coverage under a long term disability insurance program. This amount will not be counted against the cafeteria plan allowance.

8. Short Term Disability

Employees will be eligible to participate in an optional Short-term Disability plan at their own cost.

9. Accident/Critical Illness Insurance

Employees will be eligible to participate in an optional Supplemental Accident and Critical Illness insurance plan at their own cost.

10. Tax-Qualified Expense Accounts

The City will continue to offer several tax-qualified arrangements to allow employees to set aside money to pay for eligible expenses on a pre-tax basis. These include:

- Medical Flexible Spending Account
- Dependent Care Account

11. Vacation

A. Members will be eligible to accrue vacation as follows:

| Years Service | Days | Hours (Non-shift) | Hours (Shift Personnel) |
|---------------|------|----------------------|----------------------------|
| 0-2 | 15 | 120 | 180 |
| 3-5 | 20 | 160 | 240 |
| 6-7 | 25 | 200 | 300 |
| 8+ | 28 | 224 | 336 |

B. The maximum vacation accrual for non-shift employees will be 352 hours (44 days). For shift personnel, the maximum vacation accrual will be 528 hours (44 days x 12 hours/day).

- C. A member whose vacation balances exceed the maximum accrual will not be eligible to accrue further vacation until such time as the manager has reduced his or her accrued leave balances through time off, catastrophic leave donation, or buy-back (“cash out”), to below the maximum accrual. There is no retroactive grant of vacation compensation for the period of time the vacation compensation was at the cap.
- D. The maximum vacation accrual may be waived if scheduled vacations are cancelled by the City for emergencies or cancelled by the manager due to the illness, injury, or personal emergency. The manager will submit to the City Administrator, via the Department Head, a memo requesting approval for the accrual beyond the maximum. The City Administrator may establish a deadline by which the manager must reduce the vacation accrual to at or below the maximum, or be subject to the accrual discontinuance provisions outlined herein.
- E. A manager, other than shift personnel, who has taken a minimum of eighty (80) hours of vacation and/or management leave in the payroll year may request to be paid in full for up to 120 hours of accrued vacation in any one payroll year during the vacation cash-out period established by the City. Shift personnel may request vacation cash-out only if they take a minimum of one hundred twenty (120) hours of vacation in the payroll year and they may request to be paid in full for up to 168 hours of accrued vacation in any one payroll year during the vacation buy-back period established by the City.

12. Vacation & Sick Leave Advanced Credit Upon Hire

- A. An employee who is appointed from outside City of Santa Barbara government service within one (1) year of leaving employment with either the City of Santa Barbara or another city, county, state agency, federal agency or special district and who, in the opinion of the Human Resources Manager, possesses government experience directly related to the position to which he or she has been appointed, may be offered credit for years of prior service with the City of Santa Barbara and/or his or her immediate previous government employer in the following ways:
 - i. Vacation Accrual: At the discretion of the Human Resources Manager, the employee may be offered credit for up to the total number of prior full years of service at the City of Santa Barbara and/or his or her immediate previous government employer toward the initial vacation accrual rate. The employee will not be eligible to progress to a higher accrual rate until employee has the normal required minimum amount of City of Santa Barbara service for that accrual rate.
 - ii. Sick bank: At the discretion of the Human Resources Manager, the employee may be credited with up to 96 hours of sick leave. Thereafter, employee will accrue sick leave at the normal rate.

- B. A former City of Santa Barbara employee reemployed within one year under Santa Barbara Municipal Code Section 3.16.320 will automatically qualify for the full vacation accrual credit under (i), above, for his or her prior City of Santa Barbara service. However, under no circumstance will prior accrued vacation balances cashed out to the employee upon termination be reinstated.

13. Holidays and Personal Leave

- A. Members on a regular 40 hour shift will be eligible for legal holidays and personal leave under the same terms as other Group II Managers under the citywide Management Performance and Compensation Plan.

Following ratification of this Agreement, holidays and personal leave for the July 2012 through June 2013 Fiscal Year will be restored to these levels.

- B. Shift personnel will accrue holidays and personal leave days at the combined rate of one twelve (12) hour day per month.

Following ratification of this Agreement, holiday accruals for the July 2012 through June 2013 Fiscal Year will be restored to these levels.

- C. If an employee's accrued holiday bank exceeds 156 hours, the City shall have the option either to require the employee to take the excess holiday time off or to pay the employee for the excess hours at straight time. The option of time off or pay in lieu of holiday hours shall be at the sole discretion of the City.

Employees who are bargaining unit members on the date of ratification of the 2012-2015 Agreement shall not be subject to the holiday accrual cap. The maximum holiday accrual for these employees will be the number of hours that they had in their respective banks effective the end of the first full pay period after ratification.

14. Sick Leave

Non-shift members are eligible for regular sick leave accrual on the same basis as other Group II Managers under the citywide Management Performance and Compensation Plan.

For shift personnel, regular days of sick leave will accrue at 12 hours per month.

All employees shall be subject to a maximum regular sick leave accrual, not including non-replenishable sick leave Under Article 15 of this Agreement, of 2160 hours.

15. Non-Replenishable Sick Leave

- A. After five (5) years of continuous service, a non-shift employee may accumulate additional “non-replenishable” sick leave at the rate of sixteen (16) hours at full salary for each additional year of continuous service. The maximum accumulation is two hundred and forty (240) hours and is not replenishable.
- B. For shift personnel, after five (5) years of continuous service, an employee may accumulate additional “non-replenishable” sick leave at the rate of twenty four (24) hours at full salary for each additional year of continuous service. The maximum accumulation is three hundred and sixty (360) hours and is not replenishable.
- C. Non-replenishable sick leave hours may only be used after the employee’s entire regular sick leave bank is exhausted.

16. Catastrophic Leave

Employees will be eligible to donate vacation time to the applicable leave banks of full-time and part-time employees who are incapacitated due to a catastrophic illness or injury or who must care for a spouse or child who has a catastrophic illness or injury under the same terms and conditions as other Group II Managers.

17. Leaves of Absence

- A. Employees may request a medical leave of absence of up to one year under the City’s FMLA/CFRA Family Medical Leave Policy, the Leave without Pay (Medical Reasons) Policy, the Maternity Leave Policy, and/or the Parental Leave Policy.
- B. The City Administrator may grant an extra leave of absence, in addition to that provided under the various sick leave policies to an employee who has been continuously employed by the City for five (5) years or more. When all sick leave has been exhausted, the employee can make a request, in writing, for extra leave and attach a report from his/her medical doctor stating the extent of the illness and the approximate time required for recovery. If approved the request shall be based on the following schedule:

| Service in Years (active & continuous) | Maximum # of Months of Extra Leave Allowable |
|---|--|
| 5- 10 | 3 |
| 10-15 | 6 (including the 3 above) |
| 15-20 | 9 (including the 6 above) |
| 20 + | 12 (including the 9 above) |

During such period of extra leave, the employee shall receive an amount equal to 50% of his/her regular salary

- C. Non-Medical Leave: Employees may also request a personal leave of absence of up to one year for non-medical reasons under the City's Leave of Absence Without Pay (Non-medical reasons) Policy. A sabbatical may constitute a reason for a leave of absence. An approved leave of absence without pay will not constitute a break in continuous service.

18. PERS Retirement

- A. Employees will be covered under the Fire Safety contract under the Public Employees' Retirement System (PERS) with a 3% at age 50 benefit formula.
- B. Employees shall contribute toward PERS Retirement as follows:
 - 1. Effective July 1, 2012 employees will continue to pay 2.98% of salary to CalPERS under Government Code Section 20516(a) (Cost Sharing). The City will continue to contribute the entire required employee portion of the PERS contribution rate equal to 9% of pensionable income on behalf of bargaining unit members as Employer Paid Member Contributions (EPMC), which shall be credited to the individual member's account.
 - 2. Effective January 12, 2013, existing employees will contribute a portion of the required employee contribution equal to 2.25% of pensionable income and the City's Employer Paid Member Contributions (EPMC) will be reduced accordingly to 6.75% of pensionable income. If retroactivity for the January 12, 2013 employee contribution increase cannot be achieved, a higher amount will be temporarily implemented to achieve similar City savings to the January 12, 2013 implementation date.
 - 3. Effective June 29, 2013 payments under Government Section 20516(a) will end and employees will contribute 4.5% of pensionable income or one-half of the normal member contribution. The City's Employer Paid Member Contributions will be reduced accordingly to 4.5% of pensionable income.
 - 4. Effective January 11, 2014 employees will contribute a member contribution an amount equal to 7% of pensionable income and the City's Employer Paid Member Contributions (EPMC) will be reduced accordingly to 2% of pensionable income.
 - 5. Effective January 10, 2015 employees will pay the entire member contribution equal to 9% of pensionable income.
- C. Until January 9, 2015, The City shall report the value of any Employer Paid Member Contributions (EPMC) to PERS as compensation earnable pursuant to Government Code Section 20636(c)(4). Effective January 10, 2015, the City will rescind resolutions for paying and reporting the value of Employer Paid Member Contributions to PERS as compensation pursuant to Government Code Section 20636(c)(4) for all employees.

- D. Notwithstanding Sections A through C, above, effective January 1, 2013, new members as defined by California Public Employees' Pension Reform Act of 2013 (hereinafter "AB 340") will be covered under the 2.7% at 57 retirement formula, with a final compensation measurement period of the average of the highest three (3) consecutive years, as well as all other statutory requirements of AB 340. Effective January 1, 2013, new employees and/or members as defined by AB 340 shall contribute half the normal cost for benefits, as defined by AB 340; the City will not pay any portion of these employees' required contributions.
- E. Employees will also have the option, at their own expense, to receive PERS service credit for any military service time or other service time eligible for service credit purchase under the PERS Fire Safety plan.
- F. Employees may convert unused accumulated sick leave to additional PERS service credit at the time of retirement. (Government Code Section 20965).

19. Deferred Compensation

In addition to the City's retirement plans, employees may elect to participate in a tax-qualified Section 457 government defined contribution retirement program.

20. Retiree Medical Insurance Contribution

- A. This provision is applicable to employees who retire from City service and
 1. Have 10 or more years of classified or unclassified service; or
 2. Retire from the City with an industrial disability retirement.
- B. The City will contribute \$10.50 per month, per year of service, toward the purchase of retiree medical insurance, up to a maximum of 35 years (i.e. \$315 per month).
- C. The retiree is not limited to the purchase of a City sponsored plan, provided however, that if the retiree purchases another insurance plan, the retiree must supply the City with adequate proof of insurance coverage prior to any contribution from the City. Proof of such coverage will be provided to the City on a periodic basis, as reasonably determined by the City.
- D. The City will continue to make its contribution until the retiree reaches age 65 or dies, whichever occurs first, provided however, that if the retiree dies before reaching the age of 65 and there is a surviving spouse or registered domestic partner, the City's contribution will cease when the retiree would have reached 65. Thereafter, the spouse may remain on the insurance plan, at his/her cost, subject to the conditions set forth by the insurance company.

21. Uniform Allowance

Members will receive an annual uniform allowance equal to the amount established for a Firefighter per the Fire Unit evaluation in effect at the time.

22. Educational Reimbursement Programs

The Citywide Educational Reimbursement Policy and the Management Master's Degree Program were suspended effective July 1, 2009. Employees will not be eligible for these benefits until such time as the program has been reinstated by the City Administrator Citywide.

23. City Rights

- A. The City shall retain, whether exercised or not, solely and exclusively, all express and inherent rights and authority pursuant to law, except to the extent such authority is explicitly waived by the express terms of this agreement.
- B. The City's rights shall include the right to determine the level of, and the manner in which, the City's activities are conducted, managed, and administered. The Association recognizes the exclusive right of the City to establish and maintain rules and procedures for the administration of its departments. Such rights include, but are not limited to, the exclusive right to: determine the mission of its constituent departments, commissions and boards; set standards of service; determine the procedures and standards of selection for employment and promotion; direct its employees; take disciplinary action; relieve its employees from duty because of economic reasons or for cause as provided in Section 1007 of the City Charter; maintain the efficiency of governmental operations; determine the methods, means and personnel by which government operations are to be conducted; determine the content of job classifications; take all necessary actions to carry out its mission in emergencies; and exercise complete control and discretion over its organization and the technology of performing its work.
- C. The Association recognizes that the City Administrator retains, whether exercised or not, exclusive management decision-making authority over matters within the rights of the City.

24. Term, Waiver, and Severability

- A. The term of this agreement shall be thirty six (36) months commencing July 1, 2012 and ending at midnight on June 30, 2015. The term of this agreement may be extended by mutual agreement.

- B. The Association and the City each acknowledges that it had the unlimited right to bargain with regard to issues within the scope of representation. For the term of this Agreement, unless otherwise provided in this Agreement, neither the Association nor the City shall be further obligated to meet and confer. All terms and conditions of employment within the Association's scope of representation not covered by this agreement shall continue to remain in full force and effect.

- C. If any provision of this Agreement is declared by judicial authority to be unlawful, unenforceable, or not in accordance with applicable provisions of state, federal or local laws or regulations, such part of the provision will be suspended and superseded by the applicable law or regulation and the remainder of this Agreement shall remain in full force and effect for the duration of this Agreement.

RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF SANTA BARBARA FOR PAYING AND REPORTING THE VALUE OF EMPLOYER-PAID MEMBER CONTRIBUTIONS FOR CERTAIN FIRE MANAGEMENT ASSOCIATION EMPLOYEES EFFECTIVE JANUARY 12, 2013

WHEREAS, the governing body of the City of Santa Barbara has the authority to implement Government Code Section 20636(c) (4) pursuant to Section 20691;

WHEREAS, the governing body of the City of Santa Barbara has a written labor policy or agreement which specifically provides for the normal member contributions to be paid by the employer, and reported as additional compensation;

WHEREAS, one of the steps in the procedures to implement Section 20691 is the adoption by the governing body of the City of Santa Barbara of a Resolution to commence paying and reporting the value of said Employer Paid Member Contributions (EPMC);

WHEREAS, the governing body of the City of Santa Barbara has identified the following conditions for the purpose of its election to pay EPMC;

- This benefit shall apply to all employees of the Fire Management Association who are "Classic" CalPERS members and not subject to restrictions on EPMC under the California Public Employees' Pension Reform Act of 2013..
- This benefit shall consist of paying 6.75% (Percent) of the normal contributions as EPMC, and reporting the same percent (value) of compensation earnable** {excluding Government Code Section 20636(c)(4)} as additional compensation.
- The effective date of this Resolution shall be January 12, 2013.

NOW, THEREFORE, BE IT RESOLVED that the governing body of the City of Santa Barbara elects to pay and report the value of EPMC, as set forth above.

BY

(Name of Official)

(Date adopted and approved)

(Title of Official)

* Note: Payment of EPMC and reporting the value of EPMC on compensation earnable is on pay rate and special compensation except special compensation delineated in Government Code Section 20636(c)(4) which is the monetary value of EPMC on compensation earnable.

RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF SANTA BARBARA FOR PAYING AND REPORTING THE VALUE OF EMPLOYER-PAID MEMBER CONTRIBUTIONS FOR CERTAIN FIRE MANAGEMENT ASSOCIATION EMPLOYEES EFFECTIVE JUNE 29, 2013

WHEREAS, the governing body of the City of Santa Barbara has the authority to implement Government Code Section 20636(c) (4) pursuant to Section 20691;

WHEREAS, the governing body of the City of Santa Barbara has a written labor policy or agreement which specifically provides for the normal member contributions to be paid by the employer, and reported as additional compensation;

WHEREAS, one of the steps in the procedures to implement Section 20691 is the adoption by the governing body of the City of Santa Barbara of a Resolution to commence paying and reporting the value of said Employer Paid Member Contributions (EPMC); and

WHEREAS, the governing body of the City of Santa Barbara has identified the following conditions for the purpose of its election to pay EPMC;

- This benefit shall apply to all employees of the Fire Management Association who are "Classic" CalPERS members and not subject to restrictions on EPMC under the California Public Employees' Pension Reform Act of 2013.
- This benefit shall consist of paying 4.5% (Percent) of the normal contributions as EPMC, and reporting the same percent (value) of compensation earnable** {excluding Government Code Section 20636(c)(4)} as additional compensation.
- The effective date of this Resolution shall be June 29, 2013.

NOW, THEREFORE, BE IT RESOLVED that the governing body of the City of Santa Barbara elects to pay and report the value of EPMC, as set forth above.

BY

(Name of Official)

(Date adopted and approved)

(Title of Official)

* Note: Payment of EPMC and reporting the value of EPMC on compensation earnable is on pay rate and special compensation except special compensation delineated in Government Code Section 20636(c)(4) which is the monetary value of EPMC on compensation earnable.

RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF SANTA BARBARA FOR PAYING AND REPORTING THE VALUE OF EMPLOYER-PAID MEMBER CONTRIBUTIONS FOR CERTAIN FIRE MANAGEMENT ASSOCIATION EMPLOYEES EFFECTIVE JANUARY 11, 2014

WHEREAS, the governing body of the City of Santa Barbara has the authority to implement Government Code Section 20636(c) (4) pursuant to Section 20691;

WHEREAS, the governing body of the City of Santa Barbara has a written labor policy or agreement which specifically provides for the normal member contributions to be paid by the employer, and reported as additional compensation;

WHEREAS, one of the steps in the procedures to implement Section 20691 is the adoption by the governing body of the City of Santa Barbara of a Resolution to commence paying and reporting the value of said Employer Paid Member Contributions (EPMC); and

WHEREAS, the governing body of the City of Santa Barbara has identified the following conditions for the purpose of its election to pay EPMC;

- This benefit shall apply to all employees of the Fire Management Association who are "Classic" CalPERS members and not subject to restrictions on EPMC under the California Public Employees' Pension Reform Act of 2013.
- This benefit shall consist of paying 4.5% (Percent) of the normal contributions as EPMC, and reporting the same percent (value) of compensation earnable** {excluding Government Code Section 20636(c)(4)} as additional compensation.
- The effective date of this Resolution shall be January 11, 2014.

NOW, THEREFORE, BE IT RESOLVED that the governing body of the City of Santa Barbara elects to pay and report the value of EPMC, as set forth above.

BY

(Name of Official)

(Date adopted and approved)

(Title of Official)

* Note: Payment of EPMC and reporting the value of EPMC on compensation earnable is on pay rate and special compensation except special compensation delineated in Government Code Section 20636(c)(4) which is the monetary value of EPMC on compensation earnable.

RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF SANTA BARBARA FOR PAYING AND REPORTING THE VALUE OF EMPLOYER-PAID MEMBER CONTRIBUTIONS FOR CERTAIN FIRE MANAGEMENT ASSOCIATION EMPLOYEES EFFECTIVE JANUARY 10, 2015

WHEREAS, the governing body of the City of Santa Barbara has the authority to implement Government Code Section 20636(c) (4) pursuant to Section 20691;

WHEREAS, the governing body of the City of Santa Barbara has a written labor policy or agreement which specifically provides for the normal member contributions to be paid by the employer, and reported as additional compensation;

WHEREAS, one of the steps in the procedures to implement Section 20691 is the adoption by the governing body of the City of Santa Barbara of a Resolution to commence paying and reporting the value of said Employer Paid Member Contributions (EPMC); and

WHEREAS, the governing body of the City of Santa Barbara has identified the following conditions for the purpose of its election to pay EPMC;

- This benefit shall apply to all employees of the Fire Management Association who are "Classic" CalPERS members and not subject to restrictions on EPMC under the California Public Employees' Pension Reform Act of 2013.
- This benefit shall consist of paying 0% (Zero Percent) of the normal contributions as EPMC, and reporting the same percent (value) of compensation earnable** {excluding Government Code Section 20636(c)(4)} as additional compensation.
- The effective date of this Resolution shall be January 10, 2015.

NOW, THEREFORE, BE IT RESOLVED that the governing body of the City of Santa Barbara elects to pay and report the value of EPMC, as set forth above.

BY

(Name of Official)

(Date adopted and approved)

(Title of Official)

* Note: Payment of EPMC and reporting the value of EPMC on compensation earnable is on pay rate and special compensation except special compensation delineated in Government Code Section 20636(c)(4) which is the monetary value of EPMC on compensation earnable.



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: May 7, 2013

TO: Mayor and Councilmembers

FROM: Engineering Division, Public Works Department

SUBJECT: Acquisition Of Real Property At 15 And 20 W. Mason Street For The Mason Street Bridge Replacement Project

RECOMMENDATION:

That Council adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara to Acquire and Accept In Fee the Real Property Interests Located at 15 and 20 W. Mason Street to Accommodate the Mason Street Bridge Replacement Project, and Authorize the Public Works Director to Execute Such Agreements and Documents, to be Approved as to Form by the City Attorney, as Necessary for the Acquisition and Acceptance of Said Real Property Interests, and Record Said Real Property Interests in the Official Records of the County of Santa Barbara.

DISCUSSION:

The Mason Street Bridge Replacement Project (Project) will replace the structurally deficient bridge over the Lower Mission Creek. The new bridge will continue to accommodate the same number of traffic lanes and pedestrian access; however, the bridge alignment and the intersection of Mason Street and Kimberly Avenue will be altered to provide improved creek water conveyance, traffic flow, and pedestrian travel. The Project is an approved Federal Highway Administration (FHWA) Bridge Program project with oversight provided by the California Department of Transportation (Caltrans). The Project design is 65 percent complete, and the necessary real property interests are currently being acquired.

The real properties listed below need to be acquired by the City in order to begin construction of the Project in the spring of 2014. The Project requires the full fee acquisition of 15 and 20 W. Mason Street and 115 Kimberly Avenue, due to their close proximity to Mission Creek and the Project. A partial acquisition of the property at 16 W. Mason Street is required due to the realignment of Kimberly Avenue, along with a small permanent easement on the property at 28 W. Cabrillo Boulevard that is necessary for the bridge project.

To date, agreements necessary for the full property acquisition of 15 and 20 W. Mason Street have been executed by the respective property owners and delivered to staff in

Council Agenda Report

Acquisition Of Real Property At 15 And 20 W. Mason Street For The Mason Street Bridge Replacement Project

May 7, 2013

Page 2

order to complete the City's purchase of said properties. These agreements require authorization and approval by Council, and the property interests must be accepted by the City by the proposed Resolution.

In addition to the two properties currently being purchased, negotiations for the necessary acquisition of 115 Kimberly Avenue, 16 W. Mason Street, and 28 W. Cabrillo Boulevard are underway and staff will return to Council for action on those properties at a later date.

Mason Street Bridge Property Full and Partial Acquisitions (see Attachment):

| Address | Owner (Acquisition) | City Offer/Appraisal | Owner Appraisal | Owner Counter Offer | City Counter Offer | Settlement Price |
|----------------|----------------------------|-----------------------------|------------------------|----------------------------|---------------------------|-------------------------|
| 15 W. Mason | Nordahl, et al (full) | \$1,950,000 10/30/12 | none | \$2,600,000 2/4/13 | \$2,200,000 3/7/13 | \$2,300,000 3/14/13 |
| 20 W. Mason | Walters (full) | \$1,700,000 10/18/12 | \$1,900,000 2/7/13 | \$1,900,000 3/12/13 | \$1,800,000 3/15/13 | \$1,850,000 3/22/13 |
| 115 Kimberly | Funk (full) | \$75,000 2/15/13 | none | | | |
| 16 W. Mason | Romasanta (partial) | TBD | | | | |
| 28 W. Cabrillo | Romasanta (partial) | TBD | | | | |

Status of Acquisitions for Mason Street Properties:

15 W. Mason Street

The purchase agreement has been executed by the property owners at the settlement price of \$2,300,000.

20 W. Mason Street

Property owner Grant Walters has executed the purchase agreement at the settlement price of \$1,850,000.

115 Kimberly Avenue

The appraisal of the Funke property has been submitted for review by Caltrans. An offer will be made when Caltrans has completed certification of the appraisal.

16 W. Mason Street

The appraisal of the Romasanta partial acquisition is being revised and updated for submittal and review by Caltrans. An offer will be made when Caltrans has completed certification of the appraisal.

28 W. Cabrillo Boulevard

The appraisal for the Romasanta partial acquisition for an easement is being prepared. An offer will be made when the value and appropriate certification has been completed.

BUDGET/FINANCIAL INFORMATION:

No City match for these acquisitions is required because 100 percent of the City's eligible Project and right of way acquisitions will be reimbursed by the FHWA Bridge Replacement Program.

ATTACHMENT: Aerial map of properties to be acquired

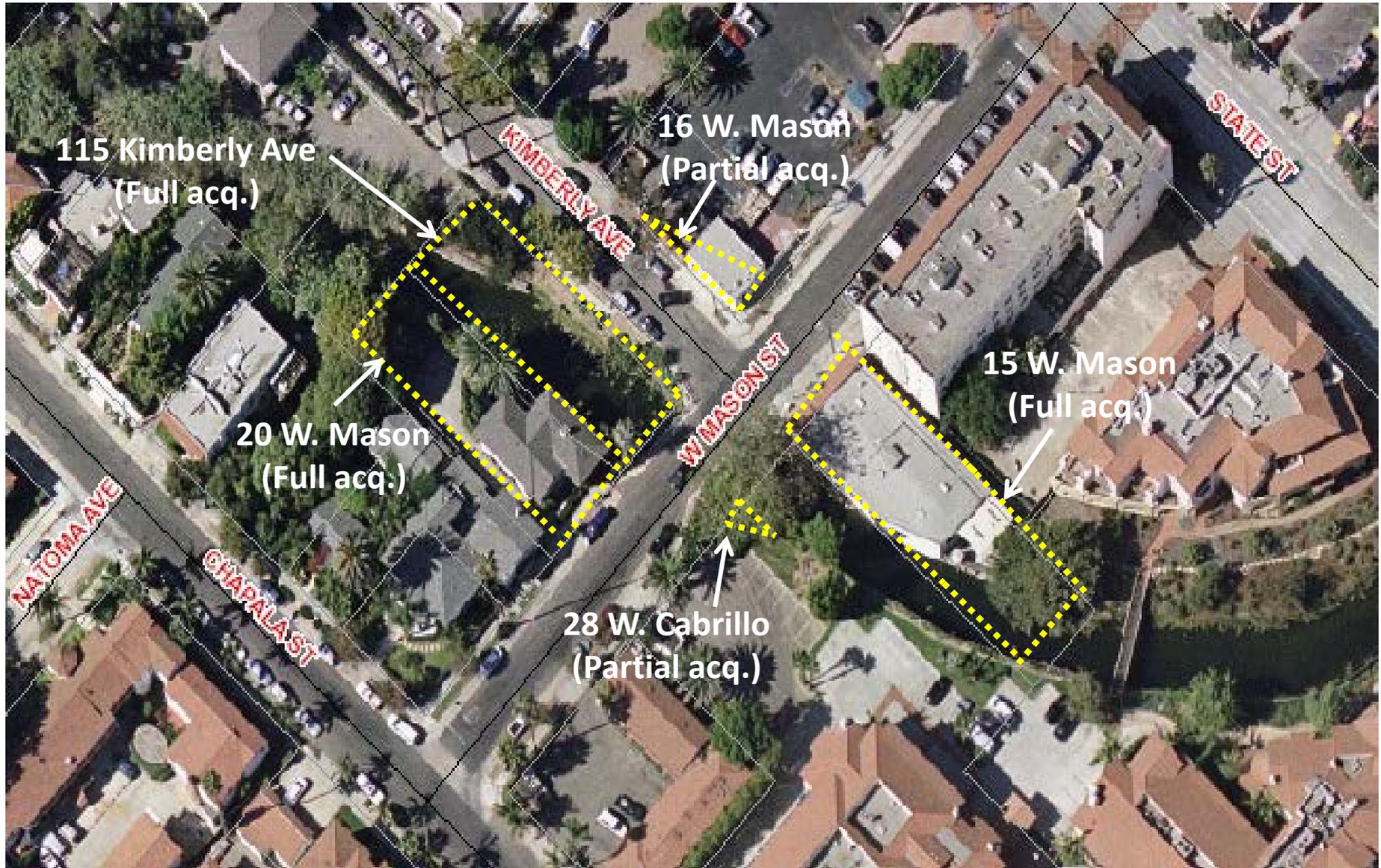
PREPARED BY: John Ewasiuk, Principal Civil Engineer/DT/mj

SUBMITTED BY: Christine F. Andersen, Public Works Director

APPROVED BY: City Administrator's Office

Mason Street Bridge Replacement Project Property Acquisitions

15, 16 & 20 W. Mason Street; 115 Kimberly Avenue; 28 W. Cabrillo Blvd



RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF SANTA BARBARA TO ACQUIRE AND ACCEPT IN FEE THE REAL PROPERTY INTERESTS LOCATED AT 15 AND 20 W. MASON STREET TO ACCOMMODATE THE MASON STREET BRIDGE REPLACEMENT PROJECT, AND AUTHORIZE THE PUBLIC WORKS DIRECTOR TO EXECUTE SUCH AGREEMENTS AND DOCUMENTS, TO BE APPROVED AS TO FORM BY THE CITY ATTORNEY, AS NECESSARY FOR THE ACQUISITION AND ACCEPTANCE OF SAID REAL PROPERTY INTERESTS, AND RECORD SAID REAL PROPERTY INTERESTS IN THE OFFICIAL RECORDS OF THE COUNTY OF SANT BARBARA

WHEREAS, a proposed project is currently undergoing final design and environmental review for the City of Santa Barbara (City) to replace the existing bridge for Mason Street at Mission Creek, due to the increasingly deteriorated condition and limited flood control capacity, with anticipated reimbursement of 100 percent of the City's associated costs using funding provided by the Federal Highway Administration (FWHA);

WHEREAS, the bridge replacement project requires the purchase by the City of the real property commonly known as 15 W. Mason Street, County of Santa Barbara Assessor's Parcel No. 033-102-003, owned by David C. Nordahl, as Trustee of the Living Trust Established Under the David C. Nordahl Living Trust Declaration, as to an undivided 25-percent interest, Brent B. Reichard and Julianna B. Reichard, Trustees of the Reichard Family 2007 Revocable Trust Under Instrument dated December 6, 2007, as to an undivided 40 percent interest, Bruce Reichard and Peggie Reichard, Trustees of the Reichard Family 2010 Revocable Trust Under Instrument dated January 19, 2010, as to an undivided 10-percent interest, and Janet M. Nancarrow, Trustee of the Janet M. Nancarrow 2012 Revocable Trust Established Under Revocable Trust Agreement dated January 31, 2012, as to an undivided 25-percent interest, due to the property's location adjacent to the existing Mason Street bridge and Mission Creek channel, for total just compensation in the amount of \$2,300,000;

WHEREAS, the bridge replacement project also requires the purchase by the city of the real property commonly known as 20 W. Mason Street, County of Santa Barbara Assessor's Parcel No. 033-074-005, owned by Grant Walters, an unmarried man, due to the property's location adjacent to the existing Mason Street bridge and Mission Creek channel, for total just compensation in the amount of \$1,850,000;

WHEREAS, as real property interests have been valued, and in accordance with applicable laws and guidelines, subject to final approval by the Council of the City of Santa Barbara, written offers and required valuation summaries and agreements have been delivered to the respective owners;

WHEREAS, the written purchase offers have been accepted by the respective owners and their agreements have been signed voluntarily to allow the City to purchase the real property interests, subject to final approval by the Council of the City of Santa Barbara;

WHEREAS, this Resolution will provide authorization by the Council of the City of Santa Barbara for the Public Works Director to execute the agreements with the affected owners, subject to approval as to form by the City Attorney;

WHEREAS, this Resolution will also provide authorization by the Council of the City of Santa Barbara for the Public Works Director to subsequently execute any other documents that may become necessary to accomplish such purchases by the City of the fee interests in the real properties, subject to approval as to form of such documents by the City Attorney, which may include among others, but not be limited to, escrow instructions; and

WHEREAS, this Resolution will demonstrate intent by the Council of the City of Santa Barbara to accept the real property fee interests particularly described in the respective documents delivered for such purpose, without further action or subsequent resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SANTA BARBARA AS FOLLOWS:

SECTION 1. The Public Works Director is hereby authorized by the Council of the City of Santa Barbara to execute the agreements necessary for the acquisition of said real property interests with Nordahl, et al, to accomplish the purchase by the City of the real property fee interest for the purposes of bridge and appurtenant public works improvements and related facilities construction work, on and adjacent to the real property commonly known as 15 W. Mason Street, Santa Barbara County APN 033-102-003, for total compensation in the amount of \$2,300,000 dollars, and with Grant Walters, an unmarried man for like purposes on and adjacent to the real property known as 20 W. Mason Street, County of Santa Barbara, APN 037-074-005, for total compensation of \$1,850,000 dollars.

SECTION 2. The City of Santa Barbara hereby accepts the interests on the real properties mentioned above, as more particularly described in the Mason Street Grant Deeds signed by Nordahl et. al, and by Grant Walters, an unmarried man, which have been executed and delivered hereunder.

SECTION 3. The City of Santa Barbara hereby consents to the recordation of the Mason Street Grant Deeds in the Official Records, County of Santa Barbara.

SECTION 4. This Resolution shall become effective immediately upon its adoption.



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: May 7, 2013

TO: Mayor and Councilmembers

FROM: Fire Prevention Division, Fire Department

SUBJECT: Set A Date For Public Hearing Regarding Renewal Of Levy For Fiscal Year 2014 For The Wildland Fire Suppression Assessment

RECOMMENDATION:

That Council adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara Declaring its Intention to Renew the Wildland Fire Suppression Assessment Within the Foothill and Extreme Foothill Zones; Declaring the Work to be of More Than General or Ordinary Benefit and Describing the District to be Assessed to Pay the Costs and Expenses Thereof; Preliminarily Approving the Updated Engineer's Report; Stating Intention to Levy Assessments for Fiscal Year 2013-2014; and Establishing a Time of 2:00 P.M. on Tuesday, May 21, 2012, in the City Council Chambers for a Public Hearing on the Wildland Fire Suppression Assessment.

DISCUSSION:

On July 11, 2006, the City Council adopted Resolution 06-064 which declared the Council's intention to order expansion of vegetation road clearance, implementation of a defensible space inspection and assistance program, and implementation of a vegetation management program within the Foothill and Extreme Foothill Zones. The Resolution described the special benefit to be assessed and approved an Engineer's Report, confirmed the diagram and assessment, and ordered levy of the Wildland Fire Suppression Assessment District for Fiscal Year 2007. As required by the Resolution, the Assessment must be renewed annually by the Council. The City has renewed the Wildland Fire Suppression Assessment for the past six years.

Assessment funds continue to reduce the risk and severity of wildland fires through the reduction of flammable vegetation. The assessment provides three primary services:

Vegetation Road Clearance: Each year the assessment provides approximately 14 miles of road clearance in the Foothill and Extreme Foothill Zones. The frequency is such that most roads in the District are cleared of impeding vegetation every three years. Clearing vegetation from the roadways is required of property owners by law and allows for safer

egress of residents and ingress of first responders during an emergency. During the 2012-2013 fiscal year, 15 miles of roadway was cleared to benefit the District.

Defensible Space Inspection and Assistance: This element of the assessment provides assistance to property owners in creating defensible space around their homes. Defensible space is a key element in preventing the ignition of homes during a wildfire by reducing the exposure of the home to burning vegetation. Defensible space assistance will again involve scores of site visits to assist homeowners. In addition, the assessment provides chipping services to residents of the District after the vegetation has been cut. Chipping services provides a cost effective way for homeowners to dispose of cut material. The chipped vegetation may be reused as a ground cover in landscaping.

Vegetation Management: Vegetation Management is the selective removal of flammable vegetation in open land outside of property owner's defensible space. The goal is to lessen the severity of a fire, in the event that one occurs, by depriving the fire of a large amount of fuel. This is accomplished by preferentially removing exotic plants, thinning, pruning and limbing vegetation to remove fire ladders, limbing up the canopy and pruning out dead material. Vegetation management retains the overall look of wildland areas and minimizes impacts to natural resources while reducing the amount of flammable vegetation. Vegetation management was successfully completed on 16 acres this past year. This project required staff to strengthen the public-private relationship by working with multiple, individual property owners and contract crews to link individual parcels across large areas of adjacent land. Working in cooperation with multiple property owners, there is a greater impact on reducing the community threat from wildfire. In addition to vegetation removal, this project also accomplished education, protection of natural resources unique to the area and outlined individual maintenance programs. The project areas are identified in the Wildland Fire Plan.

ANNUAL LEVY:

The Wildland Fire Assessment may be annually increased by the Consumer Price Index (CPI) in an amount not to exceed 4% per year. In adjusting for the Consumer Price Index, the allowable increase is calculated using the CPI from the past year plus any deferred increases from previous years. For Fiscal Year 2014, staff and the Assessment Engineer propose a CPI increase of 1.93%. The rate for Fiscal Year 2014, as suggested in the Engineer's Report, will therefore be set at \$75.14 per single family home in the Foothill Zone and \$93.17 per single family home in the Extreme Foothill Zone. The total revenues from the assessment will be \$245,287.

The Fiscal Year 2013 rates were \$73.72 and \$91.41 respectively, for a total assessment of \$239,133. The increase for Fiscal Year 2014 will allow us to continue to provide the same level of service in all three areas.

As required in Resolution 06-064, an updated Engineer's Report has been prepared and includes the proposed budget and assessment rate. The updated Engineer's Report must be considered by the City Council at a noticed public hearing and serves as the basis for the continuation of the assessments. The updated Engineer's Report is available for review at Fire Department Administration, 925 Chapala Street, the City Clerk's Office at City Hall at 735 Anacapa Street, and, for the Council members, in the City Council reading file.

SUSTAINABILITY IMPACT:

Vegetation removed through vegetation road clearance and the defensible space chipping assistance program is chipped and spread back on to the ground or in areas of local parks where feasible. The goal is reuse at least 80% of all chipped material locally avoiding the cost of disposal fees, extra vehicle trips and landfill use. Non-native pest plants are not chipped, but rather hauled off-site to be disposed of properly. In 2013, the goal was exceeded with 99% reuse achieved.

PREPARED BY: Joe Poiré, Fire Marshal

SUBMITTED BY: Patrick McElroy, Fire Chief

APPROVED BY: City Administrator's Office

RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF SANTA BARBARA DECLARING ITS INTENTION TO RENEW THE WILDLAND FIRE SUPPRESSION ASSESSMENT WITHIN THE FOOTHILL AND EXTREME FOOTHILL ZONES; DECLARING THE WORK TO BE OF MORE THAN GENERAL OR ORDINARY BENEFIT AND DESCRIBING THE DISTRICT TO BE ASSESSED TO PAY THE COSTS AND EXPENSES THEREOF; PRELIMINARILY APPROVING THE UPDATED ENGINEER'S REPORT; STATING INTENTION TO LEVY ASSESSMENTS FOR FISCAL YEAR 2013-2014; AND ESTABLISHING A TIME OF 2:00 P.M. ON TUESDAY, MAY 21, 2013, IN THE CITY COUNCIL CHAMBERS FOR A PUBLIC HEARING ON THE WILDLAND FIRE SUPPRESSION ASSESSMENT

WHEREAS, the City of Santa Barbara is authorized, pursuant to the authority provided in California Government Code Section 50078 et seq. and Article XIID of the California Constitution, to levy assessments for fire suppression services;

WHEREAS, an assessment for fire suppression has been given the distinctive designation of the "Wildland Fire Suppression Assessment" ("Assessment"), and is primarily described as encompassing the Foothill and Extreme Foothill zones as defined in the Wildland Fire Plan of 2004;

WHEREAS, the Assessment was authorized by an assessment ballot proceeding conducted in 2006 and approved by 51% of the weighted ballots returned by property owners, and such assessments were levied by the City of Santa Barbara City Council by Resolution No. 06-064 passed on July 11, 2006; and

WHEREAS, although the methodology by which the assessments are applied to properties in the District does not change from year to year, a new Engineer's Report is prepared each year in order to establish the CPI adjustment for that year; the new maximum authorized assessment rate for that year; the budget for that year; and the amount to be charged to each parcel in the District that year, subject to that year's assessment rate and any changes in the attributes of the properties in the District, including but not limited to use changes, parcel subdivisions, and/or parcel consolidations.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SANTA BARBARA AS FOLLOWS:

SECTION 1. SCI Consulting Group, the Engineer of Work, has prepared an engineer's report in accordance with Article XIID of the California Constitution. The Report has been made, filed with the City Clerk and duly considered by the Council and is hereby deemed sufficient and preliminarily approved. The Report shall stand as the Engineer's Report for all subsequent proceedings under and pursuant to the foregoing resolution.

SECTION 2. It is the intention of this Council to continue to levy and collect assessments for the Wildland Fire Suppression Assessment for fiscal year 2013-14. Within the Assessment District, the proposed services to be funded by the assessments ("Services") are generally described as including but not limited to, the following: (1) continuation of the vegetation road clearance program to cover all public roads within the Foothill and Extreme Foothill Zones (continuing this program will reduce fuel, enhance evacuation routes, and decrease fire response times); (2) enhancing the defensible space fire prevention inspection and assistance program for all properties in the Foothill and Extreme Foothill Zones; and (3) implementation of a vegetation management program in the Foothill and Extreme Foothill Zones. As applied herein, "vegetation road clearance" means the treatment, clearing, reducing, or changing of vegetation near roadways in the Foothill and Extreme Foothill Zones where vegetation poses a fire hazard and does not meet Fire Department Vegetation Road Clearance Standards within the high fire hazard area (as provided in Santa Barbara Municipal Code Section 8.04.020.M). "Defensible space" is a perimeter created around a structure where vegetation is treated, cleared or reduced to slow the spread of wildfire towards a structure, reduce the chance of a structure fire burning to the surrounding area, and provides a safe perimeter for firefighters to protect a structure (as provided in Chapter 49, Section 4907 "Requirements For Wildland-Urban Interface Areas, Defensible Space" as adopted by the City of Santa Barbara pursuant to Santa Barbara Municipal Code Section 8.04.010). "Vegetation management" means the reduction of fire hazard through public education, vegetation hazard reduction, and other methods as needed to manage vegetation in areas with unique hazards such as heavy, flammable vegetation, lack of access due to topography and roads, and/or firefighter safety.

SECTION 3. The estimated fiscal year 2013-14 cost of providing the Services is \$245,287. This cost results in a proposed assessment rate of SEVENTY FIVE DOLLARS AND FOURTEEN CENTS (\$75.14) per single-family equivalent benefit unit in the Foothill Zone and NINETY THREE DOLLARS AND SEVENTEEN CENTS (\$93.17) in the Extreme Foothill Zone for fiscal year 2013-14. The Assessments include a provision for an annual increase equal to the change in the Los Angeles-Riverside-Orange County Area Consumer Price Index ("CPI), not to exceed 4% (four percent) per year without a further vote or balloting process. The total allowable CPI adjustment for 2013-14 is 1.93% and the rates have been adjusted, accordingly.

SECTION 4. The public hearing shall be held, before the City Council in the City of Santa Barbara City Council Chambers, located at 735 Anacapa Street, Santa Barbara, CA 93101 as follows: on Tuesday, May 21, 2013 at the hour of 2:00 p.m. for the purpose of this Council's determination whether the public interest, convenience and necessity require the Services and this Council's final action upon the Report and the assessments therein.

SECTION 5. The clerk of the council shall cause a notice of the hearing to be given by publishing a notice, at least ten (10) days prior to the date of the hearing above-specified, in a newspaper circulated in the City.



CITY OF SANTA BARBARA
WILDLAND FIRE SUPPRESSION ASSESSMENT

PRELIMINARY ENGINEER'S REPORT

MAY 2013

PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 50078 *ET SEQ.*, AND
ARTICLE XIII D OF THE CALIFORNIA CONSTITUTION

ENGINEER OF WORK:

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CITY OF SANTA BARBARA

CITY COUNCIL

Helene Schneider, Mayor
Harwood "Bendy" White, Councilmember
Dale Francisco, Councilmember
Frank Hotchkiss, Councilmember
Grant House, Councilmember
Randy Rowse, Councilmember
Cathy Murillo, Councilmember

FIRE PREVENTION BUREAU

Patrick McElroy, Fire Chief
Joe Poire, Fire Marshal
Chris Braden, Fire Services Specialist

CITY ATTORNEY'S OFFICE

Stephen P. Wiley, City Attorney
Sarah Knecht, Assistant City Attorney

ENGINEER OF WORK

SCI Consulting Group

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INTRODUCTION

The City of Santa Barbara is located about 100 miles northwest of Los Angeles, largely on the slopes between the Pacific Ocean and the Santa Ynez Mountains. The City of Santa Barbara provides fire services throughout the City limits. Fire services include fire suppression, protection, prevention, evacuation planning, and education.

Due to topography, location, climate and infrastructure, the Santa Barbara community has a relatively high inherent risk of wildland fires. Listed below are some of the major wildland fires that have occurred in Santa Barbara County since 1970:

FIGURE 1 – WILDLAND FIRE HISTORY IN SANTA BARBARA COUNTY

| Year | Fire Name | Acres | Homes Lost |
|------|----------------------|---------|------------|
| 1971 | Romero Canyon Fire | 14,538 | 4 |
| 1977 | Sycamore Canyon Fire | 805 | 234 |
| 1977 | Hondo Canyon Fire | 10,000 | 0 |
| 1979 | Eagle Canyon Fire | 4,530 | 5 |
| 1990 | Painted Cave Fire | 4,900 | 524 |
| 1993 | Marre Fire | 43,864 | 0 |
| 2002 | Sudden Fire | 7,160 | 0 |
| 2004 | Gaviota Fire | 7,440 | 1 |
| 2007 | Zaca Fire | 240,207 | 0 |
| 2008 | Gap Fire | 9,443 | 0 |
| 2008 | Tea Fire | 1,940 | 210 |
| 2009 | Jesusita Fire | 8,733 | 80 |

In response to the considerable wildland fire risk in the area, the City of Santa Barbara Fire Department prepared a Wildland Fire Plan in January, 2004, in which it identified four High Fire Hazard Zones: The Coastal Zone, the Coastal Interior Zone, the Foothill Zone, and the Extreme Foothill Zone. The two Zones with the highest wildland fire risk are the Foothill and Extreme Foothill Zones (the "Zones"), and these are the Zones that are included in this assessment.

These Zones are at a high risk of wildland fires due to the following factors:

- **Climate.** The climate consists of cool, moist winters and hot, dry summers. The low humidity and high summer temperatures increase the likelihood that a spark will ignite a fire in the area, and that the fire will spread rapidly.
- **Topography.** Periodic wind conditions known as "Sundowner" and "Santa Ana" winds interact with the steep slopes in the Santa Ynez Mountains and the ocean influence, resulting in an increase in the speed of the wind to severe levels. These two types of wind conditions increase the likelihood that fires will advance

downslope towards the Foothill and Extreme Foothill Zones. In addition, these winds can greatly increase the rate at which a fire will spread.

- **Chaparral.** Much of the undeveloped landscape is covered with chaparral. Chaparral sheds woody, dead, and organic materials rich in flammable oils, which accumulate over time. Areas covered with chaparral typically experience wildland fires which burn the accumulated plant materials, and renew the chaparral for its next cycle of growth. Therefore, areas of chaparral which are not thinned, and from which the dead plant materials are not removed or burned off in prescribed fires, provide ample opportunities for wildland fires to occur and to spread.
- **Road Systems.** Many of the roads in the Foothill and Extreme Foothill Zones do not meet current Fire Department access and vegetation road clearance standards, and many are made even more narrow due to the encroachment of vegetation. A number of the bridges have weight requirements that are below Fire Department weight standards. In addition, many driveways are long and steep, posing a safety hazard. All of these factors make it more difficult and more hazardous for the Fire Department to provide fire suppression services in these areas.
- **Water Supply.** In the Extreme Foothill Zone, the City water supply is limited in some areas, and not available in others. These factors increase the risks associated with fires, due to the reduced availability of water to fight any fires that occur.
- **Fire Response Time.** Much of the Extreme Foothill Zone, and some of the Foothill Zone, is outside the City's 4 minute Fire Department response time. As a result, fires in these areas may have more time to spread and to increase in severity before fire suppression equipment can reach them.
- **Proximity to the Los Padres National Forest.** The Los Padres National Forest (LPNF) is a large forest to the north of the Foothill and Extreme Foothill zones. The LPNF provides a great deal of potential fuel for any wildland fire in the area. Wildland fires that start in the LPNF have the potential to move south toward the Foothill and Extreme Foothill zones.

This Engineer's Report (the "Report") was prepared to: 1) contain the information required by Government Code Section 50078.4, including a) a description of each lot or parcel of property to be subject to the assessment, b) the amount of the assessment for each lot or parcel for the initial fiscal year, c) the maximum amount of the assessment which may be levied for each lot or parcel during any fiscal year, d) the duration of the assessment, e) the basis of the assessment, f) the schedule of the assessment, and g) a description specifying the requirements for protest and hearing procedures for the assessment pursuant to Section 50078.6; 2) establish a budget to provide services to reduce the severity and damage from wildland fires (the "Services") that will be funded by the 2013-14 assessments; 3) determine the benefits received from the Services by property within the City of Santa Barbara Wildland Fire Suppression Assessment District (the "Assessment District") and; 4) assign a method of assessment apportionment to lots and parcels within the Assessment District. This Report and the assessments have been made pursuant to the California Government Code Section 50078 et. seq. (the "Code") and Article XIID of the California Constitution (the "Article").

In Fiscal Year 2006-07, the City of Santa Barbara City Council (the "Council") by Resolution called for an assessment ballot proceeding and public hearing on the then-proposed establishment of a wildland fire suppression assessment.

On May 5, 2006 a notice of assessment and assessment ballot was mailed to property owners within the proposed Assessment District boundaries. Such notice included a description of the Services to be funded by the proposed assessments, a proposed assessment amount for each parcel owned, and an explanation of the method of voting on the assessments. Each notice also included a postage prepaid ballot on which the property owner could mark his or her approval or disapproval of the proposed assessments as well as affix his or her signature.

After the ballots were mailed to property owners in the Assessment District, the required minimum 45 day time period was provided for the return of the assessment ballots. Following this 45 day time period, a public hearing was held on June 20, 2006 for the purpose of allowing public testimony regarding the proposed assessments. At the public hearing, the public had the opportunity to speak on the issue. After the conclusion of the public input portion of the hearing, the hearing was continued to July 11, 2006 to allow time for the tabulation of ballots.

With the passage of Proposition 218 on November 6, 1996, The Right to Vote on Taxes Act, now Article XIIC and XIID of the California Constitution, the proposed assessments could be levied for fiscal year 2006-07, and continued in future years, only if the ballots submitted in favor of the assessments were greater than the ballots submitted in opposition to the assessments. (Each ballot is weighted by the amount of proposed assessment for the property that it represents).

After the conclusion of the public input portion of the Public Hearing held on June 20, 2006, all valid received ballots were tabulated by the City of Santa Barbara Clerk. At the continued public hearing on July 11, 2006, after the ballots were tabulated, it was determined that the assessment ballots submitted in opposition to the proposed assessments did not exceed the assessment ballots submitted in favor of the assessments (weighted by the proportional financial obligation of the property for which ballots are submitted).

As a result, the Council gained the authority to approve the levy of the assessments for fiscal year 2006-07 and to continue to levy them in future years. The Council took action, by a Resolution passed on July 31, 2006, to approve the first year levy of the assessments for fiscal year 2006-07.

The authority granted by the ballot proceeding was for a maximum assessment rate of \$65.00 per single family home, increased each subsequent year by the Los Angeles Area Consumer Price Index (CPI) not to exceed 4% per year. In the event that the annual change in the CPI exceeds 4%, any percentage change in excess of 4% can be cumulatively reserved and can be added to the annual change in the CPI for years in which the CPI change is less than 4%.

In each subsequent year for which the assessments will be continued, the Council must preliminarily approve at a public meeting a budget for the upcoming fiscal year's costs and services, an updated annual Engineer's Report, and an updated assessment roll listing all parcels and their proposed assessments for the upcoming fiscal year. A new Engineer's Report is prepared each year in order to establish the CPI adjustment for that year; the new maximum authorized assessment rate for that year; the budget for that year; and the amount to be charged to each parcel in the District that year, subject to that year's assessment rate and any changes in the attributes of the properties in the District, including but not limited to use changes, parcel subdivisions, and/or parcel consolidations. At this meeting, the Council will also call for the publication in a local newspaper of a legal notice of the intent to continue the assessments for the next fiscal year and set the date for the noticed public hearing. At the annual public hearing, members of the public can provide input to the Council prior to the Council's decision on continuing the services and assessments for the next fiscal year.

If the assessments are so confirmed and approved, the levies will be submitted to the Santa Barbara County Auditor/Controller for inclusion on the property tax roll for Fiscal Year 2013-14. The levy and collection of the assessments will continue year-to-year until terminated by the City Council.

If the City Council approves this Engineer's Report for fiscal year 2013-14 and the assessments by Resolution, a notice of assessment levies must be published in a local paper at least 10 days prior to the date of the public hearing. Following the minimum 10-day time period after publishing the notice, a public hearing will be held for the purpose of allowing public testimony about the proposed continuation of the assessments for fiscal year 2013-14.

A Public Hearing is scheduled for May 21, 2013. At this hearing, the Council will consider approval of a resolution confirming the assessments for fiscal year 2013-14. If so confirmed and approved, the assessments will be submitted to the Santa Barbara County Auditor/Controller for inclusion on the property tax rolls for Fiscal Year 2013-14.

The Assessment District is narrowly drawn to include only properties that benefit from the additional fire protection services that are provided by the assessment funds. The Assessment Diagram included in this report shows the boundaries of the Assessment District.

In 2008 per California Public Resource Code 4201-4204 and Government Code 51175 - 89, the Office of the State Fire Marshal (OSFM) completed an analysis to identify Local Responsibility Area areas of Very High Fire Hazard Severity Zones (VHFHSZ) within the City of Santa Barbara. Discussions between OSFM and the City of Santa Barbara Fire Department were concluded in 2010. As a result additional parcels have been added to the 2004 City of Santa Barbara high fire hazard area, Foothill Zone. These additional parcels are not included in the Wildland Fire Suppression Assessment District at this time, and Services provided to these parcels are not funded from this assessment.

PROPOSITION 218

This assessment was formed consistent with Proposition 218, The Right to Vote on Taxes Act, which was approved by the voters of California on November 6, 1996, and is now Article XIIC and XIID of the California Constitution. Proposition 218 provides for benefit assessments to be levied to fund the cost of providing services, improvements, as well as maintenance and operation expenses to a public improvement which benefits the assessed property.

Proposition 218 describes a number of important requirements, including a property-owner balloting, for the formation and continuation of assessments, and these requirements were satisfied by the process used to establish this assessment.

SILICON VALLEY TAXPAYERS ASSOCIATION, INC. V SANTA CLARA COUNTY OPEN SPACE AUTHORITY

In July of 2008, the California Supreme Court issued its ruling on the Silicon Valley Taxpayers Association, Inc. v. Santa Clara County Open Space Authority ("SVTA vs. SCCOSA") case. This ruling is the most significant legal decision clarifying Proposition 218. Several of the most important elements of the ruling included further emphasis that:

- Benefit assessments are for special, not general benefit
- The services and/or improvements funded by assessments must be clearly defined
- Special benefits are directly received by and provide a direct advantage to property in the Assessment District

This Engineer's Report is consistent with the SVTA vs. SCCOSA decision and with the requirements of Article XIIC and XIID of the California Constitution because the Services to be funded are clearly defined; the Services are available to all benefiting property in the Assessment District, the benefiting property in the Assessment District will directly and tangibly benefit from improved protection from fire damage, increased safety of property and other special benefits and such special benefits provide a direct advantage to property in the Assessment District that is not enjoyed by the public at large or other property. There have been a number of clarifications made to the analysis, findings and supporting text in this Report to ensure that this consistency is well communicated.

DAHMS V. DOWNTOWN POMONA PROPERTY

On June 8, 2009, the Court of Appeal for the Second District of California amended its original opinion upholding a benefit assessment district for property in the downtown area of the City of Pomona. On July 22, 2009, the California Supreme Court denied review and the court's decision in Dahms became binding precedent for assessments. In Dahms, the court upheld an assessment that conferred a 100% special benefit to the assessed parcels on the rationale that the services and improvements funded by the assessments were provided directly and only to property in the assessment district over and above those services or improvements provided by the city generally.

BONANDER V. TOWN OF TIBURON

On December 31, 2009, the 1st District Court of Appeal overturned a benefit assessment approved by property owners to pay for placing overhead utility lines underground in an area of the Town of Tiburon. The Court invalidated the assessments on the ground that the assessments had been apportioned to assessed property based, in part, on relative costs within sub-areas of the assessment district instead of proportional special benefits.

BEUTZ V. COUNTY OF RIVERSIDE

On May 26, 2010 the 4th District Court of Appeals issued a decision on the Steven Beutz v. County of Riverside ("Beutz") appeal. This decision overturned an assessment for park maintenance in Wildomar, California, primarily because the general benefits associated with improvements and services were not explicitly calculated, quantified and separated from the special benefits.

GOLDEN HILL NEIGHBORHOOD ASSOCIATION V. CITY OF SAN DIEGO

On September 22, 2011, the San Diego Court of Appeal issued a decision on the Golden Hill Neighborhood Association v. City of San Diego appeal. This decision overturned an assessment for street and landscaping maintenance in the Greater Golden Hill neighborhood of San Diego, California. The court described two primary reasons for its decision. First, like in Beutz, the court found the general benefits associated with services were not explicitly calculated, quantified and separated from the special benefits. Second, the court found that the City had failed to record the basis for the assessment on its own parcels.

COMPLIANCE WITH CURRENT LAW

This Engineer's Report is consistent with the requirements of Article XIIC and XIID of the California Constitution and with the SVTA decision because the Services to be funded are clearly defined; the Services are available to and will be directly provided to all benefiting property in the Assessment District; and the Services provide a direct advantage to property in the Assessment District that would not be received in absence of the Assessments.

This Engineer's Report is consistent with Dahms because, similar to the Downtown Pomona assessment validated in Dahms, the Services will be directly provided to property in the Assessment District. Moreover, while Dahms could be used as the basis for a finding of 0% general benefits, this Engineer's Report establishes a more conservative measure of general benefits.

The Engineer's Report is consistent with Bonander because the Assessments have been apportioned based on the overall cost of the Services and proportional special benefit to each property. Finally, the Assessments are consistent with Buetz because the general benefits have been explicitly calculated and quantified and excluded from the Assessments.

DESCRIPTION OF SERVICES

The City of Santa Barbara Fire Department provides a range of fire protection, prevention, and educational services to the City and its residents.

The following is a description of the wildland fire suppression Services that are provided for the benefit of property within the Assessment District. Prior to the passage of the assessment in 2006, the baseline level of service was below the standard described in the City's 2004 Wildland Fire Plan. Due to inadequate funding, the level of service continued to diminish and would have diminished further had this assessment not been instituted. With the passage of this assessment, the services were enhanced significantly. The formula below describes the relationship between the final level of improvements, the baseline level of service (pre 2006) had the assessment not been instituted, and the enhanced level of improvements funded by the assessment.

| | | | | |
|-----------------------------------|---|--------------------------------------|---|--------------------------------------|
| Final Level of Service | = | Baseline Level of Service | + | Enhanced Level of Service |
|-----------------------------------|---|--------------------------------------|---|--------------------------------------|

Baseline level of service is pre-2006.

The services (the "Services") undertaken by the City of Santa Barbara Fire Department and the cost thereof paid from the levy of the annual assessment provide special benefit to Assessor Parcels within the Assessment District as defined in the Method of Assessment herein. In addition to the definitions provided by the California Government Code Section 50078 et. seq., (the "Code") the Services are generally described as follows:

- Expansion of the vegetation road clearance program to cover all public roads within the Foothill and Extreme Foothill Zones. This program reduces fuel, enhance evacuation routes, and decrease fire response times
- Implementation of a defensible space and fire prevention inspection and chipping assistance program for all properties in the Foothill and Extreme Foothill Zones
- Implementation of a vegetation management program in the Foothill and Extreme Foothill Zones

As applied herein, "vegetation road clearance" means the treatment, clearing, reducing, or changing of vegetation near roadways in the Foothill and Extreme Foothill Zones where vegetation poses a fire hazard and does not meet Fire Department Vegetation Road Clearance Standards within the high fire hazard area (As provided in Santa Barbara Municipal Code Section 8.04).

"Defensible space" is a perimeter created around a structure where vegetation is treated, cleared or reduced to slow the spread of wildfire towards a structure, reduce the chance of a structure fire burning to the surrounding area, and provides a safe perimeter for firefighters to protect a structure (As provided in Chapter 49 of the California Fire Code, as adopted by the City of Santa Barbara pursuant to Santa Barbara Municipal Code Section 8.04).

"Vegetation management" means the reduction of fire hazard through public education, vegetation hazard reduction, and other methods as needed to manage vegetation in areas with unique hazards such as heavy, flammable vegetation, lack of access due to topography and roads, and/or firefighter safety.

COST AND BUDGET

FIGURE 2 - COST AND BUDGET FY 2013-2014

| CITY OF SANTA BARBARA | |
|--|--------------------------------|
| Wildland Fire Suppression Assessment | |
| Estimate of Costs | |
| | <i>Total Budget</i> |
| Services Costs | |
| Evacuation Planning - Evacuation Roadway Clearing | |
| Staffing | \$43,000 |
| Materials | \$4,000 |
| Project Costs | \$45,000 |
| Defensible Space | |
| Staff | \$36,000 |
| Materials | \$6,000 |
| Chipping Program | \$36,000 |
| Vegetation Management | |
| Staffing | \$40,534 |
| Project | \$44,000 |
| Totals for Installation, Maintenance and Servicing | \$254,534 |
| Less: District Contribution for General Benefits | (\$18,887) |
| Net Cost of Installation, Maintenance and Servicing to Assessment District | \$235,647 |
| Incidental Costs: | |
| District Administration and Project Management | \$6,150 |
| Allowance for County Collection | \$3,490 |
| Subtotals - Incidentals | \$9,640 |
| Total Wildland Fire Suppression District Budget (Net Amount to be Assessed) | \$245,287 |
| Assessment District Budget Allocation to Parcels | |
| Total Assessment Budget | \$245,287 |
| Single Family Equivalent Benefit Units in District | 3,264 |
| Assessment per Single Family Equivalent Unit (SFE) | \$ 75.14 |

METHOD OF APPORTIONMENT

METHOD OF APPORTIONMENT

This section includes an explanation of the special benefits derived from the Services, the criteria for the expenditure of assessment funds and the methodology used to apportion the total assessments to properties within the Assessment District.

The Assessment District area consists of all Assessor Parcels within the Foothill and Extreme Foothill zones of the High Fire Hazard Area as defined by the 2004 Wildland Fire Plan. The method used for apportioning the assessment is based upon the proportional special benefits from the Services derived by the properties in the assessment area over and above general benefits conferred on real property or to the public at large. Special benefit is calculated for each parcel in the Assessment District using the following process:

1. Identification of all benefit factors derived from the Improvements
2. Calculation of the proportion of these benefits that are general
3. Determination of the relative special benefit within different areas within the Assessment District
4. Determination of the relative special benefit per property type
5. Calculation of the specific assessment for each individual parcel based upon special vs. general benefit; location, property type, property characteristics, improvements on property and other supporting attributes

DISCUSSION OF BENEFIT

California Government Code Section 50078 et. seq. allows agencies which provide fire suppression services, such as the Santa Barbara Fire Department, to levy assessments for fire suppression services. Section 50078 states the following:

"Any local agency which provides fire suppression services directly or by contract with the state or a local agency may, by ordinance or by resolution adopted after notice and hearing, determine and levy an assessment for fire suppression services pursuant to this article."

In addition, California Government Code Section 50078.1 defines the term "fire suppression" as follows:

"(c) "Fire suppression" includes firefighting and fire prevention, including, but not limited to, vegetation removal or management undertaken, in whole or in part, for the reduction of a fire hazard."

Therefore, the Services provided by the Assessment District fall within the scope of services that may be funded by assessments under the Code.

The assessments can only be levied based on the special benefit to property. This benefit is received by property over and above any general benefits. Moreover, such benefit is not based on any one property owner's specific use of the Services or a property owner's specific demographic status. With reference to the requirements for assessments, Section 50078.5 of the California Government Code states:

"(b) The benefit assessment shall be levied on a parcel, class of improvement to property, or use of property basis, or a combination thereof, within the boundaries of the local agency, zone, or area of benefit."

"The assessment may be levied against any parcel, improvement, or use of property to which such services may be made available whether or not the service is actually used."

Proposition 218, as codified in Article XIID of the California Constitution, has confirmed that assessments must be based on the special benefit to property:

"No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel."

Since assessments are levied on the basis of special benefit, they are not a tax and are not governed by Article XIII A of the California Constitution.

The following section describes how and why the Services specially benefit properties. This benefit is particular and distinct from its effect on property in general or the public at large.

BENEFIT FACTORS

In order to allocate the assessments, the Engineer identified the types of special benefit arising from the Services that are provided to property in the Assessment District. These benefit factors confer a direct advantage to the assessed properties; otherwise they would be general benefit.

The following benefit categories have been established that represent the types of special benefit conferred to residential, commercial, industrial, institutional and other lots and parcels resulting from the services to reduce the severity and damage from wildland fires that are provided in the Assessment District. These categories of special benefit are derived from the statutes passed by the California Legislature and other studies, which describe the types of special benefit received by property from the Services of the Assessment District. These types of special benefit are summarized as follows:

INCREASED SAFETY AND PROTECTION OF REAL PROPERTY ASSETS FOR ALL PROPERTY OWNERS WITHIN THE ASSESSMENT DISTRICT.

As summarized previously, properties in the Assessment District are currently at higher risk for wildland fires. Uncontrolled fires would have a devastating impact on all properties within the Assessment District. The assessments fund an increase in services to mitigate the wildland fire threat, and thereby can significantly reduce the risk of property damage associated with fires. Clearly, fire mitigation helps to protect and specifically benefits both improved properties and vacant properties in the Assessment District.

*"Fire is the largest single cause of property loss in the United States. In the last decade, fires have caused direct losses of more than \$120 billion and countless billions more in related cost."*¹

*"Over 140,000 wildfires occurred on average each year, burning a total of almost 14.5 million acres. And since 1990, over 900 homes have been destroyed each year by wildfires."*²

*"A wildfire sees your home as just another fuel source. The survivable space you construct around your home will keep all but the most ferocious wildfires at bay."*³

*"A reasonably disaster-resistant America will not be achieved until there is greater acknowledgment of the importance of the fire service and a willingness at all levels of government to adequately fund the needs and responsibilities of the fire service."*⁴

*"The strategies and techniques to address fire risks in structures are known. When implemented, these means have proven effective in the reduction of losses."*⁵

*"Statistical data on insurance losses bears out the relationship between excellent fire protection...and low fire losses."*⁶

PROTECTION OF VIEWS, SCENERY AND OTHER RESOURCE VALUES, FOR PROPERTY IN THE ASSESSMENT DISTRICT

The Assessment District provides funding for the mitigation of the wildland fire threat to protect public and private resources in the Assessment District. This benefits even those properties that are not directly damaged by fire by maintaining and improving the aesthetics and attractiveness of public and private resources in the community, as well as ensuring that such resources remain safe and well maintained.

*"Intensely burned forests are rarely considered scenic."*⁷

*"Smoke affects people...for example; in producing haze that degrades the visual quality of a sunny day...The other visual quality effect is that of the fire on the landscape. To many people, burned landscapes are not attractive and detract from the aesthetic values of an area."*⁸

*"A visually preferred landscape can be the natural outcome of fuels treatments."*⁹

ENHANCED UTILITY AND DESIRABILITY OF THE PROPERTIES IN THE ASSESSMENT DISTRICT.

The assessments fund Services to reduce the severity and damage from wildland fires in the Assessment District. Such Services enhance the overall utility and desirability of the properties in the Assessment District.

*"Residential satisfaction surveys have found that having nature near one's home is extremely important in where people choose to live...This is especially true at the wildland-urban interface where some of the most serious fuels management must occur."*¹⁰

*"People are coming to the [Bitterroot] valley in part because of its natural beauty which contributes to the quality of life that so many newcomers are seeking."*¹¹

BENEFIT FINDING

In summary, real property located within the boundaries of the Assessment District distinctly and directly benefits from increased safety and protection of real property, increased protection of scenery and views, and enhanced utility of properties in the Assessment District. These are special benefits to property in much the same way that sewer and water facilities, sidewalks and paved streets enhance the utility and desirability of property and make them more functional to use, safer and easier to access.

GENERAL VERSUS SPECIAL BENEFIT

Article XIIC of the California Constitution requires any local agency proposing to increase or impose a benefit assessment to "separate the general benefits from the special benefits conferred on a parcel." The rationale for separating special and general benefits is to ensure that property owners subject to the benefit assessment are not paying for general benefits. The assessment can fund special benefits but cannot fund general benefits. Accordingly, a separate estimate of the special and general benefit is given in this section.

In other words:

| | | | | |
|--------------------------|----------|----------------------------|----------|----------------------------|
| Total Benefit | = | General Benefit | + | Special Benefit |
|--------------------------|----------|----------------------------|----------|----------------------------|

There is no widely-accepted or statutory formula for general benefit. General benefits are benefits from improvements or services that are not special in nature, are not "particular and distinct" and are not "over and above" benefits received by other properties. SVTA vs. SCCOSA provides some clarification by indicating that general benefits provide "an indirect, derivative advantage" and are not necessarily proximate to the improvements.

The starting point for evaluating general and special benefits is the pre 2006 baseline level of service, had the assessment not been approved by the community. The assessment will fund Services “over and above” this general, baseline level and the special benefits estimated in this section are over and above the baseline.

A formula to estimate the general benefit is listed below:

| | | | | | | |
|----------------------------|----------|---|----------|--|----------|---|
| General Benefit | = | Benefit to real property outside of improvement district | + | Benefit to real property inside of improvement district | + | Benefit to public at large |
|----------------------------|----------|---|----------|--|----------|---|

Special benefit, on the other hand, is defined in the state constitution as “a particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public at large.” The *SVTA v. SCCOSA* decision indicates that a special benefit is conferred to a property if it “receives a direct advantage from the improvement (e.g., proximity to a park).” In this assessment, as noted, the improved Services are available when needed to all properties in the Assessment District, so the overwhelming proportion of the benefits conferred to property is special, and are only minimally received by property outside the Assessment District or the public at large.

Proposition 218 twice uses the phrase “over and above” general benefits in describing special benefit. (Art. XIID, sections 2(i) & 4(f).) Arguably, all of the Services being funded by the assessment would be a special benefit because the Services particularly and distinctly benefit the properties in the Assessment District over and above the baseline benefits.

Nevertheless, arguably some of the Services benefit the public at large and properties outside the Assessment District. In this report, the general benefit is conservatively estimated and described, and then budgeted so that it is funded by sources other than the assessment.

(In the 2009 *Dahms* case, the court upheld an assessment that conferred a 100% special benefit to the assessed parcels on the rationale that the services and improvements funded by the assessments were provided directly and only to property in the assessment district over and above those services or improvements provided by the city generally. Similarly, the Assessments described in this Engineer’s Report fund wildland fire services directly and only to the assessed parcels located within the assessment area. Moreover, every property within the Assessment District will receive the Services. While the *Dahms* decision would permit an assessment based on 100% special benefit and zero or minimal general benefits, in this report, the general benefit is estimated and described and budgeted so that it is funded by sources other than the Assessment.)

CALCULATING GENERAL BENEFIT

This section provides a measure of the general benefits from the assessments

BENEFIT TO PROPERTY OUTSIDE THE ASSESSMENT DISTRICT

Properties within the Assessment District receive almost all of the special benefits from the Services because the Services will be provided solely in the Assessment District boundaries. Properties proximate to, but outside of, the boundaries of the Assessment District receive some benefit from the Services due to some degree of indirectly reduced fire risk to their property. These parcels that are proximate to the boundaries of the Assessment District are estimated to receive less than 50% of the benefits relative to parcels within the Assessment District because they do not directly receive the improved fire protection resulting from the Services funded by the Assessments.

At the time the Assessment District was formed, there were approximately 550 of these "proximate" properties.

Assumptions:

550 parcels outside the district but proximate to the District Boundaries

3,550 parcels in the Assessment District.

50% relative benefit compared to property within the Assessment District.

Calculation:

General Benefit to property outside the Assessment District

$$= (550/(550+3,550))*0.5=6.7\%$$

Although it can reasonably be argued that properties protected inside, but near the Assessment District boundaries are offset by similar fire protection provided outside, but near the Assessment District's boundaries, we use the more conservative approach of finding that 6.7% of the Services may be of general benefit to property outside the Assessment District.

BENEFIT TO PROPERTY *INSIDE* THE DISTRICT THAT IS *INDIRECT AND DERIVATIVE*

The "indirect and derivative" benefit to property within the Assessment District is particularly difficult to calculate. A solid argument can be presented that all benefit within the Assessment District is special, because the Services are clearly "over and above" and "particular and distinct" when compared with the pre-2006 baseline level of Services, had the assessment district not passed.

In determining the Assessment District boundaries, the District has been careful to limit it to an area of parcels that will directly receive the benefit of the improved Services. All parcels will directly benefit from the use of the improved Services throughout the Assessment District in order to achieve the desired level of wildland fire suppression and protection throughout the Assessment District. Fire protection and suppression will be provided as needed throughout the area.

The SVTA vs. SCCOSA decision indicates that the fact that a benefit is conferred throughout the Assessment District area does not make the benefit general rather than special, so long as the Assessment District is narrowly drawn and limited to the parcels directly receiving shared special benefits from the service. This concept is particularly applicable in situations involving a landowner-approved assessment-funded extension of a local government service to benefit lands previously not receiving that particular service. The Fire Department therefore concludes that, other than the small general benefit to properties outside the Assessment District (discussed above) and to the public at large (discussed below), all of the benefits of the Services to the parcels within the Assessment District are special benefits and it is not possible or appropriate to separate any general benefits from the benefits conferred on parcels in the Assessment District.

BENEFIT TO THE PUBLIC AT LARGE

With the type and scope of Services provided to the Assessment District, it is very difficult to calculate and quantify the scope of the general benefit conferred on the public at large. Because the Services directly serve and benefit all of the property in the Assessment District, any general benefit conferred on the public at large would be small. Nevertheless, there may be some indirect general benefit to the public at large.

The public at large uses the public highways and other regional facilities when traveling in and through the Assessment District and they may benefit from the services without contributing to the assessment. Although the protection of this critical infrastructure is certainly a benefit to all the property within the Assessment District, it is arguably "indirect and derivative" and possibly benefits people rather than property. A fair and appropriate measure of the general benefit to the public at large therefore is the amount of highway, and regional facilities within the Assessment District relative to the overall land area. An analysis of maps of the Assessment District shows that less than 1.0% of the land area in the Assessment District is covered by highways and regional facilities. This 1.0% therefore is a fair and appropriate measure of the general benefit to the public at large within the Assessment District.

SUMMARY OF GENERAL BENEFITS

Using a sum of the measures of general benefit for the public at large and land outside the Assessment District, we find that approximately 7.7% of the benefits conferred by the Assessment District may be general in nature and should be funded by sources other than the assessment.

General Benefit Calculation

| | |
|---------------|--|
| 6.7% | (Outside the Assessment District) |
| + 0.0% | (Inside the district – indirect and derivative) |
| + 1.0% | (Public at Large) |
| = 7.7% | (Total General Benefit) |

The Assessment District's total budget for 2013-14 is \$245,287. The Assessment District must obtain funding from sources other than the assessment in the amount of approximately \$18,887 ($\$245,287 \times 7.7\%$) to pay for the cost of the general benefits. This is because the assessments levied by the Fire Department may not exceed the special benefits provided by the Services, and the Assessment Engineer concluded that a combined total of 7.7% of the cost of Services provide a general benefit to properties outside the Assessment District and a benefit to the public at large. For Fiscal Year 2013-14, the City will contribute at least \$18,887, or 7.7% of the total Assessment District budget, to the Assessment District from sources other than this assessment. This contribution constitutes more than the 7.7% general benefits estimated by the Assessment Engineer.

ZONES OF BENEFIT

Initially, the Fire Department evaluated the geographic area within and around the City limits (including the City of Santa Barbara, Santa Barbara County, Montecito and National Forest lands) based upon three fire hazard risk variables: vegetation (fuel), topography and weather. This analysis was used to narrowly determine the boundaries of the "high fire hazard area." Further, zones were narrowly drawn within the high fire hazard area and graded "extreme," "high," "moderate" or "low". Next, the Fire Department evaluated the roof type, proximity of structures, road systems, water supply, fire response times and historic fire starts within the high fire hazard area and developed 4 specific zones:

- Extreme Foothill Zone
- Foothill Zone
- Coastal Zone
- Coastal Interior Zone

These zones were used to apply appropriate policies and actions based upon hazard and risk. The results of this analysis were tabulated and presented in Tables 2 through 4 in the 2004 Wildland Fire Plan.

Accordingly, "Zones of Benefit" corresponding to the fire risk zones are used to equitably assign special benefit, and are used for the basis of the "Fire Risk Factors" discussed below. Each zone was narrowly drawn, and has been given a score, based upon the evaluated risk criteria, as shown in Figure 3. (The assessment provides Services in the Extreme Foothill Zone and the Foothill Zone only.)

FIGURE 3 - RELATIVE HAZARD/RISK SCORING FOR HIGH FIRE HAZARD AREA ZONES

| Hazard/Risk Attribute | Extreme Foothill Zone | Foothill Zone | Coastal Zone | Coastal Interior Zone |
|--|-----------------------|---------------|--------------|-----------------------|
| Combined Hazard Assessment - vegetation (fuel), topography, weather* | 40 | 30 | 20 | 10 |
| Roof Type** | 1 | 2 | 2 | 3 |
| Proximity | 1 | 3 | 1 | 3 |
| Road | 3 | 3 | 1 | 1 |
| Water | 3 | 1 | 1 | 1 |
| Response | 3 | 2 | 2 | 2 |
| Ignitions | 1 | 1 | 1 | 1 |
| Total Score | 52 | 42 | 28 | 21 |

* The Hazard Assessment element of this analysis is the most significant. Scores have been "weighted" by a factor of 10.

** In the Extreme Foothill Zone fire retardant roofing materials are more prevalent, resulting in lower risk in this area.

Figure 4 shows the numeric scoring system used to develop the relative total scores.

FIGURE 4 - SCORING SYSTEM

| Qualitative Score | Numeric Score |
|-------------------|---------------|
| Very High | 4 |
| High | 3 |
| Moderate | 2 |
| Low | 1 |

The total relative scores for each zone are tabulated and normalized, based up the Foothill Zone, and shown in Figure 5.

FIGURE 5 - WILDLAND FIRE RISK FACTORS

| Zone | Raw Score | Wildland Fire Risk Factor |
|-------------------------|-----------|---------------------------|
| Extreme Foothill Zone | 52 | 1.24 |
| Foothill Zone | 42 | 1.00 |
| Coastal Zone** | 28 | .67 |
| Coastal Interior Zone** | 21 | .50 |

**Coastal Zone and Coastal Interior Zone are included in this analysis for clarity; however these zones are not included in the Assessment District.

ASSESSMENT APPORTIONMENT

In the process of determining the appropriate method of assessment, the Assessment Engineer considered various alternatives. For example, an assessment only for all residential improved property was considered but was determined to be inappropriate because vacant, commercial, industrial and other properties also receive special benefits from the assessments.

Moreover, a fixed or flat assessment for all properties of similar type was deemed to be inappropriate because larger commercial/industrial properties and residential properties with multiple dwelling units receive a higher degree of benefit than other similarly used properties that are significantly smaller. For two properties used for commercial purposes, there clearly is a higher benefit provided to the larger property in comparison to a smaller commercial property because the larger property generally supports a larger building and has higher numbers of employees, customers and guests that benefit from reduced wildland fire risk. This benefit ultimately flows to the property. Larger parcels, therefore, receive an increased benefit from the assessments.

The Assessment Engineer determined that the appropriate method of assessment should be based on the type of property, the relative size of the property and the potential use of property by residents and employees. This method is further described below.

METHOD OF ASSESSMENT

The next step in apportioning assessments is to determine the relative special benefit for each property. This process involves determining the relative benefit received by each property in relation to a "benchmark" property, a single family detached dwelling on one parcel of one acre or less in the Foothill Zone (one "Single Family Equivalent Benefit Unit" or "SFE"). This SFE methodology is commonly used to distribute assessments in proportion to estimated special benefits and is generally recognized as providing the basis for a fair and appropriate distribution of assessments. In this Engineer's Report, all properties are assigned an SFE value, which is each property's relative benefit in relation to a single family home on one parcel.

The relative benefit to properties from fire related Services is:

EQUATION 1 – RELATIVE BENEFIT TO PROPERTIES

$$\text{Benefit} \approx \sum (\text{Fire Risk Factors}) * \sum (\text{Structure Value Factors})$$

That is, the benefit conferred to property is the "sum" the risk factors multiplied by the "sum" of the structure values factors.

FIRE RISK FACTORS

Typical fire assessments (non-wildland) are evaluated based upon the fire risk of a certain property type. These evaluations consider factors such as use of structure (e.g. used for cooking), type of structure (centralized heating), etc.

Wildland fires, on the other hand, are initiated largely from external ignitions and are far less affected by structural, mechanical and electrical systems inherent to the building (except roof type). The principle Wildland fire risk factors are:

- Vegetation (fuel)
- Topography
- Weather
- Roof type
- Proximity of Structure
- Road Systems
- Water Supply
- Response
- Ignitions

These factors were fully evaluated in the 2004 Wildland Fire Plan and are manifested in the relative zone scores as shown in Figures 3, 4 and 5, above. Hence, the Fire Risk Factor for all properties within the Foothill Zone is 1.00 and the Fire Risk Factor for all properties in the Extreme Foothill Zone is 1.24.

STRUCTURE VALUE FACTORS

The relative value of different property types was evaluated within the high fire hazard area to determine the Structure Value Factor according to the following formula:

EQUATION 2 - STRUCTURE VALUE FACTORS

| | | | | | | |
|------------------------------------|---|--|---|-------------------------------------|---|------------------------------|
| ∑ (Structure Value Factors) | ≈ | (Structure Weighting Factor) * | * | (Land Weighting Factor) * | * | (Unit Density Factor) |
| | | Average Improved Value) | | Average Total Value) | | |

Where:

"Structure Weight Factor" = 10 to "weight" relative importance of structure over land.

"Average Improved Value" is average of value of all improvements (e.g. structures), per property type, as provide by County Assessor records.

Land Weighting Factor = 1

"Average Total Value" is average of value of all land + improvements (e.g. structures), per property type, as provide by County Assessor records. County assessor land values were not used directly because experience has shown total values to be more comprehensive.

Unit Density Factor corresponds values with units (i.e. "per residential unit" or "per acre") based upon effective density of structure on parcel.

Figure 6 below is a tabulation of the Structure values for each property type as defined by Equation 2, above.

FIGURE 6 – STRUCTURE VALUE FACTORS

| Property Type | Structure Value Factor | Unit |
|-----------------------|------------------------|---------------|
| Single Family | 1.0000 | per each* |
| Multi-Family | 0.3683 | per res. unit |
| Commercial/Industrial | 0.8187 | per acre |
| Office | 0.7058 | per acre |
| Institutional | 0.3841 | per each |
| Storage | 0.0952 | per acre |
| Agricultural | 0.0809 | per acre |
| RangeLand | 0.0181 | per acre |
| Vacant | 0.0324 | per each |

*for homes on an acre or less. For homes on more than one acre, the Structure Value Factor is increased by 0.0809 per acre

RESIDENTIAL PROPERTIES

All improved residential properties with a single residential dwelling unit on one acre or less are assigned one Single Family Equivalent or 1.0 SFE in the Foothill Zone. In the Extreme Foothill Zone, all improved residential properties on one acre or less are assessed 1.24 SFEs (See Table 5). Residential properties on parcels that are larger than 1 acre receive additional benefit and are assigned additional SFEs on a “per acre” basis. Detached or attached houses, zero-lot line houses and town homes are included in this category.

Properties with more than one residential unit are designated as multi-family residential properties. These properties benefit from the Services in proportion to the number of dwelling units that occupy each property. The relative benefit for multi-family properties was determined as per Equation 1 to be 0.3683 SFEs per residential unit in the Foothill Zone and 0.4567 per residential unit in the Extreme Foothill Zone. This rate applies to condominiums as well.

COMMERCIAL/INDUSTRIAL & OFFICE PROPERTIES

Commercial and industrial properties are assigned benefit units per acre, since there is a relationship between parcel size, structure size and relative benefits. The relative benefit for commercial and industrial properties was determined as per Equation 1 to be 0.8187 SFEs per acre in the Foothill Zone and 1.0151 per acre in the Extreme Foothill Zone. The relative benefit for office properties was determined as per Equation 1 to be 0.7058 SFEs per acre in the Foothill Zone and 0.8751 per acre in the Extreme Foothill Zone.

VACANT/UNDEVELOPED, OPEN SPACE AND AGRICULTURAL PROPERTIES

The relative benefit for vacant properties was determined as per Equation 1 to be 0.0324 SFEs per parcel in the Foothill Zone and 0.04012 per parcel in the Extreme Foothill Zone. Open space and agricultural land have minimal improvements and few, if any; structures that require defensible space, and are assigned benefit "per acre." The relative benefit for open space properties was determined as per Equation 1 to be 0.0181 SFEs per acre in the Foothill Zone and 0.0224 per acre in the Extreme Foothill Zone. The relative benefit for agricultural properties was determined as per Equation 1 to be 0.0809 SFEs per acre in the Foothill Zone and 0.1002 per acre in the Extreme Foothill Zone.

OTHER PROPERTIES

Institutional properties, such as publicly owned properties (and are used as such), for example, churches, are assessed at 0.3841 per parcel in the Foothill zone and 0.4762 per Parcel in the Extreme Foothill zone. The relative benefit for storage properties was determined as per Equation 1 to be 0.0952 SFEs per acre in the Foothill Zone and 0.1180 per acre in the Extreme Foothill Zone.

Article XIID, Section 4 of the California Constitution states that publicly owned properties shall not be exempt from assessment unless there is clear and convincing evidence that those properties receive no special benefit.

All public properties that are specially benefited are assessed. Publicly owned property that is used for purposes similar to private residential, commercial, industrial or institutional uses is benefited and assessed at the same rate as such privately owned property.

SUMMARY OF BENEFITS FOR EACH PROPERTY TYPE

Figure 7 summarizes the relative benefit for each property type.

FIGURE 7 - RELATIVE BENEFIT FACTORS FOR FOOTHILL AND EXTREME FOOTHILL ZONES

| Property Type | Foothill Zone | | Extreme Foothill Zone | |
|-----------------------|------------------------|----------|------------------------|----------|
| | Benefit Factors (SFes) | Unit | Benefit Factors (SFes) | Unit |
| Single Family | 1.0000 | per each | 1.2400 | per each |
| Multi-Family | 0.3683 | per unit | 0.4567 | per unit |
| Commercial/Industrial | 0.8187 | per acre | 1.0152 | per acre |
| Office | 0.7058 | per acre | 0.8752 | per acre |
| Institutional | 0.3841 | per each | 0.4763 | per each |
| Storage | 0.0952 | per acre | 0.1181 | per acre |
| Agricultural | 0.0809 | per acre | 0.1003 | per acre |
| Rangeland | 0.0181 | per acre | 0.0225 | per acre |
| Vacant | 0.0324 | per each | 0.0402 | per each |

APPEALS OF ASSESSMENTS LEVIED TO PROPERTY

Any property owner who feels that the assessment levied on the subject property is in error as a result of incorrect information being used to apply the foregoing method of assessment may file a written appeal with the Fire Chief of the City of Santa Barbara Fire Department or his or her designee. Any such appeal is limited to correction of an assessment during the then current fiscal year. Upon the filing of any such appeal, the Chief or his or her designee will promptly review the appeal and any information provided by the property owner. If the Chief or his or her designee finds that the assessment should be modified, the appropriate changes shall be made to the assessment roll. If any such changes are approved after the assessment roll has been filed with the County for collection, the Chief or his or her designee is authorized to refund to the property owner the amount of any approved reduction. Any dispute over the decision of the Chief or his or her designee shall be referred to the City Council and the decision of the Council shall be final.

ADDITIONAL BACKGROUND ON RELATIVE BENEFIT

In essence, when property owners are deciding how to cast their ballot for a proposed assessment, each property owner must weigh the perceived value of the Services proposed to them and their property with the proposed cost of the assessment to their property. If property owners of a certain type of property are either opposed or in support of the assessment in much greater percentages than owners of other property types, this is an indication that, as a group, these property owners perceive that the proposed assessment has relatively higher or lower "utility" or value to their property relative to owners of other property types. One can also infer from these hypothetical ballot results, that the apportionment of benefit (and assessments) was too high or too low for that property type. In other words, property owners, by their balloting, ultimately indicate if they perceive the special benefits to their property to exceed the cost of the assessment, and, as a group, whether the determined level of benefit and proposed assessment (the benefit apportionment made by the Assessment Engineer) is consistent with the level of benefits perceived by the owners of their type of property relative to the owners of other types of property.

DURATION OF THE ASSESSMENT

The duration of the assessment is one year, and may be continued each year by a vote of the City Council. The assessment cannot be increased in future years without approval from property owners in another assessment ballot proceeding, except for an annual adjustment tied to the change in the Los Angeles-Riverside-Orange County Area Consumer Price Index, not to exceed 4% per year.

CRITERIA AND POLICIES

This sub-section describes the criteria that shall govern the expenditure of assessment funds and ensures equal levels of benefit for properties of similar type. The criteria established in this Report, as finally confirmed, cannot be substantially modified; however, the Council may adopt additional criteria to further clarify certain criteria or policies established in this Report or to establish additional criteria or policies that do not conflict with this Report.

ASSESSMENT FUNDS MUST BE EXPENDED WITHIN THE FOOTHILL AND EXTREME FOOTHILL ZONES

The net available assessment funds, after incidental, administrative, financing and other costs, shall be expended exclusively for Services within the boundaries of the Assessment District, namely, the Foothill and Extreme Foothill Zones.

EXISTING GENERAL FUNDS

Prior to formation, Wildland Fire Services were funded with approximately \$200,000 from the City of Santa Barbara general fund. The intent of the program is that this general fund revenue will be maintained by the City to the extent feasible and the assessment will augment the current funding and services. Further, a portion of the general fund revenue is needed to pay for any and all general benefits from the wildland fire Services, as described above.

ASSESSMENT

WHEREAS, the City Council of the City of Santa Barbara is proceeding with the proposed levy of assessments under California Government Code sections 50078 et seq. (the "Code") and Article XIID of the California Constitution (the "Article");

WHEREAS, the undersigned Engineer of Work has prepared and filed a report presenting an estimate of costs, a diagram for the Assessment District and an assessment of the estimated costs of the Services upon all assessable parcels within the Assessment District;

NOW, THEREFORE, the undersigned, by virtue of the power vested in me under said Code and Article and the order of the Council of said City, hereby make the following assessment to cover the portion of the estimated cost of said Services, and the costs and expenses incidental thereto to be paid by the Assessment District.

The amount to be paid for said Services and the expense incidental thereto, to be paid by the Assessment District for the fiscal year 2013-14 is generally as follows:

SUMMARY COST ESTIMATE FY 2013-14

| | Budget |
|---|------------|
| Evacuation Planning – Evacuation Roadway Clearing | \$96,000 |
| Defensible Space | \$78,000 |
| Vegetation Management | \$80,534 |
| Total for Installation, Maintenance and Servicing | \$254,534 |
| Less: Contribution for General Benefits | (\$18,887) |
| Incidental Costs: | |
| Administration and Project Management | \$6,150 |
| Allowance for County collection | \$3,490 |
| Subtotal – Incidentals | \$9,640 |
| Total Wildland Fire Suppression Assessment Budget | \$245,287 |

An Assessment Diagram is hereto attached and made a part hereof showing the exterior boundaries of said Assessment District. The distinctive number of each parcel or lot of land in said Assessment District is its Assessor Parcel Number appearing on the Assessment Roll.

I do hereby assess and apportion said net amount of the cost and expenses of said Services, including the costs and expenses incident thereto, upon the parcels and lots of land within said Assessment District, in accordance with the special benefits to be received by each parcel or lot, from the Services, and more particularly set forth in the Cost Estimate and Method of Assessment hereto attached and by reference made a part hereof.

The assessment is subject to an annual adjustment tied to the annual change in the Consumer Price Index for the Los Angeles-Riverside-Orange County Area as of January of each succeeding year, with the maximum annual adjustment not to exceed 4%.

In the event that the actual assessment rate for any given year is not increased by an amount equal to the maximum of 4% or the yearly CPI change plus any CPI change in previous years that was in excess of 4%, the maximum authorized assessment shall increase by this amount. In such event, the maximum authorized assessment shall be equal to the base year assessment as adjusted by the increase to the CPI, plus any and all CPI adjustments deferred in any and all prior years. The CPI change above 4% can be used in a future year when the CPI adjustment is below 4%. For 2013-14, the allowable CPI increase is 1.93%.

Hence, the proposed rates for 2013-14 will increase by 1.93% from the 2012-13 rates – from \$73.72 to \$75.14 per single family home in the Foothill Zone and from \$91.41 to \$93.17 per single family home in the Extreme Foothill Zone. The total revenue derived from the assessment is \$245,287 for 2013-14.

Each parcel or lot of land is described in the Assessment Roll by reference to its parcel number as shown on the Assessor's Maps of the City of Santa Barbara for the fiscal year 2013-14. For a more particular description of said property, reference is hereby made to the deeds and maps on file and of record in the office of the County Recorder of Santa Barbara County.

I hereby place opposite the Assessor Parcel Number for each parcel or lot within the Assessment Roll, the amount of the assessment for the fiscal year 2013-14 for each parcel or lot of land within the said Assessment District.

Dated: May 7, 2013

Engineer of Work

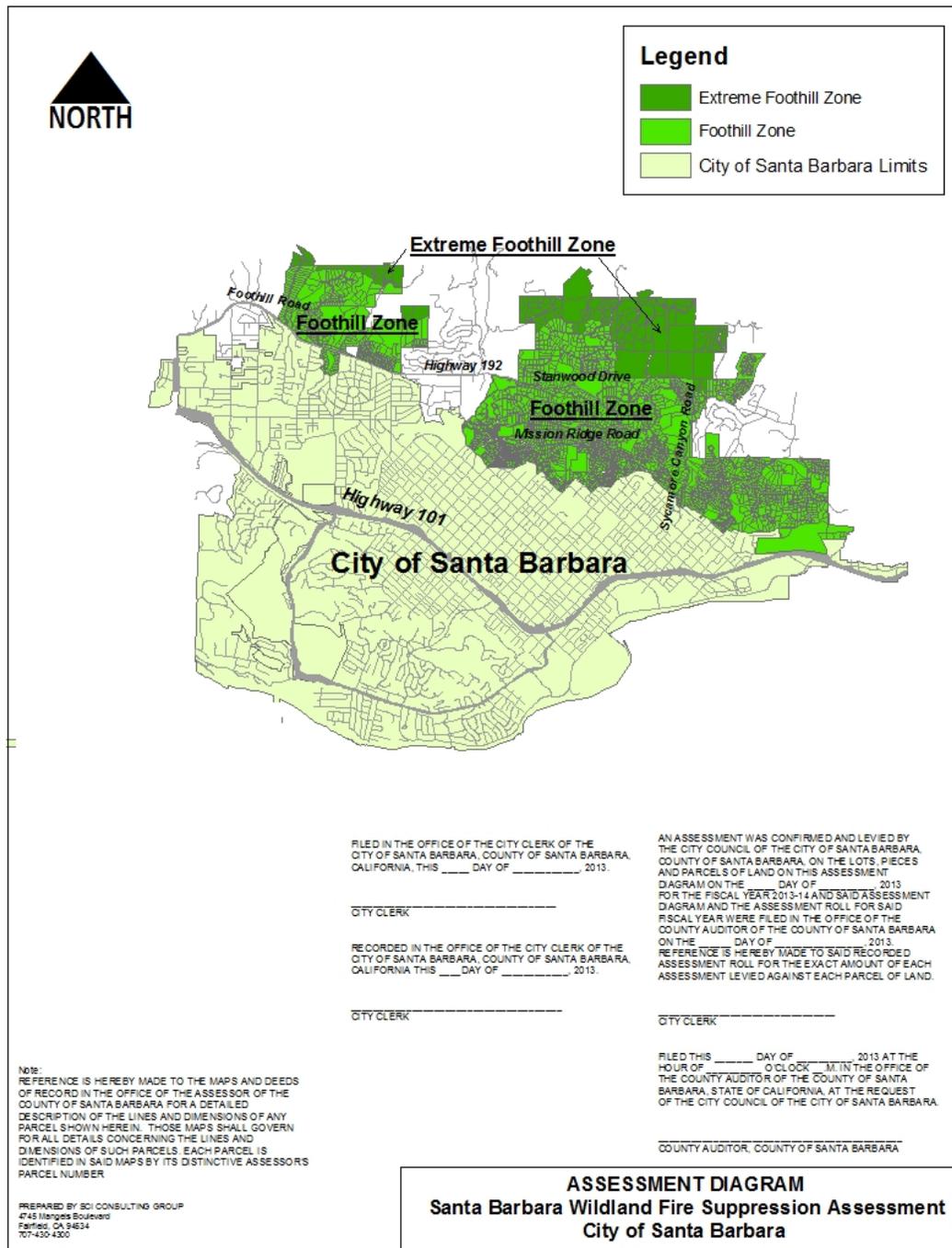


By

John W. Bliss, License No. C052091

ASSESSMENT DIAGRAM

The Assessment District includes all properties within the boundaries of the Wildland Fire Suppression District. The boundaries of the Assessment District are displayed on the following Assessment Diagram. The lines and dimensions of each lot or parcel within the Assessment District are those lines and dimensions as shown on the maps of the Assessor of the County of Santa Barbara, for fiscal year 2013-14, and are incorporated herein by reference, and made a part of this Diagram and this Report.



APPENDICES

APPENDIX A – ASSESSMENT ROLL, FY 2013-14

The Assessment Roll is made part of this report and is available for public inspection during normal office hours. Each lot or parcel listed on the Assessment Roll is shown and illustrated on the latest County Assessor records and these records are, by reference, made part of this report. These records shall govern for all details concerning the description of the lots of parcels.

APPENDIX B – CALIFORNIA GOVERNMENT CODE SECTION 50078 ET. SEQ.

50078. Any local agency which provides fire suppression services directly or by contract with the state or a local agency may, by ordinance or by resolution adopted after notice and hearing, determine and levy an assessment for fire suppression services pursuant to this article. The assessment may be made for the purpose of obtaining, furnishing, operating, and maintaining fire suppression equipment or apparatus or for the purpose of paying the salaries and benefits of firefighting personnel, or both, whether or not fire suppression services are actually used by or upon a parcel, improvement, or property.

50078.1. As used in this article:

(a) "Legislative body" means the board of directors, trustees, governors, or any other governing body of a local agency specified in subdivision (b).

(b) "Local agency" means any city, county, or city and county, whether general law or chartered, or special district, including a county service area created pursuant to the County Service Area Law, Chapter 2.2 (commencing with Section 25210.1) of Part 2 of Division 2 of Title 3.

(c) "Fire suppression" includes firefighting and fire prevention, including, but not limited to, vegetation removal or management undertaken, in whole or in part, for the reduction of a fire hazard.

50078.2. (a) The ordinance or resolution shall establish uniform schedules and rates based upon the type of use of property and the risk classification of the structures or other improvements on, or the use of, the property. The risk classification may include, but need not be limited to, the amount of water required for fire suppression on that property, the structure size, type of construction, structure use, and other factors relating to potential fire and panic hazards and the costs of providing the fire suppression by the district to that property. The assessment shall be related to the benefits to the property assessed.

(b) The benefit assessment levies on land devoted primarily to agricultural, timber, or livestock uses, and being used for the commercial production of agricultural, timber, or livestock products, shall be related to the relative risk to the land and its products. The amount of the assessment shall recognize normal husbandry practices that serve to mitigate risk, onsite or proximate water availability, response time, capability of the fire suppression service, and any other factors which reflect the benefit to the land resulting from the fire suppression service provided. A benefit assessment shall not be levied for wildland or watershed fire suppression on land located in a state responsibility area as defined in Section 4102 of the Public Resources Code. This subdivision is not applicable to any benefit assessment levied prior to January 1, 1984, on land devoted primarily to agricultural, timber, or livestock uses.

50078.3. Any ordinance or resolution adopted by a local agency pursuant to this article establishing uniform schedules and rates for assessments for fire suppression services which substantially conforms with the model ordinance which the State Fire Marshal is authorized to adopt pursuant to Section 13111 of the Health and Safety Code shall be presumed to be in compliance with the requirements of Section 50078.2.

50078.4. The legislative body of the local agency shall cause to be prepared and filed with the clerk of the local agency a written report which shall contain all of the following:

- (a) A description of each lot or parcel of property proposed to be subject to the assessment.
- (b) The amount of the assessment for each lot or parcel for the initial fiscal year.
- (c) The maximum amount of the assessment which may be levied for each lot or parcel during any fiscal year.
- (d) The duration of the assessment.
- (e) The basis of the assessment.
- (f) The schedule of the assessment.
- (g) A description specifying the requirements for protest and hearing procedures for the proposed assessment pursuant to Section 50078.6.

50078.5. (a) The legislative body may establish zones or areas of benefit within the local agency and may restrict the imposition of assessments to areas lying within one or more of the zones or areas of benefit established within the local agency.

(b) The benefit assessment shall be levied on a parcel, class of improvement to property, or use of property basis, or a combination thereof, within the boundaries of the local agency, zone, or area of benefit. The assessment may be levied against any parcel, improvement, or use of property to which such services may be made available whether or not the service is actually used.

50078.6. The clerk of the local agency shall cause the notice, protest, and hearing procedures to comply with Section 53753. The mailed notice shall also contain the name and telephone number of the person designated by the legislative body to answer inquiries regarding the protest proceedings.

50078.13. The local agency shall pay the county for costs, if any, incurred by the county in conducting the election. An election called by a legislative body pursuant to this article is subject to all provisions of the Elections Code applicable to elections called by the local agency. The local agency may recover the costs of the election and any other costs of preparing and levying the assessment from the proceeds of the assessment.

50078.16. The legislative body may provide for the collection of the assessment in the same manner, and subject to the same penalties as, other fees, charges, and taxes fixed and collected by, or on behalf of the local agency. If the assessments are collected by the county, the county may deduct its reasonable costs incurred for that service before remittal of the balance to the local agency's treasury.

50078.17. Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure applies to any judicial action or proceeding to validate, attack, review, set aside, void, or annul an ordinance or resolution levying an assessment or modifying or amending an existing ordinance or resolution. If an ordinance or resolution provides for an automatic adjustment in an assessment, and the automatic adjustment results in an increase in the amount of an assessment, any action or proceeding to attack, review, set aside, void, or annul the increase shall be commenced within 90 days of the effective date of the increase. Any appeal from a final judgment in the action or proceeding brought pursuant to this section shall be filed within 30 days after entry of the judgment.

50078.19. This article does not limit or prohibit the levy or collection of any other fee, charge, assessment, or tax for fire suppression services authorized by any other provisions of law.

50078.20. Any fire protection district may specifically allocate a portion of the revenue generated pursuant to this article to pay the interest and that portion of the principal as will become due on an annual basis on indebtedness incurred pursuant to Section 8589.13 of this code and Section 13906 of the Health and Safety Code.

APPENDIX C – ARTICLE XIID OF THE CALIFORNIA CONSTITUTION

Proposition 218 was approved by voters as a Constitutional Amendment on November 6, 1996. It became Article XIIC and Article XIID of the California State Constitution and has imposed additional requirements for assessment districts. Following is a summary of the Article.

SEC.1. Application. Notwithstanding any other provision of law, the provisions of this article shall apply to all assessments, fees and charges, whether imposed pursuant to state statute or local government charter authority. Nothing in this article or Article XIIC shall be construed to:

- (a) Provide any new authority to any agency to impose a tax, assessment, fee, or charge.
- (b) Affect existing laws relating to the imposition of fees or charges as a condition of property development.
- (c) Affect existing laws relating to the imposition of timber yield taxes.

SEC. 2. Definitions. As used in this article:

- (a) "Agency" means any local government as defined in subdivision (b) of Section 1 of Article XIIC.
- (b) "Assessment" means any levy or charge upon real property by an agency for a special benefit conferred upon the real property. "Assessment" includes, but is not limited to, "special assessment," "benefit assessment," "maintenance assessment" and "special assessment tax."
- (c) "Capital cost" means the cost of acquisition, installation, construction, reconstruction, or replacement of a permanent public improvement by an agency.
- (d) "District" means an area determined by an agency to contain all parcels which will receive a special benefit from a proposed public improvement or property-related service.
- (e) "Fee" or "charge" means any levy other than an ad valorem tax, a special tax, or an assessment, imposed by an agency upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service.
- (f) "Maintenance and operation expenses" means the cost of rent, repair, replacement, rehabilitation, fuel, power, electrical current, care, and supervision necessary to properly operate and maintain a permanent public improvement.
- (g) "Property ownership" shall be deemed to include tenancies of real property where tenants are directly liable to pay the assessment, fee, or charge in question.

(h) "Property-related service" means a public service having a direct relationship to property ownership.

(i) "Special benefit" means a particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public at large. General enhancement of property value does not constitute "special benefit."

SEC. 3. Property Taxes, Assessments, Fees and Charges Limited.

(a) No tax, assessment, fee, or charge shall be assessed by any agency upon any parcel of property or upon any person as an incident of property ownership except: (1) The ad valorem property tax imposed pursuant to Article XIII and Article XIII A. (2) Any special tax receiving a two-thirds vote pursuant to Section 4 of Article XIII A. (3) Assessments as provided by this article. (4) Fees or charges for property related services as provided by this article.

(b) For purposes of this article, fees for the provision of electrical or gas service shall not be deemed charges or fees imposed as an incident of property ownership.

SEC. 4. Procedures and Requirements for All Assessments.

(a) An agency which proposes to levy an assessment shall identify all parcels which will have a special benefit conferred upon them and upon which an assessment will be imposed. The proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of a public improvement, the maintenance and operation expenses of a public improvement, or the cost of the property related service being provided. No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel. Only special benefits are assessable, and an agency shall separate the general benefits from the special benefits conferred on a parcel. Parcels within a district that are owned or used by any agency, the State of California or the United States shall not be exempt from assessment unless the agency can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit.

(b) All assessments shall be supported by a detailed engineer's report prepared by a registered professional engineer certified by the State of California.

(c) The amount of the proposed assessment for each identified parcel shall be calculated and the record owner of each parcel shall be given written notice by mail of the proposed assessment, the total amount thereof chargeable to the entire district, the amount chargeable to the owner's particular parcel, the duration of the payments, the reason for the assessment and the basis upon which the amount of the proposed assessment was calculated, together with the date, time, and location of a public hearing on the proposed assessment. Each notice shall also include, in a conspicuous place thereon, a summary of the procedures applicable to the completion, return, and tabulation of the ballots required pursuant to subdivision (d), including a disclosure statement that the existence of a majority protest, as defined in subdivision (e), will result in the assessment not being imposed.

(d) Each notice mailed to owners of identified parcels within the district pursuant to subdivision (c) shall contain a ballot which includes the agency's address for receipt of the ballot once completed by any owner receiving the notice whereby the owner may indicate his or her name, reasonable identification of the parcel, and his or her support or opposition to the proposed assessment.

(e) The agency shall conduct a public hearing upon the proposed assessment not less than 45 days after mailing the notice of the proposed assessment to record owners of each identified parcel. At the public hearing, the agency shall consider all protests against the proposed assessment and tabulate the ballots. The agency shall not impose an assessment if there is a majority protest. A majority protest exists if, upon the conclusion of the hearing, ballots submitted in opposition to the assessment exceed the ballots submitted in favor of the assessment. In tabulating the ballots, the ballots shall be weighted according to the proportional financial obligation of the affected property.

(f) In any legal action contesting the validity of any assessment, the burden shall be on the agency to demonstrate that the property or properties in question receive a special benefit over and above the benefits conferred on the public at large and that the amount of any contested assessment is proportional to, and no greater than, the benefits conferred on the property or properties in question.

(g) Because only special benefits are assessable, electors residing within the district who do not own property within the district shall not be deemed under this Constitution to have been deprived of the right to vote for any assessment. If a court determines that the Constitution of the United States or other federal law requires otherwise, the assessment shall not be imposed unless approved by a two-thirds vote of the electorate in the district in addition to being approved by the property owners as required by subdivision (e).

SEC. 5. Effective Date.

Pursuant to subdivision (a) of Section 10 of Article II, the provisions of this article shall become effective the day after the election unless otherwise provided. Beginning July 1, 1997, all existing, new, or increased assessments shall comply with this article. Notwithstanding the foregoing, the following assessments existing on the effective date of this article shall be exempt from the procedures and approval process set forth in Section 4:

(a) Any assessment imposed exclusively to finance the capital costs or maintenance and operation expenses for sidewalks, streets, sewers, water, flood control, drainage systems or vector control. Subsequent increases in such assessments shall be subject to the procedures and approval process set forth in Section 4.

(b) Any assessment imposed pursuant to a petition signed by the persons owning all of the parcels subject to the assessment at the time the assessment is initially imposed. Subsequent increases in such assessments shall be subject to the procedures and approval process set forth in Section 4.

(c) Any assessment the proceeds of which are exclusively used to repay bonded indebtedness of which the failure to pay would violate the Contract Impairment Clause of the Constitution of the United States.

(d) Any assessment which previously received majority voter approval from the voters voting in an election on the issue of the assessment. Subsequent increases in those assessments shall be subject to the procedures and approval process set forth in Section 4.

END NOTES

- ¹ Insurance Services Offices Inc.
<http://www.rockwall.com/FireDepartment/Insurance%20Services%20Office%20Rating%20Information.pdf>
- ² Institute for Business & Home Safety, "Protect Your Home Against Wildfire Damage,"
<http://www.ibhs.org/publications/view.asp?id=125>
- ³ Institute for Business & Home Safety, "Is Your Home Protected from Wildfire Damage? A Homeowner's Guide to Retrofit," <http://www.ibhs.org/publications/view.asp?id=130>
- ⁴ U.S. Fire Administration, Department of Homeland Security, "America Burning, Recommissioned: Principal Findings and Recommendations," p.1,
<http://www.usfa.fema.gov/downloads/pdf/abr-rep.PDF>
- ⁵ U.S. Fire Administration, Department of Homeland Security, "America Burning, Recommissioned: Principal Findings and Recommendations," p.2,
<http://www.usfa.fema.gov/downloads/pdf/abr-rep.PDF>
- ⁶ Insurance Services Offices Inc., p. 1,
<http://www.rockwall.com/FireDepartment/Insurance%20Services%20Office%20Rating%20Information.pdf>
- ⁷ Renewable Natural Resources Foundation, "Workshop on National Parks Fire Policy: Goals, Perceptions, and Reality," Renewable Resources Journal, Volume 11, Number 1, Spring 1993, p. 6
- ⁸ Weldon, Leslie A. C., "Dealing with Public Concerns in Restoring Fire to the Forest," General Technical Report INT-GTR-341 The Use of Fire in Forest Restoration, U.S. Forest Service, June 1996, p. 3
- ⁹ U.S. Forest Service, Department of Agriculture, "Social Science to Improve Fuels Management: A Synthesis of Research on Aesthetics and Fuels Management," p. 1,
http://ncrs.fs.fed.us/pubs/gtr/gtr_nc261.pdf
- ¹⁰ U.S. Forest Service, Department of Agriculture, "Social Science to Improve Fuels Management: A Synthesis of Research on Aesthetics and Fuels Management," p. 25,
http://ncrs.fs.fed.us/pubs/gtr/gtr_nc261.pdf

¹¹ Weldon, Leslie A. C., "Dealing with Public Concerns in Restoring Fire to the Forest," General Technical Report INT-GTR-341 The Use of Fire in Forest Restoration, U.S. Forest Service, June 1996, p. 2



CITY OF SANTA BARBARA SANTA BARBARA FINANCING AUTHORITY AGENDA REPORT

AGENDA DATE: May 7, 2013

TO: Mayor and Councilmembers
Board of Directors, Santa Barbara Financing Authority

FROM: Administration Division, Finance Department
City Attorney's Office

SUBJECT: 2013 Water Revenue Refunding Certificates Of Participation

RECOMMENDATION:

- A. That the Board adopt, by reading of title only, A Resolution of the Board of Directors of the Santa Barbara Financing Authority Authorizing the Execution and Delivery by the Santa Barbara Financing Authority of an Installment Sale Agreement and a Trust Agreement in Connection With the Execution and Delivery of City of Santa Barbara Water Revenue Refunding Certificates of Participation, Series 2013, Authorizing the Execution and Delivery of Such Certificates Evidencing Principal in an Aggregate Amount of Not to Exceed \$30,000,000, and Authorizing Related Actions; and
- B. That Council adopt, by reading of title only, A Resolution of the City Council of the City of Santa Barbara Authorizing the Execution and Delivery by the City of an Escrow Agreement in Connection With the Execution and Delivery of City of Santa Barbara Water Revenue Refunding Certificates of Participation, Series 2013, Approving a Notice of Intention to Sell and Authorizing the Distribution of an Official Notice of Sale in Connection with Authorizing the Execution and Delivery of Such Certificates Evidencing Principal in an Aggregate Amount of Not to Exceed \$30,000,000, Authorizing the Distribution of a Preliminary Official Statement in Connection Therewith, and Authorizing Related Actions.

EXECUTIVE SUMMARY:

Over the last several months, City staff from the Finance Department, Public Works Department and the City Attorney's Office have been evaluating the feasibility and merits of refinancing certain long-term debt of the Water Fund to capitalize on the historically low interest rate environment, thereby lowering its overall debt service costs.

After considerable effort, staff is now prepared to move forward with the sale of Water Revenue Refunding Certificates of Participation (COPs), scheduled for late May. On April 16, 2013, the City Council took its first action towards the sale of Water COPs with

the adoption of an ordinance approving an Installment Sale Agreement, Trust Agreement and Continuing Disclosure Agreement. The next step is today's adoption by the City Council and the Board of Santa Barbara Financing Authority of resolutions authorizing the sale of Water COPs.

The Santa Barbara Financing Authority ("Authority") is a joint power authority created under state law between the City and the Redevelopment Agency of the City of Santa Barbara (RDA). The Authority was originally formed in 2002 in connection with the 2002 Water COPs and was used most recently in the sale of the 2009 Airport Revenue Bonds that were used to fund the construction of the recently completed airline terminal. With the dissolution of the RDA, the Successor Agency will assume the role of the former RDA, which is permissible and specifically provided for in the legislation that eliminated RDAs statewide. The Authority will be entity issuing the Water COPs.

With today's adoption of the two companion resolutions, the City will be able to solicit offers from prospective investment bankers for the sale of COPs in amount not exceed \$30 million, the proceeds of which will be used to retire the existing 2002 Water Refunding Certificates of Participation. The actual amount of COPs sold is dependent upon whether the prepayment of the 2003 State Revolving Fund loan is included in the transaction, as further discussed below.

DISCUSSION:

Summary of Existing Debt and Proposed Prepayments

As of June 30, 2012, the Water Fund had a total of \$50,031,313 in outstanding long-term debt as shown in the table below:

| Description of Debt | Balance as of June 30, 2012 |
|--|--------------------------------|
| 1994 Water Revenue Bonds | \$ 2,065,000 |
| 2002 Refunding COPs | 11,095,000 |
| 2002 State Revolving Loan - Cater | 12,622,653 |
| 2003 State Revolving loan – Sheffield | 15,553,279 |
| 2010 State Revolving Loan – Cater/Ortega | 8,695,381 |
| Total | <u>\$ 50,031,313</u> |

The primary purpose of issuing Water Bonds is to prepay all outstanding 2002 Refunding Certificates of Participation (COPs) which have interest rates ranging from 4.25% to 5.125% and a maturity date of September 2026. Although interest rates and general market conditions change daily, prepaying the 2002 COPs is estimated to generate cash flow savings of approximately \$1.6 million over the remaining term, more than \$150,000 per year.

Staff may also include in this bond transaction the prepayment of the outstanding 2003 State Revolving Fund (SRF) Loan, which has an interest rate of 2.793%. Since the interest rate is already low, the prepayment of this loan will be strictly dependent upon the market conditions at the time we go to market with the bond offering.

On a related but separate track, staff will be prepaying the outstanding 1994 Water Revenue Bonds from cash reserves in the Water Fund. The interest rates range from 4.3% to 4.8%. As of the current date, the balance on these bonds is \$1,425,604. After applying bond reserves held by the trustee for the benefit of the bondholders, the payoff amount is \$647,814. Since the Water Fund has more than sufficient reserves above policy requirements, prepaying the 1994 bonds and thus foregoing the interest costs is financially prudent.

It is unlikely that any significant savings could be realized from the prepayment of the 2002 SRF Loan. Therefore, it is not part of the proposed bond sale. Staff and its consultants have received initial approval from the Department of Water Resources to retain the subordinate status of the 2002 SRF Loan to the 2013 Refunding Certificates which would help the Water Fund meet required debt coverage ratios on existing parity debt.

The 2010 SRF loan carries an interest rate of 2.5% and is still an active loan in that construction is still underway and the fully authorized loan of \$29.92 million has not been fully drawn down. Therefore, this loan will not be included in bond deal.

Financing Structure

To facilitate the prepayment of the 2002 Refunding COPs, and potentially the 2003 SRF Loan, the bonds will be sold as "certificates of participation" secured by installment payments to be made by the City to the Santa Barbara Financing Authority pursuant to an Installment Sale Agreement.

The detailed financing structure is as follows:

- a. The original bonds sold by the Water Fund in 1992, which were refunded through the 2002 Water COPs, were used to finance improvements to the Water system. Similarly, the 2003 SRF Loan was used to remove a large open reservoir (Sheffield) and replaced it with two buried 6.5 MG reservoirs.
- b. The City of Santa Barbara will sell the "improvement project" to the Santa Barbara Financing Authority (Authority) for an amount not to exceed \$30 million. The proceeds of this sale will be used by the City to prepay the 2002 Water COPs and potentially the 2003 SRF Loan.

- c. The Authority will concurrently sell back to the City the “improvement project” under an Installment Sale Agreement. Pursuant to that Agreement, the Water Fund will make annual installment payments to the Authority in amounts corresponding to the debt service requirements on the new 2013 Water Refunding COPs.
- d. The Authority will make the annual debt service payments funded from the installment payments received from the City.

This type of financing structure is very common, particularly for enterprise-type operations. A similar financing structure was used in connection with the sale of the 2002 Water Refunding COPs.

Adoption of Authorizing Resolutions

The resolutions subject to adoption by Council and the Authority contained in this agenda report are required documents to authorize the sale of bonds. Since both the City and the Santa Barbara Financing Authority are part of the transaction, a separate resolution is needed for each and each will approve its respective resolution.

Because of the financing structure, the resolutions contain items unique and necessary to the City as well as the Financing Authority. A summary of the resolutions proposed for adoption is provided below.

Santa Barbara Financing Authority Resolution

1. Approve the Installment Sale Agreement in aggregate principal amount not to exceed \$30 million.
2. Approve the *form* of the Trust Agreement (the Trust Agreement was approved by the City Council by adoption of Ordinance No. 5616 on April 16th, 2013).
3. Authorize the Executive Director and Treasurer to execute all documents, and to make necessary changes for the sale of the certificates of participation.

City of Santa Barbara Resolution

1. Authorize the execution and delivery of the Certificates in an amount not to exceed \$30 million.
2. Approve the *form* of the Escrow Agreement for the escrow account to be used to hold the proceeds of the new 2013 Water COPs until the redemption date of the 2002 Water COPs, at which time the outstanding COPs will be fully retired.
3. Approve the Notice of Intention to Sell, which will be used to advertise the City’s intent to sell bonds to prospective bidders.

4. Authorize the approval and distribution of the Official Notice of Sale by an authorized officer (City Administrator or Finance Director). The Notice of Sale will set forth the date and time that bids will be received as well as other items of the sale.
5. Authorize the approval and distribution of the Preliminary Official Statement, which is the official offering document and prospectus.

Next Steps

With adoption of the resolutions by the City and Santa Barbara Financing Authority, City staff, led by its financial advisor, will proceed with the planned sale of 2013 Water Revenue Certificates of Participation, scheduled for May 22, 2013.

The sale of the certificates will be done through a competitive bid process, which means the bidder offering the lowest total interest costs, who otherwise meets all other requirements specified in the offering documents, will be awarded the contract. The bidders are typically large investment bankers who purchase the entire lot of certificates for subsequent marketing and sale to individual and institutional investors.

At the time of the sale, based on the market conditions, staff and its financial advisors will determine whether the prepayment of the 2003 SRF Loan will be included in the transaction. This decision will be made strictly on price; that is, whether prepayment will generate any real interest savings, factoring in any incremental costs that would be incurred if they were included.

A detailed report of this item will be presented to the Finance Committee on the same day that this item is presented to Council, May 7, 2013, at 11:30 a.m. in the David Gebhard Room, located at 630 Garden Street.

BUDGET AND FINANCIAL IMPACTS:

The prepayment of the 2002 Water COPs is currently estimated to generate debt service savings to the Water Fund of approximately \$1.6 million over the remaining fifteen year term of the debt. Any savings on refunding the 2003 loan would add to those estimated savings. These savings are net of any transaction costs associated with the sale of the new 2013 Water Revenue Certificates of Participation, including bond counsel/disclosure fees, financial advisor fees, and other related costs. These costs will be paid out of the COP proceeds, and therefore have no budget impact.

The overall transaction will ultimately impact amounts budgeted for debt service on the new debt as well as remaining debt. Once these final numbers have been determined, staff will return to Council when and if appropriate to adjust the Water Fund budget for any adjustments needed to budgeted debt service costs.

Agenda Report
2013 Water Revenue Refunding Certificates Of Participation
May 7, 2013
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SUBMITTED BY: Bob Samario, Finance Director
Sarah J. Knecht, Deputy City Attorney

APPROVED BY: City Administrator's Office

Resolution No. ____

A Resolution of the City Council of the City of Santa Barbara Authorizing the Execution and Delivery by the City of an Escrow Agreement in Connection With the Execution and Delivery of City of Santa Barbara Water Revenue Refunding Certificates of Participation, Series 2013, Approving a Notice of Intention to Sell and Authorizing the Distribution of an Official Notice of Sale in Connection with Authorizing the Execution and Delivery of Such Certificates Evidencing Principal in an Aggregate Amount of Not to Exceed \$30,000,000, Authorizing the Distribution of a Preliminary Official Statement in Connection Therewith, and Authorizing Related Actions

WHEREAS, in order to finance and refinance the acquisition, construction and installation of certain improvements (the “2002 Project”) to its water system, the City of Santa Barbara (the “City”) caused to be executed and delivered the City of Santa Barbara Water Revenue Refunding Certificates of Participation Series 2002 (the “Prior Certificates”);

WHEREAS, the Prior Certificates evidence undivided proportionate interests of the owners thereof in installment payments (the “Prior Installment Payments”) to be made by the City pursuant to an Installment Sale Agreement, dated as of May 1, 2002, by and between the City and the Santa Barbara Financing Authority (the “Authority”);

WHEREAS, in order to achieve certain savings, the City desires to refinance the 2002 Project by exercising its option to prepay the Prior Installment Payments, which prepayment will be applied to the redemption of the Prior Certificates;

WHEREAS, the City has received a loan from the State of California (the “State”) under the State’s Safe Drinking Water State Revolving Fund Law of 1997 of not to exceed \$20,000,000 to fund the Sheffield Reservoir Project (Project No. 4210010-01, referred to herein as the “SRF Project”), currently outstanding in the amount of \$15,114,577.01 (the “2003 SRF Loan”);

WHEREAS, in the event there are certain savings, the City may, upon the advice and recommendation of the City’s financial advisor, determine to refinance the SRF Project by exercising its option to prepay the 2003 SRF Loan;

WHEREAS, in order to refinance the 2002 Project and possibly the SRF Project, the City will sell the 2002 Project and possibly the SRF Project to the Authority and then purchase the 2002 Project and possibly the SRF Project from the Authority pursuant to an Installment Sale Agreement (the “Installment Sale Agreement”);

WHEREAS, the City and the Authority have determined that it would be in the best interests of the City and the Authority to provide the funds necessary to refinance the 2002 Project and possibly the SRF Project through the execution and delivery, pursuant to a Trust Agreement (the “Trust Agreement”), by and among U.S. Bank National Association, as trustee (the “Trustee”), the Authority and the City, of the City of Santa Barbara Water Revenue Refunding Certificates of Participation, Series 2013 (the “Certificates”), evidencing direct, fractional undivided interests

in the installment payments (the “Installment Payments”), and the interest thereon, payable by the City under the Installment Sale Agreement;

WHEREAS, if the City determines to refinance the 2003 SRF Loan concurrently with the refinancing of the Prior Certificates, the Trust Agreement and the Installment Sale Agreement shall be appropriately revised to reflect such refinancing;

WHEREAS, all rights to receive the Installment Payments, and the interest thereon, will be assigned without recourse by the Authority to the Trustee pursuant to the Trust Agreement;

WHEREAS, in consideration of such assignment and the execution of the Trust Agreement, the Trustee will execute and deliver the Certificates, each evidencing a direct, fractional undivided interest in the Installment Payments, and the interest thereon;

WHEREAS, the City has received a loan from the State under the State’s Safe Drinking Water State Revolving Fund Law of 1997 of not to exceed \$19,200,000 to fund the Cater Water Treatment Plant Improvement Project (Project No. 4210010-02), currently outstanding in the amount of \$12,209,146.44 (the “2002 SRF Loan”);

WHEREAS, the State has indicated its intention to continue the subordination of the payments on the 2002 SRF Loan to the Installment Payments payable in connection with the Certificates;

WHEREAS, the funds to pay the prepayment price of the Prior Certificates will be applied to such purpose pursuant to an Escrow Agreement (the “Escrow Agreement”) by and between the City and U.S. Bank National Association, as escrow bank;

WHEREAS, a form of the Preliminary Official Statement (the “Preliminary Official Statement”) to be distributed in connection with the public offering of the Certificates has been prepared;

WHEREAS, the City desires to provide for the public sale of the Certificates;

WHEREAS, a Notice of Intention to Sell (the “Notice of Intention to Sell”) to be published in connection with the public offering and sale of the Certificates has been prepared;

WHEREAS, a form of the Official Notice of Sale (the “Official Notice of Sale”) to be distributed in connection with the public offering and sale of the Certificates has been prepared;

WHEREAS, pursuant to Ordinance No. 5616, the City Council has approved the form, and authorized the execution and delivery, for and in the name and on behalf of the City, of the Installment Sale Agreement, the Trust Agreement and a Continuing Disclosure Agreement; and

WHEREAS, the City Council has been presented with the form of each document referred to herein relating to the refinancing contemplated hereby, and the City Council has examined and approved each document and desires to authorize and direct the execution of such documents and the consummation of such refinancing;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SANTA BARBARA AS FOLLOWS:

Section 1. All of the recitals herein contained are true and correct and the City Council so finds.

Section 2. The execution and delivery of Certificates evidencing principal in an aggregate amount not to exceed \$30,000,000, payable in the years and in the amounts, and evidencing interest as specified in the Trust Agreement as finally executed, are hereby authorized and approved; provided, however, that there shall be net present value savings with respect to the refinancing of the Prior Certificates of at least 3%, and if the 2003 SRF Loan is refinanced there shall be additional reasonable present value savings as determined by the Authorized Officers in consultation with and based upon the advice and recommendation of the City's financial advisor.

Section 3. The form of Escrow Agreement, on file with the City Clerk, is hereby approved, and the City Administrator of the City and the Finance Director of the City, and any such other officer of the City as such City Administrator or Finance Director may designate (the "Authorized Officers") are each hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Escrow Agreement in substantially said form with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. A Notice of Intention to Sell as approved by an Authorized Officer and the publication thereof consistent with the terms of this Resolution, is hereby ratified and approved, and the use of the Notice of Intention to Sell in connection with the offering and sale of the Certificates is hereby ratified and approved. The publication of the Notice of Intention to Sell in *The Bond Buyer* (or in such other financial publication generally circulated throughout the State of California or reasonably expected to be disseminated among prospective bidders for the Certificates as an Authorized Officer shall approve as being in the best interests of the City) at least 15 days, if the aggregate principal amount of the Certificates is not in excess of \$10 million, and at least 5 days, if the aggregate principal amount of the Certificates is in excess of \$10 million, prior to the date set for the opening of bids in the Official Notice of Sale in such form as an Authorized Officer may require or approve, such requirement or approval to be conclusively evidenced by such publishing of the Notice of Intention to Sell, is hereby ratified and approved.

Section 5. The form of Official Notice of Sale, on file with the City Clerk, with such changes, insertions and omissions therein as may be approved by an Authorized Officer, be and the same is hereby approved, and the use of the Official Notice of Sale in connection with the offering and sale of the Certificates is hereby authorized and approved. The terms and conditions of the offering and sale of the Certificates shall be as specified in the Official Notice of Sale. Bids for the purchase of the Certificates shall be received at the time and place set forth in the Official Notice of Sale. Any Authorized Officer is authorized to award the Certificates to the bidder who submits the best bid in accordance with the Official Notice of Sale.

Section 6. The Preliminary Official Statement, in substantially the form presented to this meeting (the "Preliminary Official Statement"), is hereby approved for use in connection with the public offering of the Certificates with such changes as may be approved by an Authorized Officer. Each of the Authorized Officers are authorized and directed to assist in the preparation

of a final official statement (the “Official Statement”) in substantially the form of said Preliminary Official Statement, with such additions and changes as an Authorized Officer shall approve as being in the best interests of the City, such approval to be conclusively evidenced by the execution of said Official Statement with such additions or changes. The Authorized Officers are each hereby authorized and directed to furnish, or cause to be furnished, to prospective bidders for the Certificates a reasonable number of copies of the Preliminary Official Statement. The Authorized Officers, and each of them, are authorized and directed to certify on behalf of the City that the form of the Preliminary Official Statement delivered by the City in advance of the sale of the Certificates is deemed final as of its date, within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (except for the omission of certain final pricing, rating and related information as permitted by the Rule).

Section 7. The officers and employees of the City are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable in order to consummate the transactions herein authorized and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, including without limitation, to take any necessary action or execute any agreement required in connection with the prepayment of the 2003 SRF Loan and the continuation of the subordination of the payments on the 2002 SRF Loan to the Installment Payments payable in connection with the Certificates.

Section 8. All actions heretofore taken by the officers, employees and agents of the City with respect to the transactions set forth above are hereby approved, confirmed and ratified.

Section 9. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the City Council of the City of Santa Barbara at a regular meeting of said City Council on May 7, 2013, by the following vote of said City Council:

Ayes:

Noes:

Absent:

Abstain:

Mayor

ATTEST:

City Clerk Services Manager

CERTIFICATE OF CITY CLERK

I, Gwendolynn B. Peirce, City Clerk Services Manager of the City of Santa Barbara, do hereby certify as follows:

That the foregoing is a full, true and correct copy of Resolution No. ____ duly adopted at a regular meeting of the City Council of the City of Santa Barbara duly and regularly and legally held at the regular meeting place thereof on May 7, 2013, of which meeting all of the members of the City Council of said City had due notice and at which a quorum was present.

That an agenda of said meeting was posted at least 72 hours before said meeting at 740 Anacapa Street, Santa Barbara, California, a location freely accessible to members of the public, and a brief description of said Resolution appeared on said agenda.

That I have carefully compared the foregoing copy with the original minutes of said meeting on file and of record in my office; that said copy is a full, true and correct copy of the original Resolution adopted at said meeting and entered in said minutes; and that said Resolution has not been amended, modified, rescinded or revoked in any manner since the date of its adoption, and the same is now in full force and effect.

Dated: _____, 2013

City Clerk Services Manager

[SEAL]

Resolution No. ____

A Resolution of the Board of Directors of the Santa Barbara Financing Authority Authorizing the Execution and Delivery by the Santa Barbara Financing Authority of an Installment Sale Agreement and a Trust Agreement in Connection With the Execution and Delivery of City of Santa Barbara Water Revenue Refunding Certificates of Participation, Series 2013, Authorizing the Execution and Delivery of Such Certificates Evidencing Principal in an Aggregate Amount of Not to Exceed \$30,000,000 and Authorizing Related Actions

WHEREAS, in order to finance and refinance the acquisition, construction and installation of certain improvements (the “2002 Project”) to its water system, the City of Santa Barbara (the “City”) caused to be executed and delivered the City of Santa Barbara Water Revenue Refunding Certificates of Participation Series 2002 (the “Prior Certificates”);

WHEREAS, the Prior Certificates evidence undivided proportionate interests of the owners thereof in installment payments (the “Prior Installment Payments”) to be made by the City pursuant to the an Installment Sale Agreement, dated as of May 1, 2002, by and between the City and the Santa Barbara Financing Authority (the “Authority”);

WHEREAS, in order to achieve certain savings, the City desires to refinance the 2002 Project by exercising its option to prepay the Prior Installment Payments, which prepayment will be applied to the redemption of the Prior Certificates;

WHEREAS, the City has received a loan from the State of California (the “State”) under the State’s Safe Drinking Water State Revolving Fund Law of 1997 of not to exceed \$20,000,000 to fund the Sheffield Reservoir Project (Project No. 4210010-01, referred to herein as the “SRF Project”), currently outstanding in the amount of \$15,114,577.01 (the “2003 SRF Loan”);

WHEREAS, in the event there are certain savings, the City may, upon the advice and recommendation of the City’s financial advisor, determine to refinance the SRF Project by exercising its option to prepay the 2003 SRF Loan;

WHEREAS, in order to refinance the 2002 Project and possibly the SRF Project, the City will sell the 2002 Project and possibly the SRF Project to the Authority and then purchase the 2002 Project and possibly the SRF Project from the Authority pursuant to an Installment Sale Agreement (the “Installment Sale Agreement”);

WHEREAS, the City and the Authority have determined that it would be in the best interests of the City and the Authority to provide the funds necessary to refinance the 2002 Project and possibly the SRF Project through the execution and delivery, pursuant to a Trust Agreement (the “Trust Agreement”), by and among U.S. Bank National Association, as trustee (the “Trustee”), the Authority and the City, of the City of Santa Barbara Water Revenue Refunding Certificates of Participation, Series 2013 (the “Certificates”), evidencing direct, fractional undivided interests in

the installment payments (the "Installment Payments"), and the interest thereon, payable by the City under the Installment Sale Agreement;

WHEREAS, if the City determines to refinance the 2003 SRF Loan concurrently with the refinancing of the Prior Certificates, the Trust Agreement and the Installment Sale Agreement shall be appropriately revised to reflect such refinancing;

WHEREAS, all rights to receive the Installment Payments, and the interest thereon, will be assigned without recourse by the Authority to the Trustee pursuant to the Trust Agreement;

WHEREAS, in consideration of such assignment and the execution of the Trust Agreement, the Trustee will execute and deliver the Certificates, each evidencing and representing a direct, fractional undivided interest in the Installment Payments, and the interest thereon; and

WHEREAS, the Board of Directors of the Authority (the "Board") has been presented with the form of each document referred to herein relating to the refinancing contemplated hereby, and the Board has examined and approved each document and desires to authorize and direct the execution of such documents and the consummation of such refinancing.

NOW, THEREFORE, BE IT RESOLVED, BY THE BOARD OF DIRECTORS OF THE SANTA BARBARA FINANCING AUTHORITY, AS FOLLOWS:

Section 1. All of the recitals herein contained are true and correct and the Board so finds.

Section 2. The form of Installment Sale Agreement, on file with the Secretary of the Authority, is hereby approved, and the Executive Director of the Authority, the Treasurer of the Authority and the Secretary of the Authority (the "Authorized Officers") are each hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Installment Sale Agreement in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the aggregate amount of the Installment Payments shall not exceed \$30,000,000, the final Installment Payment shall be payable no later than October 1, 2026, and there shall be net present value savings with respect to the refinancing of the Prior Certificates of at least 3%, and if the 2003 SRF Loan is refinanced there shall be additional reasonable present value savings as determined by the Authorized Officers in consultation with and based upon the advice and recommendation of the City's financial advisor.

Section 3. The form of Trust Agreement, on file with the Secretary of the Authority, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Trust Agreement in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. The execution and delivery of Certificates evidencing principal in an aggregate amount not to exceed \$30,000,000, payable in the years and in the amounts, and evidencing interest as specified in the Trust Agreement as finally executed, are hereby authorized and approved.

Section 5. The officers of the Authority are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable in order to consummate the transactions herein authorized and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution

Section 6. All actions heretofore taken by the officers and agents of the Authority with respect to the transactions set forth above are hereby approved, confirmed and ratified.

Section 7. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the Board of Directors of the Santa Barbara Financing Authority at a regular meeting of said Board on May 7, 2013, by the following vote of said Board:

Ayes:

Noes:

Absent:

Abstain:

Chairperson of the Board of Directors

ATTEST:

Secretary

CERTIFICATE OF SECRETARY

I, the undersigned Secretary of the Santa Barbara Financing Authority, do hereby certify as follows:

That the foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Directors of the Santa Barbara Financing Authority duly held on May 7, 2013 of which meeting all of the members of the Board of Directors of said Authority had due notice and at which a quorum was present.

That an agenda of said meeting was posted at least 72 hours before said meeting at 740 Anacapa Street, Santa Barbara, California, a location freely accessible to members of the public, and a brief description of said resolution appeared on said agenda.

That I have carefully compared the foregoing copy with the original minutes of said meeting on file and of record in my office; that said copy is a full, true and correct copy of the original Resolution adopted at said meeting and entered in said minutes; and that said Resolution has not been amended, modified, rescinded or revoked in any manner since the date of its adoption, and the same is now in full force and effect.

Dated: _____, 2013

Secretary



CITY OF SANTA BARBARA

SUCCESSORY AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA AGENDA REPORT

AGENDA DATE: May 7, 2013

TO: Successor Agency Members

FROM: Administration, Community Development Department

SUBJECT: Proposed Approval Of Long-Range Property Management Plan

RECOMMENDATION:

That the Successor Agency to the Redevelopment Agency of the City of Santa Barbara approve the Long-Range Property Management Plan for the Calle Cesar Chavez, Bath Street, Paseo Nuevo, Children's Museum and Railroad Depot properties and request review and approval by the Oversight Board.

BACKGROUND:

As part of the State mandated process to dissolve the Redevelopment Agency, on September 20, 2012, the Oversight Board to the Santa Barbara Redevelopment Agency approved the transfer of all but two properties owned by the former Redevelopment Agency to the City of Santa Barbara. The two properties not approved for transfer were the Agency's landlord reversionary interest in Paseo Nuevo leasehold and the Calle Cesar Chavez properties. The appropriate documentation was forwarded to the State Department of Finance (DOF) for its consideration. On November 16, 2012, the DOF issued its decision to approve transfer of the Chase Palm Park and Ortega Water Treatment Plant properties to the City of Santa Barbara as "Governmental Purpose" properties and rejected the transfer of the parking lots, the Railroad Depot campus and the Bath Street properties stating that these transfers did not qualify as "Governmental Purpose".

The Successor Agency subsequently filed a request with the DOF for reconsideration of its decision. On December 19, 2012, Assemblyman Das Williams, Mayor Helene Schneider, the City Administrator, City Attorney, and Assistant City Administrator met with representatives of the DOF to discuss the November 16, 2012 decision. On January 22, 2013, the DOF consented to the transfer of the parking lots to the City but continued to reject transfer of the Railroad Depot campus and the Bath Street properties to the City. The parking lots, along with the Chase Palm Park property and the Ortega Treatment Plant parcel were subsequently transferred to the City of Santa Barbara.

The four remaining groups of properties (Paseo Nuevo, Railroad Depot campus, Calle Cesar Chavez, and Bath Street) must be included in the Successor Agency's Long Range Property Management Plan.

DISCUSSION:

The dissolution of redevelopment agencies in California is governed by Assembly Bill X1 26 and Assembly Bill 1484. The statute provides that once a successor agency is issued a "Finding of Completion", all real property owned by the former redevelopment agency is transferred into the Community Redevelopment Property Trust Fund. The Successor agency must then prepare a Long Range Property Management Plan (LRPMP) addressing the disposition of all such property. The LRPMP must be approved by the Oversight Board and the DOF. Once approved, the property must be disposed of according to the approved LRPMP.

The Successor Agency to the Redevelopment Agency of the City of Santa Barbara received a Finding of Completion on April 26, 2013. In anticipation of receiving the Finding of Completion, Staff has prepared a Long Range Property Management Plan in accordance with the requirements of law. The LRPMP provides data relating to each of the properties including, among other things, the date of the acquisition, market value at the time of purchase, purpose of the acquisition of the property, and current market value of the property. Finally, the LRPMP must identify the use or disposition of each of the properties. Permissible uses of property include 1) the retention of the property by the Trust for subsequent transfer to the public entity for "Governmental Purpose", 2) the retention of the property by the Trust for subsequent transfer for future development, 3) the sale of the property, or 4) the use of the property to fulfill an enforceable obligation.

The LRPMP prepared by staff recommends that the following properties be transferred to the City of Santa Barbara as "Governmental Purpose" properties: (i) the landlord's reversionary interest in the Paseo Nuevo leasehold, (ii) the Railroad Depot (including the Children's Museum), and (iii) the Bath Street properties. Staff recommends that the Calle Cesar Chavez property be disposed of through sale.

Due to the large volume of the Long Range Property Management Plan and appendices, the reports have been placed online for review. The Long Range Property Management Plan and attachments can be found at:

http://www.santabarbaraca.gov/Government/Boards_and_Commissions_N-Z/Oversight_Board/Agendas.htm

Hard copies of the Long Range Property Management Plan (without Attachments) can be reviewed by Councilmembers in the Council reading file and by the public at the City Clerk's Office in City Hall (735 Anacapa Street) and the Community Development Department offices (630 Garden Street).

PREPARED BY: Brian J. Bosse, Waterfront Business Manager

SUBMITTED BY: Paul Casey, Assistant City Administrator/Community
Development Director

APPROVED BY: City Administrator's Office



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: May 7, 2013

TO: Mayor and Councilmembers

FROM: Engineering Division, Public Works Department

SUBJECT: Adoption Of Resolution Of Necessity For The Cota Street Bridge Replacement Project

RECOMMENDATION:

That Council adopt, by reading of title only, A Resolution of Necessity by the Council of the City of Santa Barbara to Acquire the Real Property Commonly Known as 230 W. Cota Street.

DISCUSSION:

The Cota Street Bridge Replacement Project (Project) is necessary to replace the structurally deficient bridge over the Lower Mission Creek. The new bridge is proposed to accommodate the same number and sizes of traffic lanes, and pedestrian access. The Project is an approved Federal Highway Administration (FHWA) Bridge Program project with oversight provided by the California Department of Transportation (Caltrans). The properties summarized below must be acquired by the City in accordance with applicable federal and state laws and guidelines due to the City's eligibility for reimbursement of Project costs using funds provided by the FHWA. The project design is 65 percent complete, and the necessary real property interests are currently being acquired as identified on the Attachment.

Project construction is scheduled to begin in the spring of 2014 and has been planned and located in a manner that will be most compatible with the greatest public good and least private injury. Due to the close proximity of the existing residential structures at 221 W. Cota Street, 536 Bath Street, and 230 W. Cota Street to Mission Creek, the work done to widen the creek and construct the Project will impact the structures. As such, the Project requires the full fee acquisition of the two separate duplex properties at 536 Bath Street and 221 W. Cota Street, and a single family residence at 230 W. Cota Street. Other surrounding properties will not be affected in such a way as to require partial or full acquisition as a result of the Project. The current status of the three properties required for acquisition is summarized below.

Cota Street Bridge Property Acquisitions and Status:

| Address | Owner | City Offer/Appraisal (Date) | Owner Appraisal (Date) | Owner Counter Offer (Date) | City Counter Offer (Date) | Settlement Price (Date) |
|--------------------|------------|-----------------------------|------------------------|----------------------------|---------------------------|-------------------------|
| 536 Bath Street | Martel | \$550,000 (11/8/12) | \$650,000 (12/10/12) | \$650,000 (12/14/12) | \$600,000 (1/10/13) | \$600,000 (2/20/13) |
| 221 W. Cota Street | Grubb | \$600,000 (11/1/12) | \$675,000 (1/18/13) | \$675,000 (1/18/13) | \$630,000 (2/28/13) | \$660,000 (3/21/13) |
| 230 W. Cota Street | Vega Trust | \$575,000 (11/2/12) | none | \$635,000 (1/17/13) | \$579,000 (3/7/13) | Pending negotiations |

On April 9, 2013, Council approved execution of the agreements to acquire 536 Bath Street and 221 W. Cota Street. These agreements have been executed by the property owners and the City. The third property at 230 W. Cota Street is still in negotiations for purchase and now requires the adoption of the Resolution of Necessity in order to proceed efficiently within the timeline for property acquisitions and subsequent construction of the Project.

Purpose of Hearing on the Resolution of Necessity

To comply with requirements of the federal and state agencies governing funding of the Project and reimbursement of costs to the City, there must be a determination made by the City of the necessity for the acquisition of the property at 230 W. Cota Street, which is done through the adoption of a Resolution of Necessity (“Resolution”) and the supported findings.

In addition to the adoption of the proposed Resolution, in order to proceed with eminent domain, the law requires that a public hearing be held concerning each of the required property rights being sought by the City and the public necessity for the acquisition of those rights. After the adoption of the Resolution, these findings will be presented in an eminent domain proceeding, should such action become necessary in the future.

In compliance with California Code of Civil Procedure section 1245. 235 et seq., written notice of the scheduled hearing on the Resolution was delivered to the Vega Family Trust, care of Marsha Kvocka, the current property owner of 230 W. Cota Street, on April 16, 2013. The statutory purpose of the notice is to inform Ms. Kvocka of the Council’s intent to hear all evidence in consideration of the possible adoption of the Resolution and to advise her that if she wishes to object to the adoption of the Resolution she must do so in writing within 15 days from receipt of notice of the Council hearing. The notice sent to Ms. Kvocka satisfies all legal noticing requirements for the hearing and provides that her last day to submit a written objection to the adoption of the Resolution of Necessity was May 1, 2013.

As provided in the State Code of Civil Procedure, the public hearing related to the proposed adoption of the Resolution should be limited to discussion of the requisite statutory findings specifically set forth in Section 1240.030 of the state Code of Civil Procedure, namely:

- a. That the public interest and necessity require the proposed Project.
- b. That the proposed Project is planned or located in the manner that will be the most compatible with the greatest public good and the least private injury.
- c. That the property described in the resolution is necessary for the proposed Project.
- d. That either the offer required by Section 7267.2 of the California Government Code has been made to the owner or owners of record, or the offer has not been made because the owner cannot be located with reasonable diligence.

The proposed Resolution should be adopted by Council to authorize the City Attorney to initiate Superior Court eminent domain litigation, if necessary. Pursuant to Section 1245.240 of the California Code of Civil Procedure, the adoption of the proposed Resolution requires approval by five Council members.

EVIDENTIARY FINDINGS

The Project is necessary to replace the existing structurally deficient public bridge and widen Mission Creek for flood control purposes. The Project has been designed and located in a manner that will be most compatible with the greatest public good and the least private injury. As stated above, however, due to the close proximity of the residence at 230 W. Cota Street to the creek and existing bridge, it is necessary to acquire the property in order to efficiently and economically complete the Project. Approximately half of the property at 230 W. Cota Street will be utilized for Mission Creek widening, channel wall construction, and restoration of vegetated creek bank, including continued access for Santa Barbara County Flood Control for emergency flood response. Further, the construction of the new channel wall on east side of Mission Creek will be approximately 4 feet from the existing residence. Channel wall pile and footing construction is expected to result in damage to the residence similar to the damage that occurred to 309 W. Ortega Street during the construction of the Ortega Street Bridge Replacement Project. For that project the residence was situated approximately 5 feet from the constructed channel wall. Significant damage occurred to the 309 W. Ortega Street residence. Similar to the Ortega Street residence, the 230 W. Cota Street residence is of older construction, having been built in 1905, and its structural integrity is questionable. The residence will be protected in place and stabilized during construction in an effort to minimize damage.

The property at 230 W. Cota Street is presently not occupied by the owner or rented out. Full acquisition is necessary to gain control of the property to complete the proposed Project construction and make post construction repairs. The City's real property agent, Hamner, Jewell & Associates have made offers for purchase of the property to the owner as required under Government Code section 7267.2, and will continue negotiation efforts in an attempt to acquire the property without the need for an eminent domain action.

A copy of the Notice of Hearing on the Intent of the City of Santa Barbara to Adopt a Resolution of Necessity to Acquire Property by Eminent Domain, and its attached Exhibit describing the property interest to be acquired by eminent domain, are available for public review at the City Clerk's office located at 735 Anacapa Street, Santa Barbara, California.

ENVIRONMENTAL REVIEW

In addition, the proposed Project was evaluated in the Lower Mission Creek Flood Control Project Environmental Impact Statement/Environmental Report; State Clearinghouse No. 1998101061, certified in 2001, and by subsequent Addendum dated November 2, 2011, pursuant to the California Environmental Quality Act. The environmental findings, reports, permits, and adopting actions have been made available to Council in the Council reading file and to the public at the City Clerk's Office or the public counter of the Community Development building at 630 Garden Street.

BUDGET/FINANCIAL INFORMATION:

There are sufficient funds in the Streets Capital Fund to purchase the required property. The funds include a FHWA reimbursement of 88.53 percent. The City is responsible for 11.47 percent of the eligible acquisition costs.

ATTACHMENT(S): Aerial map of properties to be acquired

PREPARED BY: John Ewasiuk, Principal Civil Engineer/DT/mj

SUBMITTED BY: Christine F. Andersen, Public Works Director

APPROVED BY: City Administrator's Office

Cota Bridge Replacement Project Property Acquisitions: 536 Bath Street; 221 W. Cota Street; 230 W. Cota Street



RESOLUTION NO. _____

A RESOLUTION OF NECESSITY BY THE COUNCIL OF
THE CITY OF SANTA BARBARA TO ACQUIRE THE REAL
PROPERTY COMMONLY KNOWN AS 230 W. COTA
STREET

WHEREAS, the Council of the City of Santa Barbara authorizes the acquisition of property rights for the purposes of replacing the existing structurally deficient Cota Bridge;

WHEREAS, the real property described herein is required for the replacement and construction of the Cota Bridge; and

WHEREAS, the Council of the City of Santa Barbara finds and determines that notice of its intention to adopt this resolution was duly given as required by law, and on the date and at the time and place fixed for hearing the Council did hear and consider all of the evidence presented.

NOW THEREFORE, THE COUNCIL OF THE CITY OF SANTA BARBARA DOES HEREBY DETERMINE AND RESOLVE AS FOLLOWS:

SECTION 1. That, on May 7, 2013, after fifteen days written notice to the owner of the property described hereafter, as appeared on the last equalized County Assessment Roll, the City Council held a hearing for the purpose of allowing the owners thereof and other persons a reasonable opportunity to appear and be heard on the following matters:

- a. That the public interest and necessity require the proposed project;
- b. That the proposed project (as depicted on City Plan No. C-1-4702, a copy of which is permanently on file at the Public Works Department of the City of Santa Barbara) is planned or located in the manner that will be the most compatible with the greatest public good and the least private injury;
- c. That the property described in the resolution is necessary for the proposed project;
- d. That the offer required by Section 7267.2 of the California Government Code has been made to the owner or owners of record;
- e. That the proposed project has been determined to be categorically exempt from further environmental review pursuant to California Environmental Quality Act regulations 15301 and 15320; and,
- f. Such other and further matters as may be referred to in California Code of Civil Procedure Section 1245.230.

SECTION 2. That the Council of the City of Santa Barbara does hereby find, determine and declare that:

- a. The public interest and necessity require the proposed project;
- b. The proposed project is planned or located in the manner that will be the most compatible with the greatest public good and the least private injury;
- c. All the property described in this resolution is necessary for the proposed project;
- d. The offer required by Section 7267.2 of the California Government Code has been made to the owner or owners of record (or the offer has not been made because the owner cannot be located with reasonable diligence); and
- e. The proposed project was evaluated in the certified Lower Mission Creek Flood Control (LMCFC) Project Environmental Impact Statement/Environmental Impact Report (EIS/EIR) (State Clearinghouse No. 1998101061) and an Addendum to the LMCFC Project EIS/EIR dated November, 2011, pursuant to California Environmental Quality Act (CEQA). The certified EIS/EIR determined that there would be unavoidable impacts associated with the project. The Addendum indicates that no new significant impacts or changes in circumstances or regulations would be anticipated since the original EIS/EIR was certified.

The Council of the City of Santa Barbara, as a result of said hearing, has determined that the public interest and necessity require the acquisition by the City of real property described below for all activities necessary for the construction of the Cota Street bridge and Mission Creek improvements, and for all related surface and subsurface foundation improvements, and ingress and egress required for the removal, replacement and reconstruction of the Cota Street Bridge and appurtenant facilities within Mission Creek.

The taking of the properties described herein is authorized by Section 19 of Article I of the California Constitution, Section 37350.5 of the California Government Code, and Sections 1240.010 through 1240.125 of the California Code of Civil Procedure.

SECTION 3. That the Council of the City of Santa Barbara does hereby declare that it is the intention of said City to acquire said certain real property described herein in its name in accordance with the provisions of the laws of the State of California with reference to condemnation procedures.

SECTION 4. That the said certain real property is located in the City of Santa Barbara, County of Santa Barbara, State of California, and is more particularly described as follows:

I. 230 W. COTA STREET PROPERTY (APN 037-121-018)

THE PORTION OF BLOCK 213 IN THE CITY OF SANTA BARBARA, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST SOUTHERLY CORNER OF SAID BLOCK 213; THENCE NORTHEASTERLY ALONG THE NORTHWESTERLY LINE OF COTA STREET, 143.34 FEET TO THE MOST SOUTHERLY CORNER OF THE TRACT OF LAND DESCRIBED IN THE DEED TO FRED H. SYDNESS, ET UX., RECORDED IN BOOK 451 AT PAGE 448 OF OFFICIAL RECORDS, RECORDS OF SAID COUNTY; THENCE AT RIGHT ANGLES NORTHWESTERLY ALONG THE SOUTHWESTERLY LINE OF SAID SYDNESS TRACT, 90.00 FEET; THENCE AT RIGHT ANGLES SOUTHWESTERLY 143.34 FEET TO THE NORTHEASTERLY LINE OF BATH STREET; THENCE SOUTHEASTERLY ALONG SAID LINE OF BATH STREET, 90.00 FEET TO THE POINT OF BEGINNING.

SECTION 5. That the City Attorney is hereby authorized and directed to prepare, institute and prosecute in the name of the City, and is authorized to retain a law firm as Special Counsel for such proceedings, if necessary, in the proper Court having jurisdiction thereof, as may be necessary for the acquisition of the interests to said certain real property. Said counsel is also authorized and directed to obtain a necessary order of court granting to said City the right of immediate possession and occupancy of said certain real property and, at the discretion of the City Attorney, to approve and execute a settlement agreement or stipulated judgment vesting title to the real property described herein on terms and conditions approved by the City Attorney for the best interests of the City.

SECTION 6. That the Environmental Quality Control Act of 1970, as amended, and guidelines adopted pursuant thereto, have been complied with insofar as the above project is concerned by the evaluation of the Lower Mission Creek Flood Control Project Environmental Impact Statement/Environmental Impact Report State Clearinghouse No. 1998101061, certified in 2001 and subsequent Addendum dated November, 2011), which is hereby approved and directed to be filed with the City Clerk.



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: May 7, 2013

TO: Mayor and Councilmembers

FROM: City Attorney's Office

SUBJECT: Conference with Legal Counsel – Threatened Litigation

RECOMMENDATION:

That Council hold a closed session to consider significant exposure to litigation (one potential case) pursuant to subsection (b)(1) of section 54956.9 of the Government Code and take appropriate action as needed.

SCHEDULING: Duration, 15 minutes; anytime

REPORT: None anticipated

SUBMITTED BY: Stephen P. Wiley, City Attorney

APPROVED BY: City Administrator's Office



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: May 7, 2013

TO: Mayor and Councilmembers

FROM: City Administrator's Office

SUBJECT: Public Employee Performance Evaluation – Government Code Section 54957

RECOMMENDATION:

That Council hold a closed session for a Public Employee Performance Evaluation per Government Code Section 54957.

Title: City Administrator

Scheduling: Duration, 40 minutes; anytime

Report: None anticipated

PREPARED BY: Jennifer Jennings, Administrator's Office Supervisor

SUBMITTED BY: Helene Schneider, Mayor

APPROVED BY: City Administrator's Office



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: May 7, 2013

TO: Mayor and Councilmembers

FROM: City Administrator's Office

SUBJECT: Public Employee Performance Evaluation – Government Code Section 54957

RECOMMENDATION:

That Council hold a closed session for a Public Employee Performance Evaluation per Government Code Section 54957.

Title: City Attorney

Scheduling: Duration, 40 minutes; anytime

Report: None anticipated

PREPARED BY: Jennifer Jennings, Administrator's Office Supervisor

SUBMITTED BY: Helene Schneider, Mayor

APPROVED BY: City Administrator's Office