



1 December 2014

Suzanne Riegle, Associate Planner
Planning Division
City of Santa Barbara
630 Garden Street
Santa Barbara, CA 93101

**RE: 400 Hitchcock Way – Tesla Motors Inc. - Pre-Application Review Team and
Community Benefit Designation Request**

Dear Ms. Riegle:

On behalf of the Tesla Motors Inc., applicants of 400 Hitchcock Way, we are pleased to submit this letter as part of the Pre-Application Review Team application as well as a request for designation as a Community Benefit Project from the City Council.

History and Background

Tesla Motors, Inc. is an American company that designs, manufactures, and sells electric cars and electric vehicle powertrain components. Tesla's strategy has been to emulate typical technological-product life cycles and initially enter the automotive market with an expensive, high-end product; more recently, Tesla is moving into larger, more competitive markets at lower price points.

Tesla operates stores or galleries that act as showrooms allowing prospective buyers to learn more about Tesla Motors and its vehicles. Once a vehicle purchase has been made, the purchased vehicle is manufactured off site per the buyer's desired specifications. Tesla Motors is the only automaker that sells cars directly to consumers, with all other automakers using independently owned dealerships. Tesla's strategy of direct customer sales and owning its own stores and service centers is a significant departure from the standard dealership model currently dominating the U.S. vehicle marketplace.

Tesla Motors, Inc. operates an Electric Automobile Repair Center in its Service Centers. Tesla's vehicles have no internal combustion engine. Accordingly, there is no exhaust system, no fuel tanks, no liquid fuel usage, no new or used motor oil, no noise from the vehicle, and no emissions like hydrocarbon and carbon monoxide that are emitted from an automobile powered by an internal combustion engine. Instead of an engine, an electric motor powers Tesla's vehicles. Electric motors require little to no maintenance.

Tesla performs its own suspension, tire, brake, electrical and interior repair work, which is comparable to an internal combustion engine automobile model. However, the primary focus of Tesla's work on its automobiles is electrically based, with most technician time spent working on the electrical and computer systems within the vehicle. As such, Tesla is one of the least polluting automobile service operations in the industry.

Site Information and Development History

The property is located at 400 Hitchcock Way (APN 051-240-002) and is zoned Single Family, Planned Development, and Upper State Street Special District (E-3/PD/SD-2). The total property area is 130,680 SF and the total existing building footprint is 25,886 SF which includes an 8,337 SF auto showroom, storage areas and open bay structures. The City's property record files indicate that the subject site has been an auto dealership since the 1960s, and has been improved with multiple approved building additions over the decades. The site is currently developed with a Volvo/Buick/GMC dealership; it is our understanding that the existing dealership owner is retiring and is closing the existing dealership. The site is adjacent to other automobile dealerships along Hitchcock Way.

Proposal

The total existing building area footprint is 25,770 net SF, which includes an 8,337 net SF showroom, storage areas, and open service bays. The Tesla Motors Inc. project proposes to remodel the existing auto dealership showroom including a façade remodel, interior remodel, as well as enclosing the open service bays to secure its Electric Automobile Repair Center for a total 12,976 net SF of improvements. Of this square footage, the proposed enclosure of the service bays totals 10,816 gross SF (9,700 net square feet). The proposed project provides ample parking spaces. An automobile dealership/showroom with service stations requires one parking stall per 250 SF; therefore the project requires 103 spaces (25,770 SF/250 SF). The project provides a total of 200 parking spaces including six ADA parking stalls exceeding the parking requirement.

Enclosing the service bays results with "new" additional nonresidential floor area to the site's total development. According to Chapter 28.85, the Nonresidential Growth Management Program, no application for new nonresidential floor area will be accepted unless the additional square footage is allocated from one or more of the growth management categories – Community Benefit, Small Addition Floor Area, and Vacant Property.

The site is eligible for a Minor Addition Allocation of 1,000 SF. Hence, we are seeking designation as a Community Benefit development project and request a preliminary

allocation of approximately 8,700 net square feet from the Community Benefit, Planned Development – New Automobile Sales Project category per SBMC §28.85.020.A.3.

Community Benefit Justification

The Community Benefit and Planned Development – New Automobile Sales Project category which was established to allow new auto dealerships to carry out improvements, is aligned with the definition of an Economic Development project. Economic development projects are intended to enhance the standard of living for City and South Coast residents while strengthening the local economy by either creating new permanent employment opportunities or enhancing the City's revenue base. The proposed project provides products and services which are currently not available or are in limited supply either locally or regionally. Further, there are a limited number of parcels with the appropriate zoning for new auto dealerships (Planned Development – PD). There is not an alternative location within the City of Santa Barbara for a new automobile dealership, which further underscores the justification for a Community Benefit classification at the subject site via the Planned Development - New Automobile Sales Project category.

There has been an increased demand for more variety of electric and hybrid vehicles at various price points in the automobile industry. Locating a Tesla dealership in the City of Santa Barbara would provide such variety for prospective automobile buyers located in the Central Coast who would otherwise have to travel to Torrance for the closest Tesla Motors dealership. Providing a Tesla dealership within the City of Santa Barbara also enhances the City's revenue base by providing additional tax revenue from increased local economic activity and also provides employment opportunities.

As aforementioned, Tesla is one of the least polluting automobile service operations in the industry as the majority of its required servicing is electrically based. Having an electric- powered automobile repair center in place of a gasoline-powered automobile repair center would benefit the environment and would enhance the standard of living.

For these reasons, we feel that a Community Benefit designation is appropriate for the proposed project.

Discretionary Application for Consideration

The project requests the following discretionary actions for consideration:

- Development Plan Approval to allocate 8,700 net square feet from the Community Benefit, Planned Development – New Automobile Sales Project category per SBMC §28.85.020.A.3.

- Development Plan Approval for an addition in the PD zone per SBMC §28.39.

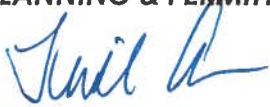
There is great community interest in having a Tesla dealership in the City of Santa Barbara for those who are environmentally minded and aligned with sustainable practices. Tesla Motors Inc. prides itself on being an environmentally friendly automobile company that exceeds the standards of gasoline-powered automobiles. Having a Tesla dealership within our locality will enhance the standard of living and promote environmentally conscious alternatives in the automobile industry.



On behalf of the applicant and project team, we thank you for your review and comments regarding this PRT application and consideration of the Community Benefit designation request.

Sincerely,

SUZANNE ELLEDGE
PLANNING & PERMITTING SERVICES



Trish Allen, AICP
Senior Planner