

**CITY OF SANTA BARBARA
CITY COUNCIL**

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



Paul Casey
City Administrator

Ariel Pierre Calonne
City Attorney

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

**APRIL 28, 2015
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: If you need auxiliary aids or services or staff assistance to attend or participate in this meeting, please contact the City Administrator's Office at 564-5305. If possible, notification at least 48 hours prior to the meeting will usually enable the City to make reasonable arrangements. Specialized services, such as sign language interpretation or documents in Braille, may require additional lead time to arrange.

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

- 12:00 p.m. - Finance Committee Special Meeting, David Gebhard Public Meeting Room, 630 Garden Street
- 12:30 p.m. - Ordinance Committee Meeting, Council Chamber
- 2:00 p.m. - City Council Meeting

FINANCE COMMITTEE SPECIAL MEETING - 12:00 P.M. IN THE DAVID GEBHARD PUBLIC MEETING ROOM, 630 GARDEN STREET (120.03)

1. Subject: March 31, 2015, Investment Report And March 31, 2015, Fiscal Agent Report (120.03)

Recommendation: That Finance Committee recommend that Council:

- A. Accept the March 31, 2015, Investment Report; and
 - B. Accept the March 31, 2015, Fiscal Agent Report.
- (See Council Agenda Item No. 4)

2. Subject: Finance Committee Review Of The Proposed Two-Year Financial Plan For Fiscal Years 2016 And 2017 (120.03)

Recommendation: That the Finance Committee hear a report from staff on the Proposed Two-Year Financial Plan for Fiscal Years 2016 and 2017, including the Recommended Budget for Fiscal Year 2016.

3. Subject: Airport Aircraft Rescue And Firefighting (ARFF) Budget Discussion (120.03)

Recommendation: That the Finance Committee hear a staff discussion on potential adjustments to the Fire Department staffing for Federal Aviation Administration required Aircraft Rescue and Firefighting (ARFF) services at the Airport.

ORDINANCE COMMITTEE MEETING - 12:30 P.M. IN THE COUNCIL CHAMBER (120.03)

Subject: Ordinance To Prohibit Private Well Construction On Properties Served By City's Water System (120.03)

Recommendation: That the Ordinance Committee forward to Council for introduction An Ordinance of the Council of the City of Santa Barbara Amending Section 14.32.040 of the Santa Barbara Municipal Code to Prohibit Private Well Construction on Properties Served by the City's Water Supply System and to Repeal Section 14.32.115 Pertaining to Emergencies.

REGULAR CITY COUNCIL MEETING – 2:00 P.M.

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

CEREMONIAL ITEMS

- 1. Subject: Santa Barbara Rape Crisis Center Proclamation Declaring April 2015 As Sexual Assault Awareness Month (120.04)**

CHANGES TO THE AGENDA

PUBLIC COMMENT

CONSENT CALENDAR

- 2. Subject: Minutes**

Recommendation: That Council waive further reading and approve the minutes of the regular meeting of March 24, 2015.

- 3. Subject: Adoption Of Ordinances Establishing Speed Limits (530.05)**

Recommendation: That Council:

- A. Adopt, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Amending Chapter 10.60 of the Municipal Code by Revising Section 10.60.015, Establishing Prima Facie Speed Limits on Certain Portions of Las Positas Road, Cliff Drive, Cabrillo Boulevard, Bath Street, Calle Real, Castillo Street, Chapala Street, Milpas Street, Salinas Street, State Street, and Valerio Street; and
- B. Adopt, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Amending Chapter 10.20 of the Municipal Code by Revising Sections 10.20.020 and 10.20.025 Pertaining to Speed Zoning Adjacent to Children's Playgrounds, and Adding Section 10.20.040 Pertaining to Extended Speed Zoning Near Schools.

CONSENT CALENDAR (CONT'D)

4. Subject: March 31, 2015, Investment Report And March 31, 2015, Fiscal Agent Report (260.02)

Recommendation: That Council:

- A. Accept the March 31, 2015, Investment Report; and
- B. Accept the March 31, 2015, Fiscal Agent Report.

5. Subject: Fiscal Year 2015 Interim Financial Statements For The Eight Months Ended February 28, 2015 (250.02)

Recommendation: That Council accept the Fiscal Year 2015 Interim Financial Statements for the Eight Months ended February 28, 2015.

6. Subject: Tax Equity And Fiscal Responsibility Act (TEFRA) Hearing For American Baptist Homes Of The West (Valle Verde) Debt Issuance (240.03)

Recommendation: That Council hold a public hearing and adopt, by reading of title only, A Resolution of the City Council of the City of Santa Barbara Approving the Issuance of the California Statewide Communities Development Authority Revenue Bonds, Series 2015 (American Baptist Homes of the West) in an Aggregate Principal Amount Not to Exceed \$70,000,000 for the Purpose of Financing and Refinancing the Acquisition, Construction, Furnishing and Equipping of Valle Verde and Certain Other Matters Relating Thereto.

7. Subject: Civil Service Commission Hearing Procedures (420.03)

Recommendation: That Council receive a report on the Civil Service Commission's adoption of revised and expanded Hearing Procedures.

8. Subject: Resolutions Required By CalPERS For Reductions To City-Paid Pension Contributions (410.01)

Recommendation: That Council:

- A. 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 Sworn Police Officers' Association Employees, Effective June 18, 2011 Through April 20, 2012;
- 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 Sworn Police Officers' Association Employees, Effective April 21, 2012 Through July 26, 2013; and

(Cont'd)

CONSENT CALENDAR (CONT'D)

8. (Cont'd)

- C. Adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara Amending Resolution 13-025 for Paying and Reporting the Value of Employer Paid Member Contributions for Fire Management Association Employees, January 11, 2014 Through January 9, 2015, to Reflect the Corrected Percentage.

9. **Subject: Records Destruction For Finance Department (160.06)**

Recommendation: That Council adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara Relating to the Destruction of Records Held by the Finance Department in the Accounting, Administration, General Services, Risk Management, and Treasury Divisions.

10. **Subject: Introduction Of Ordinance For Second Amendment To Lease No. 23,017, Between MAG Aviation And The City Of Santa Barbara (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 and Authorizing the Airport Director to Execute a Second Amendment to Lease Agreement No. 23,017, with MAG Aviation, a Partnership, and the City of Santa Barbara, at 1600 Cecil Cook Place, at the Santa Barbara Airport, Effective Upon the Adoption of the Enabling Ordinance, to Allow a One-Year Waiver of the Scheduled CPI Rental Adjustment.

11. **Subject: Contract For Sanitary Sewer Cleaning And Closed Circuit Television Inspection (540.13)**

Recommendation: That Council award a contract with Nor-Cal Pipeline Services in their low bid amount of \$84,735.50 for Sanitary Sewer Cleaning and Closed Circuit Television Inspection Fiscal Year 2015, Bid No. 3773; and authorize the Public Works Director to execute the contract and approve expenditures up to \$8,473, to cover any cost increases that may result from contract change orders for extra work and differences between estimated bid quantities and actual quantities measured for payment.

CONSENT CALENDAR (CONT'D)

12. Subject: Contract Amendment For On-Call Engineering Services For Groundwater Well Development (540.10)

Recommendation: That Council:

- A. Authorize the Public Works Director to amend Contract No. 24,803 with Pueblo Water Resources in the amount of \$150,000 for on-call hydrogeologic engineering design services for Groundwater Well Development, increasing the overall contract amount to \$400,000; and
- B. Authorize the Public Works Director to terminate Contract No. 24,804 with Kear Groundwater and return the remaining contract allocation to the Water Drought Fund.

13. Subject: Amendment To Joint Funding Agreement With United States Geological Survey For Groundwater Modeling (540.10)

Recommendation: That Council authorize the Public Works Director to execute an Amendment to the Joint Funding Agreement with the United States Geological Survey for groundwater modeling services, increasing the City's portion of the cost by \$30,000, for a total City project cost of \$406,925.

14. Subject: Resolution Adopting Findings For Santa Barbara Museum Of Natural History Appeal (2559 Puesta Del Sol) (640.07)

Recommendation: That Council adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara Denying the Appeal of Mark and Lauren Carey and Upholding the Decision of the Planning Commission Granting an Amended Conditional Use Permit and Parking Modification for the Santa Barbara Museum of Natural History (2559 Puesta Del Sol).

NOTICES

- 15. The City Clerk has on Thursday, April 23, 2015, 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.
- 16. A City Council site visit is scheduled for Monday, May 4, 2015, at 1:30 p.m. to the property located at 1215 E. Cota Street, which is the subject of an appeal hearing set for May 5, 2015, at 2:00 p.m.

This concludes the Consent Calendar.

REPORT FROM THE FINANCE COMMITTEE

REPORT FROM THE ORDINANCE COMMITTEE

CITY COUNCIL ADMINISTRATIVE AND ATTORNEY REPORTS

POLICE DEPARTMENT

17. Subject: Police Department Update (520.04)

Recommendation: That Council receive an oral presentation from the Police Chief regarding the Santa Barbara Police Department.

COMMUNITY DEVELOPMENT DEPARTMENT

18. Subject: Casa Esperanza Homeless Center/People Assisting The Homeless Merger (660.04)

Recommendation: That Council approve, in concept, the assignment of City Agreements Nos. 24,758, 24,757, and 24,952, and City Purchase Order No. 387931, pending Casa Esperanza Homeless Center's merger with People Assisting the Homeless (PATH), subject to further assurances as recommended by the City Attorney.

COUNCIL AND STAFF COMMUNICATIONS

COUNCILMEMBER COMMITTEE ASSIGNMENT REPORTS

ADJOURNMENT

To Monday, May 4, 2015, at 1:30 p.m. at 1215 E. Cota Street. (See Item No. 16)

CITY OF SANTA BARBARA
FINANCE COMMITTEE
SPECIAL MEETING AGENDA

DATE: April 28, 2015
TIME: 12:00 P.M.
PLACE: David Gebhard Public Meeting Room
630 Garden Street

Dale Francisco, Chair
Bendy White
Gregg Hart

Paul Casey
City Administrator

Robert Samario
Finance Director/
Acting Assistant City Administrator

ITEMS TO BE CONSIDERED:

1. Subject: March 31, 2015, Investment Report And March 31, 2015, Fiscal Agent Report

Recommendation: That Finance Committee recommend that Council:

- A. Accept the March 31, 2015, Investment Report; and
- B. Accept the March 31, 2015, Fiscal Agent Report.

(See Council Agenda Item No. 4)

2. Subject: Finance Committee Review Of The Proposed Two-Year Financial Plan For Fiscal Years 2016 And 2017

Recommendation: That the Finance Committee hear a report from staff on the Proposed Two-Year Financial Plan for Fiscal Years 2016 and 2017, including the Recommended Budget for Fiscal Year 2016.

3. Subject: Airport Aircraft Rescue And Firefighting (ARFF) Budget Discussion

Recommendation: That the Finance Committee hear a staff discussion on potential adjustments to the Fire Department staffing for Federal Aviation Administration required Aircraft Rescue and Firefighting (ARFF) services at the Airport.



CITY OF SANTA BARBARA

FINANCE COMMITTEE AGENDA REPORT

AGENDA DATE: April 28, 2015

TO: Finance Committee

FROM: Administration Division, Finance Department

SUBJECT: Finance Committee Review Of The Proposed Two-Year Financial Plan For Fiscal Years 2016 And 2017

RECOMMENDATION:

That the Finance Committee hear a report from staff on the Proposed Two-Year Financial Plan for Fiscal Years 2016 and 2017, including the Recommended Budget for Fiscal Year 2016.

DISCUSSION:

On Tuesday, April 21, 2015, the Proposed Two-Year Financial Plan for Fiscal Years 2016 and 2017 ("Proposed Plan") was submitted to Council. That day, Council heard an overview of the Proposed Plan and approved the Schedule of Council Budget Review Meetings and Public Hearings.

Earlier that day, the Finance Committee also approved its own budget review schedule, as well as the additional topics that it will review. The approved Finance Committee budget review schedule is attached to this report.

Consistent with the approved Finance Committee review schedule, today's meeting will cover three topics:

1. General Fund multi-year forecast and budget balancing strategy, and
2. General Fund non-departmental revenues and growth assumptions

The next meeting for the Committee's budget review is scheduled on Tuesday, May 5, 2015, from 12:00 p.m. – 1:45 p.m. when the Committee will begin its review of proposed changes to fees.

Finance Committee Agenda Report
Finance Committee Review Of The Proposed Two-Year Financial Plan For Fiscal Years
2016 And 2017
April 28, 2015
Page 2

ATTACHMENT: Approved Finance Committee Budget Review Schedule

SUBMITTED BY: Robert Samario, Finance Director/ Acting Assistant City
Administrator

APPROVED BY: City Administrator's Office

CITY OF SANTA BARBARA
Finance Committee Review Schedule
Two-Year Financial Plan for Fiscal Years 2016 and 2017

Meeting Date and Time	Department
Tuesday, April 21, 2015 12:30 p.m. – 1:45 p.m.	<ul style="list-style-type: none"> ➤ Proposed Finance Committee Budget Review Schedule
Tuesday, April 28, 2015 12:00 p.m. – 1:45 p.m.	<ul style="list-style-type: none"> ➤ General Fund non-departmental revenues and assumptions ➤ General Fund Multi-Year Forecast ➤ March 31, 2015 Investment Report & Fiscal Agent Report (Non-Budget Item) ➤ ARFF Discussion (Non-Budget Item)
Tuesday, May 5, 2015 12:00 p.m. – 1:45 p.m.	<ul style="list-style-type: none"> ➤ General Fund departmental proposed fee changes ➤ Rental Assistance Grants (Non-Budget Item) ➤ Turner Foundation Loan (Non-Budget Item)
Tuesday, May 12, 2015 12:30 p.m. – 1:45 p.m.	<ul style="list-style-type: none"> ➤ Enterprise fund proposed fee changes ➤ Funding Requests from Community Organizations
Tuesday, May 19, 2015 12:30 p.m. – 1:45 p.m.	<ul style="list-style-type: none"> ➤ Pension Update ➤ Follow-up on items requested by Finance Committee ➤ Staff recommended adjustments, if any ➤ Finance Committee decisions/ recommendations

Note: No Council meeting on May 26, 2015.



CITY OF SANTA BARBARA

FINANCE COMMITTEE AGENDA REPORT

AGENDA DATE: April 28, 2015

TO: Finance Committee

FROM: Administration Division, Airport Department

SUBJECT: Airport Aircraft Rescue And Firefighting (ARFF) Budget Discussion

RECOMMENDATION:

That the Finance Committee hear a staff discussion on potential adjustments to the Fire Department staffing for Federal Aviation Administration required Aircraft Rescue and Firefighting (ARFF) services at the Airport.

EXECUTIVE SUMMARY:

In the last ten years the Airport has experienced a 26.2% decrease in passengers. In April of 2014 American Eagle pulled out as a key carrier; and one year later, in January 2015, Frontier Airlines left. The loss of these services and the attendant decline in passengers have significantly impacted the Airport's finances as they affect all airport revenues, including landing fees, terminal rents, parking, rental cars leases, and concessions. In addition, it results in a decline in Passenger Facility Charges (PFCs) and the "entitlement" portion of the FAA Airport Improvement Program (AIP) grant.

In response to the loss of American Eagle last year, the Airport acted quickly to re-balance its budget by reducing expenditures and enhancing revenues where possible. These steps resulted in cost savings and increased revenue of more than \$1 million. Due to the recent loss of Frontier Airlines, the Airport has negotiated minor increases to fees which, combined with other cost cutting measures where possible, enabled the Airport to once again re-balance its operating budget. However, operating revenues will not be sufficient to fund the Airport's capital program, and will therefore require the use of reserves over the next three years. Airport capital needs range from \$750,000 - \$860,000 for over the next two fiscal years, including AIP grant match.

In light of unfavorable trends in the airline industry that began several years ago, and its impacts on the City's airport, in Fiscal Year 2014 the Airport and Fire Departments were directed to evaluate alternatives to providing Aircraft, Rescue and Fire Fighting (ARFF) services while maintaining Fire best practices.

The Study recognized the high standards of the Fire Department, but also stated that reducing the current level of service from three to two staff per shift would still be in

compliance with FAA requirements. While reducing ARFF services is not the ideal situation, doing so would result in savings to the Airport of approximately \$600,000 annually. Given the financial challenges facing the Airport, staff believes reducing services is the only remaining alternative.

DISCUSSION:

Background

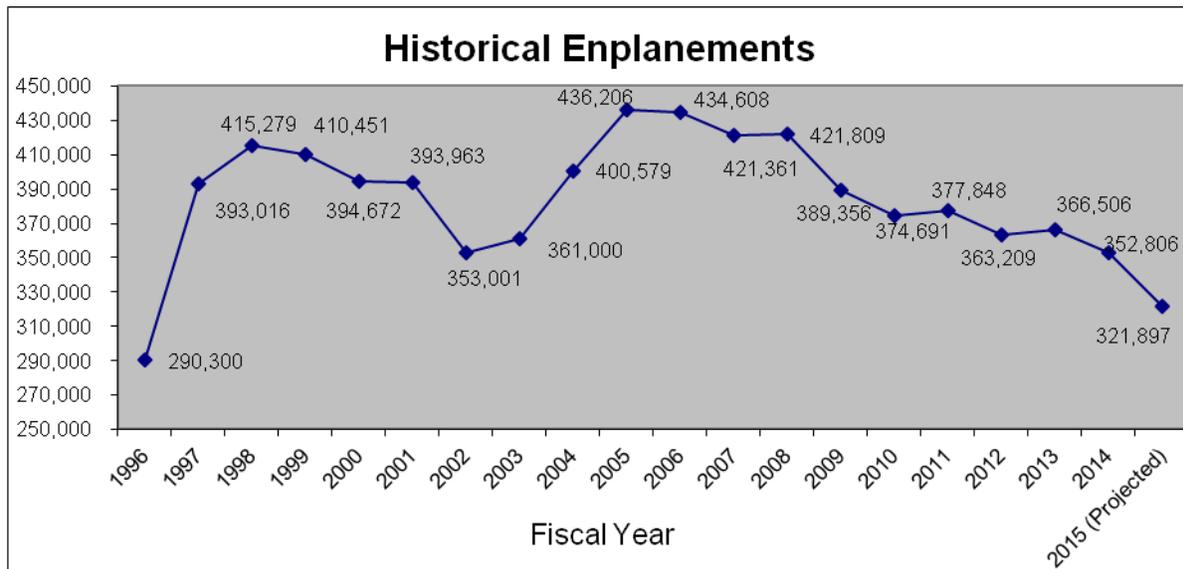
The Santa Barbara Airport is financially self-supporting through tenant rents and user fees. A number of changes in the airline industry within the last 10 years have led to significant declines in the number of passengers at the Airport. Additionally, the vacancy of two prime commercial properties, Woolever and the Elephant Bar, on the north side of Hollister Avenue during the last 18 months has contributed to the financial difficulties. Currently, the Airport has fully funded reserves; however, financial projections for the near future indicate a significant use of reserves to provide limited but critical capital expenditures.

Airline Industry Impacts

With airline merger activity in the last ten years, the airline industry has reduced overall seat capacity by 20%. While this reduction has impacted all airports, for Santa Barbara the impact has been a 26.2% decrease (see chart on page 3). Projections for enplaned passengers in Fiscal Year 2015 are the lowest since 1996.

The decline in passengers can be attributed to a number of trends in the airline industry, including:

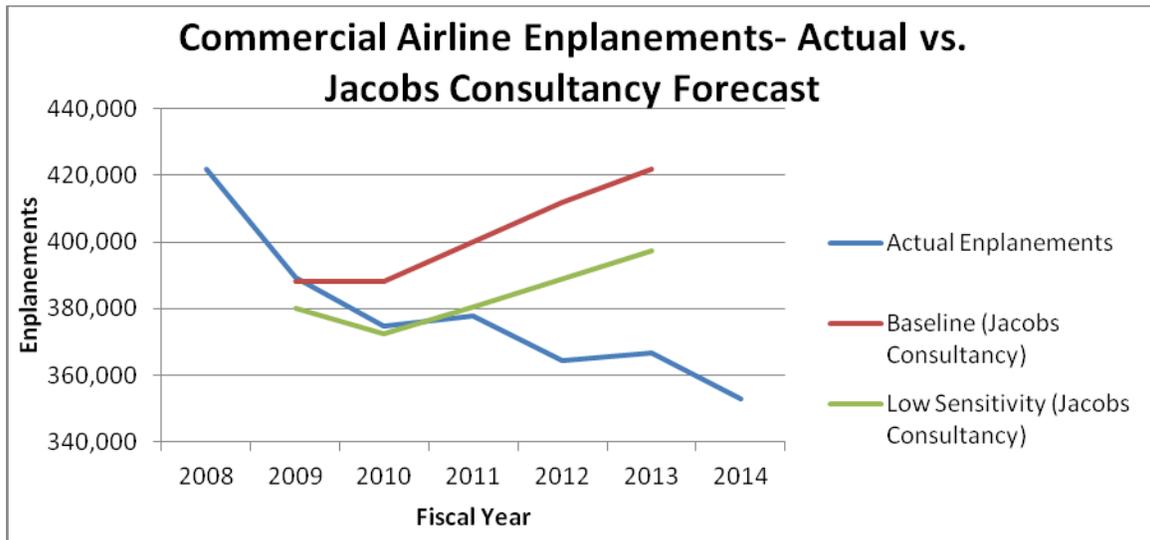
- Airline mergers
- General macroeconomic trends, including fuel prices
- Transition of regional airline fleets from 50- to 70-seat and greater sized aircraft
- Pilot shortages, especially for regional airlines, based on new FAA regulations
- Airline consolidation of flights at large hub airports and pulling flights away from small and medium hubs
- Near-range international expansion by low cost carriers



Bond Debt Service Requirements

Airport net revenues were pledged for the repayment of the 2009 Bonds that were used to finance the construction of the Airline Terminal. Based on the Airport's financial history as a self-supporting enterprise, it was anticipated that Airport operating revenues would be adequate to cover the annual principal and interest payments of \$1,823,905 without any support from the City's General Fund. In addition, the bond documents contain certain covenants to the bondholders that "net revenues" would be 1.20 times the annual debt service on the bonds. The Airport is currently not meeting this debt service coverage requirement.

A financial feasibility study in April 2009 prepared by Jacobs Consultancy prior to the issuance of the 2009 Bonds and subsequent construction of the new Airline Terminal analyzed the effect of declining passengers. The City requested a sensitivity analysis to indicate potential financial difficulty with reduced passenger traffic. Actual enplanements in Fiscal Year 2013 were 7.8% below Jacobs Consultancy's "low sensitivity" projections and 13.2% below "baseline" projections (see chart below).



Notwithstanding declining revenue, debt service on the Airline Terminal bonds has been and will continue to be paid by the Airport and it is included in the Airport's budget. In the extremely unlikely event that the Airport was unable to make debt payments, the Airline Terminal bond is secured by the General Fund.

Airport Financial Outlook

Passenger declines are significant to the Airport budget because they affect all revenue lines of business at the airline terminal, including terminal rents, parking, rental cars, restaurant, and gift shop, as well as Passenger Facility Charges (PFCs) and the "entitlement" portion of the FAA Airport Improvement Program (AIP) grant.

The decline in passengers and airline services have created a structural challenge in that the costs of the airport terminal are largely fixed and were based on the expectation that airline service would be much higher. Consequently, costs associated with the building – debt service on the debt issued to finance the new terminal, maintenance and utilities – are relatively fixed. However, the Airport staff's ability to recover these costs from the existing airlines is difficult. Airlines are highly sensitive to fees and charges relative to competing airports. In fact, the full cost of the terminal is not being recovered, and is being subsidized by revenues generated in the commercial and industrial properties on the north side of Hollister Avenue, which are separate from the airport operations. Until the Airport is leased out to its full capacity, it will be difficult to recover the full cost of the terminal from airlines and other tenants through rents and landing fees.

Passenger declines in Fiscal Years 2014 and 2015 are related to the departures of American Eagle and Frontier Airlines, respectively. In Fiscal Year 2015 the Airport balanced its budget by reducing expenditures and enhancing revenues. Specifically, the Long-Term Parking Lot 2 was closed and the shuttle discontinued; fuel flowage fees

for jet fuel were increased; and a new fuel flowage fee for commercial airlines was initiated along with an increase to airline rates and charges at the Airline Terminal.

These actions resulted in combined cost savings and increased revenue totaling more than \$1 million. Reserves in the Airport Capital fund were used for the FAA AIP grant match, Streets Maintenance, and "Crash" Phone Replacement projects.

Fiscal Years 2016 and 2017 Budget

Based on current projections for Fiscal Years 2016 and 2017, the Airport Operating budget *excluding capital needs and FAA grant match*, is balanced. However, it does rely on proposed increases to airline terminal rent and landing fees, and by reducing costs where possible. These proposed increases have been negotiated and agreed to by the airlines. Certainly, Airport staff has to be sensitive to the fact that airlines operate on a thin profit margin and are sensitive to costs increases and how fees align with other airports.

Airport capital needs range from \$750,000 - \$860,000 for Fiscal Years 2016-2017, including AIP grant match. The capital needs include:

- Maintenance of commercial/industrial buildings, which the Airport has a contractual obligation to maintain. Most of these buildings were constructed during WWII and some require significant repairs, e.g. HVAC, roof, or plumbing and electrical replacement or repairs. These leased buildings generate approximately \$4.5 million annually in rental income.
- Deteriorated parking lots at the Airline Terminal, car rental Quick Turnaround Facility, or leased by Airport tenants.
- Airline Terminal maintenance.
- Mitigation, monitoring, and reporting for the Goleta Slough Tidal Restoration, a coastal development permit condition for the 2006-2007 Airfield Safety projects.
- Airfield Operations Area (AOA) pavement maintenance.
- AIP grant match. The Airport match for the AIP grant is 9.34%, or approximately \$250,000-\$315,000 per year. The AIP grant provides federal funding of approximately \$2.7 million for essential safety and security needs with a favorable City matching requirement.

Santa Barbara Aircraft Rescue and Firefighting Services

The Fire Department has been providing ARFF services at the Airport since July 1, 1990 after the Airport Director transferred the service from Santa Barbara County Fire Department.

The ARFF Station 8, which was constructed in the early 1990's, was jointly funded by FAA Airport Improvement Program grants and Airport Capital funds. The Airport

provides the two ARFF apparatus which were purchased in 2002 with FAA Airport Improvement Program grant funds, as well as a smaller “Rescue Squad” unit. Station 8 also houses the City’s Mass Casualty unit which can provide EMS supplies and staging equipment for 100 patients. Additionally, the Airport pays for specialized equipment (silver suits), routine supplies, and services.

The Fire Department provides nine permanent positions - three Captains and six Engineers - to staff the ARFF station on a 24/7 basis. These personnel are trained and certified for airport firefighting (live fire drills), rescue, and EMS operations under both the FAA and City Fire Department requirements.

The FY 2015 ARFF staffing budget is \$2,079,766 and support costs are \$83,521 for a total program cost of \$2,163,287.

FAA Regulatory Requirements and ARFF

To accept commercial air carrier service, an airport is required to obtain certification from the Federal Aviation Administration, per the Code of Federal Regulations (CFR) Title 14, Part 139. CFR Part 139 regulations include requirements for equipment, firefighting agents, and operational requirements such as personnel training and emergency response times.

ARFF services are divided into five indices, A through E, based upon aircraft length and average daily departures of air carrier aircraft (see Table 1 for a summary of FAA indices and requirements).

Scheduled airline service at SBA is currently Index B. The Airport has, however, historically published the higher ARFF Index C capability with FAA based upon its ability to fund Index C service.

In April 2015, the Airport will update the FAA reports and publish an Index B capability consistent with current airline operations. For the foreseeable future, scheduled airline service at SBA will consist of Index B aircraft.

Table 1- FAA Part 139.315 Airport Indexes and Firefighting Baseline Requirements

Measures by Index	Airport Index				
	A	B	C	D	E
Max Aircraft Length (ft.)	<90	90-125	126-158	159-199	>200
Typical Seating	86	170	280	400	592

Measures by Index	Airport Index				
	A	B	C	D	E
# of ARFF Units	1	1 or 2	2 or 3	3	3
Total FF Agents on Units	500 lb. Sodium Dry Chem or 450 lb. potassium Dry Chem & 100 gal. of H2O w/foam	Same as "A" with 1,500 gal. of H2O w/foam	Same as "A" with 3,000 gal. of H2O w/foam	Same as "A" with 4,000 gal. of H2O w/foam	Same as "A" + 6,000 gal. of H2O w/foam
ARFF Staffing	1	1	2	3	3

Source: Citygate Associates, LLC

Citygate Associates, LLC ARFF Study

In light of the trends in the airline industry, in Fiscal Year 2014 the Airport and Fire Departments were directed to investigate cost reductions for ARFF services while maintaining Fire best practices.

The Airport and Fire Department jointly funded a report prepared by Citygate Associates, LLC ("Citygate"). Citygate was retained to conduct a fire service review for the Airport. The study was commissioned "to understand the baseline Federal Aviation Administration (FAA) firefighting requirements for this class of airport, assess the current levels of fire service provided by the City Fire Department, and to understand current and likely future passenger aircraft operations." Citygate was also retained to identify a services plan that could strike a balance between best practices delivery of aviation firefighting services and the Airport's economic ability to provide differing levels of fire service (Citygate Executive Summary). The final report from Citygate was published in September 2014.

The Citygate Study (Study) found the City Fire Department meets or exceeds FAA requirements for training, communication programs, emergency planning, and interagency procedures. The ARFF apparatus given age and typical life span can be classified to be in fair to good condition. The Airport's Emergency Plan and the most recent FAA mandated disaster drill, and the current interagency procedures, meet best practices.

The Study determined the following:

The ARFF is staffed at all times (24/7) by one Fire Captain and two Fire Engineers, for a total of three positions. Per the Study, in order for the risks to be protected in Santa Barbara, the minimum daily ARFF staffing needs to be two (2) properly-trained and certified airport firefighters". However, the study also noted that, given the risks present and the premier status of Santa Barbara, it is not at all unreasonable, or out of the

national norm, to staff the ARFF station with three personnel if the City can afford to do so.

While reducing services is not ideal, the Airport is in fact facing significant financial challenges and has limited options to materially change the current financial trajectory. Reducing security is not an option since the current levels are mandated by the Transportation Security Administration (TSA); reducing maintenance and/or custodial costs tied to the terminal would not be prudent given the terminal is brand new and maintaining it to appropriate standards is essential. Moreover, the maintenance costs are largely funded from the airlines through rents and fees. Finally, while pairing down administrative costs have been considered and implemented, where appropriate, the savings would not have a material impact on the financial picture.

The Study provided the following cost reduction options and estimated amounts, based on the Airport's budgetary needs:

- 1) Choose to have the City General Fund pay the third firefighter position because of the economic and tourism benefits generated by the Airport, saving the Airport \$589,200.
- 2) Reduce the third firefighter position completely, saving the Airport \$589,200.
- 3) Reduce the third firefighter position to core flying hours only, saving the Airport \$383,734.

Based upon current airline schedules, Option #3 to staff during core flying hours is not feasible.

Implementing Option #2 through firefighter attrition, with the transition occurring by mid-year of Fiscal Year 2016, would reduce the use of Airport Policy Reserves and would meet the Study's findings while exceeding the FAA requirements. This option eliminates the need for General Fund subsidies to the Airport as described in Option #1, while allowing time for attrition in the Fire Department.

Long-Term Revenue Possibilities

Ampersand Aviation Hangar Lease

Ampersand Aviation LLC (Ampersand) leases approximately 22.97 acres of improved land from the Airport at 495 South Fairview Avenue. Previous tenants had constructed improvements including a standalone 30,000 square foot office building and four large hangar buildings totaling 214,000 square feet of building area (182,000 hangar and 32,000 office space) on the property.

On May 9, 2018, the Ampersand 50-year lease expires and the property, including improvements, return to the City/Airport. Continuing the leases of the hangar space with the existing tenants and change to the current 34% vacancy rate in the office

building and mezzanine in the hangars, the Airport would receive additional revenues of approximately \$205,000 in Fiscal Year 2018 (partial year) and \$1.5 million in Fiscal Year 2019. This revenue projection does not include the cost for maintenance of the larger facility.

Commercial/Industrial Area Development

The Airport and Direct Relief entered into a Purchase and Sale Agreement dated October 9, 2014 for approximately 6 to 8.5 acres of property at 6100 Hollister Avenue. After the sale, undeveloped land remaining in the Specific Plan Area would accommodate approximately 110,000 square feet of building space. While the sales proceeds provides funds to develop properties and generate additional revenues long-term, in the short term the Airport will lose approximately \$250,000 in lease revenues from the tenants occupying the parcels planned for sale to Direct Relief.

Proceeds from the sale estimated to be \$8.7 million could be used to build approximately 25-30,000 square feet of phased development with occupancy beginning in September 2016. Building construction would occur upon execution of lease agreements for each space.

After completion and occupancy of the initial development, the Airport would receive \$600,000 in rent in Fiscal Year 2019; the Airport proposes to split the revenue 50/50 between the Airport Operating Fund and a development fund. As such, the \$300,000 allocated to the Operating Fund would offset the loss of lease revenue of approximately \$250,000 as noted above. The portion allocated to the development fund would be used for phased development of the balance of the available land. Staff anticipates it would be up to five years to accumulate sufficient revenue to fund the second building.

In addition, the Airport has received an unsolicited proposal for lease of Airport property at 6200 Hollister Avenue at the corner where the Jeep Dealership used to be. The terms of a possible lease are currently in the early stages of the negotiation process, so no assumptions have been made nor revenue estimates included in the cash flow analysis.

Summary

Without some major change to the airline service, the Airport will not have sufficient revenues to cover operating and capital improvement needs for its facilities over the next several years. While adjusting ARFF staffing is a change to current practices at the Fire Department, it would result in savings to the Airport and exceed established FAA requirements.

The Airport will continually assess future needs to reinstate the third firefighter position based upon funding availability and/or changes in air service.

PREPARED BY: Hazel Johns, Airport Director

SUBMITTED BY: Hazel Johns, Airport Director

APPROVED BY: City Administrator's Office

CITY OF SANTA BARBARA

ORDINANCE COMMITTEE MEETING

MEETING AGENDA

DATE: April 28, 2015
TIME: 12:30 p.m.
PLACE: Council Chambers

Randy Rowse, Chair
Frank Hotchkiss
Cathy Murillo

Office of the City
Administrator

Office of the City
Attorney

Kate Whan
Administrative Analyst

Ariel Pierre Calonne
City Attorney

ITEMS FOR CONSIDERATION

1. Subject: Ordinance To Prohibit Private Well Construction On Properties Served By City's Water System

Recommendation: That the Ordinance Committee forward to Council for introduction An Ordinance of the Council of the City of Santa Barbara Amending Section 14.32.040 of the Santa Barbara Municipal Code to Prohibit Private Well Construction on Properties Served by the City's Water Supply System and to Repeal Section 14.32.115 Pertaining to Emergencies.



CITY OF SANTA BARBARA

ORDINANCE COMMITTEE AGENDA REPORT

AGENDA DATE: April 28, 2015

TO: Ordinance Committee

FROM: Water Resources Division, Public Works Department

SUBJECT: Ordinance To Prohibit Private Well Construction On Properties Served By City's Water System

RECOMMENDATION:

That the Ordinance Committee forward to Council for introduction An Ordinance of the Council of the City of Santa Barbara Amending Section 14.32.040 of the Santa Barbara Municipal Code to Prohibit Private Well Construction on Properties Served by the City's Water Supply System and to Repeal Section 14.32.115 Pertaining to Emergencies.

DISCUSSION:

After four years of historically dry weather and diminished surface water supply, the City is preparing to declare a Stage Three Drought Condition in May 2015. Stage Three is the highest level of drought response. Groundwater is an important part of the City's water supply, especially during critical drought periods when surface water supplies are limited. Groundwater is also the City's only potable water supply that is available in the event deliveries from the Santa Ynez River are disrupted. Given this serious drought condition, it is important to protect the City's groundwater basins.

The City boundaries overlie Storage Units I and III of the Santa Barbara groundwater basin, as well as portions of the Foothill Basin, which are all relatively small basins. The City currently owns and operates water supply production wells in the groundwater basins and has an extensive network of groundwater monitoring wells that measure water levels and water quality. While the City is the only known pumper in Storage Unit I, there are other private pumpers in Storage Unit III and the Foothill Basin.

Santa Barbara Municipal Code (SBMC) Chapter 14.32 is known as the Well Ordinance of the City of Santa Barbara. The Well Ordinance specifies regulations related to the metering and permitting of wells. Section 14.32.040 addresses prohibited acts and required permits for activities related to wells.

Staff recommends that the Ordinance Committee forward to Council for introduction an Ordinance of the Council of the City of Santa Barbara Amending Section 14.32.040 to

Ordinance Committee Agenda Report

Ordinance To Prohibit Private Well Construction On Properties Served By City's Water System

April 28, 2015

Page 2

Prohibit Private Well Construction on Properties Served by the City's Water Supply System and to Repeal Section 14.32.115 Pertaining to Emergencies..

The amended Ordinance will prohibit the construction or replacement of water supply production wells when a property is or can feasibly be served by the City's water supply system. This prohibition will help ensure water users adhere to the City's water conservation rules, will prevent the wasteful misuse of groundwater, and will protect the financial integrity of the City's water supply system by preventing parallel usage of groundwater and City water system supplies. The amended Ordinance will help staff manage the City's groundwater basins to ensure there are adequate water supplies for public health, safety, and welfare.

Staff also identified an outdated "emergency" clause in Section 14.32.115 that might be misinterpreted to allow well owners to construct new wells without permits. The City Attorney has advised repealing SBMC section 14.32.115.

ATTACHMENT(S): Draft Ordinance Amending SBMC, Section 14.32.040

PREPARED BY: Joshua Haggmark, Water Resources Manager/DH/mh

SUBMITTED BY: Rebecca J. Bjork, Public Works Director

APPROVED BY: City Administrator's Office

ORDINANCE NO. _____

**AN ORDINANCE OF THE COUNCIL OF THE CITY OF
SANTA BARBARA AMENDING SECTION 14.32.040 OF
THE SANTA BARBARA MUNICIPAL CODE TO PROHIBIT
PRIVATE WELL CONSTRUCTION ON PROPERTIES
SERVED BY THE CITY'S WATER SUPPLY SYSTEM AND
TO REPEAL SECTION 14.32.115 PERTAINING TO
EMERGENCIES**

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

SECTION 1. Findings and Purposes. The City Council finds and declares that the City is in an ongoing state of drought emergency. In order to conserve surface water and groundwater supplies, the City Council finds and declares it is necessary to prohibit the construction of new private water wells when a property is or can be feasibly served by the City's water supply system. This prohibition will prevent water users from bypassing and avoiding the City's water conservation rules by virtue of using alternative groundwater supplies. This prohibition will also prevent the wasteful misuse of groundwater. Finally, this prohibition will protect the financial integrity of the City's water supply system by preventing parallel usage of groundwater and City water system supplies.

SECTION 2. Section 14.32.040 of Chapter 14.32 of Title 14 of the Santa Barbara Municipal Code is amended to read as follows:

14.32.040 Acts Prohibited, Permit Required.

(a) It shall be unlawful for any person to construct, modify or repair, abandon or destroy any well unless such person has a valid permit issued by the Public Works Director for the specific action to be taken.

(b) It shall be unlawful for any person to construct, modify or repair, abandon or destroy any well unless such construction, modification or repair, abandonment or destruction is in conformance with the terms and conditions contained in the permit issued by the Public Works Director.

(c) It shall be unlawful for any person to construct any well, and no permit shall be issued for construction of a well, if the property to be served is connected to the City's water supply system or the property is within 500 feet of a feasible connection point to the City's water supply system. The Public Works Director may grant conditional exemptions when a connection to the City's water supply system is infeasible.

SECTION 3. Section 14.32.115 of Chapter 14.32 of Title 14 of the Santa Barbara Municipal Code is repealed.

~~14.32.115 Emergency.~~

~~In the event of an emergency, a person may construct, modify or repair, destroy or abandon a water well without the permit required by this ordinance providing that (1) such work is performed in conformance with the standards set forth herein, (2) the Public Works Director is notified of such emergency work prior to its commencement and (3) an application for the required permit is made within three (3) City working days after the initiation of such emergency work.~~



**PROCLAMATION
SANTA BARBARA RAPE CRISIS CENTER
SEXUAL ASSAULT AWARENESS MONTH
April 2015**

WHEREAS, sexual assault is a highly stigmatized crime affecting one out of four women and one out of six men; and

WHEREAS, any individual incapacitated by drugs or alcohol is rendered incapable of giving consent, making any sexual contact with that individual a form of sexual assault; and

WHEREAS, Santa Barbara has seen a twenty-eight percent increase in reported sexual assaults involving the use of alcohol in recent years; and

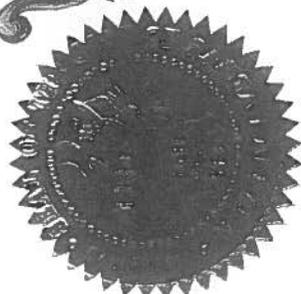
WHEREAS, this month Santa Barbara Rape Crisis Center aims to train owners and staff at local bars to intervene in situations that could lead to sexual assault; and

WHEREAS, raising awareness of sexual assault as a critical issue in our community is a necessary first step in challenging attitudes that implicitly tolerate this behavior; and

WHEREAS, for the past forty years Santa Barbara Rape Crisis Center has been working towards eliminating sexual assault locally by providing support services for survivors and increasing the visibility of this issue through education.

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 April 2015 as Sexual Assault Awareness Month.

IN WITNESS THEREOF, I have hereunto set my hand and caused the Official Seal of the City of Santa Barbara, California, to be affixed this 28th day of April 2015.




HELENE SCHNEIDER
Mayor



CITY OF SANTA BARBARA CITY COUNCIL MINUTES

REGULAR MEETING March 24, 2015 COUNCIL CHAMBER, 735 ANACAPA STREET

CALL TO ORDER

Mayor Helene Schneider called the meeting to order at 2:01 p.m. (The Finance and Ordinance Committees, which ordinarily meet at 12:30 p.m., did not meet on this date.)

PLEDGE OF ALLEGIANCE

Mayor Schneider.

ROLL CALL

Councilmembers present: Dale Francisco (2:15 p.m.), Gregg Hart, Frank Hotchkiss, Cathy Murillo, Randy Rowse, Bendy White, Mayor Schneider.

Councilmembers absent: None.

Staff present: City Administrator Paul Casey, City Attorney Ariel Pierre Calonne, Deputy City Clerk Susan Tschech.

PUBLIC COMMENT

Speakers: Mr. Burke; Phil Walker; Tom Widroe, Santa Barbara City Watch; Robert Johns.

ITEM REMOVED FROM CONSENT CALENDAR

2. Subject: Records Destruction For Parks And Recreation Department (160.06)

Recommendation: That Council adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara Relating to the Destruction of Records Held by the Parks and Recreation Department in the Administration, Parks, and Recreation Divisions.

(Cont'd)

2. (Cont'd)

Documents:

- March 24, 2015, report from the Parks and Recreation Director.
- Proposed resolution.

The title of the resolution was read.

Speakers:

Staff: Parks and Recreation Director Nancy Rapp, City Attorney Ariel Calonne.

Motion:

Councilmembers Murillo/Hart to approve the recommendation, adopting Resolution No. 15-014, but direct Staff to remove the records held by the Tennis Section from the proposed destruction.

Substitute Motion:

Councilmembers Francisco/Rowse to approve the recommendation, adopting Resolution No. 15-014, but direct Staff to retain the records held by the Tennis Section for a maximum of 30 days.

Vote on Substitute Motion:

Majority roll call vote (Noes: Councilmembers Hart, Murillo, White).

CONSENT CALENDAR (Item Nos. 1 and 3 – 17)

The titles of the resolutions related to Consent Calendar items were read.

Motion:

Councilmembers Francisco/Rowse to approve the Consent Calendar as recommended.

Vote:

Unanimous roll call vote.

1. Subject: Minutes

Recommendation: That Council waive further reading and approve the minutes of the adjourned regular meeting of March 9, 2015, and the regular meeting of March 10, 2015.

Action: Approved the recommendation.

3. Subject: Resolution For Grant Application For Las Positas Creek Restoration Project (540.14)

Recommendation: That Council adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara Approving the Application for a \$1,000,000 Urban Streams Restoration Program Grant and Determining the Appropriate Environmental Impact Document; Conditionally Accepting the Grant if Offered, Subject to City Council Approval of the Final Language of the Grant Contract; and Designating the Project Representative, Contract Manager, and Fiscal Agent.

Action: Approved the recommendation; Resolution No. 15-015 (March 24, 2015, report from the Parks and Recreation Director; proposed resolution).

4. Subject: Adoption Of Resolutions Required For Drinking Water State Revolving Fund Loan Funding Of The Desalination Plant (540.10)

Recommendation: That Council:

- A. Adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara Pledging the Water Fund Net Revenue to Payment of the Drinking Water State Revolving Fund Financing Agreement; and
- B. Adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara Stating the City's Intent to Reimburse Expenditures Paid Prior to Either the Issuance of Obligations or the Approval by the State Water Resources Control Board of the Project Funds for Reactivating the Charles E. Meyer Desalination Plant.

Action: Approved the recommendations; Resolution Nos. 15-016 and 15-017 (March 24, 2015, report from the Public Works Director; proposed resolutions).

5. Subject: Increase In Professional Services Contract Authority With Godbe Research For Polling Services (530.01)

Recommendation: That Council increase the City Administrator's negotiating authority to execute a not-to-exceed \$41,000 contract for professional services with Godbe Research to conduct a comprehensive opinion poll related to a possible revenue generating ballot measure.

Speakers:

- Members of the Public: Tom Widroe, Santa Barbara City Watch; Bonnie Raisin.
- Staff: Assistant to the City Administrator Nina Johnson, City Administrator Paul Casey, City Attorney Ariel Calonne.

Action: Approved the recommendation (March 24, 2015, report from the City Administrator).

6. Subject: February 2015 Investment Report (260.02)

Recommendation: That Council accept the February 2015 Investment Report.

Action: Approved the recommendation (March 24, 2015, report from the Acting Assistant City Administrator/Finance Director).

7. Subject: Fiscal Year 2015 Interim Financial Statements For The Seven Months Ended January 31, 2015 (250.02)

Recommendation: That Council accept the Fiscal Year 2015 Interim Financial Statements for the Seven Months Ended January 31, 2015.

Action: Approved the recommendation (March 24, 2015, report from the Acting Assistant City Administrator/Finance Director).

8. Subject: Appropriation Of Human Services Grant Funds For Youth Apprenticeship And Santa Barbara Arts Alliance Programs (570.06)

Recommendation: That Council increase appropriations and estimated revenues in the Fiscal Year 2015 Parks and Recreation Department General Fund, in the amount of \$15,000, for two Human Services Grant awards.

Action: Approved the recommendation (March 24, 2015, report from the Parks and Recreation Director).

9. Subject: Purchase Order For City Hall Well Repair (540.10)

Recommendation: That Council approve a maintenance and repair Purchase Order in the amount of \$102,164.56 to PCL Construction, Inc., for repairs made to the City Hall Well.

Action: Approved the recommendation (March 24, 2015, report from the Public Works Director).

10. Subject: Contract For Construction Of The Westside Center Bathroom Renovation Project (320.01)

Recommendation: That Council award a contract with Kinyon Construction, Inc., in their lowest acceptable bid amount of \$185,175 for construction of the Community Development Block Grant Westside Center Bathroom Renovation, Bid No. 3769, and authorize the Public Works Director to execute the contract and approve expenditures up to \$18,517.50 (10 percent) to cover any cost increases that may result from contract change orders for extra work.

Action: Approved the recommendation; Contract No. 25,121 (March 24, 2015, report from the Public Works Director).

11. Subject: Contract Amendment For Construction Management And Inspection Services For The Gibraltar Conduit Hydroelectric Plant (540.01)

Recommendation: That Council authorize an amendment to Contract No. 24,715 with Rockwell Construction Services, LLC, in an amount of \$10,960 for additional construction management and inspection services for recommissioning the Gibraltar Conduit Hydroelectric Plant, raising the overall contract amount to \$55,178.

Action: Approved the recommendation; Contract No. 24,715.1 (March 24, 2015, report from the Public Works Director).

12. Subject: Amendment To Professional Services Agreement With Ruby Carrillo For Accounting Services (210.01)

Recommendation: That Council approve and authorize the Finance Director to execute a First Amendment to Agreement No. 21400186, Professional Service Contract with Ruby Carrillo for Accounting Services, to increase the agreement by \$30,000 for a total of \$50,000.

Action: Approved the recommendation (March 24, 2015, report from the Acting Assistant City Administrator/Finance Director).

13. Subject: Resolution Denying The Appeal Of The Single Family Design Board Decision Regarding 1912 Mission Ridge Road (640.07)

Recommendation: That Council adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara Denying the Appeal and Upholding the Decision of the Single Family Design Board Granting Project Design Approval for Additions to the Residence at 1912 Mission Ridge Road.

Speakers:

Members of the Public: Trevor Martinson.

Action: Approved the recommendation; Resolution No. 15-018 (proposed resolution; March 24, 2015, letter from Trevor Martinson).

14. Subject: Set A Date For Public Hearing Regarding Appeal Of Single Family Design Board Approvals For 2405 State Street

Recommendation: That Council:

- A. Set the date of April 21, 2015, at 2:00 p.m. for hearing the appeal filed by Jim and Debbie Arnesen of the Single Family Design Board Project Design and Final Approvals for property owned by Dan Underwood and located at 2405 State Street, Assessor's Parcel No. 025-071-012, E-3 One-Family Residence Zone, General Plan Designation: Low Density Residential. The project proposes construction of a 2,101 square-foot, two-story single-family residence with an attached 505 square-foot, two-car garage along with other improvements, and it includes 318 cubic yards of cut and fill grading. The proposed total of 2,606 square feet on a vacant lot is 85% of the maximum floor-to-lot area ratio; and
- B. Set the date of April 20, 2015, at 1:30 p.m. for a site visit to the property located at 2405 State Street.

Action: Approved the recommendations (March 4, 2015, letter of appeal).

NOTICES

- 15. The City Clerk has on Thursday, March 19, 2015, 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.
- 16. Cancellation of the regular City Council meeting of March 31, 2015.
- 17. Receipt of communication advising of vacancy created on the Water Commission with the resignation of Russell Ruiz; the vacancy will be part of the next City Advisory Groups recruitment.

This concluded the Consent Calendar.

CITY COUNCIL ADMINISTRATIVE AND ATTORNEY REPORTS

CITY ADMINISTRATOR

18. Subject: Update On Downtown Electrical Infrastructure Reliability Issues From Southern California Edison (380.01)

Recommendation: That Council receive a presentation from Southern California Edison on electrical infrastructure reliability issues in the Downtown Corridor area.

Documents:

March 24, 2015, report from the City Administrator.

(Cont'd)

18. (Cont'd)

Speakers:

- Staff: Facilities and Energy Manager James Dewey.
- Southern California Edison: Rondi Guthrie, Local Public Affairs Region Manager; Alicia Pillado, Santa Barbara Service Center District Manager; Chris Peck, Public Involvement and Education.
- Members of the Public: Tom Widroe, Santa Barbara City Watch; Maggie Campbell, Downtown Santa Barbara; Phil Walker; Richard Yates.

Councilmember Francisco left the meeting at 3:09 p.m. and returned at 3:22 p.m.

Discussion:

Representatives of Southern California Edison presented information regarding the utility's local infrastructure, unplanned outages by cause, planned maintenance outages, a program to improve reliability, a public communication strategy, and capital projects. Councilmembers' questions were answered.

RECESS

3:29 p.m. – 3:36 p.m.

PUBLIC HEARINGS

19. **Subject: Appeal Of Planning Commission Approval Of Santa Barbara Museum Of Natural History Conditional Use Permit Amendment (640.07)**

Recommendation: That Council deny the appeal of Mark and Lauren Carey, upholding the Planning Commission's approval of the Conditional Use Permit Amendment and Parking Modification for the Santa Barbara Museum of Natural History (2559 Puesta del Sol); and direct staff to return with Decision and Findings, including revised conditions of approval.

Documents:

- March 24, 2015, report from the Community Development Director.
- PowerPoint presentation prepared and made by Staff.
- Affidavit of Publication.
- Correspondence from the Appellant:
 - o March 16, 2015, letter with attachments.
 - o Supplemental handout submitted during the public hearing.
 - o Brochures for Santa Barbara Museum of Art and California Science Center, submitted by Richard Solomon during the public hearing.

(Cont'd)

19. (Cont'd)

Documents (Cont'd)

- Correspondence from the Applicant:
 - o January 26 and March 3, 2015, letters from Suzanne Elledge, Planning & Permitting Services, Inc.
 - o March 17, 2015, letter from the Santa Barbara Museum of Natural History Board; March 17, 2015, e-mail from Christopher Knowlton, Museum Trustee.
 - o March 19, 2015, letter from Beth Collins-Burgard, Attorney, Brownstein Hyatt Farber Schreck.
 - o Undated letter from the Museum's Quasars to Sea Stars.
- Correspondence from the Public:
 - o March 6, 2015, e-mail from Raymond Smith.
 - o March 9, 2015, e-mail from Lawrence Davanzo.
 - o March 10, 2015, e-mails from Barbara, Ken, Joaquin, Miguel and Santiago Greenberg; Laura Pomerantz; Joie McKay; Meg Miller and Dean Dawson.
 - o March 11, 2015, letter from Ani, Monico and Nico Casillas.
 - o March 13, 2015, letter from the Santa Barbara Maritime Museum.
 - o March 13, 2015, e-mails from Geoff Alexander; Hiroko Benko; Annmarie Rogers, Santa Barbara Chamber of Commerce Visitor Center; Kathy Janega-Dykes, Visit Santa Barbara; Richard Appelbaum.
 - o March 15, 2015, letters from Laurie Guitteau; Steve Windhager, Santa Barbara Botanic Garden.
 - o March 16, 2015, letters from Gwen Stauffer, Ganna Walska Lotusland; Alastair Winn; Dennis Power.
 - o March 16, 2015, e-mails from Wm. Howard Wittausch; George Relles; Chuck McPartlin; Joe Doyle; Bruce Murdock; Tim Crawford.
 - o March 17, 2015, e-mails from Bill Clausen; Tim Crawford; Andrew Allen; Erin O'Connor; Yvonne DeGraw.
 - o March 24, 2015, letters from Larry Jon Friesen; Carole Daneri; Bobbie Kinnear; Sue Adams.

Public Comment Opened:

3:38 p.m.

Speakers:

- Staff: Project Planner Daniel Gullett, City Attorney Ariel Calonne.
- Planning Commission: Commissioner Mike Jordan.
- Appellant: Lauren Carey, Richard Solomon.
- Applicant: Suzanne Elledge, Planner; Luke Swetland, Santa Barbara Museum of Natural History President; Mike Huff, Dudek.

(Cont'd)

19. (Cont'd)

Speakers (Cont'd):

- Members of the Public: Steve Windhager, Santa Barbara Botanic Garden; Jose Martin Meza; Chuck McPartlin; Arthur Harris; Nancy Martz; John Kay; Don Olson; Alastair Winn; Larry Friesen; Fred Sweeney, Upper East Association; Hebe Bartz; Bobbie Kinnear; Palmer Jackson; Elijah Queti; Peter Schuyler; Gwen Stauffer, Ganna Walska Lotusland; Greg Gorga, Santa Barbara Maritime Museum; Virginia Guess; Dean Noble, Santa Barbara Zoo; Dennis Allen; Sue Adams; Krissie Cook; Tom Jacobs; Arielle Moorman.

Public Comment Closed:

6:14 p.m.

Motion:

Councilmember Murillo to disallow a public address system as a component of the Conditional Use Permit.

The motion died for lack of a second.

Motion:

Councilmembers Hart/Rowse to deny the appeal and uphold the Planning Commission's approval of the project, directing Staff to incorporate the following conditions into the Decision and Findings to be submitted for Council approval:

- The required ending time of the monthly star parties is to be extended to 10:30 p.m.
- The high attendance events condition is to be clarified to limit the number of event days to seven, plus two event-related receptions.
- Relocation of trash dumpsters and construction of a trash enclosure in the southwest portion of the parking lot.
- The western trail connector is to be left in place.
- The public address system must be tested and, prior to establishing regular use, must meet the criterion that noise at any property boundary not exceed two decibels above ambient level.

Vote:

Majority voice vote (Noes: Councilmember Murillo).

RECESS

6:42 p.m. – 7:04 p.m.

Mayor Schneider presiding.

Councilmembers present: Francisco, Hart, Hotchkiss, Murillo, Rowse, White, Mayor Schneider.

Councilmembers absent: None.

Staff present: City Administrator Casey, City Attorney Calonne, Deputy City Clerk Tschech.

PUBLIC COMMENT

No one wished to speak.

CITY COUNCIL ADMINISTRATIVE AND ATTORNEY REPORTS

ADMINISTRATIVE SERVICES DEPARTMENT

20. Subject: Setting Geographic Boundaries For District Elections (110.03)

Recommendation: That Council:

- A. Receive a report from Doug Johnson, President of National Demographics Corporation, regarding the results of the City public outreach efforts related to district elections and drawing geographic boundaries for electoral districts;
- B. Hold a public hearing pursuant to California Elections Code Section 10010 to consider a proposal to establish district boundaries;
- C. Provide direction to the City Attorney and the City Administrator on establishing electoral district boundaries; and
- D. Consider adoption of A Resolution of the Council of the City of Santa Barbara Establishing Single Member Districts for the Election of Councilmembers.

Documents:

- March 24, 2015, report from the Administrative Services Director.
- Santa Barbara Public Forums Summary Report, prepared by National Demographics Corporation.
- Draft and public plans for dividing the City into six election districts.
- Affidavit of Publication.

Public Comment Opened (continued from March 18, 2015):
7:05 p.m.

Speakers:

- Staff: Administrative Services Director Kristine Schmidt, City Attorney Ariel Calonne.
- National Demographics Corporation (Consultant to City): Douglas Johnson.
- Members of the Public: Barry Cappello, Attorney, representing the plaintiffs in the district elections lawsuit; David Ely, representing Mr. Cappello's office; Robert Johns; Lucas Zucker, CAUSE; Rosemary Munoz; Gregory Freeland; Mickey Flacks; Lindsey Baker, League of Women Voters; Richard Flacks, Santa Barbara County Action Network; Daniel McCarter, Friends of Arroyo Burro; Tony Vassallo; Cruzito Herrera Cruz, La Comunidad; Hillary Blackerby; Dora Perez, CAUSE; Nancy Cabrera.

(Cont'd)

20. (Cont'd)

Public Comment Closed:
8:47 p.m.

Discussion:

Councilmembers commented on the various draft and public plans for dividing the City into six election districts and stated their preferences for drawing the boundaries between districts. It was agreed that staff from Mr. Johnson's and Mr. Cappello's offices would confer in order to prepare three versions of a final district map, which will be presented at a special meeting of the City Council scheduled for March 30, 2015, at 4:00 p.m. At that time the Council will approve one map for submission to the court which will rule on the district elections lawsuit.

ADJOURNMENT

Mayor Schneider adjourned the meeting at 9:12 p.m.

SANTA BARBARA CITY COUNCIL

SANTA BARBARA
CITY CLERK'S OFFICE

HELENE SCHNEIDER
MAYOR

ATTEST: _____
SUSAN TSCHECH, CMC
DEPUTY CITY CLERK

ORDINANCE NO. _____

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SANTA BARBARA AMENDING CHAPTER 10.60 OF THE MUNICIPAL CODE BY REVISING SECTION 10.60.015, ESTABLISHING PRIMA FACIE SPEED LIMITS ON CERTAIN PORTIONS OF LAS POSITAS ROAD, CLIFF DRIVE, CABRILLO BOULEVARD, BATH STREET, CALLE REAL, CASTILLO STREET, CHAPALA STREET, MILPAS STREET, SALINAS STREET, STATE STREET, AND VALERIO STREET

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

SECTION 1. Chapter 10.60 of the Santa Barbara Municipal Code is revised to read as follows:

10.60.015 Streets of Modified Speed Limits.

In accordance with Section 10.20.015, and when properly sign posted, the prima facie speed limit on the following streets, or portions of streets, shall be as follows:

55 miles per hour:

LAS POSITAS ROAD – Cliff Drive to a point 870 feet north of Las Positas Place

45 miles per hour:

CALLE REAL - Las Positas Road to Hitchcock Way
HOLLISTER AVENUE - Fairview Avenue to the westerly City limits
MODOC ROAD - Las Positas Road to westerly City limits
OLD COAST HIGHWAY - Harbor View Drive to Hot Springs Road

40 miles per hour:

CALLE REAL - Hitchcock Way to La Cumbre Road
CARRILLO STREET - San Andres Street to La Coronilla Drive
CLIFF DRIVE – Loma Alta Drive to Las Positas Road
MEIGS ROAD - Cliff Drive to La Coronilla Road

APR 28 2015 #3.A
530.05

35 miles per hour:

ALAMAR AVENUE - Foothill Road to State Street
ALSTON ROAD - City limits to Eucalyptus Hill Road
BARKER PASS ROAD - Eucalyptus Hill Road to the northerly City limits
CABRILLO BOULEVARD - Calle Cesar Chavez to US Highway 101
CLIFF DRIVE - Westerly City limits to Las Positas Road
FAIRVIEW AVENUE - Placencia Street to Calle Real, those portions within the City limits
HOPE AVENUE - State Street to Pueblo Avenue
HOPE AVENUE - Calle Real to State Street
LA CUMBRE ROAD - Via Lucero to northerly City limits
LA COLINA ROAD - La Cumbre Road to Verano Drive
LAS POSITAS ROAD – State Street to a point 870 feet north of Las Positas Place
LOMA ALTA DRIVE - Cliff Drive (SR 225) to Shoreline Drive
MEIGS ROAD - Cliff Drive to Salida Del Sol
MODOC ROAD - Mission Street to Las Positas Road
OLD COAST HIGHWAY - Salinas Street to Harbor View Drive
SHORELINE DRIVE - Castillo Street to La Marina
STATE STREET - Mission Street to the westerly City limits
VERONICA SPRINGS ROAD - Those portions within the City limits
YANONALI STREET – Calle Cesar Chavez to Garden Street

30 miles per hour:

ALAMAR AVENUE - De La Vina Street to Junipero Street
ALAMEDA PADRE SERRA - Los Olivos Street to Sycamore Canyon Road
ALAMEDA PADRE SERRA - Sycamore Canyon Road to Eucalyptus Hill Road
ANACAPA STREET - Arrellaga Street to Constance Avenue
ANAPAMU STREET - Santa Barbara Street to Milpas Street
BATH STREET - US Highway 101 northbound offramp to Mission Street
CABRILLO BOULEVARD – Castillo Street to Calle Cesar Chavez
CALLE REAL – Pueblo Street to Las Positas Road
CANON PERDIDO STREET - Santa Barbara Street to Milpas Street
CASTILLO STREET – Cabrillo Boulevard to Mission Street
CHAPALA STREET – Gutierrez Street to Alamar Avenue
CLIFF DRIVE – Montecito Street to Loma Alta Drive
CLINTON TERRACE - Samarkand Drive to Tallant Road
COAST VILLAGE ROAD - Olive Mill Road to Cabrillo Boulevard
CONSTANCE AVENUE - State Street to Garden Street
DE LA GUERRA STREET - Santa Barbara Street to Milpas Street
DE LA VINA STREET - State Street to Micheltorena Street
DE LA VINA STREET - Micheltorena Street to Haley Street
GARDEN STREET - Micheltorena Street to Junipero Street

30 miles per hour (Cont'd):

HITCHCOCK WAY - Calle Real to State Street
LA CUMBRE ROAD - Southerly City limits (US Highway 101) to Via Lucero
LOMA ALTA DRIVE – Coronel Street to Canon Perdido Street
MILPAS STREET - Anapamu Street to Cabrillo Boulevard
MIRAMONTE DRIVE - Carrillo Street to Via Del Cielo
ONTARE ROAD - Sunset Drive to Foothill Road
SALINAS STREET - US Highway 101 to Sycamore Canyon Road
SAMARKAND DRIVE - De La Vina to Clinton Terrace
SAN PASCUAL STREET - Canon Perdido Street to Coronel Place
SAN ROQUE ROAD - Foothill Road to State Street
SANTA BARBARA STREET - Anapamu Street to Constance Avenue
SHORELINE DRIVE - Salida Del Sol to La Marina
STATE STREET – Victoria Street to Mission Street
TREASURE DRIVE - Tallant Road to Calle Real
VERANO DRIVE - Primavera Road to southerly City limits
YANONALI STREET - Garden Street to State Street

25 miles per hour:

ANACAPA STREET - Arrellaga Street to US Highway 101
BATH STREET – Mission Street to Quinto Street
CARPINTERIA STREET - Milpas Street to Salinas Street
CARRILLO STREET – Chapala Street to San Andres Street
CASTILLO STREET – Mission Street to Pueblo Street
COTA STREET – Santa Barbara Street to Alameda Padre Serra
GUTIERREZ STREET – Santa Barbara Street to Alameda Padre Serra
HALEY STREET – Chapala Street to Milpas Street
MICHELTORENA STREET – San Andres Street to California Street
MISSION STREET – Robbins Street to Anacapa Street
ONTARE ROAD - State Street to Sunset Drive
PUESTA DEL SOL - Alamar Avenue to easterly City limits
SAN ANDRES STREET - Mission Street to Canon Perdido Street
VALERIO STREET – Gillespie Street to westerly cul-de-sac

(Ord. 5563, 2011; Ord. 5530, 2010; Ord. 5491, 2009; Ord. 5466, 2008; Ord. 5251, 2002; Ord. 5194, 2001; Ord. 5157, 2000; Ord. 5127, 1999; Ord. 4988, 1996; Ord. 4958, 1996; Ord. 4875, 1994; Ord. 4818, 1993; Ord. 4769, 1992; Ord. 4734, 1991; Ord. 4660, 1990; Ord. 4566, 1989; Ord. 4527, 1988; Ord. 4516, 1988; Ord. 4486, 1987; Ord. 4398, 1986; Ord. 4384, 1986; Ord. 4367, 1985; Ord. 4341, 1985; Ord. 4322, 1985; Ord. 4309, 1984; Ord. 4290, 1984; Ord. 4267, 1984; Ord. 4248, 1984; Ord. 4233, 1983; Ord. 4232, 1983; Ord. 4069, 1980; Ord. 3787, 1975; Ord. 3775, 1975; Ord. 3697, 1974; Ord. 3629, 1974; Ord. 3628, 1974; Ord. 3611, 1973; Ord. 3551, 1972; Ord. 3457, 1970; Ord. 3429, 1970; Ord. 3348, 1969; Ord. 3299, 1968; Ord. 3294, 1968; Ord. 3208, 1967; Ord. 3168, 1966; Ord. 2713, 1959; prior Code §31.121.)

ORDINANCE NO. _____

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SANTA BARBARA AMENDING CHAPTER 10.20 OF THE MUNICIPAL CODE BY REVISING SECTIONS 10.20.020 AND 10.20.025 PERTAINING TO SPEED ZONING ADJACENT TO CHILDREN'S PLAYGROUNDS, AND ADDING SECTION 10.20.040 PERTAINING TO EXTENDED SPEED ZONING NEAR SCHOOLS

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

SECTION 1. Chapter 10.20 of the Santa Barbara Municipal Code is revised to read as follows:

10.20.015 Speed Zoning on Other than State Highways

Pursuant to Section 22357 and 22358 of the Vehicle Code, the City Council hereby determines, upon the basis of engineering and traffic investigation, that a speed greater than 25 miles per hour would be reasonable and safe upon the streets designated in Section 10.60.015 of this Code, which are otherwise subject to a prima facie speed limit of 25 miles per hour under the said Vehicle Code, and that the maximum limit of 55 miles per hour is more than is reasonable and safe upon the streets designated in Section 10.60.015, which are otherwise subject to a maximum speed limit of 55 miles per hour under the said Vehicle Code. The Public Works Department is hereby authorized and directed to establish appropriate signs giving notice of the prima facie speed limits established by Section 10.60.015. (Ord. 4069, 1980.)

10.20.020 Speed Restriction on Street Adjacent to a Children's Playground (Shoreline Park and Leadbetter Beach).

Pursuant to Section 22357.1 of the California Vehicle Code, the prima facie speed limit on Shoreline Drive between Loma Alta Drive and the westerly terminus of Shoreline Park shall be 25 miles per hour, every day, from sunrise to sunset. (Ord. 4804, 1993.)

10.20.030 Speed Restrictions - Bridges and Structures

Whenever the Council determines, on the basis of an engineering investigation, the maximum speed, which shall be not less than 5 miles per hour, that can be maintained with safety on any bridge or elevated structure within the City, and a public hearing is held as provided in Section 516 (22404) of the Vehicle Code, the Council may make its order in writing determining such maximum speed, and the

APR 28 2015 #3.B
530.05

City Transportation Engineer shall erect and maintain signs specifying such maximum speed in the manner provided by law. (Ord. 2713 §1(part), 1959; prior Code §31.44.)

10.20.040 Extended School Zone Speed Zoning

Pursuant to Section 22358.4 of the Vehicle Code of the State of California, the City Council hereby extends the length of the prima facie school zone speed limit of 25 mph, established by Section 22352 of the Vehicle Code of the State of California, at certain school zones. Where appropriate school zone warning signs are erected giving notice thereof, the prima facie speed limit of 25 mph shall be in effect while children are going to or leaving the school, either during school hours or during the noon recess period, at the following locations:

- A. ANACAPA STREET – East Islay Street to East Micheltoarena Street
- B. FLORA VISTA DRIVE – Calle Andulucia to Cliff Drive
- C. LAGUNA STREET – East Los Olivos Street to a point 30 feet north of East Islay Street

SECTION 2. CEQA. This ordinance is not subject to the California Environmental Quality Act (“CEQA”), pursuant to Section 15060(c)(2) of the CEQA Guidelines (Title 14, Chapter 3 of the California Code of Regulations) because the activity will not result in a direct or reasonable foreseeable indirect physical change in the environment, and Section 15060(c)(3) because the activity is not a project as defined in Section 15378 of the CEQA Guidelines because it has no potential for resulting in physical change to the environment, directly or indirectly.



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: April 28, 2015

TO: Mayor and Councilmembers

FROM: Treasury Division, Finance Department

SUBJECT: March 31, 2015, Investment Report And March 31, 2015, Fiscal Agent Report

RECOMMENDATION: That Council:

- A. Accept the March 31, 2015, Investment Report; and
- B. Accept the March 31, 2015, Fiscal Agent Report.

DISCUSSION:

On a quarterly basis, staff submits a comprehensive report on the City’s portfolio and related activity pursuant to the City’s Annual Statement of Investment Policy. The current report covers the investment activity for the period of January through March 2015.

The interest rate environment in which the City invests remains extremely low. In most cases, Treasury yields were lower by the end of the quarter as shown in the table to the right. The 6-month and 1-year Treasury yields increased slightly while longer term Treasury yields were significantly lower and showed the largest declines. The change in Treasury yields ranged from a decrease of 28 basis points on the 5-year Treasury note to an increase of 2 basis points on the 1-year Treasury note.

U.S. Treasury Market					
	12/31/2014	1/31/2015	2/28/2015	3/31/2015	Cumulative Change
3 Month	0.04%	0.02%	0.02%	0.03%	-0.01%
6 Month	0.12%	0.07%	0.07%	0.14%	0.02%
1 Year	0.25%	0.18%	0.22%	0.26%	0.01%
2 Year	0.67%	0.47%	0.63%	0.56%	-0.11%
3 Year	1.10%	0.77%	1.01%	0.89%	-0.21%
4 Year	1.36%	0.95%	1.25%	1.12%	-0.24%
5 Year	1.65%	1.18%	1.50%	1.37%	-0.28%
10 Year	2.17%	1.68%	2.00%	1.94%	-0.23%
30 Year	2.75%	2.25%	2.60%	2.54%	-0.21%
LAIF	0.25%	0.26%	0.26%	0.26%	0.01%

The City generally invests in securities of one to five years in duration. Within this duration, interests range from 0.26% to 1.37% for Treasury securities. With the economy relatively strong, there is an expectation that interest rates may increase

within the year, but certainly it will take several years before we realize a material increase in interest earnings as existing securities mature and are replaced with higher-yielding securities.

Investment Activity

As shown in the Investment Activity table below, the City invested \$6 million during the quarter. The purchases consisted of \$6 million in “AAA” rated Federal Agency callable securities. The purchases replaced \$3 million in Federal Agency securities that were called, \$2 million in Federal Agency securities that matured, and \$2 million in US Treasury notes that matured over the quarter.

Issuer	Face Amount	Purchase Date	Final Maturity	Call Date	Yield To Call	Yield To Maturity
<i>Purchases:</i>						
Federal Farm Credit Bank (FFCB)	\$ 2,000,000	01/22/15	01/22/19	01/22/16	1.480%	1.480%
Federal Farm Credit Bank (FFCB)	2,000,000	01/22/15	07/22/19	04/22/15	1.720%	1.720%
Federal Farm Credit Bank (FFCB)	2,000,000	02/11/15	02/11/19	02/11/16	1.520%	1.520%
	\$ 6,000,000					
<i>Calls:</i>						
Federal Home Loan Bank (FHLB)	\$ 1,000,000	04/15/14	04/15/19	01/27/15	2.070%	2.070%
Federal Home Loan Bank (FHLB)	2,000,000	06/27/13	06/27/18	03/27/15	1.250%	1.493%
	\$ 3,000,000					
<i>Maturities:</i>						
Federal Home Loan Bank (FHLB)	\$ 2,000,000	02/09/11	01/29/15	-	-	1.750%
United States Treasury Note (USTN)	2,000,000	10/25/12	03/15/15	-	-	0.342%
	\$ 4,000,000					

Summary of Cash and Investments

The book rate of return, or portfolio yield, measures the rate of return of actual earnings generated from the portfolio. As shown in the table to the right, during the quarter, the City’s book rate of return increased by 3.4 basis points from 1.173 percent at December 31, 2014 to 1.207 percent at March 31, 2015.

Mo. Ended	Yield	Days to Maturity
12/31/2014	1.173%	841
1/31/2015	1.080%	782
2/28/2015	1.167%	821
3/31/2015	1.207%	833

The portfolio’s average days to maturity, including the long-term Airport promissory note, decreased by 8 days from 841 to 833 days. Excluding the Airport note, the portfolio’s average days to maturity is 689 days, reflecting reinvestment of maturities and calls during the quarter in the one-to-five year range in accordance with the City’s Annual Statement of Investment Policy. The Annual Statement of Investment Policy requires that the average days to maturity on the portfolio not exceed 2.5 years, excluding any investments with a final maturity longer than 5 years that were separately authorized by Council, such as the Airport promissory note.

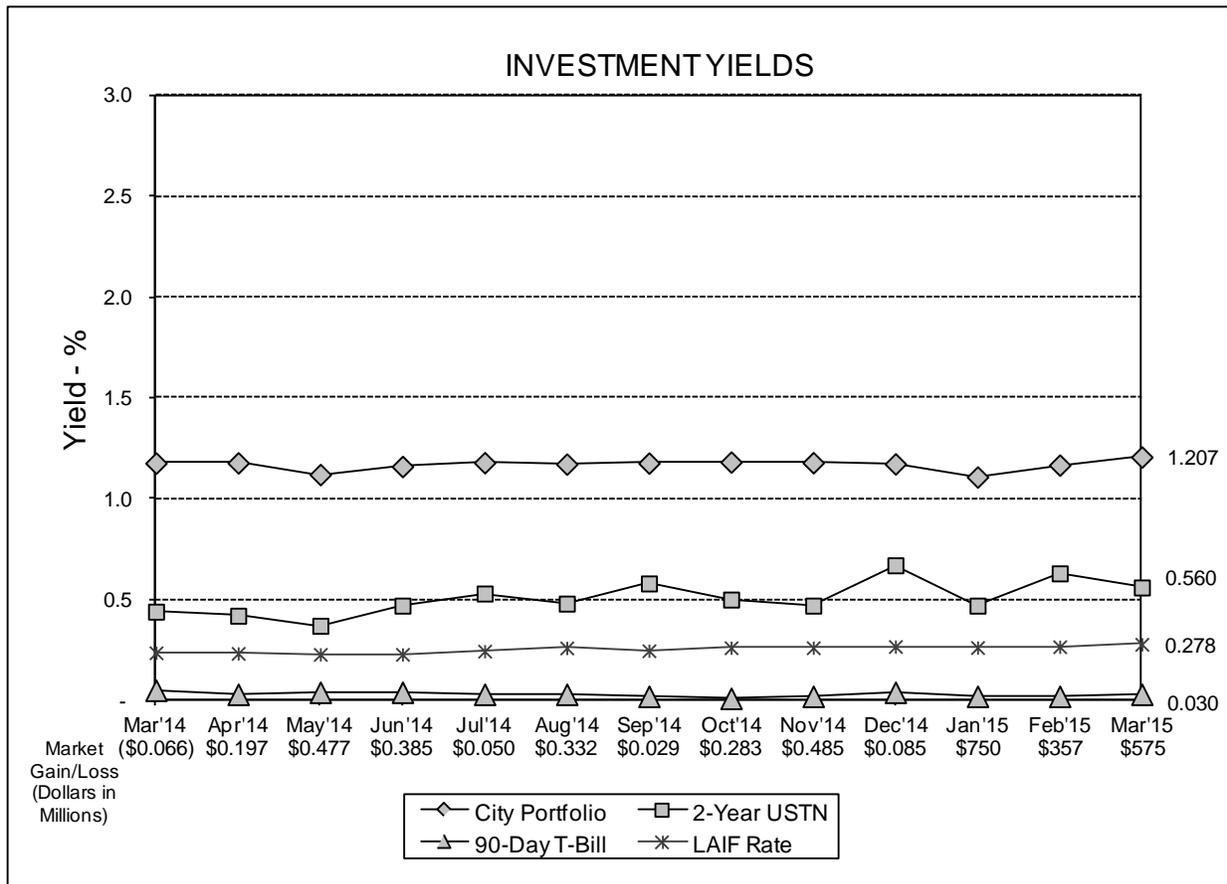
The average LAIF rate at which the City earned interest for funds invested was at 0.26 percent for the quarter ended March 31, 2015, which was up from last quarter by 1 basis point. The City's LAIF holdings at the end of the quarter were \$24 million. Staff expects to reinvest a portion of the LAIF balances in fixed-term or callable securities during the next quarter.

Credit Quality on Corporate Notes

There were no credit quality changes to the four corporate issuers of the medium-term notes held in the portfolio (i.e., Berkshire Hathaway Financial, Inc., General Electric Capital Corp, Proctor & Gamble, and Toyota Motor Credit), and the ratings of all corporate notes remain within the City's Investment Policy guidelines of "A" or better.

Portfolio Market Gains/Losses

As shown in the Investment Yields chart below, the City's portfolio continues to significantly outperform the three benchmark measures (the 90-day T-Bill, 2-year T-Note and LAIF). At March 31, 2015, the portfolio had an overall unrealized market gain of \$0.575 million.



On a quarterly basis, staff reports the five securities with the largest percentage of unrealized losses as shown in the table below. However, because securities in the City's portfolio are held to maturity, no market losses would be realized.

Issuer	Face Amount	Maturity	\$ Mkt Change	% Mkt Change
FEDERAL NATL MORTGAGE ASSN	\$2,000,000	12/12/17	-\$10,020	-0.50%
FEDERAL NATL MORTGAGE ASSN	\$2,000,000	02/05/18	-\$9,960	-0.50%
FEDERAL NATL MORTGAGE ASSN	\$2,000,000	11/08/17	-\$9,540	-0.48%
FEDERAL NATL MORTGAGE ASSN	\$2,000,000	11/08/17	-\$9,540	-0.48%
FEDERAL HOME LOAN BANK	\$4,000,000	01/16/18	-\$12,960	-0.32%

On a quarterly basis, staff also reports all securities with monthly market declines of greater than 1 percent compared to the prior month. There were no securities in the portfolio with a market decline of greater than 1 percent compared to the prior month.

Additional Reporting Requirements

The following confirmations are made pursuant to California Code Sections 53600 et seq.: (1) the City's portfolio as of March 31, 2015, is in compliance with the City's Statement of Investment Policy; and (2) there are sufficient funds available to meet the City's expenditure requirements for the next six months.

Fiscal Agent Investments

In addition to reporting requirements for public agency portfolios, a description of any of the agency's investments under the management of contracted parties is also required on a quarterly basis. Attachment 2 includes bond funds and the police and fire service retirement fund as of March 31, 2015.

ATTACHMENTS: 1. March 31, 2015, Investment Report
 2. March 31, 2015, Fiscal Agent Report

PREPARED BY: Julie Nemes, Treasury Manager

SUBMITTED BY: Robert Samario, Acting Assistant City Administrator/Finance Director

APPROVED BY: City Administrator's Office

CITY OF SANTA BARBARA
Activity and Interest Report
March 31, 2015

INVESTMENT ACTIVITY

PURCHASES OR DEPOSITS

	\$ -
Total	\$ -

SALES, MATURITIES, CALLS OR WITHDRAWALS

3/10 LAIF Withdrawal - City	\$ (2,000,000)
3/15 United States Treasury Note (USTN) - Maturity	(2,000,000)
3/23 LAIF Withdrawal - City	(2,000,000)
3/27 Federal Home Loan Bank (FHLB) - Call	(2,000,000)
Total	\$ (8,000,000)

ACTIVITY TOTAL

\$ (8,000,000)

INVESTMENT INCOME

POOLED INVESTMENTS

Interest Earned on Investments	\$ 172,230
Amortization	(11,406)
Total	\$ 160,823

INCOME TOTAL

\$ 160,823

CITY OF SANTA BARBARA

Investment Portfolio

March 31, 2015

DESCRIPTION	PURCHASE DATE	MATURITY DATE	QUALITY RATING		STATED RATE	YIELD AT 365	FACE VALUE	BOOK VALUE	MARKET VALUE	BOOK GAIN/(LOSS)	COMMENTS
			MOODY'S	S & P							
LOCAL AGENCY INVESTMENT FUNDS											
LOCAL AGENCY INVESTMENT FUND	-	-	-	-	0.278	0.278	24,000,000.00	24,000,000.00	24,000,000.00	0.00	
Subtotal, LAIF							24,000,000.00	24,000,000.00	24,000,000.00	0.00	
CERTIFICATES OF DEPOSIT											
AMERICAN EXPRESS BANK FSB	10/23/14	10/23/19	-	-	2.200	2.200	250,000.00	250,000.00	252,082.50	2,082.50	FDIC Certificate 35328
CAPITAL ONE BANK USA NA	10/29/14	10/29/19	-	-	1.900	1.900	250,000.00	250,000.00	252,040.00	2,040.00	FDIC Certificate 33954
GE CAPITAL BANK	10/17/14	10/17/19	-	-	2.000	2.000	250,000.00	250,000.00	252,037.50	2,037.50	FDIC Certificate 33778
GOLDMAN SACHS BANK USA	10/29/14	10/29/19	-	-	2.150	2.150	250,000.00	250,000.00	252,027.50	2,027.50	FDIC Certificate 33124
MONTECITO BANK & TRUST	11/18/13	11/18/15	-	-	0.600	0.600	2,000,000.00	2,000,000.00	2,000,000.00	0.00	
UNION BANK	08/31/12	08/31/15	-	-	1.230	1.247	2,000,000.00	2,000,000.00	2,000,000.00	0.00	
UNION BANK	08/31/12	08/31/17	-	-	1.490	1.511	4,000,000.00	4,000,000.00	4,000,000.00	0.00	
Subtotal, Certificates of deposit							9,000,000.00	9,000,000.00	9,008,187.50	8,187.50	
TREASURY SECURITIES - COUPON											
U S TREASURY NOTE	10/25/12	10/31/15	Aaa	AA+	1.250	0.397	2,000,000.00	2,009,884.62	2,012,340.00	2,455.38	
U S TREASURY NOTE	02/22/13	05/15/16	Aaa	AA+	5.125	0.442	2,000,000.00	2,104,305.50	2,106,880.00	2,574.50	
U S TREASURY NOTE	02/22/13	08/31/16	Aaa	AA+	1.000	0.502	2,000,000.00	2,013,972.10	2,016,560.00	2,587.90	
U S TREASURY NOTE	02/22/13	02/28/17	Aaa	AA+	0.875	0.607	2,000,000.00	2,010,125.26	2,012,660.00	2,534.74	
Subtotal, Treasury Securities							8,000,000.00	8,138,287.48	8,148,440.00	10,152.52	
FEDERAL AGENCY ISSUES - COUPON											
FED AGRICULTURAL MTG CORP	10/03/13	10/03/18	-	-	1.720	1.720	2,000,000.00	2,000,000.00	2,032,820.00	32,820.00	
FED AGRICULTURAL MTG CORP	12/12/13	12/12/18	-	-	1.705	1.705	2,000,000.00	2,000,000.00	2,047,040.00	47,040.00	
FEDERAL FARM CREDIT BANK	01/22/15	07/22/19	Aaa	AA+	1.720	1.720	2,000,000.00	2,000,000.00	1,996,900.00	(3,100.00)	Callable 04/22/15, then continuous
FEDERAL FARM CREDIT BANK	07/09/14	07/09/18	Aaa	AA+	1.470	1.470	2,000,000.00	2,000,000.00	2,005,060.00	5,060.00	Callable 07/09/15, then continuous
FEDERAL FARM CREDIT BANK	01/22/15	01/22/19	Aaa	AA+	1.480	1.480	2,000,000.00	2,000,000.00	2,004,380.00	4,380.00	Callable 01/22/16, then continuous
FEDERAL FARM CREDIT BANK	08/15/12	08/15/17	Aaa	AA+	0.980	0.980	2,000,000.00	2,000,000.00	2,000,160.00	160.00	Callable, continuous
FEDERAL FARM CREDIT BANK	09/18/13	09/18/17	Aaa	AA+	1.550	1.550	2,000,000.00	2,000,000.00	2,033,160.00	33,160.00	
FEDERAL FARM CREDIT BANK	12/16/14	12/16/19	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,011,640.00	11,640.00	Callable 12/16/15, then continuous
FEDERAL FARM CREDIT BANK	02/11/15	02/11/19	Aaa	AA+	1.520	1.520	2,000,000.00	2,000,000.00	2,004,940.00	4,940.00	Callable 02/11/16, then continuous
FEDERAL FARM CREDIT BANK	02/16/11	02/16/16	Aaa	AA+	2.570	2.570	2,000,000.00	2,000,000.00	2,040,020.00	40,020.00	
FEDERAL FARM CREDIT BANK	07/17/13	07/17/17	Aaa	AA+	1.300	1.300	2,000,000.00	2,000,000.00	2,022,820.00	22,820.00	
FEDERAL HOME LOAN BANK	09/13/13	09/14/18	Aaa	AA+	2.000	1.910	2,000,000.00	2,005,894.07	2,059,700.00	53,805.93	
FEDERAL HOME LOAN BANK	04/17/14	04/17/17	Aaa	AA+	1.000	1.000	2,000,000.00	2,000,000.00	2,000,660.00	660.00	Callable, 04/17/15 once
FEDERAL HOME LOAN BANK	01/16/13	01/16/18	Aaa	AA+	1.000	1.000	4,000,000.00	4,000,000.00	3,987,040.00	(12,960.00)	Callable 04/16/15, then qtrly
FEDERAL HOME LOAN BANK	01/17/14	04/17/18	Aaa	AA+	1.480	1.480	2,000,000.00	2,000,000.00	2,029,240.00	29,240.00	
FEDERAL HOME LOAN BANK	06/26/14	06/26/19	Aaa	AA+	1.250	2.062	2,000,000.00	2,000,000.00	2,003,040.00	3,040.00	SU 1.25%-6% Call 06/26/15, then qtrly
FEDERAL HOME LOAN BANK	11/26/14	11/26/19	Aaa	AA+	1.500	2.102	2,000,000.00	2,000,000.00	2,004,340.00	4,340.00	SU 1.5%-5% Call 05/26/15, then qtrly
FEDERAL HOME LOAN BANK	05/22/14	05/22/17	Aaa	AA+	1.000	1.000	2,000,000.00	2,000,000.00	2,000,160.00	160.00	Callable, continuous
FEDERAL HOME LOAN BANK	04/15/11	05/27/15	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,005,840.00	5,840.00	
FEDERAL HOME LOAN BANK	12/16/13	12/14/18	Aaa	AA+	1.750	1.650	2,000,000.00	2,007,072.76	2,041,060.00	33,987.24	
FEDERAL HOME LOAN BANK	06/18/14	06/09/17	Aaa	AA+	1.000	1.003	2,000,000.00	1,999,852.85	2,012,080.00	12,227.15	
FEDERAL HOME LOAN BANK	10/22/14	11/18/16	Aaa	AA+	0.750	0.500	2,000,000.00	2,008,088.95	2,009,280.00	1,191.05	

CITY OF SANTA BARBARA

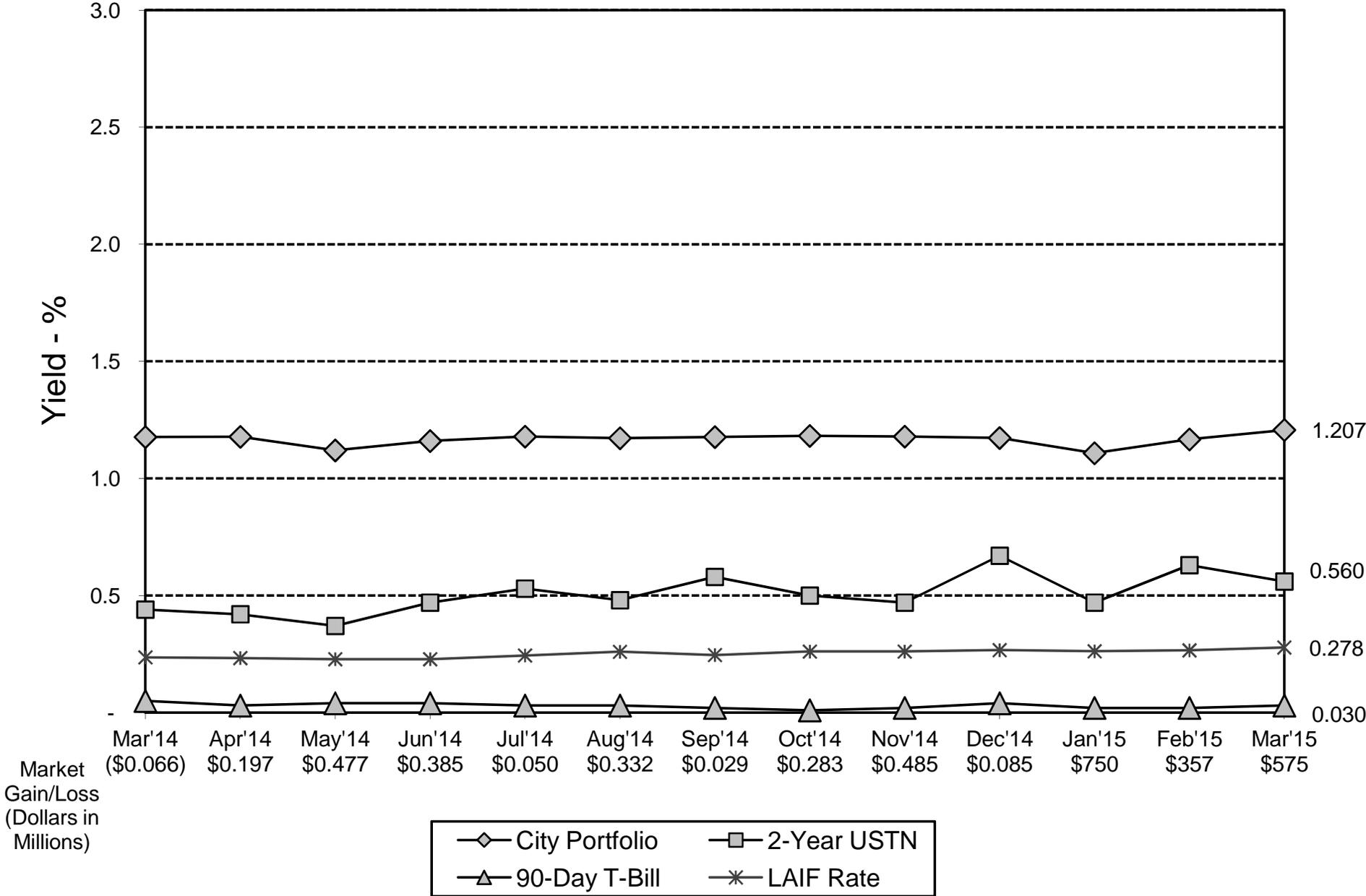
Investment Portfolio

March 31, 2015

DESCRIPTION	PURCHASE	MATURITY	QUALITY RATING		STATED	YIELD AT	FACE	BOOK	MARKET	BOOK	COMMENTS
	DATE	DATE	MOODY'S	S & P							
FEDERAL HOME LOAN MTG CORP	06/26/13	06/26/18	Aaa	AA+	1.400	1.400	2,000,000.00	2,000,000.00	1,999,860.00	(140.00)	Callable 06/26/15, then qtrly
FEDERAL HOME LOAN MTG CORP	12/18/13	12/18/18	Aaa	AA+	1.500	1.839	1,000,000.00	1,000,000.00	1,002,630.00	2,630.00	SU 1.5%-2.75% Call 06/18/15, then qtrly
FEDERAL HOME LOAN MTG CORP	04/23/12	04/17/15	Aaa	AA+	0.500	0.534	2,000,000.00	1,999,969.91	2,000,380.00	410.09	
FEDERAL HOME LOAN MTG CORP	06/30/14	06/30/17	Aaa	AA+	1.000	1.000	2,000,000.00	2,000,000.00	2,003,600.00	3,600.00	Callable 06/30/15, once
FEDERAL HOME LOAN MTG CORP	09/12/12	09/12/17	Aaa	AA+	1.000	1.000	2,000,000.00	2,000,000.00	1,999,100.00	(900.00)	Callable 06/12/15, then qtrly
FEDERAL HOME LOAN MTG CORP	01/16/13	01/16/18	Aaa	AA+	1.050	1.050	4,000,000.00	4,000,000.00	4,001,640.00	1,640.00	Callable 04/16/15, then qtrly
FEDERAL HOME LOAN MTG CORP	11/26/14	11/26/19	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,005,520.00	5,520.00	Callable 05/26/15, then qtrly
FEDERAL HOME LOAN MTG CORP	06/26/13	06/26/18	Aaa	AA+	1.500	1.500	2,000,000.00	2,000,000.00	2,004,360.00	4,360.00	Callable 06/26/15, then qtrly
FEDERAL HOME LOAN MTG CORP	11/20/13	09/29/17	Aaa	AA+	1.000	1.030	1,000,000.00	999,262.98	1,003,100.00	3,837.02	
FEDERAL NATL MORTGAGE ASSN	01/30/13	01/30/18	Aaa	AA+	1.030	1.030	3,000,000.00	3,000,000.00	3,002,280.00	2,280.00	Callable 04/30/15, then qtrly
FEDERAL NATL MORTGAGE ASSN	12/12/12	12/12/17	Aaa	AA+	1.000	1.000	2,000,000.00	2,000,000.00	1,989,980.00	(10,020.00)	Callable 06/12/15, then qtrly
FEDERAL NATL MORTGAGE ASSN	06/19/13	12/19/16	Aaa	AA+	0.750	0.750	2,000,000.00	2,000,000.00	2,001,400.00	1,400.00	Callable 06/19/15, then qtrly
FEDERAL NATL MORTGAGE ASSN	11/15/13	10/26/17	Aaa	AA+	0.875	1.062	2,000,000.00	1,990,613.30	2,002,480.00	11,866.70	
FEDERAL NATL MORTGAGE ASSN	12/11/13	11/27/18	Aaa	AA+	1.625	1.606	2,000,000.00	2,001,326.32	2,031,760.00	30,433.68	
FEDERAL NATL MORTGAGE ASSN	11/08/12	11/08/17	Aaa	AA+	1.000	1.000	2,000,000.00	2,000,000.00	1,990,460.00	(9,540.00)	Callable 05/08/15, then qtrly
FEDERAL NATL MORTGAGE ASSN	11/08/12	11/08/17	Aaa	AA+	1.000	1.000	2,000,000.00	2,000,000.00	1,990,460.00	(9,540.00)	Callable 05/08/15, then qtrly
FEDERAL NATL MORTGAGE ASSN	12/26/12	12/26/17	Aaa	AA+	1.000	1.000	4,000,000.00	4,000,000.00	3,988,360.00	(11,640.00)	Callable 06/26/15, then qtrly
FEDERAL NATL MORTGAGE ASSN	09/21/10	09/21/15	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,016,940.00	16,940.00	
FEDERAL NATL MORTGAGE ASSN	12/10/10	10/26/15	Aaa	AA+	1.625	2.067	2,000,000.00	1,995,232.23	2,015,980.00	20,747.77	
FEDERAL NATL MORTGAGE ASSN	02/05/13	02/05/18	Aaa	AA+	1.000	1.000	2,000,000.00	2,000,000.00	1,990,040.00	(9,960.00)	Callable 05/05/15, then qtrly
FEDERAL NATL MORTGAGE ASSN	11/20/13	10/26/17	Aaa	AA+	0.875	1.070	<u>2,000,000.00</u>	<u>1,990,201.27</u>	<u>2,002,480.00</u>	<u>12,278.73</u>	
Subtotal, Federal Agencies							<u>91,000,000.00</u>	<u>90,997,514.64</u>	<u>91,394,190.00</u>	<u>396,675.36</u>	
CORPORATE/MEDIUM TERM NOTES											
BERKSHIRE HATHAWAY FIN	12/15/10	12/15/15	Aa2	AA	2.450	2.530	2,000,000.00	1,998,941.67	2,027,960.00	29,018.33	
BERKSHIRE HATHAWAY INC	11/29/13	02/09/18	Aa2	AA	1.550	1.550	2,000,000.00	2,000,000.00	2,024,320.00	24,320.00	
GENERAL ELECTRIC CAPITAL CORP	11/10/10	11/09/15	A1	AA+	2.250	2.250	2,000,000.00	2,000,000.00	2,020,780.00	20,780.00	
GENERAL ELECTRIC CAPITAL CORP	01/14/14	01/14/19	A1	AA+	2.300	2.250	2,000,000.00	2,003,558.94	2,046,920.00	43,361.06	
PROCTOR & GAMBLE	09/20/11	11/15/15	Aa3	AA-	1.800	1.085	2,000,000.00	2,008,675.32	2,017,780.00	9,104.68	
TOYOTA MOTOR CREDIT	09/26/11	09/15/16	Aa3	AA-	2.000	1.800	<u>2,000,000.00</u>	<u>2,005,541.69</u>	<u>2,039,080.00</u>	<u>33,538.31</u>	
Subtotal, Corporate Securities							<u>12,000,000.00</u>	<u>12,016,717.62</u>	<u>12,176,840.00</u>	<u>160,122.38</u>	
SB AIRPORT PROMISSORY NOTE (LT)											
SANTA BARBARA AIRPORT	07/14/09	06/30/29	-	-	3.500	4.195	<u>5,200,181.75</u>	<u>5,200,181.75</u>	<u>5,200,181.75</u>	<u>0.00</u>	
Subtotal, SBA Note							<u>5,200,181.75</u>	<u>5,200,181.75</u>	<u>5,200,181.75</u>	<u>0.00</u>	
CHECKING ACCOUNT											
MUFG UNION BANK NA CHKNG ACCNT	-	-	-	-	0.400	0.400	<u>12,936,007.55</u>	<u>12,936,007.55</u>	<u>12,936,007.55</u>	<u>0.00</u>	
Subtotal, Checking Account							<u>12,936,007.55</u>	<u>12,936,007.55</u>	<u>12,936,007.55</u>	<u>0.00</u>	
TOTALS							<u>162,136,189.30</u>	<u>162,288,709.04</u>	<u>162,863,846.80</u>	<u>575,137.76</u>	

Market values have been obtained from the City's safekeeping agent, MUFG Union Bank NA - The Private Bank (UBTPB). UBTPB uses Interactive Data Pricing Service, Bloomberg and DTC.

INVESTMENT YIELDS



**CITY OF SANTA BARBARA
Fiscal Agent Investments
March 31, 2015**

	CASH & CASH EQUIVALENTS Book & Market	Guaranteed Investment Contracts (GIC) Book & Market	STOCKS		BONDS		US GOVT & AGENCIES		TOTALS	
			Book	Market	Book	Market	Book	Market	Book	Market
BOND FUNDS										
<i>RESERVE FUNDS</i>										
2004 RDA - Housing Bonds	0.70	-	-	-	-	-	-	-	0.70	0.70
2002 Municipal Improvement - Refunding COPS	25,084.54	547,530.00	-	-	-	-	-	-	572,614.54	572,614.54
2011 Water - Safe Drinking Water State Loan	550,789.17	-	-	-	-	-	-	-	550,789.17	550,789.17
2013 Water - Refunding COPS	407,521.39	428,069.44	-	-	-	-	636,099.18	647,833.60	1,471,690.01	1,483,424.43
2004 Sewer - Revenue Bonds	63,785.10	1,357,140.00	-	-	-	-	-	-	1,420,925.10	1,420,925.10
2009 Airport - Revenue Bonds	147,202.22	-	-	-	-	-	3,046,310.29	3,079,264.68	3,193,512.51	3,226,466.90
2014 Waterfront - Refunding Bonds	-	581,455.74	-	-	-	-	-	-	581,455.74	581,455.74
Subtotal, Reserve Funds	1,194,383.12	2,914,195.18	-	-	-	-	3,682,409.47	3,727,098.28	7,790,987.77	7,835,676.58
<i>PROJECT FUNDS</i>										
2001 RDA Bonds	2,366,872.68	-	-	-	-	-	-	-	2,366,872.68	2,366,872.68
2003 RDA Bonds	8,508,930.10	-	-	-	-	-	-	-	8,508,930.10	8,508,930.10
Subtotal, Project Funds	10,875,802.78	-	-	-	-	-	-	-	10,875,802.78	10,875,802.78
SUBTOTAL BOND FUNDS	12,070,185.90	2,914,195.18	-	-	-	-	3,682,409.47	3,727,098.28	18,666,790.55	18,711,479.36
POLICE/FIRE - SVC RETIREMENT FUND										
Police/Fire Funds	59,427.89	-	130,772.94	223,661.03	219,414.25	233,669.70	-	-	409,615.08	516,758.62
	59,427.89	-	130,772.94	223,661.03	219,414.25	233,669.70	-	-	409,615.08	516,758.62
TOTAL FISCAL AGENT INVESTMENTS	12,129,613.79	2,914,195.18	130,772.94	223,661.03	219,414.25	233,669.70	3,682,409.47	3,727,098.28	19,076,405.63	19,228,237.98

Notes:

- (1) Cash & cash equivalents include money market funds.
- (2) Market values have been obtained from the following trustees: US Bank and MUFG Union Bank, N.A. - The Private Bank



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: April 28, 2015

TO: Mayor and Councilmembers

FROM: Accounting Division, Finance Department

SUBJECT: Fiscal Year 2015 Interim Financial Statements For The Eight Months Ended February 28, 2015

RECOMMENDATION:

That Council Accept the Fiscal Year 2015 Interim Financial Statements for the Eight Months Ended February 28, 2015.

DISCUSSION:

The interim financial statements for the eight months ended February 28, 2015 (66.7% of the fiscal year) are attached. The interim financial statements include budgetary activity in comparison to actual activity for the General Fund, Enterprise Funds, Internal Service Funds, and select Special Revenue Funds.

ATTACHMENT: Interim Financial Statements for the Eight Months Ended February 28, 2015

PREPARED BY: Julie Nemes, Treasury Manager

SUBMITTED BY: Robert Samario, Acting Assistant City Administrator

APPROVED BY: City Administrator's Office

CITY OF SANTA BARBARA
Interim Statement of Revenues and Expenditures
Summary by Fund
For the Eight Months Ended February 28, 2015 (66.7% of Fiscal Year)

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>Remaining Balance</u>	<u>Percent of Budget</u>
GENERAL FUND					
Revenue	116,999,614	74,019,282	-	42,980,332	63.3%
Expenditures	<u>118,116,496</u>	<u>75,113,650</u>	<u>2,101,309</u>	40,901,536	65.4%
<i>Addition to / (use of) reserves</i>	<u>(1,116,882)</u>	<u>(1,094,368)</u>	<u>(2,101,309)</u>		
SOLID WASTE FUND					
Revenue	20,645,776	13,882,224	-	6,763,552	67.2%
Expenditures	<u>20,613,368</u>	<u>13,320,572</u>	<u>234,448</u>	7,058,347	65.8%
<i>Addition to / (use of) reserves</i>	<u>32,408</u>	<u>561,652</u>	<u>(234,448)</u>		
WATER OPERATING FUND					
Revenue	39,347,669	24,093,164	-	15,254,505	61.2%
Expenditures	<u>47,853,870</u>	<u>28,324,814</u>	<u>2,071,475</u>	17,457,581	63.5%
<i>Addition to / (use of) reserves</i>	<u>(8,506,201)</u>	<u>(4,231,650)</u>	<u>(2,071,475)</u>		
WASTEWATER OPERATING FUND					
Revenue	18,883,613	12,181,756	-	6,701,857	64.5%
Expenditures	<u>20,539,007</u>	<u>11,671,925</u>	<u>1,447,746</u>	7,419,336	63.9%
<i>Addition to / (use of) reserves</i>	<u>(1,655,394)</u>	<u>509,831</u>	<u>(1,447,746)</u>		
DOWNTOWN PARKING					
Revenue	7,936,933	5,726,067	-	2,210,866	72.1%
Expenditures	<u>8,465,044</u>	<u>5,150,930</u>	<u>342,057</u>	2,972,057	64.9%
<i>Addition to / (use of) reserves</i>	<u>(528,110)</u>	<u>575,137</u>	<u>(342,057)</u>		
AIRPORT OPERATING FUND					
Revenue	15,469,349	10,482,033	-	4,987,316	67.8%
Expenditures	<u>15,786,050</u>	<u>9,558,825</u>	<u>571,962</u>	5,655,263	64.2%
<i>Addition to / (use of) reserves</i>	<u>(316,701)</u>	<u>923,208</u>	<u>(571,962)</u>		
GOLF COURSE FUND					
Revenue	2,091,048	1,221,242	-	869,806	58.4%
Expenditures	<u>2,080,245</u>	<u>1,335,634</u>	<u>6,060</u>	738,551	64.5%
<i>Addition to / (use of) reserves</i>	<u>10,803</u>	<u>(114,392)</u>	<u>(6,060)</u>		
INTRA-CITY SERVICE FUND					
Revenue	5,477,943	3,435,477	-	2,042,466	62.7%
Expenditures	<u>5,850,858</u>	<u>3,767,837</u>	<u>161,311</u>	1,921,710	67.2%
<i>Addition to / (use of) reserves</i>	<u>(372,916)</u>	<u>(332,360)</u>	<u>(161,311)</u>		

CITY OF SANTA BARBARA
Interim Statement of Revenues and Expenditures
Summary by Fund
For the Eight Months Ended February 28, 2015 (66.7% of Fiscal Year)

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>Remaining Balance</u>	<u>Percent of Budget</u>
FLEET REPLACEMENT FUND					
Revenue	2,731,151	1,875,809	-	855,342	68.7%
Expenditures	<u>5,882,656</u>	<u>1,560,582</u>	<u>1,520,270</u>	2,801,804	52.4%
<i>Addition to / (use of) reserves</i>	<u>(3,151,505)</u>	<u>315,227</u>	<u>(1,520,270)</u>		
FLEET MAINTENANCE FUND					
Revenue	2,640,697	1,775,766	-	864,931	67.2%
Expenditures	<u>3,328,709</u>	<u>1,776,776</u>	<u>557,132</u>	994,801	70.1%
<i>Addition to / (use of) reserves</i>	<u>(688,012)</u>	<u>(1,010)</u>	<u>(557,132)</u>		
SELF INSURANCE TRUST FUND					
Revenue	6,507,674	4,357,616	-	2,150,058	67.0%
Expenditures	<u>6,178,328</u>	<u>4,846,490</u>	<u>284,161</u>	1,047,677	83.0%
<i>Addition to / (use of) reserves</i>	<u>329,346</u>	<u>(488,875)</u>	<u>(284,161)</u>		
INFORMATION SYSTEMS ICS FUND					
Revenue	3,120,588	2,080,392	-	1,040,196	66.7%
Expenditures	<u>3,352,141</u>	<u>1,971,244</u>	<u>43,660</u>	1,337,237	60.1%
<i>Addition to / (use of) reserves</i>	<u>(231,553)</u>	<u>109,149</u>	<u>(43,660)</u>		
WATERFRONT FUND					
Revenue	12,661,137	10,109,359	-	2,551,778	79.8%
Expenditures	<u>13,695,537</u>	<u>8,472,836</u>	<u>618,950</u>	4,603,751	66.4%
<i>Addition to / (use of) reserves</i>	<u>(1,034,400)</u>	<u>1,636,522</u>	<u>(618,950)</u>		
TOTAL FOR ALL FUNDS					
Revenue	254,513,192	165,240,187	-	89,273,006	64.9%
Expenditures	<u>271,742,308</u>	<u>166,872,116</u>	<u>9,960,542</u>	94,909,651	65.1%
<i>Addition to / (use of) reserves</i>	<u>(17,229,116)</u>	<u>(1,631,929)</u>	<u>(9,960,542)</u>		

*** It is City policy to adopt a balanced budget. In most cases, encumbrance balances exist at year-end. These encumbrance balances are obligations of each fund and must be reported at the beginning of each fiscal year. In addition, a corresponding appropriations entry must be made in order to accommodate the 'carried-over' encumbrance amount. Most differences between budgeted annual revenues and expenses are due to these encumbrance carryovers.*

CITY OF SANTA BARBARA
General Fund
Interim Statement of Budgeted and Actual Revenues
For the Eight Months Ended February 28, 2015 (66.7% of Fiscal Year)

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Remaining Balance</u>	<u>Percent Received</u>	<u>Previous YTD</u>
TAXES					
Sales and Use	21,726,115	13,888,675	7,837,440	63.9%	13,173,600
Property Taxes	27,164,000	14,673,340	12,490,660	54.0%	14,042,156
Utility Users Tax	7,257,800	4,733,028	2,524,772	65.2%	4,741,660
Transient Occupancy Tax	17,641,400	13,051,150	4,590,250	74.0%	11,442,344
Business License	2,571,200	1,874,169	697,031	72.9%	1,819,903
Real Property Transfer Tax	678,000	423,745	254,255	62.5%	453,593
<i>Total</i>	<u>77,038,515</u>	<u>48,644,107</u>	<u>28,394,408</u>	63.1%	<u>45,673,256</u>
LICENSES & PERMITS					
Licenses & Permits	233,500	132,065	101,435	56.6%	123,116
<i>Total</i>	<u>233,500</u>	<u>132,065</u>	<u>101,435</u>	56.6%	<u>123,116</u>
FINES & FORFEITURES					
Parking Violations	2,681,987	1,722,857	959,130	64.2%	1,759,353
Library Fines	105,500	65,480	40,020	62.1%	87,473
Municipal Court Fines	120,000	39,804	80,196	33.2%	53,668
Other Fines & Forfeitures	300,000	230,450	69,550	76.8%	234,244
<i>Total</i>	<u>3,207,487</u>	<u>2,058,590</u>	<u>1,148,897</u>	64.2%	<u>2,134,738</u>
USE OF MONEY & PROPERTY					
Investment Income	627,224	370,639	256,585	59.1%	384,285
Rents & Concessions	398,797	251,349	147,448	63.0%	250,685
<i>Total</i>	<u>1,026,021</u>	<u>621,988</u>	<u>404,033</u>	60.6%	<u>634,970</u>
INTERGOVERNMENTAL					
Grants	304,863	159,313	145,550	52.3%	241,035
Vehicle License Fees	-	38,585	(38,585)	100.0%	39,945
Reimbursements	437,654	350,183	87,471	80.0%	893,264
<i>Total</i>	<u>742,517</u>	<u>548,081</u>	<u>194,437</u>	73.8%	<u>1,174,244</u>
FEES & SERVICE CHARGES					
Finance	949,905	641,532	308,373	67.5%	619,440
Community Development	4,587,515	2,918,569	1,668,946	63.6%	2,702,718
Recreation	3,049,474	1,701,936	1,347,538	55.8%	1,666,242
Public Safety	653,827	343,424	310,403	52.5%	354,899
Public Works	5,951,301	3,851,830	2,099,471	64.7%	3,753,026
Library	762,398	703,979	58,419	92.3%	714,107
Reimbursements	4,471,212	3,179,885	1,291,327	71.1%	2,843,611
<i>Total</i>	<u>20,425,632</u>	<u>13,341,155</u>	<u>7,084,477</u>	65.3%	<u>12,654,043</u>
OTHER REVENUES					
Miscellaneous	1,660,410	1,240,152	420,258	74.7%	1,168,425
Franchise Fees	3,771,000	2,461,141	1,309,859	65.3%	2,458,239
Indirect Allocations	6,411,155	4,274,103	2,137,052	66.7%	4,195,161
Operating Transfers-In	1,283,377	697,900	585,476	54.4%	820,538
Anticipated Year-End Variance	1,200,000	-	1,200,000	0.0%	-
<i>Total</i>	<u>14,325,942</u>	<u>8,673,297</u>	<u>5,652,644</u>	60.5%	<u>8,642,363</u>
TOTAL REVENUES	<u>116,999,614</u>	<u>74,019,282</u>	<u>42,980,332</u>	63.3%	<u>71,036,730</u>

CITY OF SANTA BARBARA
General Fund
Interim Statement of Appropriations, Expenditures and Encumbrances
For the Eight Months Ended February 28, 2015 (66.7% of Fiscal Year)

	Annual Budget	YTD Actual	Encum- brances	Remaining Balance	YTD Expended and Encumbered	Previous YTD
GENERAL GOVERNMENT						
<u>Mayor & City Council</u>						
MAYOR & CITY COUNCIL	792,975	514,246	6,403	272,326	65.7%	
ARTS AND COMMUNITY PROMOTIONS	2,615,532	2,047,658	185,215	382,659	85.4%	
<i>Total</i>	<u>3,408,507</u>	<u>2,561,904</u>	<u>191,618</u>	<u>654,985</u>	80.8%	<u>2,039,727</u>
<u>City Attorney</u>						
CITY ATTORNEY	2,703,695	1,537,376	365,104	801,215	70.4%	
<i>Total</i>	<u>2,703,695</u>	<u>1,537,376</u>	<u>365,104</u>	<u>801,215</u>	70.4%	<u>1,347,707</u>
<u>Administration</u>						
CITY ADMINISTRATOR	1,709,162	922,743	26,975	759,445	55.6%	
CITY TV	575,011	361,607	26,588	186,816	67.5%	
<i>Total</i>	<u>2,284,173</u>	<u>1,284,350</u>	<u>53,563</u>	<u>946,260</u>	58.6%	<u>1,380,072</u>
<u>Administrative Services</u>						
CITY CLERK	501,662	327,629	8,001	166,032	66.9%	
ELECTIONS	75,000	-	-	75,000	0.0%	
HUMAN RESOURCES	1,486,320	823,721	24,314	638,285	57.1%	
EMPLOYEE DEVELOPMENT	49,468	17,850	3,450	28,168	43.1%	
<i>Total</i>	<u>2,112,450</u>	<u>1,169,201</u>	<u>35,765</u>	<u>907,484</u>	57.0%	<u>1,310,624</u>
<u>Finance</u>						
ADMINISTRATION	260,409	134,737	45,774	79,898	69.3%	
REVENUE & CASH MANAGEMENT	519,455	297,340	23,020	199,095	61.7%	
CASHIERING & COLLECTION	488,983	310,562	-	178,421	63.5%	
LICENSES & PERMITS	499,751	314,785	15,534	169,432	66.1%	
BUDGET MANAGEMENT	475,712	304,198	12,750	158,764	66.6%	
ACCOUNTING	644,696	395,659	27,436	221,601	65.6%	
PAYROLL	317,773	207,747	-	110,026	65.4%	
ACCOUNTS PAYABLE	239,384	154,189	-	85,195	64.4%	
CITY BILLING & CUSTOMER SERVICE	729,485	388,457	119,214	221,815	69.6%	
PURCHASING	643,166	415,522	2,207	225,437	64.9%	
CENTRAL WAREHOUSE	194,491	128,081	0	66,409	65.9%	
MAIL SERVICES	116,186	70,196	6,011	39,979	65.6%	
<i>Total</i>	<u>5,129,491</u>	<u>3,121,472</u>	<u>251,947</u>	<u>1,756,071</u>	65.8%	<u>3,024,410</u>
TOTAL GENERAL GOVERNMENT	<u>15,638,316</u>	<u>9,674,303</u>	<u>897,997</u>	<u>5,066,016</u>	67.6%	<u>9,102,540</u>
PUBLIC SAFETY						
<u>Police</u>						
CHIEF'S STAFF	1,114,970	723,497	1,222	390,251	65.0%	
SUPPORT SERVICES	687,279	443,712	2,079	241,488	64.9%	
RECORDS BUREAU	1,424,883	885,250	7,281	532,352	62.6%	

CITY OF SANTA BARBARA
General Fund
Interim Statement of Appropriations, Expenditures and Encumbrances
For the Eight Months Ended February 28, 2015 (66.7% of Fiscal Year)

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>Remaining Balance</u>	<u>YTD Expended and Encumbered</u>	<u>Previous YTD</u>
PUBLIC SAFETY						
<u>Police</u>						
ADMIN SERVICES	1,103,716	764,767	27,072	311,876	71.7%	
PROPERTY ROOM	213,855	127,348	63	86,444	59.6%	
TRAINING/RECRUITMENT	541,866	293,874	19,921	228,071	57.9%	
RANGE	1,372,724	887,693	30,948	454,083	66.9%	
COMMUNITY & MEDIA RELATIONS	862,784	536,005	-	326,779	62.1%	
INFORMATION TECHNOLOGY	1,261,880	896,041	9,182	356,657	71.7%	
INVESTIGATIVE DIVISION	4,956,320	3,254,567	551	1,701,203	65.7%	
CRIME LAB	159,784	95,908	3,299	60,577	62.1%	
PATROL DIVISION	15,748,702	10,365,609	75,020	5,308,072	66.3%	
TRAFFIC	1,413,132	860,531	1,100	551,501	61.0%	
SPECIAL EVENTS	858,861	775,998	-	82,863	90.4%	
TACTICAL PATROL FORCE	1,640,617	1,013,716	-	626,901	61.8%	
STREET SWEEPING ENFORCEMENT	349,699	224,021	-	125,678	64.1%	
NIGHT LIFE ENFORCEMENT	323,946	180,885	-	143,061	55.8%	
PARKING ENFORCEMENT	996,316	548,859	9,086	438,372	56.0%	
COMBINED COMMAND CENTER	2,495,608	1,493,131	766	1,001,711	59.9%	
ANIMAL CONTROL	695,107	441,558	7,330	246,219	64.6%	
<i>Total</i>	<u>38,222,049</u>	<u>24,812,969</u>	<u>194,921</u>	<u>13,214,160</u>	65.4%	<u>24,654,566</u>
<u>Fire</u>						
ADMINISTRATION	885,869	576,832	3,797	305,241	65.5%	
EMERGENCY SERVICES AND PUBLIC ED	318,743	210,378	-	108,365	66.0%	
PREVENTION	1,149,258	743,392	-	405,866	64.7%	
WILDLAND FIRE MITIGATION PROGRAM	196,752	120,993	7,684	68,075	65.4%	
OPERATIONS	18,035,119	12,214,713	30,731	5,789,674	67.9%	
TRAINING AND RECRUITMENT	437,757	250,108	-	187,649	57.1%	
ARFF	1,965,145	1,278,891	-	686,254	65.1%	
<i>Total</i>	<u>22,988,643</u>	<u>15,395,307</u>	<u>42,212</u>	<u>7,551,124</u>	67.2%	<u>14,975,430</u>
TOTAL PUBLIC SAFETY	<u>61,210,692</u>	<u>40,208,275</u>	<u>237,133</u>	<u>20,765,284</u>	66.1%	<u>39,629,996</u>
PUBLIC WORKS						
<u>Public Works</u>						
ADMINISTRATION	1,132,859	668,905	5,652	458,303	59.5%	
ENGINEERING SVCS	5,190,401	3,199,176	11,773	1,979,451	61.9%	
PUBLIC RT OF WAY MGMT	1,097,734	700,386	3,198	394,150	64.1%	
ENVIRONMENTAL PROGRAMS	477,377	157,320	220,635	99,421	79.2%	
<i>Total</i>	<u>7,898,371</u>	<u>4,725,787</u>	<u>241,257</u>	<u>2,931,326</u>	62.9%	<u>4,499,910</u>
TOTAL PUBLIC WORKS	<u>7,898,371</u>	<u>4,725,787</u>	<u>241,257</u>	<u>2,931,326</u>	62.9%	<u>4,499,910</u>

CITY OF SANTA BARBARA
General Fund
Interim Statement of Appropriations, Expenditures and Encumbrances
For the Eight Months Ended February 28, 2015 (66.7% of Fiscal Year)

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>Remaining Balance</u>	<u>YTD Expended and Encumbered</u>	<u>Previous YTD</u>
COMMUNITY SERVICES						
<u>Parks & Recreation</u>						
REC PROGRAM MGMT	728,108	447,935	5,289	274,884	62.2%	
FACILITIES & SPECIAL EVENTS	776,403	513,693	-	262,710	66.2%	
YOUTH ACTIVITIES	1,081,330	696,336	3,582	381,412	64.7%	
ACTIVE ADULTS	730,330	446,929	885	282,516	61.3%	
AQUATICS	1,334,270	828,957	23,395	481,918	63.9%	
SPORTS	568,670	343,028	7,485	218,157	61.6%	
TENNIS	289,547	176,940	1,820	110,787	61.7%	
NEIGHBORHOOD & OUTREACH SERV	1,205,643	773,319	14,000	418,324	65.3%	
ADMINISTRATION	738,630	480,836	1,323	256,471	65.3%	
PROJECT MANAGEMENT TEAM	425,848	259,970	1,201	164,677	61.3%	
BUSINESS SERVICES	-	-	3,594	(3,594)	100.0%	
PARK OPERATIONS MANAGEMENT	367,305	213,030	2,650	151,625	58.7%	
GROUNDS & FACILITIES MAINTENANCE	4,956,440	2,921,184	77,861	1,957,394	60.5%	
FORESTRY	1,205,841	752,875	38,820	414,146	65.7%	
BEACH MAINTENANCE	160,875	92,642	4,062	64,171	60.1%	
MEDIANS PARKWAYS & CONTRACTS	1,211,051	554,118	139,678	517,255	57.3%	
<i>Total</i>	<u>15,780,292</u>	<u>9,501,793</u>	<u>325,645</u>	<u>5,952,854</u>	62.3%	<u>9,005,472</u>
<u>Library</u>						
ADMINISTRATION	478,261	314,628	-	163,633	65.8%	
PUBLIC SERVICES	2,832,343	1,716,399	-	1,115,945	60.6%	
SUPPORT SERVICES	1,717,781	1,157,727	33,577	526,477	69.4%	
<i>Total</i>	<u>5,028,385</u>	<u>3,188,753</u>	<u>33,577</u>	<u>1,806,055</u>	64.1%	<u>2,997,923</u>
TOTAL COMMUNITY SERVICES	<u>20,808,678</u>	<u>12,690,546</u>	<u>359,222</u>	<u>7,758,910</u>	62.7%	<u>12,003,395</u>
COMMUNITY DEVELOPMENT						
<u>Community Development</u>						
ADMINISTRATION	695,290	472,977	583	221,729	68.1%	
RENTAL HOUSING MEDIATION	207,165	134,077	-	73,088	64.7%	
HUMAN SERVICES	1,001,899	664,981	280,759	56,159	94.4%	
HOUSING PRESERVATION AND DEV	37,784	8,911	28,874	(1)	100.0%	
LONG RANGE PLAN & SPEC STUDY	888,268	538,825	4,398	345,045	61.2%	
DEVEL & ENVIRONMENTAL REVIEW	1,397,024	855,505	4,074	537,445	61.5%	
ZONING INFO & ENFORCEMENT	1,411,287	884,417	2,368	524,502	62.8%	
DESIGN REV & HIST PRESERVATION	1,187,654	698,739	1,799	487,115	59.0%	
BLDG INSP & CODE ENFORCEMENT	1,179,595	703,298	8,409	467,888	60.3%	
RECORDS ARCHIVES & CLER SVCS	585,566	334,251	13,007	238,308	59.3%	
BLDG COUNTER & PLAN REV SVCS	1,433,031	910,062	20,768	502,202	65.0%	
<i>Total</i>	<u>10,024,563</u>	<u>6,206,043</u>	<u>365,040</u>	<u>3,453,480</u>	65.5%	<u>6,150,587</u>
TOTAL COMMUNITY DEVELOPMENT	<u>10,024,563</u>	<u>6,206,043</u>	<u>365,040</u>	<u>3,453,480</u>	65.5%	<u>6,150,587</u>

CITY OF SANTA BARBARA
General Fund
Interim Statement of Appropriations, Expenditures and Encumbrances
For the Eight Months Ended February 28, 2015 (66.7% of Fiscal Year)

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>Remaining Balance</u>	<u>YTD Expended and Encumbered</u>	<u>Previous YTD</u>
NON-DEPARTMENTAL						
<u>Non-Departmental</u>						
OTHER	-	1,749	660	(2,409)	100.0%	
TRANSFERS OUT	198,500	132,333	-	66,167	66.7%	
DEBT SERVICE TRANSFERS	351,276	324,614	-	26,662	92.4%	
CAPITAL OUTLAY TRANSFER	1,725,000	1,150,000	-	575,000	66.7%	
APPROP.RESERVE	261,101	-	-	261,101	0.0%	
<i>Total</i>	<u>2,535,877</u>	<u>1,608,696</u>	<u>660</u>	<u>926,521</u>	63.5%	<u>1,041,685</u>
TOTAL NON-DEPARTMENTAL	<u>2,535,877</u>	<u>1,608,696</u>	<u>660</u>	<u>926,521</u>	63.5%	<u>1,041,685</u>
 TOTAL EXPENDITURES	 <u>118,116,496</u>	 <u>75,113,650</u>	 <u>2,101,309</u>	 <u>40,901,536</u>	 65.4%	 <u>72,428,113</u>

*** The legal level of budgetary control is at the department level for the General Fund. Therefore, as long as the department as a whole is within budget, budgetary compliance has been achieved. The City actively monitors the budget status of each department and takes measures to address potential over budget situations before they occur.*

For Enterprise and Internal Service Funds, the level of budgetary control is at the fund level. The City also monitors and addresses these fund types for potential over budget situations.

CITY OF SANTA BARBARA
Interim Statement of Revenues and Expenditures
Special Revenue Funds
For the Eight Months Ended February 28, 2015 (66.7% of Fiscal Year)

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>Remaining Balance</u>	<u>Percent of Budget</u>
TRAFFIC SAFETY FUND					
Revenue	525,000	241,419	-	283,581	46.0%
Expenditures	<u>525,000</u>	<u>243,064</u>	<u>-</u>	<u>281,936</u>	46.3%
<i>Revenue Less Expenditures</i>	<u>-</u>	<u>(1,645)</u>	<u>-</u>	<u>1,645</u>	
CREEK RESTORATION/WATER QUALITY IMPRVMT					
Revenue	3,625,652	2,692,573	-	933,079	74.3%
Expenditures	<u>4,072,687</u>	<u>2,167,823</u>	<u>308,559</u>	<u>1,596,305</u>	60.8%
<i>Revenue Less Expenditures</i>	<u>(447,035)</u>	<u>524,750</u>	<u>(308,559)</u>	<u>(663,226)</u>	
COMMUNITY DEVELOPMENT BLOCK GRANT					
Revenue	1,838,117	395,420	-	1,442,698	21.5%
Expenditures	<u>2,312,314</u>	<u>681,093</u>	<u>341,908</u>	<u>1,289,313</u>	44.2%
<i>Revenue Less Expenditures</i>	<u>(474,197)</u>	<u>(285,674)</u>	<u>(341,908)</u>	<u>153,384</u>	
COUNTY LIBRARY					
Revenue	1,927,415	1,250,314	-	677,101	64.9%
Expenditures	<u>2,080,454</u>	<u>1,349,712</u>	<u>5,704</u>	<u>725,038</u>	65.2%
<i>Revenue Less Expenditures</i>	<u>(153,039)</u>	<u>(99,398)</u>	<u>(5,704)</u>	<u>(47,937)</u>	
STREETS FUND					
Revenue	10,105,799	6,552,728	-	3,553,071	64.8%
Expenditures	<u>10,741,470</u>	<u>6,702,406</u>	<u>250,957</u>	<u>3,788,107</u>	64.7%
<i>Revenue Less Expenditures</i>	<u>(635,671)</u>	<u>(149,678)</u>	<u>(250,957)</u>	<u>(235,036)</u>	
MEASURE A					
Revenue	3,376,976	2,097,830	-	1,279,146	62.1%
Expenditures	<u>3,900,696</u>	<u>2,352,344</u>	<u>335,843</u>	<u>1,212,510</u>	68.9%
<i>Revenue Less Expenditures</i>	<u>(523,720)</u>	<u>(254,514)</u>	<u>(335,843)</u>	<u>66,636</u>	

CITY OF SANTA BARBARA
Interim Statement of Revenues and Expenditures
For the Eight Months Ended February 28, 2015 (66.7% of Fiscal Year)

SOLID WASTE FUND

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>Remaining Balance</u>	<u>Percent of Budget</u>	<u>Previous YTD</u>
REVENUES						
Service charges	20,092,765	13,457,452	-	6,635,313	67.0%	13,223,263
Other Fees & Charges	297,342	183,325	-	114,017	61.7%	224,908
Investment Income	-	8,093	-	(8,093)	100.0%	-
Grants	20,000	-	-	20,000	0.0%	-
Miscellaneous	235,669	233,354	-	2,315	99.0%	226,296
TOTAL REVENUES	<u>20,645,776</u>	<u>13,882,224</u>	<u>-</u>	<u>6,763,552</u>	67.2%	<u>13,674,467</u>
EXPENSES						
Salaries & Benefits	958,244	597,290	-	360,954	62.3%	526,706
Materials, Supplies & Services	18,789,809	12,402,194	226,110	6,161,504	67.2%	12,108,113
Special Projects	555,532	269,026	8,338	278,168	49.9%	282,824
Transfers-Out	50,000	33,333	-	16,667	66.7%	33,333
Capital Outlay Transfers	-	-	-	-	0.0%	11,704
Equipment	149,783	18,729	-	131,054	12.5%	1,921
Other	100,000	-	-	100,000	0.0%	-
Appropriated Reserve	10,000	-	-	10,000	0.0%	-
TOTAL EXPENSES	<u>20,613,368</u>	<u>13,320,572</u>	<u>234,448</u>	<u>7,058,347</u>	65.8%	<u>12,964,601</u>

CITY OF SANTA BARBARA
Interim Statement of Revenues and Expenditures
For the Eight Months Ended February 28, 2015 (66.7% of Fiscal Year)

WATER OPERATING FUND

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>Remaining Balance</u>	<u>Percent of Budget</u>	<u>Previous YTD</u>
REVENUES						
Water Sales- Metered	34,869,458	22,047,285	-	12,822,173	63.2%	23,651,436
Service Charges	606,500	499,775	-	106,725	82.4%	504,339
Cater JPA Treatment Charges	2,516,860	852,738	-	1,664,122	33.9%	1,556,963
Investment Income	529,200	289,628	-	239,572	54.7%	365,144
Rents & Concessions	22,872	15,248	-	7,624	66.7%	15,248
Reimbursements	782,779	338,145	-	444,634	43.2%	301,262
Miscellaneous	20,000	50,347	-	(30,347)	251.7%	58,253
TOTAL REVENUES	<u>39,347,669</u>	<u>24,093,164</u>	<u>-</u>	<u>15,254,505</u>	61.2%	<u>26,452,645</u>
EXPENSES						
Salaries & Benefits	8,649,787	5,376,986	-	3,272,801	62.2%	5,049,323
Materials, Supplies & Services	10,786,686	5,308,706	1,716,156	3,761,824	65.1%	4,628,314
Special Projects	949,366	114,012	250,641	584,713	38.4%	242,643
Water Purchases	8,716,165	5,223,384	52,903	3,439,878	60.5%	5,134,383
Debt Service	5,087,163	2,727,535	-	2,359,628	53.6%	2,604,619
Transfer-Out	1,141,346	986,346	-	155,000	86.4%	-
Capital Outlay Transfers	11,969,228	8,479,485	-	3,489,743	70.8%	7,459,487
Equipment	236,953	75,576	15,111	146,266	38.3%	19,130
Capitalized Fixed Assets	132,175	8,477	35,663	88,035	33.4%	7,697
Other	35,000	24,306	1,000	9,694	72.3%	24,957
Appropriated Reserve	150,000	-	-	150,000	0.0%	-
TOTAL EXPENSES	<u>47,853,870</u>	<u>28,324,814</u>	<u>2,071,475</u>	<u>17,457,581</u>	63.5%	<u>25,170,553</u>

NOTE-These figures reflect the operating fund only. Though the capital fund is excluded, the current year contribution from the operating fund is shown in the Capital Transfers.

CITY OF SANTA BARBARA
Interim Statement of Revenues and Expenditures
For the Eight Months Ended February 28, 2015 (66.7% of Fiscal Year)

WASTEWATER OPERATING FUND

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>Remaining Balance</u>	<u>Percent of Budget</u>	<u>Previous YTD</u>
REVENUES						
Service Charges	17,928,555	11,338,457	-	6,590,098	63.2%	11,591,945
Fees	775,071	711,038	-	64,033	91.7%	691,994
Investment Income	158,100	107,741	-	50,359	68.1%	107,741
Rents & Concessions	20,887	22,905	-	(2,018)	109.7%	13,911
Miscellaneous	1,000	1,615	-	(615)	161.5%	1,334
TOTAL REVENUES	18,883,613	12,181,756	-	6,701,857	64.5%	12,406,925
EXPENSES						
Salaries & Benefits	5,893,242	3,504,480	-	2,388,762	59.5%	3,377,320
Materials, Supplies & Services	7,401,610	4,253,294	1,331,869	1,816,446	75.5%	3,841,496
Special Projects	745,482	117,008	113,330	515,143	30.9%	61,212
Debt Service	1,791,664	633,385	-	1,158,279	35.4%	303,886
Capital Outlay Transfers	4,431,441	3,121,941	-	1,309,500	70.4%	2,769,818
Equipment	96,568	36,971	25	59,572	38.3%	8,137
Capitalized Fixed Assets	26,000	2,096	1,522	22,383	13.9%	6,609
Other	3,000	2,750	1,000	(750)	125.0%	1,000
Appropriated Reserve	150,000	-	-	150,000	0.0%	-
TOTAL EXPENSES	20,539,007	11,671,925	1,447,746	7,419,336	63.9%	10,369,478

NOTE-These figures reflect the operating fund only. Though the capital fund is excluded, the current year contribution from the operating fund is shown in the Capital Transfers.

CITY OF SANTA BARBARA
Interim Statement of Revenues and Expenditures
For the Eight Months Ended February 28, 2015 (66.7% of Fiscal Year)

DOWNTOWN PARKING FUND

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>Remaining Balance</u>	<u>Percent of Budget</u>	<u>Previous YTD</u>
REVENUES						
Improvement Tax	980,000	804,042	-	175,958	82.0%	741,097
Parking Fees	6,535,946	4,595,729	-	1,940,217	70.3%	4,396,539
Other Fees & Charges	3,000	3,137	-	(137)	104.6%	2,603
Investment Income	102,100	69,023	-	33,077	67.6%	69,225
Rents & Concessions	104,000	73,329	-	30,671	70.5%	59,873
Miscellaneous	18,387	51,807	-	(33,420)	281.8%	40,780
Operating Transfers-In	193,500	129,000	-	64,500	66.7%	29,000
TOTAL REVENUES	<u>7,936,933</u>	<u>5,726,067</u>	<u>-</u>	<u>2,210,866</u>	72.1%	<u>5,339,117</u>
EXPENSES						
Salaries & Benefits	4,183,765	2,698,000	-	1,485,765	64.5%	2,576,986
Materials, Supplies & Services	2,338,253	1,283,181	115,988	939,083	59.8%	1,236,949
Special Projects	586,431	301,404	226,069	58,958	89.9%	339,723
Transfer-Out	309,125	206,083	-	103,042	66.7%	202,043
Capital Outlay Transfers	970,000	646,667	-	323,333	66.7%	1,005,169
Equipment	27,470	15,594	-	11,876	56.8%	2,268
Appropriated Reserve	50,000	-	-	50,000	0.0%	-
TOTAL EXPENSES	<u>8,465,044</u>	<u>5,150,930</u>	<u>342,057</u>	<u>2,972,057</u>	64.9%	<u>5,363,138</u>

NOTE-These figures reflect the operating fund only. Though the capital fund is excluded, the current year contribution from the operating fund is shown in the Capital Transfers.

CITY OF SANTA BARBARA
Interim Statement of Revenues and Expenditures
For the Eight Months Ended February 28, 2015 (66.7% of Fiscal Year)

AIRPORT OPERATING FUND

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>Remaining Balance</u>	<u>Percent of Budget</u>	<u>Previous YTD</u>
REVENUES						
Leases-Commercial/Industrial	4,545,175	2,791,142	-	1,754,033	61.4%	2,843,772
Leases-Terminal	4,607,134	3,171,519	-	1,435,615	68.8%	3,289,684
Leases-Non-Commercial Aviation	1,819,730	1,320,796	-	498,934	72.6%	1,123,290
Leases-Commercial Aviation	4,218,655	2,981,374	-	1,237,281	70.7%	2,850,598
Investment Income	121,300	70,597	-	50,703	58.2%	80,638
Miscellaneous	157,355	146,606	-	10,749	93.2%	61,683
TOTAL REVENUES	<u>15,469,349</u>	<u>10,482,033</u>	<u>-</u>	<u>4,987,316</u>	<u>67.8%</u>	<u>10,249,665</u>
EXPENSES						
Salaries & Benefits	5,723,701	3,408,921	-	2,314,780	59.6%	3,262,864
Materials, Supplies & Services	8,011,669	4,880,257	557,478	2,573,934	67.9%	4,602,860
Special Projects	94,926	3,414	-	91,512	3.6%	358,712
Transfer-Out	20,354	13,569	-	6,785	66.7%	13,152
Debt Service	1,815,718	1,210,479	-	605,239	66.7%	1,218,203
Capital Outlay Transfers	-	-	-	-	0.0%	703,187
Equipment	96,765	42,185	14,484	40,096	58.6%	29,504
Appropriated Reserve	22,917	-	-	22,917	0.0%	-
TOTAL EXPENSES	<u>15,786,050</u>	<u>9,558,825</u>	<u>571,962</u>	<u>5,655,263</u>	<u>64.2%</u>	<u>10,188,482</u>

NOTE-These figures reflect the operating fund only. Though the capital fund is excluded, the current year contribution from the operating fund is shown in the Capital Transfers.

CITY OF SANTA BARBARA
Interim Statement of Revenues and Expenditures
For the Eight Months Ended February 28, 2015 (66.7% of Fiscal Year)

GOLF COURSE FUND

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>Remaining Balance</u>	<u>Percent of Budget</u>	<u>Previous YTD</u>
REVENUES						
Fees & Card Sales	1,766,876	1,032,949	-	733,927	58.5%	1,099,488
Investment Income	10,100	5,245	-	4,855	51.9%	6,617
Rents & Concessions	313,572	181,252	-	132,320	57.8%	221,511
Miscellaneous	500	1,796	-	(1,296)	359.1%	33,067
TOTAL REVENUES	<u>2,091,048</u>	<u>1,221,242</u>	<u>-</u>	<u>869,806</u>	<u>58.4%</u>	<u>1,360,683</u>
EXPENSES						
Salaries & Benefits	1,108,919	726,425	-	382,494	65.5%	675,166
Materials, Supplies & Services	621,441	373,530	5,720	242,191	61.0%	383,185
Special Projects	363	-	-	363	0.0%	-
Debt Service	264,895	180,961	-	83,935	68.3%	180,687
Capital Outlay Transfers	80,727	53,818	-	26,909	66.7%	132,124
Equipment	3,000	-	-	3,000	0.0%	-
Other	900	901	340	(341)	137.9%	864
TOTAL EXPENSES	<u>2,080,245</u>	<u>1,335,634</u>	<u>6,060</u>	<u>738,551</u>	<u>64.5%</u>	<u>1,372,026</u>

NOTE-These figures reflect the operating fund only. Though the capital fund is excluded, the current year contribution from the operating fund is shown in the Capital Transfers.

CITY OF SANTA BARBARA
Interim Statement of Revenues and Expenditures
For the Eight Months Ended February 28, 2015 (66.7% of Fiscal Year)

INTRA-CITY SERVICE FUND

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>Remaining Balance</u>	<u>Percent of Budget</u>	<u>Previous YTD</u>
REVENUES						
Service Charges	2,638,369	1,758,913	-	879,456	66.7%	1,687,182
Work Orders - Bldg Maint.	2,604,016	1,642,657	-	961,359	63.1%	1,511,102
Grants	27,527	0	-	27,527	0.0%	92,922
Miscellaneous	203,031	30,574	-	172,457	15.1%	42,704
Operating Transfers-In	5,000	3,333	-	1,667	66.7%	-
TOTAL REVENUES	<u>5,477,943</u>	<u>3,435,477</u>	<u>-</u>	<u>2,042,466</u>	62.7%	<u>3,333,910</u>
EXPENSES						
Salaries & Benefits	3,618,855	2,298,551	-	1,320,304	63.5%	2,170,939
Materials, Supplies & Services	1,566,678	1,076,424	59,654	430,600	72.5%	928,181
Special Projects	610,491	383,779	99,840	126,871	79.2%	550,565
Equipment	15,000	5,596	-	9,404	37.3%	-
Capitalized Fixed Assets	13,349	3,487	1,817	8,045	39.7%	4,485
Appropriated Reserve	26,485	-	-	26,485	0.0%	-
TOTAL EXPENSES	<u>5,850,858</u>	<u>3,767,837</u>	<u>161,311</u>	<u>1,921,710</u>	67.2%	<u>3,654,170</u>

CITY OF SANTA BARBARA
Interim Statement of Revenues and Expenditures
For the Eight Months Ended February 28, 2015 (66.7% of Fiscal Year)

FLEET REPLACEMENT FUND

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>Remaining Balance</u>	<u>Percent of Budget</u>	<u>Previous YTD</u>
REVENUES						
Vehicle Rental Charges	2,244,137	1,496,091	-	748,046	66.7%	1,485,870
Investment Income	123,000	77,301	-	45,699	62.8%	83,572
Rents & Concessions	233,966	155,977	-	77,989	66.7%	155,985
Miscellaneous	130,048	146,439	-	(16,391)	112.6%	62,372
TOTAL REVENUES	<u>2,731,151</u>	<u>1,875,809</u>	<u>-</u>	<u>855,342</u>	<u>68.7%</u>	<u>1,787,799</u>
EXPENSES						
Salaries & Benefits	200,432	120,975	-	79,457	60.4%	122,793
Materials, Supplies & Services	2,725	1,829	-	896	67.1%	2,279
Special Projects	75,000	1,623	-	73,377	2.2%	25,177
Capitalized Fixed Assets	5,604,499	1,436,154	1,520,270	2,648,075	52.8%	976,360
TOTAL EXPENSES	<u>5,882,656</u>	<u>1,560,582</u>	<u>1,520,270</u>	<u>2,801,804</u>	<u>52.4%</u>	<u>1,126,609</u>

CITY OF SANTA BARBARA
Interim Statement of Revenues and Expenditures
For the Eight Months Ended February 28, 2015 (66.7% of Fiscal Year)

FLEET MAINTENANCE FUND

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>Remaining Balance</u>	<u>Percent of Budget</u>	<u>Previous YTD</u>
REVENUES						
Vehicle Maintenance Charges	2,527,627	1,685,085	-	842,542	66.7%	1,642,288
Reimbursements	10,000	6,667	-	3,333	66.7%	6,667
Miscellaneous	103,070	84,015	-	19,055	81.5%	88,619
TOTAL REVENUES	<u>2,640,697</u>	<u>1,775,766</u>	<u>-</u>	<u>864,931</u>	67.2%	<u>1,737,574</u>
EXPENSES						
Salaries & Benefits	1,331,631	780,869	-	550,762	58.6%	805,592
Materials, Supplies & Services	1,221,460	742,296	163,842	315,323	74.2%	634,262
Special Projects	61,300	14,666	5,731	40,903	33.3%	14,070
Debt Service	43,070	28,713	-	14,357	66.7%	28,712
Equipment	9,000	490	-	8,510	5.4%	9,990
Capitalized Fixed Assets	646,181	209,743	387,559	48,880	92.4%	8,851
Appropriated Reserve	16,067	-	-	16,067	0.0%	-
TOTAL EXPENSES	<u>3,328,709</u>	<u>1,776,776</u>	<u>557,132</u>	<u>994,801</u>	70.1%	<u>1,501,477</u>

CITY OF SANTA BARBARA
Interim Statement of Revenues and Expenditures
For the Eight Months Ended February 28, 2015 (66.7% of Fiscal Year)

SELF INSURANCE TRUST FUND

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>Remaining Balance</u>	<u>Percent of Budget</u>	<u>Previous YTD</u>
REVENUES						
Insurance Premiums	2,785,022	1,856,682	-	928,340	66.7%	1,837,408
Workers' Compensation Premiums	3,388,165	2,258,777	-	1,129,388	66.7%	1,967,135
OSH Charges	203,462	135,641	-	67,821	66.7%	129,222
Investment Income	55,200	26,660	-	28,540	48.3%	31,299
Miscellaneous	-	29,305	-	(29,305)	100.0%	39,728
Operating Transfers-In	75,825	50,550	-	25,275	66.7%	-
TOTAL REVENUES	<u>6,507,674</u>	<u>4,357,616</u>	<u>-</u>	<u>2,150,058</u>	67.0%	<u>4,004,792</u>
EXPENSES						
Salaries & Benefits	571,460	300,284	-	271,176	52.5%	314,782
Materials, Supplies & Services	5,606,502	4,545,962	284,161	776,379	86.2%	4,051,449
Special Projects	121	-	-	121	0.0%	-
Equipment	245	245	-	-	100.0%	66
TOTAL EXPENSES	<u>6,178,328</u>	<u>4,846,490</u>	<u>284,161</u>	<u>1,047,677</u>	83.0%	<u>4,366,297</u>

The Self Insurance Trust Fund is an internal service fund of the City, which accounts for the cost of providing workers' compensation, property and liability insurance as well as unemployment insurance and certain self-insured employee benefits on a city-wide basis. Internal Service Funds charge other funds for the cost of providing their specific services.

CITY OF SANTA BARBARA
Interim Statement of Revenues and Expenditures
For the Eight Months Ended February 28, 2015 (66.7% of Fiscal Year)

INFORMATION SYSTEMS ICS FUND

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>Remaining Balance</u>	<u>Percent of Budget</u>	<u>Previous YTD</u>
REVENUES						
Service charges	3,120,588	2,080,392	-	1,040,196	66.7%	1,676,665
TOTAL REVENUES	<u>3,120,588</u>	<u>2,080,392</u>	<u>-</u>	<u>1,040,196</u>	66.7%	<u>1,676,665</u>
EXPENSES						
Salaries & Benefits	1,940,182	1,081,962	-	858,220	55.8%	1,026,880
Materials, Supplies & Services	1,017,256	656,544	39,153	321,559	68.4%	589,474
Special Projects	18,400	129	-	18,271	0.7%	305
Capital Outlay Transfers	344,000	229,333	-	114,667	66.7%	141,333
Equipment	18,250	3,261	4,507	10,482	42.6%	21,479
Capital Fixed Assets	1,000	14	-	986	1.4%	121,345
Appropriated Reserve	13,053	-	-	13,053	0.0%	-
TOTAL EXPENSES	<u>3,352,141</u>	<u>1,971,244</u>	<u>43,660</u>	<u>1,337,237</u>	60.1%	<u>1,900,816</u>

NOTE-These figures reflect the operating fund only. Though the capital fund is excluded, the current year contribution from the operating fund is shown in the Capital Transfers.

CITY OF SANTA BARBARA
Interim Statement of Revenues and Expenditures
For the Eight Months Ended February 28, 2015 (66.7% of Fiscal Year)

WATERFRONT FUND

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>Remaining Balance</u>	<u>Percent of Budget</u>	<u>Previous YTD</u>
REVENUES						
Leases - Commercial	1,401,007	1,124,023	-	276,984	80.2%	1,014,930
Leases - Food Service	2,694,636	2,292,576	-	402,060	85.1%	2,028,687
Slip Rental Fees	4,204,739	2,787,611	-	1,417,128	66.3%	2,765,058
Visitors Fees	455,000	339,752	-	115,248	74.7%	302,826
Slip Transfer Fees	575,000	811,675	-	(236,675)	141.2%	396,150
Parking Revenue	2,069,466	1,755,140	-	314,326	84.8%	1,671,604
Wharf Parking	255,000	182,160	-	72,840	71.4%	177,193
Grants	25,600	-	-	25,600	0.0%	-
Other Fees & Charges	236,723	172,567	-	64,156	72.9%	169,282
Investment Income	117,000	63,417	-	53,583	54.2%	80,848
Rents & Concessions	304,966	214,998	-	89,968	70.5%	219,629
Miscellaneous	322,000	365,439	-	(43,439)	113.5%	369,746
TOTAL REVENUES	<u>12,661,137</u>	<u>10,109,359</u>	<u>-</u>	<u>2,551,778</u>	<u>79.8%</u>	<u>9,195,953</u>
EXPENSES						
Salaries & Benefits	6,050,691	3,819,960	-	2,230,731	63.1%	3,738,098
Materials, Supplies & Services	4,018,126	2,516,519	571,024	930,584	76.8%	2,364,739
Special Projects	261,506	89,847	25,000	146,659	43.9%	121,270
Debt Service	1,780,351	1,095,838	-	684,513	61.6%	1,300,999
Capital Outlay Transfers	1,385,000	923,333	-	461,667	66.7%	1,029,437
Equipment	82,759	25,965	4,822	51,972	37.2%	13,609
Capital Fixed Assets	17,104	-	17,104	-	100.0%	22,896
Other	-	1,375	1,000	(2,375)	100.0%	1,798
Appropriated Reserve	100,000	-	-	100,000	0.0%	-
TOTAL EXPENSES	<u>13,695,537</u>	<u>8,472,836</u>	<u>618,950</u>	<u>4,603,751</u>	<u>66.4%</u>	<u>8,592,846</u>

NOTE - These figures reflect the operating fund only. Though the capital fund is excluded, the current year contribution from the operating fund is shown in the Capital Transfers.



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: April 28, 2015

TO: Mayor and Councilmembers

FROM: Administration Division, Finance Department

SUBJECT: Tax Equity And Fiscal Responsibility Act (TEFRA) Hearing For American Baptist Homes Of The West (Valle Verde) Debt Issuance

RECOMMENDATION:

That Council hold a public hearing and adopt, by reading of title only, A Resolution of the City Council of the City of Santa Barbara Approving the Issuance of the California Statewide Communities Development Authority Revenue Bonds, Series 2015 (American Baptist Homes of the West) in an Aggregate Principal Amount Not to Exceed \$70,000,000 for the Purpose of Financing and Refinancing the Acquisition, Construction, Furnishing and Equipping of Valle Verde and Certain Other Matters Relating Thereto.

DISCUSSION:

The California Statewide Communities Development Authority ("Authority") is a joint exercise of powers authority formed to assist local governments and non-profits with their financing needs. The City of Santa Barbara is a member of the Authority.

The Authority is assisting American Baptist Homes of the West ("American Baptist") with a bond issuance in an amount not to exceed \$70 million (the "Bonds"). American Baptist owns and/or manages 30 affordable housing retirement communities in California. Nationwide, they serve over 5,000 residents in over 40 communities. Among the American Baptist properties is Valle Verde located at 900 Calle de los Amigos in Santa Barbara (the "Valle Verde Facility").

According to information contained in their application, the funds will be used by the Authority to refinance existing debt originally used in the acquisition, construction, expansion, remodeling, renovation, furnishing and equipping of the Valle Verde Facility; and finance remodeling, renovation, furnishing and equipping of the Valle Verde Facility.

Under federal and state law, the governing body of any local entity within which bond proceeds are to be spent must: (1) conduct a public hearing and (2) approve the

issuance of the debt. Therefore, because the new bond financing will benefit the Valle Verde Facility, which is located within the City of Santa Barbara, the City Council must hold a public hearing and adopt a resolution approving the debt issuance. The City Council has held numerous such TEFRA (Tax Equity and Fiscal Responsibility Act) hearings.

It is important to understand that the City of Santa Barbara is in no way associated with the debt issuance and is not obligated to make debt service payments on the Bonds. In addition, holding a public hearing and adopting a resolution in no way makes the City a party to the debt issuance. Federal laws governing these types of hearings recognize that non-profit agencies typically do not have the facilities to conduct their own public hearings; therefore, the local jurisdictions were allowed to loan their facilities and process to hold public hearings for the benefit of the issuing agency.

Staff recommends the City of Santa Barbara hold the public hearing and adopt the resolution approving the issuance of the Bonds by the Authority.

SUBMITTED BY: Robert Samario, Acting Assistant City Administrator and
Finance Director

APPROVED BY: City Administrator's Office

RESOLUTION NO.

A RESOLUTION OF THE COUNCIL OF THE CITY OF SANTA BARBARA APPROVING THE ISSUANCE OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY REVENUE BONDS, SERIES 2015 (AMERICAN BAPTIST HOMES OF THE WEST) IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$70,000,000 FOR THE PURPOSE OF FINANCING AND REFINANCING THE ACQUISITION, CONSTRUCTION, FURNISHING AND EQUIPPING OF VALLE VERDE AND CERTAIN OTHER MATTERS RELATING THERETO

WHEREAS, American Baptist Homes of the West, a California nonprofit public benefit corporation (the "*Corporation*"), has requested that the California Statewide Communities Development Authority (the "*Authority*") issue bonds in one or more series in an aggregate principal amount not to exceed \$70,000,000 (the "*Bonds*"), a portion of which will be used to, among other things, (i) refund all or a portion of the outstanding \$50,000,000 original principal amount California Statewide Communities Development Authority Variable Rate Demand Revenue Bonds, Series 2006 (American Baptist Homes of the West) (the "*Series 2006 Bonds*"), the proceeds of which were used to finance the cost of the acquisition, construction, furnishing and equipping of that certain continuing care facility commonly known as Valle Verde (the "*Facility*") owned and operated by the Corporation and located within the City of Santa Barbara (the "*City*") and (ii) finance or reimburse the cost of the remodeling, renovation, furnishing and equipping of the Facility;

WHEREAS, pursuant to Section 147(f) of the Internal Revenue Code of 1986 (the "*Code*"), the issuance of the Bonds by the Authority must be approved by the City because the Facility is located within the territorial limits of the City;

WHEREAS, the City Council of the City (the "*Council*") is the elected legislative body of the City and is one of the applicable elected representatives required to approve the issuance of the Bonds under Section 147(f) of the Code;

WHEREAS, the Council understands that its actions in holding the public hearing and in adopting this Resolution do not obligate the City in any manner for payment of the principal, interest, fees or any other costs associated with the issuance of the Bonds, and the Council expressly conditions its approval of the issuance of the Bonds by the Authority by the adoption of this Resolution on this understanding;

WHEREAS, the Authority has requested that the Council approve the issuance of the Bonds by the Authority in order to satisfy the public approval requirement of Section 147(f) of the Code and the requirements of Section 9 of the Amended and

Restated Joint Exercise of Powers Agreement, dated as of June 1, 1988 (the "Agreement"), among certain local agencies, including the City; and

WHEREAS, pursuant to Section 147(f) of the Code, the Council has, following notice duly given, held a public hearing regarding the issuance of the Bonds, and now desires to approve the issuance of the Bonds by the Authority.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Santa Barbara, State of California as follows:

*Section 1.*The Council accepts the above recitals as true and correct.

*Section 2.*The Council hereby approves the issuance of the Bonds by the Authority. It is the purpose and intent of the Council that this Resolution constitute approval of the issuance of the Bonds by the Authority for the purposes of (a) Section 147(f) of the Code by the applicable elected representative of the governmental unit having jurisdiction over the area in which the Facility is located, in accordance with said Section 147(f) and (b) Section 9 of the Agreement.

*Section 3.*The officers and employees of the City are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this Resolution and the financing transaction approved hereby.

*Section 4.*The Council expressly conditions its approval of this Resolution on its understanding that the City shall have no obligation whatsoever to pay any principal, interest, fees or other costs associated with the Authority's issuance of the Bonds.

*Section 5.*This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Santa Barbara held on this 28th day of April, 2015 by the following vote:

Approved as to form:

John F. Bibby, Jr., as
Bond Counsel to the Authority

Assistant City Attorney

I hereby certify that the foregoing Resolution was duly adopted by the City Council of the City of Santa Barbara at a regularly scheduled meeting thereof, held on the 28th day of April, 2015 by the following vote of the Council:

AYES:

NOES:

ABSENT:

City Clerk



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: April 28, 2015

TO: Mayor and Councilmembers

FROM: Human Resources, Administrative Services

SUBJECT: Civil Service Commission Hearing Procedures

RECOMMENDATION:

That Council receive a report on the Civil Service Commission's adoption of revised and expanded Hearing Procedures.

DISCUSSION:

In an effort to make the Civil Service Commission hearing process more consistent and understandable for employees, union representatives, management, and contract hearing officers, and to minimize related misunderstandings, the Civil Service Commission recently undertook a process to revise and expand its written Civil Service Commission Hearing Procedures.

The Civil Service Commission, appointed by the City Council, plays an important role in ensuring adherence to merit-based employment principles at the City. Among these principles, as simplified: (1) employees in classified positions will be subject to serious discipline (e.g., suspension, demotion, termination) only for "just cause", and (2) these employees will receive a form of procedural due process related to such disciplinary decisions, including the right to appeal the decision to an impartial tribunal. The Civil Service Commission serves as that appeal body in disciplinary appeal hearings, which are presided over by a contracted hearing officer (generally a local licensed attorney).

Some of the pre-existing written hearing procedures of the Civil Service Commission came from the City Charter and the Municipal Code (SBMC 3.16), and the new procedures incorporate these. Others were adopted by the Commission itself over the years. The City Attorney, who serves as counsel to the Commission, incorporated the most recent changes recommended and discussed by staff and the Commission into a proposed draft revision, which was then approved by the Commission.

The vast majority of the changes are technical, non-substantive changes, and therefore not subject to any duty to meet and confer with the City's labor unions. However, the Commission's draft was shared with the unions in order to give them the opportunity to

review and comment on the revised procedures and/or to identify any negotiable issues that they might wish to meet and confer about. Of the City's eight labor organizations, only two objected by the deadline, the rest waiving objection. S.E.I.U. Local 620, requested to meet and confer/consult over the changes, and several enhancements were made to the draft procedures by the Commission based on those discussions.

The Police Officer's Association (P.O.A.) objected, and declined to discuss the changes at all, citing a zipper clause in their labor agreement as prohibiting the City from making any changes to the terms and conditions of their employment. As mentioned, staff feels that the changes arguably are not negotiable anyway, and no negotiable items were identified by the P.O.A. in its response. However, if there is a hearing related to a P.O.A. member, the City will be open to any assertion by the P.O.A. that one or more of the changes should not apply in that instance. Staff will seek the P.O.A.'s concurrence with all of the changes when their labor agreement expires next year.

The Commission adopted the new procedures on April 8, 2015. The parties that were actively involved in the process-- the Commission, staff, and S.E.I.U Local 620-- all expressed satisfaction with the outcome. The Commission asked staff to share the revised Hearing Procedures with the City Council, though no action by the City Council is required.

ATTACHMENT(S): Civil Service Commission Hearing Procedures, Updated 4-8-2015

SUBMITTED BY: Kristy Schmidt, Director of Administrative Services

APPROVED BY: City Administrator's Office

CITY OF SANTA BARBARA
Civil Service Commission Hearing Procedures



Approved by the Civil Service Commission on April 8, 2105
(as posted on City of Santa Barbara website www.santabarbaraca.gov)

TABLE OF CONTENTS

- A. CIVIL SERVICE COMMISSION GENERALLY 1**
 - 1. Powers of the Civil Service Commission (CSC) 1
 - 2. Right to Employment during Good Behavior 1
 - 3. Petition for Hearing 2
 - 4. Timeframe to File Petition for Hearing..... 2
 - 5. Filling a Position during an Appeal to the CSC 3

- B. HEARING BOARD AND HEARING OFFICER SELECTION 4**
 - 1. Composition of the Hearing Board 4
 - 2. Hearing Officer 5
 - 3. Disqualification for Financial Conflict of Interest or Personal Bias 5

- C. PREHEARING ACTIONS 7**
 - 1. City Staff Meeting..... 7
 - 2. Establishment of Hearing Date..... 7
 - 3. Prehearing Discovery 7
 - 4. Mandatory Prehearing Meeting 8
 - 5. Exhibit Packet for the CSC..... 9
 - 6. Briefs for the CSC 9
 - 7. Prehearing Preparation between the City Attorney’s Office and City Staff..... 9
 - 8. Agenda..... 10

- D. HEARING RULES 11**
 - 1. Continuances 11
 - 2. Evidence 11
 - 3. Stenographer/Tape Recordings at Hearings..... 12
 - 4. Transcripts 12
 - 5. Burden of Proof 12
 - 6. Witnesses 12
 - 7. Subpoena of Witnesses 13
 - 8. Appearance of Petitioner..... 14
 - 9. Class Actions 14
 - 10. Guide for Hearing Officer 15
 - 11. Findings and Decision..... 15
 - 12. Ex Parte Communications..... 16

CITY OF SANTA BARBARA

Civil Service Commission Hearing Procedures

A. CIVIL SERVICE COMMISSION GENERALLY

1. Powers of the Civil Service Commission (CSC)

The CSC hears appeals of any (non-probationary) officer or employee under the Civil Service System i.e. classified, who is terminated, suspended, demoted or removed, and reports in writing to the appointing power and City Council, its findings, conclusions, recommendations and decision. Its decision shall be binding on the appointing or removing power. (Charter Section 808)

The decision of the Board shall affirm, modify or rescind the action taken as in its judgment shall seem warranted by the evidence and by the applicable provisions of the Charter and any ordinances, rules or regulations adopted hereunder; and such decision shall be final and conclusive. (Charter Section 1007)

2. Right to Employment during Good Behavior

a. Every person holding an office or position in the Classified Service, *who shall have completed the probationary period* therein, shall be entitled to retain his/her office or position during good behavior so long as it exists under the same or a different title, subject however, to suspension, demotion or dismissal as in this section provided. (Charter Section 1007) This section shall not be deemed to create any new substantive rights.

b. Any such persons may be suspended, demoted or dismissed by the appointing power, subject to the provisions of the Charter, for incompetence, habitual intemperance, immoral conduct, insubordination, repeated discourteous treatment of the public or fellow employees, dishonesty, conviction of a felony, inattention to duties, engaging in prohibited political activities, acts inimical to the public service, physical or mental incompetency, or other ground of penalty or forfeiture specified by the (State) Constitution or by the Charter. (Charter Section 1007)

i. Definition of Insubordination: Insubordination is a refusal to obey an order which a superior is entitled to give and entitled to have obeyed where the order is reasonably related to the duties of the employee. (Civil Service Commission January 2013)

c. Any such person who is suspended, demoted or dismissed shall be entitled to receive, upon filing a timely petition, a hearing by the Board of Civil Service Commissioners to review such suspension, demotion or dismissal. (Charter Section 1007)

CITY OF SANTA BARBARA

Civil Service Commission Hearing Procedures

- d. The Commission will be informed of a request for a hearing regardless whether the request has been denied for late filing or other reasons, such as a request for a hearing regarding a probationary termination. Job abandonment is a resignation, not disciplinary, and a hearing is not scheduled; however, the CSC will be informed of the request for a hearing and the reason for the denial. (City Attorney & Civil Service Commission, March 2004).
- e. Retaliation Prohibited. The employer will not threaten or take any adverse action against an employee because he or she participated in or cooperated with or provided evidence or testimony to an investigation or appeal before the Civil Service Commission. Prohibited adverse actions include imposition or threat of termination, demotion, harassment, denial of promotion, increased surveillance, providing unjustified negative evaluations or any other discipline.

3. Petition for Hearing

- a. Any person entitled to a hearing before the Board of Civil Service Commissioners under Section 1007 and Section 808(d) of the Charter or this chapter may petition for a hearing before the Board. (MC 3.16.440(a))
- b. Such petition shall be in writing, signed by the petitioner or his/her representative, giving his/her mailing address, (his/her home email address and the email address of his/her representative (CSC September 2007)), the action which he/she appeals, and a general denial of the allegations in the letter/memo of suspension, demotion, or dismissal. (MC 3.16.440(b))
- c. The petition must also state the date of the decision being contested and the petitioner's telephone number.

The hearing itself will generally be an open meeting, with the deliberations of the Commission to be closed pursuant to the Ralph M. Brown Act, Government Code sections 54950, *et seq.* The Commission may conduct closed hearings with the consent of the employee obtained pursuant to the procedures specified in Government Code section 54957(b). The meeting agenda shall reflect these provisions.

4. Timeframe for Employee to File a Petition for Hearing

- a. A petition for hearing must be filed with the City Clerk ***within ten (10) calendar days of receipt of the*** letter/memo of suspension, demotion, or dismissal by the petitioner. (MC 3.16.440(c)). The petition shall state that it is directed to the City of Santa Barbara Civil Service Commission.
- b. "Receipt" means the date employee received the letter, not necessarily the date on the letter.

CITY OF SANTA BARBARA

Civil Service Commission Hearing Procedures

- c. If the last day of this appeal period falls on a Saturday, a Sunday, a furlough day or a holiday, the appeal period is extended to and includes the next working day.
- d. The Board may extend the time or grant a hearing where the petition is filed ***after said ten (10) calendar day period***, where good cause is shown, and it is shown that other parties are not likely to suffer substantial hardship from the delay. (MC 3.16.440(c)). (Per the CSC on 1-13-2014, the following by itself is not “good cause”: employee / representative missing the deadline to file for a hearing).

5. Filling a Position during an Appeal to the CSC

Where an appeal is taken to the Board from an order of dismissal, the vacancy in the position shall be considered a temporary vacancy pending final action by the Board and may be filled only by a temporary appointment. (Charter Section 1007)

CITY OF SANTA BARBARA

Civil Service Commission Hearing Procedures

B. HEARING BOARD AND HEARING OFFICER SELECTION

1. Composition of the Hearing Board

- a. Human Resources will be responsible for contacting and setting up the hearing with the Civil Service Commissioners, the Hearing Officer, City Attorney's Office, the department manager / supervisor, the employee's representative (who contacts their employee), and the court reporter. (Human Resources process)
- b. The term "Hearing Board" as used in this chapter shall mean the Board of Civil Service Commissioners (5 members), or those members thereof named or appointed under this section to hear any appeal petition. (MC 3.16.440(d))
- c. On receiving a petition which complies with the foregoing rule, the Board shall determine whether the matter will be heard before the entire Board or by three (3) or more members of the Board as designated by the chairperson. (MC 3.16.440 (d))
- d. In order to expedite the hearing process and insure that the Hearing Board shall avoid a possible tie vote, the following procedures shall be followed in establishing a Hearing Board (CAR 5/3/83, Section II):
 - i. Terminations: When convenient to the CSC, all hearings concerning terminations will be heard by the entire CSC. If one member is unable to attend, the Hearing Board shall consist of three (3) members. The selection of the three (3) members shall be made according to the procedures outlined below. (CAR 5/3/83, Item #23, Section IIA)
 - ii. Suspensions & Demotions: All suspensions and demotions shall be heard by a three (3) member Hearing Board. This Hearing Board shall be established according to the procedures outlined below. (CAR 5/3/83, Item #23, Section IIB). Note: If all five Commissioners are available, then the hearing can be scheduled with all 5 members.
 - iii. Procedures: To establish a three (3) member Hearing Board the Human Resources Manager shall contact potential board members according to the Hearing Board list. This list shall initially be established according to the date of appointment to the Commission, with the most "senior" Commissioner #1 on the list. The Human Resources Manager shall survey the Commissioners as to their availability for a hearing and the first three (3) members (in order of the list) available shall serve as the Hearing Board. For subsequent

CITY OF SANTA BARBARA

Civil Service Commission Hearing Procedures

hearings requiring a three (3) member Hearing Board, the member immediately below the lowest ranking member to serve on the prior Hearing Board shall be #1 on the list with the rest of the list being established to maintain the same order as was originally established. In cases where the three (3) member Hearing Board does not have the Chair or Vice Chair of the Commission serving as a member, then the highest ranking (according to the Hearing Board list) member shall act as Chair for the hearing. (CAR 5/3/83, Item #23, Section IIC)

2. Hearing Officer

For all hearings on the discharge, suspension, or demotion of a City employee, a Hearing Officer shall be appointed. The Hearing Officer shall be an attorney admitted to practice in the State of California. The Hearing Officer shall preside at the hearing, rule on the admission and exclusion of evidence, and advise the Hearing Board on matters of law. (MC 3.16.440(e)) The Hearing Officer shall be selected on a rotating basis from a panel of qualified attorneys maintained by Human Resources. The employee or his/her representative has the option to contribute to the fees charged by a Hearing Officer.

3. Disqualification for Financial Conflict of Interest or Personal Bias. (Per the CSC 11/2009)

- a. Prior to a Civil Service Commission disciplinary appeal hearing, each Commissioner and Hearing Officer shall consider whether he or she has a financial conflict of interest or personal bias which could preclude the Commissioner or Hearing Officer from being a fair and impartial participant in the disciplinary appeal hearing.
- b. For the purposes of this policy, a financial conflict of interest may include, but is not limited to, the following:
 - i. The bases for not participating in a “governmental decision” as set forth in section 87100 of the state Political Reform Act of 1974 (hereinafter the “PRA”) and the state Fair Political Practices Commission regulations adopted pursuant to the PRA.
- c. For the purposes of this policy, personal bias shall include, but is not limited to, the following:
 - i. Circumstances that suggest that the Commissioner may have a personal interest in the outcome of the Commission disciplinary appeal hearing sufficient to appear to a reasonable person that the interest might influence

CITY OF SANTA BARBARA

Civil Service Commission Hearing Procedures

the objective exercise of the Commissioner's responsibilities in the hearing. For example, a conflict of interest may exist if the Commissioner has participated in the disciplinary process in another role other than as a City Civil Service Commissioner or if the Commissioner knows the employee or the employee's close family personally. Another example of a potential conflict of interest would be if a City Civil Service Commissioner could advantage or disadvantage a party or their representative in another forum or context, such as a board, commission, labor negotiations, administrative, judicial, or quasi-judicial proceedings, or a Human Resources/personnel-related action involving another public agency.

- ii. The test for disqualifying personal bias under this policy is whether a reasonable person aware of the facts of the potential personal bias might entertain a reasonable doubt that the Commissioner is able to decide the disciplinary appeal hearing with appropriate impartiality and objectivity.
- d. If the City departmental representative, a Commissioner, the employee or the employee's representative believes a reasonable person would believe himself or herself to have a disqualifying financial conflict of interest or personal bias under this policy, the Commissioner shall do either of the following no later than the close of business two working days prior to the scheduled hearing date: 1. Recuse himself or herself by promptly informing the City Human Resources Manager of the Commissioner's need to abstain from participating in the hearing; or, 2. Inform the Human Resources Manager and the Hearing Officer assigned to the Commission disciplinary hearing of the facts which may give rise to a possible disqualifying conflict and request that the Hearing Officer make a determination prior to the start of the hearing on whether a disqualifying conflict appears to exist.
- e. If the City departmental representative, a Commissioner, the employee or the employee's representative participating in the Commission's disciplinary appeal hearing is aware of facts which they believe may form the basis for a reasonable conclusion that a Commissioner has a disqualifying conflict of interest, that party may, no later than the close of business two working days prior to the scheduled hearing date, inform the City Human Resources Manager of such concerns and the Manager shall advise the assigned Hearing Officer of such facts and may request a ruling by the Hearing Officer on whether disqualifying conflicts of interest are apparent.
- f. As required by the Political Reform Act of 1974, a Commissioner who recuses himself or herself or who is otherwise disqualified from participating in the Commission's hearing shall not attend or otherwise observe the Commission's hearing. (Civil Service Commission 2010)

CITY OF SANTA BARBARA

Civil Service Commission Hearing Procedures

C. PREHEARING ACTIONS

1. City Staff Meeting

- a. If approved for a hearing, Human Resources sends a copy of the employee's personnel file and any other pertinent information to the attorney in the City Attorney's Office who has been designated to represent the affected department during the hearing. Generally, the City Attorney shall be segregated from such meetings and shall represent the CSC as a decision-making body.
- b. Human Resources contacts and sets up a pre-hearing meeting with the affected department representatives, Human Resources representative(s), and the City Attorney's Office attorney who has been designated to represent the affected department during the hearing. This meeting will usually take place at the City Attorney's Office or in the Human Resources Annex.

2. Establishment of Hearing Date

Upon receipt of a hearing request, the Human Resources Manager **will attempt to establish a date *within twenty (20) days (as specified in the City Charter)*** with the concurrence of the petitioner (and his/her representative), the Commissioners, and the City Attorney. The 20-day requirement will be waived only with the concurrence of both the petitioner (and his/her representative) and the City. If no concurrence can be reached, the Vice Chair of the Civil Service Commission shall set a date to comply with the provisions of the City Charter. In absence of the Vice-Chair, the Chair shall establish the date. (CAR 5/3/83, Item #23, Section IA)

The petitioner is entitled to a hearing within twenty (20) days unless he or she expressly waives the 20 day requirement. At the time of the waiver, the petitioner may set a limit on the time duration of the waiver.

Written notice of the time and place thereof shall be sent, via certified and regular US mail, and emailed to the employee's home email address and to the email address of his/her representative (per the CSC September 2007) to the employee and his/her representative (with a copy to the Hearing Board, Department staff, etc.) in person or by mail **at least ten (10) calendar days before the hearing.** (City Charter Section 1007 & MC 3.16.440(f))

3. Prehearing Discovery

Requests for discovery, such as a request for the production of documents or employees' work schedules, from the City Attorney's Office or the petitioner, shall be made to the opposing party **not later than *fourteen (14) calendar days prior to the pre-hearing meeting.*** Parties shall provide to the opposing party, **at least seven (7)**

CITY OF SANTA BARBARA

Civil Service Commission Hearing Procedures

calendar days before the pre-hearing meeting, copies of all documents timely requested by the opposing party. The final opportunity to request discovery shall be at the pre-hearing meeting. All discovery requests shall be in writing.

Any requests for discovery after the pre-hearing meeting shall be only for good cause shown and are to be responded to based upon the reasonableness of the request (e.g., timing, volume of request) as determined appropriate by the Hearing Officer. (Civil Service Commission 5/11; Human Resources 4/13)

If any witness cannot be present at the time of the hearing, a deposition may be taken in accordance with the rules applicable to depositions in civil cases. The cost of a deposition shall be borne by the party taking the deposition. Affidavits shall be used only when it is impossible to secure depositions.

4. Mandatory Prehearing Meeting

- a. The City Attorney's Office contacts and sets up the prehearing conference between the City Attorney's Office attorney representing the affected department, the Hearing Officer, and the employee and, if applicable, the employee's representative. This meeting will usually occur in the City Attorney's Office or can be held via conference call. (Human Resources process).
- b. **At least ten (10) working days prior** to the scheduled Civil Service Commission disciplinary appeal hearing date, the attorney representing the City, the petitioner, the petitioner's attorney or representative, and the attorney acting as the Hearing Officer shall meet (either in person or by telephone, as determined by the Hearing Officer) in order to discuss hearing procedures, all possible evidentiary issues which may arise at the hearing (particularly with respect to documentary evidence to be provided to the Commission), the witness list, and any other issue deemed relevant by the Hearing Officer. (CSC 11/96 and 5/11; Human Resources 4/13)
- c. Both the City Attorney's Office and the petitioner shall be prepared for the pre-hearing meeting with the Hearing Officer with all documents to be used at the hearing and witness lists. A copy of all documents to be used at the hearing and a witness list shall be provided to the opposing party and presented to the Hearing Officer at the pre-hearing meeting. (Civil Service Commission 5/11)
- d. At the conclusion of the pre-hearing meeting or as soon thereafter as possible, the Hearing Officer shall determine the admissibility of any documents which the City or the petitioner wishes to submit to the Commission in connection with the hearing.

CITY OF SANTA BARBARA

Civil Service Commission Hearing Procedures

5. Exhibit Packet for the CSC

- a. Timing of Delivery to Commission: After the conclusion of the pre-hearing meeting and **at least seventy-two (72) hours prior to the scheduled hearing, City staff shall provide the Commission with an indexed document / exhibit list and** an exhibit packet.
- b. Contents of Packet: The Exhibit Packet shall contain **an indexed document / exhibit list** and all of the documentary and other written evidence deemed relevant and admissible by the Hearing Officer. For all hearings, the required "Notice of Intent to Terminate" (or suspend or demote, as the case may be) and the formal "Notice" letter, and all substantiating documents attached to such letters and made available to the employee shall also be presented to the Commission as part of the exhibit list. (Civil Service Commission 5/11) The exhibit list shall identify, for each exhibit, the party that requested its inclusion in the packet. City staff shall make the copies of the petitioner's documents and index them for the Commissioners.
- c. Petitioner's Exhibit Packet Document Responsibilities: After the Mandatory Pre-Hearing Meeting, Petitioner shall complete the following **by ninety-six (96) hours before the scheduled hearing** with documents determined to be admissible by the Hearing Officer:
 - Bates stamp or consecutively number pages at the bottom, and
 - Submit one copy to the City Attorney's Office.

6. Briefs for the CSC

For either party wishing to submit a brief to the Commission, those briefs (6 copies) shall be provided to Human Resources **at least seventy-two (72) hours prior to the scheduled hearing** so that they may be delivered to the Commission and the Hearing Officer with the exhibit packet. The briefs should also be served to the opposing party **at least seventy-two (72) hours prior** to the scheduling hearing (service includes hand delivery, facsimile, e-mail or any other method of delivery that ensures delivery of the brief during the aforementioned time period). The Commission, may, at its discretion, accept briefs beyond this time frame. (Civil Service Commission 5/11)

7. Prehearing Preparation between the City Attorney's Office and City Staff

If the City Attorney's Office staff representing the affected department needs to meet with City witnesses before the hearing, the City Attorney's Office will set-up this meeting directly between them and the department. (Human Resources process).

CITY OF SANTA BARBARA

Civil Service Commission Hearing Procedures

8. Agenda

- a. **At least seventy-two (72) hours** (3 calendar days) prior to each meeting, the Civil Service Commission (i.e. Human Resources staff) must prepare an agenda containing a brief general description of each item to be transacted or discussed, including items which will be handled in closed session. A description of each item generally need not exceed 20 words, although the description of each item must be sufficient to provide interested persons with an understanding of the subject matter that will be considered. (Gov. Code, §54954.2). These agendas will be posted with the City Clerk's Office and on the City's internet site.
- b. In addition to the agenda requirement for meetings, the Brown Act requires a representative of the Civil Service Commission to orally announce the items to be discussed in closed session prior to any closed-session meeting. (Gov. Code, §54957.7)
- c. The Brown Act provides for closed sessions regarding the appointment, employment, evaluation of performance, discipline or dismissal of a public employee, subject to the consent of the employee when the session is for the purpose of a hearing on specific complaints or charges. (Gov. Code, §54957) Deliberations will be conducted in closed session regardless of employee consent.
- d. Closed sessions may involve only the membership of the body in question plus any additional support staff which may be required (i.e. Hearing Officer). Persons without an official role in the meeting shall not be present.
- e. Once a closed session has been completed, the Civil Service Commission must convene in open session. However, with respect to a dismissal, the report shall be deferred until the first public meeting following the exhaustion of administrative remedies, if any. (Gov. Code, §54957.1(a)(5))
- f. Regular and special meetings may be adjourned to a future date. If the subsequent meeting is conducted **within five (5) days** of the original meeting, matters properly placed on the agenda for the original meeting may be considered at the subsequent meeting. If the subsequent meeting is **more than five (5) days** from the original meeting, a new agenda must be prepared and posted pursuant to Government Code section 54954.2. Hearings continued pursuant to section Government Code section 54955.1 are subject to the same procedures.

CITY OF SANTA BARBARA

Civil Service Commission Hearing Procedures

D. HEARING RULES

1. Continuances

- a. The Hearing Board may grant a continuance of any hearing upon such terms and conditions as it may deem proper, including in its discretion the condition that the petitioner shall be deemed to have waived salary for the period of the continuance, if the continuance is at the petitioner's request. Any request for continuance made **less than twenty-four (24) hours** prior to the time set for the hearing will be denied unless good cause is shown for the continuance. (MC 3.16.440(n)) The petitioner (or petitioner's representative) or City not being prepared, by itself, will not be considered good cause. (CAR 5/3/83, Item #23, Section IB)
- b. If the petitioner and City concur that good cause has been established, then the party requesting the continuance shall supply alternative dates satisfactory to all concerned parties, which meet the time requirements outlined in the Charter. If those time requirements cannot be met and if the requesting party is the petitioner, they will be deemed to have waived back pay for the period of the continuance. If the requesting party is the City, back pay would be granted. (CAR 5/3/83 #IC)
- c. In cases where a continuance has been granted, the petitioner shall be deemed to have waived the **ten (10) calendar day** notification of hearing requirement for the establishment of a new hearing date. (CAR 5/3/83 #ID)

2. Evidence

- a. Petitioning employees shall be given the opportunity at such hearing to be heard in his/her defense in person or by counsel. (Charter Section 1007)
- b. Hearings may be conducted informally and the legal rules of evidence need not apply. (Charter Section 1007)
- c. The following evidentiary rules shall apply to hearings conducted under this section:
 - i. Oral evidence shall be taken only under oath. (MC 3.16.440(g))
 - ii. Each party shall have the right to call and examine witnesses, to introduce exhibits, to cross-examine opposing witnesses on any matter relevant to the issues even though that matter was not covered in the direct examination, to impeach any witness regardless of which party first called him to testify, and to rebut the evidence against him. If petitioner does not testify on his/her own behalf he/she may be called and examined as if under cross-examination. (MC 3.16.440(g))

CITY OF SANTA BARBARA

Civil Service Commission Hearing Procedures

- iii. The hearing need not be conducted according to technical rules relating to evidence and witnesses. Any relevant evidence shall be admitted if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common-law or statutory rule which might make improper the admission of such evidence over objection in civil actions. Hearsay evidence may be used for the purpose of supplementing or explaining other evidence, but shall not be sufficient in itself to support a finding unless it would be admissible over objection in civil actions. The rules of privilege shall be effective to the extent that they are otherwise required by statute to be recognized at the hearing, and irrelevant and unduly repetitious evidence shall be excluded. (MC 3.16.440(g))

3. Stenographer / Tape Recordings at Hearings

Hearings on discharges, reductions (demotions), and suspensions shall be conducted with a stenographic reporter and whenever possible a mechanical recording machine. (MC 3.16.440(l))

4. Transcripts

Transcripts of hearings shall be furnished to any person on payment of the cost of preparing such transcripts. (MC 3.16.440(m)) Transcripts are not available for hearing deliberations that occur in closed session.

5. Burden of Proof

In hearings on discharges, reductions (demotions), or suspensions, the burden of proof shall be on the appointing power, i.e., the City. In all other types of hearings the burden of proof shall be on the petitioner. (MC 3.16.440(h))

6. Witnesses

- a. The complete witness list must be presented to the Hearing Officer during the pre-hearing meeting (see Mandatory Pre-Hearing Meeting, above). Final revisions to the witness list shall be submitted no later than **five (5) calendar days** after the pre-hearing meeting. Revisions to the list sought after this date will be considered by the Hearing Officer and granted only for good cause shown. Requests to change the witness list after the pre-hearing meeting shall be transmitted in writing to the CSC Hearing Officer, the City Attorney, the Human Resources Manager, the employee whose employment status is at issue, and the employee's hearing representative, if any.
- b. If the employee or, if represented, the employee's representative requests employees to be released during the workday to testify for the employee at the hearing, then the City Attorney will inform Human Resources and Human

CITY OF SANTA BARBARA

Civil Service Commission Hearing Procedures

Resources then arranges with the managers of these employees when they will come to the hearing. Usually the employees are asked to be available to be able to come to the hearing ***within ten (10) minutes*** of being called by Human Resources.

- c. The Board may at its discretion exclude witnesses not under examination, except the Human Resources Manager, the petitioner or person to be discharged or reduced, the appointing power and counsel. (MC 3.16.440(i))
- d. City witnesses testifying or waiting to testify, on petitioner's behalf, shall only be paid if testifying during their normal working hours on a normal workday. No overtime shall be paid. If testifying on a scheduled day off no pay shall accrue.

7. Subpoena of Witnesses

- a. The Board shall have the power and authority to compel the attendance of witnesses, to examine them under oath or affirmation and to compel the production of evidence before it. Subpoenas shall be issued in the name of the City and be attested by the City Clerk. They shall be served and compiled with in the same manner as subpoenas in civil actions. Disobedience of such subpoenas, or the refusal to testify (upon other than constitutional grounds), constitutes a misdemeanor, and shall be punishable as provided in Section 515 of the Charter. (MC 3.16.420)
- b. Compelling Appearance of outside (non-City) individuals as witnesses (“outside witnesses”): If such witnesses are desired at the hearing, a subpoena is recommended because the City cannot otherwise compel the presence of witnesses who are not its employees. The subpoena procedure is as follows:
 - i. The employee or employee’s representative (“requesting party”) shall first provide to the City Attorney and the Hearing Officer the employee’s most recent witness list.
 - ii. At least ten (10) days before the CSC hearing, the requesting party contacts the City of Santa Barbara’s City Clerk’s Office to request subpoenas for the appearance of **outside witnesses** for a CSC hearing and supplies the names and addresses of the requested individuals and the time, date and location of the hearing.
 - iii. The City Clerk’s Office prepares the subpoenas (based on information (name/address) supplied by the requesting party.

CITY OF SANTA BARBARA

Civil Service Commission Hearing Procedures

- iv. The City Clerk issues the subpoenas, which are signed by the City Clerk, with the name/address of each requested individual, and that their appearance is required for a hearing related to a CSC hearing with the time, date and location.
- v. The subpoenas are given to the requesting party for them to serve the named individuals. The requesting party pays the cost of serving the subpoena. (Human Resources April 2013).
- vi. Those requesting subpoenas are encouraged to ensure that they request them far enough in advance of the hearing to serve the outside persons in time to compel their appearance at the hearing. For example, if the subpoena provides to the subpoenaed person 7 days notice from the date on which it is served, a subpoena served less than 7 days before the hearing is ineffective. An ineffective subpoena does not compel the outside witness to appear. A subpoena that is ineffective because it was not timely served on the outside witness is not good cause for a continuance.

8. Appearance of Petitioner

The appearance of the petitioner shall be required at all hearings, provided, however, the Hearing Board shall have discretion to consent to the absence of the petitioner upon a showing of good cause therefore. (MC 3.16.440(j))

Unexcused absence of the petitioner at such a hearing may, in the discretion of the Hearing Board, be deemed a withdrawal of the petition and consent to the action or ruling from which the appeal was taken. (MC 3.16.440(j))

9. Class Actions

- a. The Board may, at its discretion, grant to any two (2) or more persons whose appeals are heard pursuant to this chapter, or to the appointing power, the right to consolidate such appeals as a class action. (MC 3.16.440(o))
- b. The granting of authority for such class action shall be contingent upon showing by petitioners or their representatives or by the appointing power that the appeals in question present common questions of fact and law, and the separate hearings upon such appeals would result in unnecessary multiplicity of hearings before the Board or its appointed Hearing Officers. (MC 3.16.440(o))
- c. Any petitioner who would otherwise be included in a proposed class action hearing shall have the right to appear before the Board and request that his/her appeal be heard separately from appeals involved in the class action. Such request must be filed with the City Clerk **not less than five (5) calendar days** prior to the date set for

CITY OF SANTA BARBARA

Civil Service Commission Hearing Procedures

the consolidated hearing and may be denied by the Board if it determines that good cause does not exist for holding a separate hearing. (MC 3.16.440(o))

10. Guide for Hearing Officer

Draft findings shall be prepared by the Hearing Officer and faxed or delivered **within seventy-two (72) hours** to the Hearing Board for approval. The Hearing Officer will obtain majority approval from the Hearing Board on the draft, make revisions, if necessary, and finalize draft findings. The Hearing Officer will ask Human Resources to schedule a closed session in order that the Hearing Board can present to the full Board their draft findings.

11. Findings and Decision

Following the hearing and the deliberations (closed session) of the hearing board, the Hearing Officer shall inform the City and petitioner's representative of the Hearing Board's recommendation. *However*, if the Hearing Board is not comprised of all five (5) members of the Civil Service Commission, then the recommendation shall not be disclosed to anyone until the full Board accepts the decision of the Hearing Board. (CSC 1998).

If the hearing, as hereinbefore described, is not before the full Board, the Hearing Board shall submit, in a closed session, a written or oral report to the full Board for its approval. If the Board accepts such report, it need not read the record of the hearing. If the Board declines to accept such report, it must read the record or hold a hearing de novo. (MC 3.16.440(k)) Immediately after the conclusion of this closed session, the Commission will convene in open session and announce their decision to the City and to the employee's representative (if present). However, with respect to a dismissal, the report shall be deferred until the first public meeting after the exhaustion of administrative remedies. (Gov. Code, §54957.1(a)(5))

The Board may either adopt the report made by the Hearing Board and reduce the same to writing to serve as findings, or it may draft its own findings. (MC 3.16.440(k))

The Board shall make written findings which shall state as to each charge whether or not such charge is sustained. Such Board shall also set forth in writing its conclusions and recommendations based upon such findings **within ten (10) calendar days** after concluding the hearing. (Charter Section 1007). (Note: The findings are not public until all Commissioners have been informed of the decision, and the appropriate timeframes have been met.)

The findings shall not be signed by the Board **until five (5) working days after** they have been mailed to the petitioner and his/her representative via regular and US certified mail and, if available, emailed to the employee's home email address and to

CITY OF SANTA BARBARA

Civil Service Commission Hearing Procedures

the email address of his/her representative (per the CSC September 2007). Notice of the decision and findings of fact and conclusions of law shall be mailed promptly to the petitioner. The petitioner **shall have five (5) working days after** the Board mails the findings of fact and conclusions of law to object in writing to said findings of fact and conclusions of law. (MC 3.16.440(k))

If objections to the findings are filed with the Board within the time specified above and the Board believes that the objections or parts thereof have validity, then the Board may amend said findings, or take such further action as it deems appropriate. (MC 3.16.440(k))

If no objection to said findings and conclusions is received by the Board **within said five (5) working days**, the findings and conclusions and decision shall be final and conclusive. (MC 3.16.440(k))

The Board shall certify its findings, conclusions, recommendations and its decision based thereon to the board or officer from whose action the appeal was taken, and to the City Administrator and City Council. The same shall also be available to the public. (Charter Section 1007)

A final letter is mailed to the petitioner, via regular and US certified mail, and emailed to the employee's home email address and to the email address of his/her representative (per the CSC September 2007) with an Affidavit of Mailing, advising him/her that the Board's decision is final and that the City has adopted an ordinance (S.B.M.C. 1.30.020) that provides that the time within which judicial review of the commission's decision must be sought, which is **not later than ninety (90) days** following the date on which the decision becomes final, is governed by the provisions of California Code of Civil Procedure 1094.6.

12. Ex Parte Communications

Ex parte communications with the Board are prohibited at all times. Ex parte communications with the Hearing Officer are prohibited at any time following conclusion of the hearing. Written ex parte communications with the Hearing Officer, when and only when invited by the Hearing Officer, may occur prior to or during the hearing and shall be copied to all parties.

* * * * *



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: April 28, 2015

TO: Mayor and Councilmembers

FROM: City Administrator's Office

SUBJECT: Resolutions Required By CalPERS For Reductions To City-Paid Pension Contributions

RECOMMENDATION: That Council:

- A. 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 Sworn Police Officers' Association Employees, Effective June 18, 2011 Through April 20, 2012;
- 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 Sworn Police Officers' Association Employees, Effective April 21, 2012 Through July 26, 2013; and
- C. Adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara Amending Resolution 13-025 for Paying and Reporting the Value of Employer Paid Member Contributions for Fire Management Association Employees, January 11, 2014 Through January 9, 2015, to Reflect the Corrected Percentage.

DISCUSSION:

The California Public Employees Retirement System (CalPERS) requires the City to submit a separate form resolution reflecting each negotiated change to Employer Paid Member Contributions (EPMC) under the City's retirement plans. CalPERS recently improved employer web access to its historical records. This allowed staff to review the record to ensure that all of the correct resolutions were on file with CalPERS.

In recent years, EPMC contributions changed frequently as employees gradually assumed responsibility for paying their own member contributions. From our internal audit, staff determined that two required resolutions were never adopted. In a third case, a typo on the resolution was found that reflected an incorrect percentage. The adoption of the two missing resolutions, and the correction of the third resolution, will complete and correct CalPERS's historical records.

There is no fiscal impact related to this change. The correct Employer Paid Member Contributions were included in the applicable labor agreements adopted by Council and were paid to CalPERS. This is just an administrative correction.

SUBMITTED BY: Kristy Schmidt, Administrative Services Director

APPROVED BY: City Administrator's Office

RESOLUTION NO. ____

RESOLUTION OF THE COUNCIL OF THE CITY OF SANTA BARBARA FOR PAYING AND REPORTING THE VALUE OF EMPLOYER PAID MEMBER CONTRIBUTIONS FOR SWORN POLICE OFFICERS' ASSOCIATION EMPLOYEES EFFECTIVE JUNE 18, 2011 THROUGH APRIL 20, 2012

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 Police Officers Association who are "Classic" Safety 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 6.5% (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 dates of this Resolution shall be June 18, 2011 through April 20, 2012.

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. ____

RESOLUTION OF THE COUNCIL OF THE CITY OF SANTA BARBARA FOR PAYING AND REPORTING THE VALUE OF EMPLOYER PAID MEMBER CONTRIBUTIONS FOR SWORN POLICE OFFICERS' ASSOCIATION EMPLOYEES EFFECTIVE APRIL 21, 2012 THROUGH JULY 26, 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 Police Officers Association who are "Classic" Safety 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 6.734% (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 April 21, 2012 through July 26, 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. ____

RESOLUTION OF THE COUNCIL OF THE CITY OF SANTA BARBARA AMENDING RESOLUTION 13-025 FOR PAYING AND REPORTING THE VALUE OF EMPLOYER PAID MEMBER CONTRIBUTIONS FOR FIRE MANAGEMENT ASSOCIATION EMPLOYEES, JANUARY 11, 2014 THROUGH JANUARY 9, 2015, TO REFLECT THE CORRECTED PERCENTAGE

WHEREAS, the Council of the City of Santa Barbara adopted Resolution 13-025 electing to pay and report Employer Paid Member Contributions (EPMC);

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 2.0% (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 through January 9, 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: April 28, 2015

TO: Mayor and Councilmembers

FROM: Administration Division, Finance Department

SUBJECT: Records Destruction For Finance Department

RECOMMENDATION:

That Council adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara Relating to the Destruction of Records Held by the Finance Department in the Accounting, Administration, General Services, Risk Management, and Treasury Divisions.

DISCUSSION:

The City Council adopted Resolution No. 14-006 on February 11, 2014, approving the City of Santa Barbara Records Management Policies and Procedures Manual. The Manual contains the records retention and disposition schedules for all City departments. The schedules are a comprehensive listing of records created or maintained by the City, the length of time each record should be retained, and the legal retention authority. If no legal retention authority is cited, the retention period is based on standard records management practice.

Pursuant to the Manual, the Finance Director submitted a request for records destruction to the City Clerk Services Manager to obtain written consent from the City Attorney. The City Clerk Services Manager agreed that the list of records proposed for destruction conformed to the retention and disposition schedules. The City Attorney has consented in writing to the destruction of the proposed records.

The Finance Director requests the City Council to approve the destruction of the Finance Department records in the Accounting, Administration, General Services, Risk Management, and Treasury Divisions listed on Exhibit A of the proposed Resolution, without retaining a copy.

SUSTAINABILITY IMPACT:

Under the City's sustainability program, one of the City's goals is to increase recycling efforts and divert waste from landfills. The Citywide Records Management Program outlines that records approved for destruction be recycled, reducing paper waste.

PREPARED BY: Jennifer Disney, Executive Assistant

SUBMITTED BY: Robert Samario, Finance Director/Acting Asst. City Administrator

APPROVED BY: City Administrator's Office

RESOLUTION NO.

A RESOLUTION OF THE COUNCIL OF THE CITY OF SANTA BARBARA RELATING TO THE DESTRUCTION OF RECORDS HELD BY THE FINANCE DEPARTMENT IN THE ACCOUNTING, ADMINISTRATION, GENERAL SERVICES, RISK MANAGEMENT, AND TREASURY DIVISIONS

WHEREAS, the City Council adopted Resolution No. 14-006 on February 11, 2014, approving the City of Santa Barbara Records Management Policies and Procedures Manual;

WHEREAS, the City of Santa Barbara Records Management Policies and Procedures Manual contains the records retention and disposition schedules for all City departments. The records retention and disposition schedules are a comprehensive listing of records created or maintained by the City, the length of time each record should be retained, and the legal retention authority. If no legal retention authority is cited, the retention period is based on standard records management practice;

WHEREAS, Government Code section 34090 provides that, with the approval of the City Council and the written consent of the City Attorney, the head of a City department may destroy certain city records, documents, instruments, books or papers under the Department Head's charge, without making a copy, if the records are no longer needed;

WHEREAS, the Finance Director submitted a request for the destruction of records held by the Finance Department to the City Clerk Services Manager to obtain written consent from the City Attorney. A list of the records, documents, instruments, books or papers proposed for destruction is attached hereto as Exhibit A and shall hereafter be referred to collectively as the "Records";

WHEREAS, the Records do not include any records affecting title to real property or liens upon real property, court records, records required to be kept by statute, records less than two years old, video or audio recordings that are evidence in any claim or pending litigation, or the minutes, ordinances or resolutions of the City Council or any City board or commission;

WHEREAS, the City Clerk Services Manager agrees that the proposed destruction conforms to the City's retention and disposition schedules;

WHEREAS, the City Attorney consents to the destruction of the Records; and

WHEREAS, the City Council of the City of Santa Barbara finds and determines that the Records are no longer required and may be destroyed.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SANTA BARBARA that the Finance Director, or his designated representative, is authorized and directed to destroy the Records without retaining a copy.

FINANCE DEPARTMENT – ADMINISTRATION DIVISION

<u>Records Series</u>	<u>Date(s)</u>
ACCOUNTING DIVISION	
Accounting Reports	2007
Accounts Payable	2007
Adopted Budget Reports	2009
Bank Reconciliations	2007
Community Development Block Grant (CDBG) Files	2009
General Ledger Journal Vouchers	2007
Medicare Quarterly Reports	2010
Payroll Check Registers	2011
Payroll Checks (cancelled)	2007
Time Cards	2007
Trial Balance Reports	2007
Utility Billing and Accounts Receivable	2007
Warrant Register	2007
Warrants	2007
Year-End Reports	2007

ADMINISTRATION DIVISION

Travel Expense Records	2007
------------------------	------

GENERAL SERVICES

Bids (opened)	2004
Cash Purchase Orders	2007
Central Stores Supplies Inventory	2002-2009
Department Files	1981-2009
Purchase Orders	1994-2004

RISK MANAGEMENT

Contracts and Agreements	2007 or earlier
Travel Expense Records	2007 or earlier
CalOSHA Compliance Program Records	2007 or earlier
Financial Files	2012 or earlier
Fix-It Files	2010 or earlier
Incident Files	2009 or earlier
Liability Files	2009 or earlier
Litigation Files	2009 or earlier

TREASURY

Credit Card Transaction Records	2012
Automatic Payment Service Applications and Agreements	2012
Broker Files	2007

Business License and Utility User's Tax Batch Files	2009
Cash Receipt Records	2007
Investment Files	2004
Licenses and Permits Subject File	2009
"MBIA" Audit Files	2009
Parking and Business Improvement Area Tax Files	2011
Transient Occupancy Tax Files	2009
Treasury Receipts	2009
Utility Tax Exemption Renewal Applications	2011
Water Payment Records (Stubs)	2013



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: April 28, 2015

TO: Mayor and Councilmembers

FROM: Business & Property Division, Airport Department

SUBJECT: Introduction Of Ordinance For Second Amendment To Lease No. 23,017, Between MAG Aviation And The City Of Santa Barbara

RECOMMENDATION:

That Council introduce and subsequently adopt, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Approving and Authorizing the Airport Director to Execute a Second Amendment to Lease Agreement No. 23,017, with MAG Aviation, a Partnership, and the City of Santa Barbara, at 1600 Cecil Cook Place, at the Santa Barbara Airport, Effective Upon the Adoption of the Enabling Ordinance, to Allow a One-Year Waiver of the Scheduled CPI Rental Adjustment.

DISCUSSION:

The subject Premises is located south of Hollister Avenue in an Airport Facilities (AF) zone.

MAG Aviation Fuel constructed an AvGas self-fueling facility on 11,250 square feet of ramp at 1600 Cecil Cook Place. MAG received their final approval to operate by the City Building Department on April 7, 2010. Maintenance of the 12,000 gallon tank and containment system requires regular inspection and testing of the fuel in the tank. The agreement was amended on July 1, 2010, to allow one tie-down on the leasehold for the temporary use of contractors or employees to allow them to fly in to do the required testing and visual inspections required.

The Airport has exercised a five-year option to MAG Aviation Fuel to extend the term of the Lease which began April 7, 2015 and will terminate April 6, 2020. Upon notification of the Airport's intent to exercise its option to extend the agreement, MAG requested a reduction in the base rent from the current \$759 to \$675 (the initial base rent effective in 2010.) After comparing the rental rates paid by other tenants on the field for aviation ramp, the Airport concluded that the current \$.07 per square foot paid by MAG for aviation ramp was at market rate and no CPI increase should take place this year.

In order to waive the CPI adjustment for one year, an amendment to the agreement was required.

The proposed Second Amendment has been negotiated based upon the criteria set forth in Resolution 93-127, and has been reviewed and determined to be exempt from environmental review.

Airport Commission

At the April 15, 2014 regularly scheduled meeting, Airport Commission recommended approval of the lease amendment.

PREPARED BY: Rebecca Fribley, Sr. Property Management Specialist

SUBMITTED BY: Hazel Johns, Airport Director

APPROVED BY: City Administrator's Office

ORDINANCE NO. _____

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SANTA BARBARA APPROVING AND AUTHORIZING THE AIRPORT DIRECTOR TO EXECUTE A SECOND AMENDMENT TO LEASE AGREEMENT NO. 23,017, WITH MAG AVIATION, A PARTNERSHIP, AND THE CITY OF SANTA BARBARA, AT 1600 CECIL COOK PLACE, AT THE SANTA BARBARA AIRPORT, EFFECTIVE UPON THE ADOPTION OF THE ENABLING ORDINANCE, TO ALLOW A ONE-YEAR WAIVER OF THE SCHEDULED CPI RENTAL ADJUSTMENT.

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 second amendment to Agreement 23,017, between MAG Aviation and the City of Santa Barbara, waiving the scheduled CPI rental adjustment for the premises at 1600 Cecil Cook Place, at the Santa Barbara Airport, for one year, is hereby approved.



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: April 28, 2015

TO: Mayor and Councilmembers

FROM: Engineering Division, Public Works Department

SUBJECT: Contract For Sanitary Sewer Cleaning And Closed Circuit Television Inspection

RECOMMENDATION:

That Council award a contract with Nor-Cal Pipeline Services in their low bid amount of \$84,735.50 for Sanitary Sewer Cleaning and Closed Circuit Television Inspection Fiscal Year 2015, Bid No. 3773; and authorize the Public Works Director to execute the contract and approve expenditures up to \$8,473, to cover any cost increases that may result from contract change orders for extra work and differences between estimated bid quantities and actual quantities measured for payment.

DISCUSSION:

BACKGROUND

The City of Santa Barbara owns and operates approximately 257 miles of wastewater collection system sewer mains. To properly manage these assets, the City's sanitary sewer mains need to be inspected through the use of closed circuit television (CCTV) equipment and rated using a nationally recognized pipeline assessment standard.

PROJECT DESCRIPTION

The Sanitary Sewer Cleaning and CCTV Inspection Fiscal Year 2015 Project (Project) consists of cleaning and inspection of approximately 3 miles of 6 and 8-inch sanitary sewer mains and associated manhole structures within the City. The video footage and inspection results generated from this Project will be uploaded to the City's Pipeline Observation System Management server for maintenance and replacement prioritization. The data is then utilized by staff to optimize the use of available funds to repair, rehabilitate, or replace sanitary sewer mains.

CONTRACT BIDS

A total of three bids were received for the subject work, ranging as follows:

	BIDDER	BID AMOUNT
1.	Nor-Cal Pipeline Services Yuba City	\$84,735.50
2.	Professional Pipe Services Walnut	\$85,180.50*
3.	Empire Pipe Cleaning & Equipment Inc. Orange	\$100,071.90

**Corrected Bid Total*

The low bid of \$84,735.50, submitted by Nor-Cal Pipeline Services (Nor-Cal), is an acceptable bid that is responsive to and meets the requirements of the bid specifications.

The change order funding recommendation of \$8,473, or ten percent, is typical for this type of work and size of project.

COMMUNITY OUTREACH

Staff will issue a press release prior to the start of the Project, and the contractor is required to provide door hangers to affected residences and businesses 72 hours prior to inspection work.

FUNDING

This project is funded by the Wastewater Capital Fund, and there are sufficient appropriated funds to cover the cost of this Project.

The following summarizes the expenditures recommended in this report:

CONSTRUCTION CONTRACT FUNDING SUMMARY

	Basic Contract	Change Funds	Total
Nor-Cal	\$84,735.50	\$8,473	\$93,208.50
TOTAL RECOMMENDED AUTHORIZATION			\$93,208.50

The following summarizes all Project design costs, construction contract funding, and other Project costs:

ESTIMATED TOTAL PROJECT COST

**Cents have been rounded to the nearest dollar in this table.*

Specification Development	\$9,730
Subtotal	\$9,730
Construction Contract	\$84,735.50
Change Order Allowance	\$8,473.0
Subtotal	\$93,208.05
Contract Management/Inspection (by City Staff)	\$20,012
Subtotal	\$20,012
TOTAL PROJECT COST	\$122,950.05

PREPARED BY: Linda Sumansky, Principal Engineer/MJ/mh

SUBMITTED BY: Rebecca J. Bjork, Public Works Director

APPROVED BY: City Administrator's Office



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: April 28, 2015

TO: Mayor and Councilmembers

FROM: Engineering Division, Public Works Department

SUBJECT: Contract Amendment For On-Call Engineering Services For Groundwater Well Development

RECOMMENDATION: That Council:

- A. Authorize the Public Works Director to amend Contract No. 24,803 with Pueblo Water Resources in the amount of \$150,000 for on-call hydrogeologic engineering design services for Groundwater Well Development, increasing the overall contract amount to \$400,000; and
- B. Authorize the Public Works Director to terminate Contract No. 24,804 with Kear Groundwater and return the remaining contract allocation to the Water Drought Fund.

DISCUSSION:

BACKGROUND

The City of Santa Barbara relies on groundwater as one of the many potable water sources that are provided to meet the demands of its customers. There are several groundwater wells in the City that require rehabilitation or replacement in order to continue providing this supplemental water supply. There is an increased need for these projects given the current drought conditions. On April 8, 2014, Council approved contracts with Pueblo Water Resources (PWR) and Kear Groundwater (KG) to provide on-call services for two-year contracts to address this increased need. Two firms were selected to balance the workload if one contractor could not meet the City's required services.

The cost of design services for the well projects listed below are anticipated to range from \$50,000 to \$100,000, which could result in capital projects with costs totaling \$3 million to \$5 million. By negotiating a time and materials contract, staff has been able to reduce overall administration costs and shorten project timelines to better meet water demands during this time of water scarcity.

The scope of the proposed hydrogeologic engineering services included evaluating and creating work plans or designs for the following projects:

- Groundwater Supply Evaluation
- High School Well Project
- San Roque Well Project
- Los Robles Well Project
- Hope Well Project
- Storage Unit No. 1 Evaluation
- City Hall Well Project
- Vera Cruz Well Project
- Ortega Well Project
- Gibraltar Silt Wells
- Well Site Evaluation

CURRENT STATUS

PWR and KG were tasked with evaluating the Foothill and Lower Basins, respectively. The results of the analysis demonstrate that there is a need for additional work in the Foothill Basin. PWR's expertise, availability, and recent work in the Foothill Basin make them the best suited firm to perform this work. Staff is recommending that Council authorize the Public Works Director to amend Contract No. 24,803 with PWR in the amount of \$150,000 to develop rehabilitation plans for the Hope, Los Robles, and San Roque Wells, increasing the overall contract amount from \$250,000 to \$400,000.

KG has completed their analysis of the Lower Basin. The Corporate Yard, Vera Cruz, and the City Hall Wells are currently all operational. The Alameda Well was recently drilled and the wellhead is being developed. The High School Well is anticipated to be rehabilitated in fall of 2015. Staff recommends that Council authorize the Public Works Director to terminate Contract No. 24,804 with KG and return the remaining contract allocation to the Groundwater Development Program in the Drought Fund.

BUDGET/FINANCIAL INFORMATION:

The proposed contract amendment for Contract No. 24,803 with PWR is \$150,000, which would bring the total contract amount to \$400,000. Contract 24,804 with KG is recommended to be terminated, and the remaining funds would be returned to the Drought Fund to cover the costs of the above contract amendment of \$150,000.

PREPARED BY: Linda Sumansky, Principal Engineer/AF/PM/kts

SUBMITTED BY: Rebecca J. Bjork, Public Works Director

APPROVED BY: City Administrator's Office



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: April 28, 2015

TO: Mayor and Councilmembers

FROM: Water Resources Division, Public Works Department

SUBJECT: Amendment To Joint Funding Agreement With United States Geological Survey For Groundwater Modeling

RECOMMENDATION:

That Council authorize the Public Works Director to execute an Amendment to the Joint Funding Agreement with the United States Geological Survey for groundwater modeling services, increasing the City's portion of the cost by \$30,000, for a total City project cost of \$406,925.

DISCUSSION:

Groundwater is an important part of the City's water supply, particularly during critical drought periods when normal surface water supplies are limited. Groundwater is also the City's only truly local potable water supply that is currently operational and available in the event that deliveries from the Santa Ynez River are disrupted. The City's groundwater basins are relatively small compared to other local agencies and must be managed carefully to optimize their role in our water supply.

The City boundaries overlies Storage Units I and III of the Santa Barbara groundwater basin, as well as portions of the Foothill Basin. The City currently owns and operates water supply production wells in both of these primary groundwater basins, and has an extensive network of groundwater monitoring wells for water levels and water quality.

The City has a long-standing partnership with United States Geological Survey (USGS) on efforts to better understand the basin through data collection, monitoring, and modeling studies. Over the years, USGS has written the definitive reports describing the geology and capacity of the City's groundwater basins and has developed and maintained groundwater models of each basin.

In 2009, the City and USGS entered into a Joint Funding Agreement for a Cooperative Water Resources Program to update and enhance groundwater models, evaluate the

sustainable yield of the City's groundwater resources, and develop decision rules for use in managing supplies from groundwater. The work effort included updating and calibrating the existing MODFLOW-2000 groundwater flow model to SEAWAT-2000, which models seawater intrusion. The result is a more sophisticated model of the quantity of groundwater flow, as well as the quality, in terms of salt content and extent of intrusion. This SEAWAT model will allow the City to estimate the location of the saltwater/freshwater interface and the rate at which it can be expected to move inland toward City wells, if increased pumping were to continue in response to drought.

Intrusion of seawater into Storage Unit No. 1 (in the downtown area) is of particular concern during periods of increased pumping. Groundwater pumping lowers groundwater levels, which allows seawater intrusion to occur. Groundwater levels recover relatively quickly after pumping is reduced, but the seawater interface is much slower to return to its prior location. Tracking this interface is important in terms of estimating the amount of pumping that can be done before the salt content in a given well renders it unusable for potable supply for a substantial period of time.

The phases of the current Cooperative Water Resources Program consist of:

1. Quantifying the present sustainable yield of the groundwater basins;
2. Evaluating the future sustainable yield of the basins, given historical weather variability as well as potential climate change effects;
3. Developing decision rules for evaluating the current status of the basis at any given time; and
4. Documenting the result of the work in one or more reports.

USGS has finished calibrating the updated model and has worked with City staff to define model scenarios that will produce results that help define the sustainable yield under a variety of possible climate, water level, and water quality scenarios. The scenarios include:

- **Scenario 1: Start with full basin, simulate 10-year normal hydrology:** "How much can we pump as a base yield in normal conditions?"
- **Scenario 2: Start with full basin, simulate 10-year drought hydrology:** "How much can we pump in drought conditions?"
- **Scenario 3: Start with low basin, simulate 10-year normal hydrology:** "How long until basin recovers after drought is over?"

- **Scenario 4: Varied starting point (including current condition), simulate 10-year drought hydrology:** Generates results that can be used to develop decision rules.
- **Scenario 5: Start with current basin conditions; simulate varied 2-year hydrology:** Generates a range of results based on varied hydrology.

Scenarios 2 and 3, and some variations of Scenario 4, are outside of the original scope of the agreement. Therefore, staff recommends an amendment to the Joint Funding Agreement to include these scenarios to better understand the estimated sustainable yield of the basin. The additional cost to include these scenarios will be shared between USGS and the City; the City's portion of the additional cost is \$30,000.

Remaining work for the total project is expected to be complete by September 2015.

BUDGET/FINANCIAL INFORMATION:

The total project amount with the proposed amendment would be \$586,055, which is shared between USGS and the City. The City's portion of the total project cost would be \$406,925; which is a \$30,000 increase to incorporate the additional modeling scenarios. There are sufficient funds available in the Fiscal Year 2015 Water Fund Operating Budget to cover the additional budget of \$30,000.

PREPARED BY: Joshua Haggmark, Water Resources Manager/KD/mh

SUBMITTED BY: Rebecca J. Bjork, Public Works Director

APPROVED BY: City Administrator's Office



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: April 28, 2015

TO: Mayor and Councilmembers

FROM: Ariel Pierre Calonne, City Attorney

SUBJECT: Resolution Adopting Findings For Santa Barbara Museum Of Natural History Appeal (2559 Puesta Del Sol)

RECOMMENDATION:

That Council adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara Denying the Appeal of Mark and Lauren Carey and Upholding the Decision of the Planning Commission Granting an Amended Conditional Use Permit and Parking Modification for the Santa Barbara Museum of Natural History (2559 Puesta Del Sol).

PREPARED BY: Ariel Pierre Calonne, City Attorney

SUBMITTED BY: Ariel Pierre Calonne, City Attorney

APPROVED BY: City Administrator's Office

RESOLUTION NO.

A RESOLUTION OF THE COUNCIL OF THE CITY OF SANTA BARBARA DENYING THE APPEAL OF MARK AND LAUREN CAREY AND UPHOLDING THE DECISION OF THE PLANNING COMMISSION GRANTING AN AMENDED CONDITIONAL USE PERMIT AND PARKING MODIFICATION FOR THE SANTA BARBARA MUSEUM OF NATURAL HISTORY (2559 PUESTA DEL SOL)

WHEREAS, in order to implement a proposed Master Plan, the Santa Barbara Museum of Natural History applied for an amended Conditional Use Permit, a parking modification, and an annexation of Museum Owned parcels located within the County of Santa Barbara into the City.

WHEREAS, as part of the amended Conditional Use Permit, the Museum proposed the following physical improvements on the Museum's property located at 2559 Puesta del Sol: improved pedestrian accessibility and Americans with Disabilities Act (ADA) improvements; renovations to the Marine/Paleontology/Geology Exhibit Hall and restrooms resulting in a net decrease of 194 square feet; replacement of the butterfly exhibit; rehabilitation of Gould Hall; conversion of the 475 square-foot MacVeagh Cottage from residential use to educational non-residential use; relocation of trash and recycling; new fencing; new soundwall/visual screen along the northeasterly portion of the parking lot; as-built improvements and enhancements to existing bioswale and outdoor activity areas; native habitat restoration; landscape improvements, including removal of approximately 2,800 square feet of existing asphalt; mechanical equipment upgrades; and interior repairs to existing buildings.

WHEREAS, the amended Conditional Use Permit results in a net increase in accessible Museum parking spaces (from 6 to 7), a net loss of Museum parking spaces overall (from 156 to 155), and an addition of four bicycle spaces (from 18 to 22).

WHEREAS, the following Assessor Parcel Numbers are subject to the terms of the amended Conditional Use Permit: APNs 023-272-003 and -004. Upon the completion of the proposed annexation, the following Assessor Parcel Numbers shall also be subject to the Conditional Use Permit: APNs 023-250-039; -056; -066; and -068 (hereinafter referred to as the Western Parcels). Existing development on the Western Parcels includes a single family residence. The project includes maintenance of the existing uses of the Western Parcels which consist of the use of the single family residence, passive recreation including public use of a trail network, and Museum educational activities. The project includes the improvements shown on the plans signed by the chairperson of the

Planning Commission on January 8, 2015 and on file at the City of Santa Barbara.

WHEREAS, on January 8, 2015, the Planning Commission conducted a duly noticed public hearing and approved the amended conditional use permit, the parking modification, and recommended that the City Council grant the proposed annexation.

WHEREAS, on January 20, 2015, Mark and Lauren Carey timely filed an appeal of the Planning Commission's approval. In their appeal letter, the Careys objected to the proposed installation of an exterior speaker system for Museum announcements and the proposed relocation of the trash bins to a location within the Museum parking lot. In addition, the Careys requested imposition of additional conditions of approval intended to reduce the impacts of the proposed construction and objected to the environmental determinations for the project.

WHEREAS, on March 23, 2015, the City Council conducted a duly noticed site visit during which members of the City Council inquired into and observed the physical aspects of the issues presented on appeal, including the site planning. Mark and Lauren Carey and Richard Solomon also attended the site visit.

WHEREAS, on March 24, 2015, the City Council conducted a duly noticed public hearing on the appeal. The City Council in the appeal hearing considered the entire record of proceedings, including without limitation the following evidence relied upon by the Council:

1. A detailed written report and staff presentation, including a City staff report discussing the appeal issues and a PowerPoint presentation.
2. The Planning Commission staff report and attachments thereto.
3. Presentations by appellant Lauren Carey and her neighbor Richard Solomon, detailing the grounds of the appeal, which are part of the record in this case and were fully considered by the City Council in making its decision on this appeal.
4. A detailed presentation by Suzanne Elledge, agent for the Santa Barbara Museum of Natural History, including a Power Point presentation; by Luke Swetland, CEO of the Santa Barbara Museum of Natural History; and by Mike Huff of Dudek & Associates on behalf of the Museum regarding the Museum's Fire Protection Plan.
5. Public comments of Planning Commissioner Michael Jordan regarding the appeal issues and the deliberations of the Planning Commission.
6. Public comment, both oral and written, from members of public.

All of the above evidence and the entire record of proceedings is incorporated by reference into this Resolution, which is based upon the entirety of the record of proceedings.

WHEREAS, after consideration of all of the evidence presented (both written and oral), as well as the public testimony received, and after deliberation by the Council members, the City Council voted 6-1 (Council member Murrillo dissenting) to direct the preparation of written findings which, consistent with the oral findings made by Council, would deny the appeal and grant the amended Conditional Use Permit and the parking modification.

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

SECTION 1. The foregoing recitals are true and correct and are incorporated into these findings.

SECTION 2. All written, graphic and oral materials and information submitted to the Planning Commission and the City Council by City staff, the public and the parties are hereby accepted as part of the record of proceedings.

SECTION 3. The Council has carefully reviewed the evidence it obtained during the site visit and public hearing as described above and from the record of proceedings, and based upon that evidence denies the appeal and upholds the decision of the Planning Commission approving the amended Conditional Use Permit and Parking Modification, making the findings and determinations set forth below:

A. Amended Conditional Use Permit.

1. The City Council finds that the uses proposed within the amended Conditional Use Permit are deemed essential and desirable to the public convenience and welfare and, with implementation of the adopted conditions of approval, are in harmony with the various elements or objectives of the Comprehensive General Plan. The City Council finds the Museum to be an important public institution of long-standing importance within the community and the neighborhood which contributes to the community's appreciation and understanding of the City's history and its natural environment. Substantial public testimony before the City Council establishes the important benefits that the Museum provides to the community as a whole. The Museum uses are in harmony with the various elements or objectives of the General Plan, as discussed in sections V and VII of the Planning Commission staff report dated December 23, 2014, incorporated by this reference.

2. The City Council finds that the Museum uses will not be materially detrimental to the public peace, health, safety, comfort and general welfare and will not materially affect property values in the particular neighborhood involved. The Museum has operated in the same location in a similar manner for decades. The conditions included in the amended Conditional Use Permit are in many instances more restrictive regarding Museum operations than are existing conditions of approval. The implementation of the conditions of approval, particularly those relating to high attendance events/facility rentals and noise, insures that the uses proposed within the Museum Master Plan will not be materially detrimental to the public peace, health, safety, comfort and general welfare. Regarding the proposed exterior speaker system for public address announcements, the City Council has adopted a condition of approval that requires testing to verify that the system will not increase the ambient noise level by more than 2dBA at the property boundary before the system may be put into normal operation. The proposed location of the trash and recycling bins will be enclosed and will remain hundreds of feet from the residences of the appellants and of Mr. Solomon, which is an adequate setback for trash enclosures. The proposed bin enclosure is situated in the southwest corner of the parking lot, a location that facilitates pick up by collection trucks, improves safety by reducing the potential for pedestrian conflicts, and eliminates a 225-foot long back-up maneuver and associated beeping back up alarm, all of which the City Council determines to be a substantial benefit to the entire neighborhood. According to a noise study by DUDEK, dated July 2014, the relocation of the trash and recycling reduces Museum operational noise overall. The project plans and conditions of approval also reflect the Museum's commitment to construct a 120-foot long, 6-foot high sound wall, which will serve to further protect the appellants' residence from noise. Conditions of approval address construction implementation; these conditions include neighborhood notification prior to construction, contractor contact information, restricted construction hours, site rules to reduce noise, restricted areas for construction parking and materials and equipment staging, noise shields for certain stationary equipment and Museum contact information for noise complaints. Conditions of approval also incorporate Museum procedures to manage events, traffic and parking, and emergencies, including fire evacuation. Project components referenced in the Applicant's report dated December 1, 2014 will be gradually and individually implemented over the life of the Master Plan; construction will not be continuous over this time period. For all these reasons, the City Council determines that testimony regarding a potential material effect on neighborhood property values is speculative and based on inaccurate information; the City Council finds that the uses allowed under the amended Conditional Use Permit will not materially affect property values in the surrounding neighborhood.

3. The City Council finds that the total area of the site and the setbacks of all facilities from property and street lines are of sufficient magnitude in view of the character of the land and of the proposed development that significant detrimental impact on surrounding properties is avoided. 70% of the

project site consists of landscaping and open space area. The project proposes no new buildings and only minimal changes to the Museum site. Museum attendance utilizing these facilities will remain within previously achieved and permitted levels. As discussed above, adequate setbacks are provided for trash enclosures and other potential sources of noise. An enhanced landscape buffer and 120-foot long sound wall is proposed along the northern boundary of the parking lot adjacent to the appellants' property.

4. The City Council finds that the amended Conditional Use Permit proposes adequate access and off-street parking including parking for guests, provided in a manner and amount so that the demands of the development for such facilities are adequately met without altering the character of the public streets in the area at any time. The parking demand study for the project demonstrates that the Museum's parking lot provides an adequate number of spaces to accommodate, and historically has accommodated, normal Museum operations. Conditions of approval require that measures be taken by the Museum to provide additional parking capacity when the Museum anticipates that such additional parking capacity will be needed; these measures are described in the Museum's Procedures and Requirements for Traffic and Parking Management, and include but are not limited to the provision of off site parking capacity out of Mission Canyon. Parking demand for all Museum operations can be met without altering the character of area public streets.

5. The City Council finds that the appearance of the developed site in terms of the arrangement, height, scale and architectural style of the buildings, location of parking areas, landscaping and other features is compatible with the character of the area. The City Council finds the minor alterations proposed to the exterior of the Museum facility to be compatible with the character of the area, of which the Museum has been a part for nearly 100 years. The Historic Landmarks Commission unanimously found the proposed project improvements to be compatible with the existing buildings and area character.

6. There are no additional required findings for a Conditional Use Permit issued for a quasi-public use.

B. Parking Modification.

The City Council finds that the proposed modification will not be inconsistent with the purposes and intent of Title 28 of the Santa Barbara Municipal Code. Granting the modification will not cause an increase in the demand for parking or loading in the immediate area. The amended Condition Use Permit does not propose any increase in the maximum permitted attendance from what has historically occurred at the site. The applicant provided a Traffic, Circulation, and Parking Report prepared by Associated Transportation Engineers dated July 15, 2014 that projects a future peak parking demand of 137 spaces for regular use. The Museum has operated for many years providing a total of 156 spaces, and

has previously been granted parking modifications by the City. The proposed Master Plan reduces the number of parking spaces by one (1) space. Additional parking is needed during some high attendance events, so the conditions of approval require that the Museum provide enhanced parking capacity for such events, including but not limited to provision of offsite, out-of-canyon parking and shuttles. Based on the historical experience of the Museum operations within 156 parking spaces, the parking demand study anticipating a future parking demand of 137 for regular use, and the imposition of conditions of approval for additional parking for high attendance events, the City Council finds that the loss of one Museum parking space will not cause an increase in demand for parking space in the immediate area. A designated bus loading/unloading zone is required to be provided by the conditions of approval.

C. All summaries of information in the findings in this Resolution are based upon substantial evidence in the record. The absence of any particular fact from any summary contained in a finding does not indicate that a particular finding is not based upon that fact. All evidence in the record shall be considered when interpreting the findings.

D. California Environmental Quality Act Determinations. The State CEQA Guidelines identify the following applicable classes of projects that are exempt from CEQA review. The City Council finds the following classes of exemptions to apply to the following elements of the proposed project:

Museum Alterations, Western Residence, As-built Outdoor Activity Areas, Landscape Improvements, Asphalt Removal.

Section 15301 exempts the operation, maintenance, permitting, or minor alteration of existing structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use. The listed examples include: interior and exterior alterations involving such things as interior partitions, plumbing, and electrical and additions to existing structures of up to 2,500 square feet, and conversion of a single family residence to office use. This exemption applies to the alterations to the Museum campus buildings and structures; abatement of as-built violations for portions of the Western Residence; permitting of the as-built and proposed changes to the outdoor activity areas; and landscape improvements, including asphalt removal. The Museum renovations result in a net reduction of floor area and a net reduction in impermeable surface area.

Butterfly Exhibit Replacement.

Section 15302 exempts replacement and reconstruction of existing structures where the new structure will be located on the same site as the structure replaced and will have substantially the same purpose and capacity as the structure replaced. This exemption applies to the replacement of the Butterfly

Exhibit because the Butterfly Exhibit Replacement structure will be sited in the same location as the existing structure and will have the same purpose and capacity as the existing structure.

Creekside Terrace, Trash Enclosure, Sound Wall, Fencing, Conversion of MacVeagh Cottage, Parking Lot Changes, Sidewalk, Accessibility Improvements.

Section 15303 exempts construction and location of new small structures and the conversion of existing small structures from one use to another. This exemption applies to the new creekside terrace; accessibility improvements; trash enclosure; sound wall; new fencing; conversion of MacVeagh Cottage from residential to non-residential use; changes to the parking lot; and right-of-way improvements, including the new sidewalk. The Museum renovations result in a net reduction of floor area and a net reduction in impermeable surface area. These changes to existing structures and small structures fall well within the scope of examples listed in the Guideline. They are accessory or appurtenant structures and far smaller and less impactful than the addition of 2500 square feet of office or a single family dwelling listed in Section 15303.

Conditional Use Permit Amendment and Parking Modification.

Section 15305 exempts minor alterations in land use limitation, which do not result in any changes to land use and density. The Museum has operated in the same location in a similar manner for decades. The conditions included in the amended Conditional Use Permit, particularly those relating to high attendance events/facility rentals and noise, insure that the uses proposed within the Museum Master Plan will maintain potential impacts to neighbors at existing levels or minimize potential impacts further. Regarding parking, based on the historical experience of the Museum operations within 156 parking spaces, the parking demand study anticipating a future parking demand of 137 for regular use, so loss of one space is a minor change in a land use limitation. This exemption therefore applies to the Conditional Use Permit Amendment and requested Parking Modification.

Habitat Restoration.

Section 15307 exempts City actions to assure maintenance, restoration, enhancement, or protection of the environment where the regulatory process involves procedures for protection of the environment. Section 15333 exempts small habitat restoration projects that are less than five acres in size which are done to assure the maintenance, restoration, enhancement, or protection of habitat for fish, plants, or wildlife provided that there would be no significant adverse impact on endangered, rare or threatened species or their habitat, there are no hazardous materials at or around the project site that may be disturbed or removed, and the project will not result in impacts that are significant when viewed in connection with the effects of past projects, the effects of other current

projects, and the effects of probably future projects. Examples listed include the revegetation of disturbed areas with native plant species, stream bank revegetation, and projects to restore or enhance habitat that are carried out principally with hand labor and not mechanized equipment. The habitat restoration associated with this project will be on an area less than five acres in size. The biological report prepared by Mark De la Garza describes the area and type of activities to be conducted. Specifically, the activities will consist of maintenance, restoration, enhancement, and protection of the oak woodland and other impacted or degraded habitat around the Museum. These exemptions apply to the Western Parcels habitat restoration.

Annexation.

Section 15319(a) exempts annexations to a city of areas containing existing private structures developed to the density allowed by the current zoning of either the gaining or losing governmental agency, whichever is more restrictive, provided that the extension of utility services to the existing facilities would have a capacity to serve only the existing facilities. Section 15319(b) exempts annexations of individual small parcels of the minimum size to allow for facilities exempted by Section 15303 (New Construction or Conversion of Small Structures), including single-family residences, accessory structures, utilities, and street improvements. The properties proposed for annexation (the Museum parcels identified as APNs 023-250-039; -066; and -068, and the 609 Mission Canyon Road parcels identified as APNs 023-271-005 and -006, and a portion of the Mission Canyon Road right-of way) are located in an unincorporated inholding surrounded by the City of Santa Barbara. These parcels are all already surrounded by City services and utilities. The annexation of these parcels qualify for this exemption because (a) they are already developed to the density allowed by both the City and the County or (b) they are an individual small parcel of the minimum size allowed under the small structures exemption (Section 15303).

None of the exceptions to the CEQA categorical exemptions listed in Section 15300.2 apply to the proposed project for a number of reasons. The Museum has had an existing facility on the site for almost 100 years. The current permits, structures, and operations have been in place for decades. The Museum is not making any significant changes to the facilities. Operationally, the Museum proposes more restrictive and protective constraints which will serve to minimize potential impacts on neighbors. Since the Museum proposes to modify its existing permit such that any potential environmental impacts are either maintained at permitted levels or reduced, the Project cannot result in any new significant impact. The Project therefore will either maintain or reduce potential impacts to neighbors and will not have a significant impact due to the existence of any sensitive environment, scenic highway, historical resource, unusual circumstance, or any other issue. Therefore, none of the exceptions to the categorical exemptions apply.



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: April 28, 2015

TO: Mayor and Councilmembers

FROM: Chief's Staff, Police Department

SUBJECT: Police Department Update

RECOMMENDATION:

That Council receive an oral presentation from the Police Chief regarding the Santa Barbara Police Department.

DISCUSSION:

As requested by the Mayor and City Council, Police Chief Cam Sanchez provides regular briefings on updates concerning the Police Department and its operations. This presentation is part of a series of updates and occurs on a periodic basis. The following topics will be covered:

- Department Introduction and Body Camera Study
- Community Service Officer Update
- Patrol Division Update
- Compstat
- Major Crime Trends/Burglary Update
- Training and Recruitment Update
- Beat Coordinators, Santa Barbara Regional Crime Abatement Team, Gang Resistance Education and Treatment (G.R.E.A.T.) Program and School Resource Officer Status
- Fighting Back Project: Underage Drinking/Party Bus Operations
- Police Officer Memorial Statue Update

PREPARED BY: Cam Sanchez, Police Chief

SUBMITTED BY: Cam Sanchez, Police Chief

APPROVED BY: City Administrator's Office



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: April 28, 2015

TO: Mayor and Councilmembers

FROM: Administration, Housing & Human Services Division,
Community Development Department Name

SUBJECT: Casa Esperanza Homeless Center/People Assisting The Homeless
Merger

RECOMMENDATION:

That Council approve, in concept, the assignment of City Agreements Nos. 24,758, 24,757, 24,952, and City Purchase Order No. 387931, pending Casa Esperanza Homeless Center's merger with People Assisting the Homeless (PATH), subject to further assurances as recommended by City Attorney.

EXECUTIVE SUMMARY:

Casa Esperanza Homeless Center (Casa) has been negotiating with People Assisting the Homeless (PATH) regarding a merger. As a part of its due diligence, PATH is asking for assurances that Casa's current grant agreements will be assigned to them once the merger is complete. In addition, the City has interest in three of Casa's recorded documents. These documents will be reviewed and updated, if necessary, during the title transaction of the merger. Casa's financial situation has improved; however their Fiscal Year 2016 operating budget assumes the continuation of extra discretionary funding from the City and County of Santa Barbara of \$125,000 and \$120,000, respectively. It also assumes an additional \$180,000 from the County in billings for services provided. The recommendation before Council today has no financial impact for the City.

DISCUSSION:

On November 25, 2015, Council received a report on the operations of Casa Esperanza Homeless Center. This review of operations included programmatic changes, current fiscal position and merger discussions with PATH. At that time, Council asked Casa to return with an update on the merger talks and the organization's success in obtaining Fiscal Year 2015 budgeted contributions and private grants.

Merger Update

Casa and PATH have agreed to a merger in which Casa will be merged into PATH. PATH will assume all of Casa's assets, liabilities, contracts and operations. The merger is subject to:

- Approval (or non-action) of the California Attorney General;
- Agreement of the City and the County of Santa Barbara to the assignment of Casa's agreements;
- Approval of PATH as owner and operator of the 816 Cacique Street building, with PATH agreeing to perform under deed restrictions dated August 17, 1999; and
- Renewal of the current year's discretionary City and County funding for Fiscal Year 2016 to help balance Casa's budget.

PATH is a 501(c)(3) organization that provides shelter, housing and related services to people experiencing homelessness. Their mission is to end homelessness for individuals, families and communities, and they have been working towards this goal since 1984. They provide emergency, transitional and permanent housing in 22 locations from San Diego to San Luis Obispo. They also provide a comprehensive system of housing-focused supportive services, including strategic street outreach, intensive case management, system navigation, employment assistance, housing location and placement, as well as housing retention.

PATH views homelessness as a community issue and partners with communities throughout Southern California to create and implement customized strategies to reduce homelessness.

The merger will provide Casa with greater technical expertise than it would otherwise be able to develop on its own, including: program design and management, operations, case management, fundraising and development, personnel, and information technology. PATH currently administers dozens of governmental contracts and is familiar with implementing the programmatic and financial requirements that go along with these funds.

Three current or former members of Casa's Board will join the PATH Board of Directors, and PATH will form an Advisory Board consisting of the balance of Casa's Board members, as well as other interested community members.

PATH in Santa Barbara will provide the same services and programs now offered by Casa. PATH will support Casa's grant writing and development activities; however PATH expects Casa to remain self-funding. PATH has, in turn, agreed that all public and private money raised from Santa Barbara sources will be used for Santa Barbara programs. Staff will take steps to ensure these commitments are legally documented in the City agreements.

The City currently has three agreements and one purchase order with Casa.

- \$202,100 General Fund contribution (\$77,100 for the annual winter shelter and \$125,000 additional funding)
- \$51,000 Community Development Block Grant
- \$39,000 Human Services Grant
- \$10,000 purchase order for Police Beds allowed by Conditional Use Permit

PATH is requesting assurance from the City that the above agreements will be assigned to them upon completion of the merger, at which time Council can make the final assignment.

In addition to the City grant agreements, Casa has three recorded documents that involve the City:

1. "Restricted Use Covenant Imposed on Real Property for Operation of a Homeless Shelter and Related Services" (Recorded 8/17/99 as 1999-0064812)

This document dates back to 1999; therefore it will be reviewed in connection with the real estate title transaction with PATH to ensure that it is current.

2. "Covenants, Conditions, and Restrictions" (Recorded 12/20/99 as 1999-0098691)

This document dates back to 1999; therefore it will be reviewed in connection with the real estate title transaction with PATH to ensure that it is current. The latest Planning Commission conditions of approval need to be incorporated into a new set of CC&R's to be drafted by the City Attorney.

3. "Off-Site Parking License" (5/26/2013 as 2013-0032925)

This document will remain in effect and runs with the land. No Council action is required.

Financial Update

At the November 25, 2015 Council meeting, Casa representatives described a strategy to further strengthen its financial position:

- Refinance Casa's outstanding mortgage with Business First, totaling \$994,212 at a 7% interest rate with a balloon payment due on August 1, 2017;
- Apply to prior funders, describing Casa's improved circumstances, and ask for ongoing support for their shelter operations;
- Apply for new funding sources that have not been available due to Casa's previous programs and outcomes; and

- Approach the City, County and Cottage Hospital with a clear description of their costs of operations and request reimbursement at levels that cover the costs of service delivery.

Since that time, Casa has refinanced its mortgage at 4.5%, which has reduced their annual operating expenses; regained funding support from foundations that previously declined to fund them, including the Crawford-Idema Foundation, the Outhwaite Foundation, the Wood-Claeyssens Foundation, and others; and successfully renegotiated their medical respite-bed reimbursement levels with Cottage Hospital to fully pay for bed night costs.

Casa also began negotiations with the County to more adequately reimburse them for the costs of providing services. Casa's position is that they still have a number of grants from County Departments, including Probation, Alcohol Drug and Mental Health Services, and Social Services, that are reimbursed at levels below their service delivery cost. Casa has estimated \$180,000 in projected cost reimbursement increases in their Fiscal Year 2016 budget.

Casa's Fiscal Year 2016 budget includes the continuation of the extra funding of \$125,000 from the City and \$120,000 from the County. It also assumes a service reimbursement increase of \$180,000 from the County as mentioned above. Increased expenses for Fiscal Year 2016 include the addition of the Managing Director's salary for a full year; reinstatement of security and winter shelter staffing levels; increase of Certified Nursing staff to meet requirements of Casa's agreement with Cottage Hospital; addition of an employment navigator that is funded by a recently-awarded County grant; and a 1.8% increase in worker's compensation insurance.

BUDGET/FINANCIAL INFORMATION:

The City's assignment of Casa's agreements to PATH will have no financial impact. Casa's request for the extra \$125,000 will come before Council with the requests from community organizations during the Fiscal Year 2016 budget deliberations.

ATTACHMENT: Casa Esperanza Homeless Center Merger Approval Letter

PREPARED BY: Sue Gray, Community Development Business Manager

SUBMITTED BY: George Buell, Community Development Director

APPROVED BY: City Administrator's Office



Casa Esperanza Homeless Center

Offering hope and help every day

Board of Directors

Rev. Mark Asman

President

Sue Adams

Barbara Allen

Denny Bacon

John Dixon

David Hay

Mark Manion, Esq.

Secretary

Nadine McFarland

Juliana Minsky

Robert Pearson

David Peri

Treasurer

Richard Ring

Vice-President

Vickie Williams

Board of Directors

Emeritus

David Borgatello

Naomi Schwartz (Dec.)

Sandra Tripp-Jones

Managing Director

Jessica Wishan

Executive Director

(Interim)

Joseph Tumbler

March 11, 2015

Ms. Sue Gray
Community Development Business Manager
City of Santa Barbara
P.O. Box 1990
Santa Barbara, CA 93102-1990

Re: City approvals required for Casa Esperanza's proposed merger into PATH (People Assisting the Homeless)

Dear Ms. Gray:

Casa Esperanza and PATH (People Assisting the Homeless) have agreed, in principle, to undertake a statutory merger, in which Casa Esperanza will be merged into PATH, and PATH will assume all of Casa's assets, liabilities, fulfillment of contracts and assumption of operations, subject to:

- Approval (or non-action) of the California Attorney General
- Agreement of the City and the County of Santa Barbara for the assignment of Casa Esperanza's contracts
- Approval of PATH as owner and operator of the 816 Cacique Street building, with PATH agreeing to perform under deed restrictions dated August 17, 1999
- Renewal of the current year's discretionary City and County funding into 2015-16 to help balance Casa's budget

PATH

By way of background, PATH is a 501-c-3 whose mission is to provide shelter, housing and related services to the homeless, with a goal of ending homelessness for individuals, families, and communities. PATH has been working towards this mission since 1984 and now provides housing and supportive services in 22 locations from San Diego to San Luis Obispo. Since 2013, PATH has helped more than 4,000 chronically homeless individuals, veterans, and families to move into permanent housing (www.eopath.org).

PATH's audited 2013-14 financial statements, By-Laws, and Articles of Incorporation are enclosed for your review.



Casa Esperanza Homeless Center

Offering hope and help every day

PATH operates three main program types to address the homelessness issue from different angles:

1. Housing

- PATH provides both interim (400 beds of emergency and transitional shelter) and permanent housing (over 1500 units of scattered-site and project-based permanent supportive housing as well as rapid re-housing programs) throughout Southern California.

2. Supportive Services

- PATH provides a comprehensive system of housing-focused supportive services, including strategic street outreach, intensive case management, system navigation, employment assistance, housing location and placement, as well as housing retention.

3. Community Engagement

- PATH sees homelessness as a community issue and partners with communities throughout Southern California to create and implement customized strategies to reduce homelessness.

PATH has significant experience successfully performing under Federal, City, County and State grant programs, and has deep skills in all areas of homeless service provision. These significant resources and expertise will serve to support and enhance Casa Esperanza's programs and capabilities to better serve the Santa Barbara community.

The Proposed Merger

The merger of the two organizations will augment Casa Esperanza's current activities. A partial list of services Casa provides includes:

- Interim housing and case management focused on housing, employment, and health care
- Food, clothing, personal hygiene assistance and 18 weekly training workshops
- Job skills development and job placement assistance
- Dependency counseling and drug and alcohol addiction support services
- Medical respite beds for the medically fragile who are unable to care for themselves
- Access to a wide array of support services provided by government and private agencies through screening and referrals
- Support for individuals with mental health issues



Casa Esperanza Homeless Center

Offering hope and help every day

- Operation of the County's only emergency winter shelter serving 100 additional clients for four months out of the year

The merged operation is yet to be named, but will likely build upon PATH's branding in the homeless services sector.

PATH in Santa Barbara will provide the same services and programs now offered by Casa Esperanza, but with greater technical depth and expertise. No reductions in staffing or changes in basic programs are contemplated as part of the merger.

While PATH will support Casa's grant writing and development activities, it expects Casa to remain self-funding. PATH has, in turn, agreed that all public and private money raised from Santa Barbara sources will be used for Santa Barbara programs.

PATH will provide a wide variety of technical support to Casa in all areas of operations, including program design and management, operations, case management, fundraising and development, personnel, and IT. This will strengthen Casa's existing capability and allow Casa to better fulfill its mission and serve its clients and the community. PATH has already provided assistance in fundraising advice and support, personnel policies and practices, program review, and grant writing.

The merger will have a significant benefit to Casa Esperanza and the Santa Barbara community. Casa will obtain greater technical expertise than it would otherwise be able to develop on its own. PATH will establish a stronger physical presence in Santa Barbara from which they can administer Casa's programs in addition to programs they now offer here (a HUD VASH program, for example). PATH currently administers dozens of governmental contracts and is familiar with, and skilled at, implementing the programmatic and financial requirements that go along with them.

As part of the merger, three current or former members of Casa's Board will join the PATH Board, and PATH will form an Advisory Board consisting of the rest of Casa's Board members as well as other community members to assure strong local input on its programs and to advise PATH on local fundraising matters.

As part of PATH's due diligence, they need assurances that:

- City contracts currently in place with Casa Esperanza will be assigned to PATH
- City approval of PATH as owner of the shelter building at 816 Cacique Street and approval of PATH as the homeless services operator (retaining the current deed restrictions) will be forthcoming



Casa Esperanza Homeless Center

Offering hope and help every day

Casa Esperanza's Operational and Fiscal Outlook:

As you know, Casa has made significant strides in improving its financial situation. FYTD through January 31, 2015, we reported operating revenues in excess of expenses in the amount of \$1,137,902 which was \$64,000 ahead of budget. This includes \$1 million of mortgage debt forgiveness by the City and County – in accordance with original contract terms.

Casa has reduced its long-term debt by \$2,194,000 over the past 7 months; we have refinanced our mortgage at 4.5% from 7%; we have become a good neighbor by almost any measure of community satisfaction; and importantly, we have recruited an experienced Managing Director that will assume Joe Tumbler's role when the merger concludes.

Prior to merger discussions with PATH, Casa had a two-pronged strategy to further strengthen its financial position: to approach foundations not currently funding us and obtaining their support; and negotiating for more adequate cost reimbursement from organizations for which we provide services.

To that end, this fiscal year, we have regained funding support from foundations that previously declined to fund us, including the Crawford-Idema Foundation, the Outhwaite Foundation and the Wood-Claeyssens Foundation, and others.

We have also begun negotiations with the City and County to more adequately reimburse us for our actual costs of providing services. At the suggestion of County staff, we also submitted to the County of Santa Barbara's Human Services Commission, grant requests to support the costs of our Community Kitchen and our Winter Shelter - both essential services to the homeless population we serve. These grants were not funded because of insufficient funding through this agency. We still have a number of grants for which our reimbursements are far below our cost of service delivery, including Probation, ADMHS, and Department of Social Services. Negotiations to improve reimbursement levels are currently underway. We have included a total of \$180,000 of such cost reimbursement increases in our budget.

We have successfully renegotiated our medical respite bed reimbursement levels with Cottage Hospital to fully pay for our actual 2014-15 bed night costs. This revenue enhancement will be offset by reduction from other funders including the Santa Barbara and Hutton Foundations, whose support for basic operations is not available in straight, consecutive years.

Our costs have increased from our 2014-15 budget in several important areas:

- We will have a Managing Director for a full year (an essential cost for Casa to remain viable without a pro bono Interim Executive Director)



Casa Esperanza Homeless Center

Offering hope and help every day

- Necessary Security and Winter shelter staffing were aggressively reduced during our budget cutbacks and the current budget returns them to necessary staffing levels
- Certified Nursing staffing now reflects levels required by our new agreement with Cottage Hospital
- An employment navigator, funded by a recently awarded County grant, is included in the budget
- Workers' compensation costs have increased 1.8%, the result of prior experience, and not the current year's favorable experience

Our budget for 2015-16 is essentially "break-even" and includes the maintenance of \$125,000 of City discretionary funding (and \$120,000 of County discretionary funding). We expect that our merger with PATH will bring access to more funding sources in the future.

This budget for fiscal 2015-16, the lists of contracts requiring assignment and the deed restrictions on the 816 Cacique Street building are attached for your review.

Casa and PATH welcome the opportunity to address any questions or concerns you may have and are prepared to meet with you at your convenience to discuss this matter. We also will offer to meet with City Council members that have an interest in discussing our plans further.

We would welcome knowing your thoughts on the timeline for obtaining the requisite approvals so we can undertake merger planning in an appropriate timeline.

Sincerely,

Joe Tumbler
Interim Executive Director
Casa Esperanza Homeless Center

Joel John Roberts
Chief Executive Officer
PATH

Jessica Wishan
Managing Director
Casa Esperanza Homeless Center



PATH (PEOPLE ASSISTING THE HOMELESS)
(A Non-Profit Corporation)

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION REQUIRED BY
OMB CIRCULAR A-133**

**For The Year Ended June 30, 2014
(With Comparative Totals For the Year Ended June 30, 2013)**
with

INDEPENDENT AUDITORS' REPORT THEREON



PATH (PEOPLE ASSISTING THE HOMELESS)
(A Non-Profit Corporation)

INDEX

	<u>Page</u>
Independent Auditors' Report	1 - 3
Financial Statements:	
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 21
Supplemental Schedules:	
Schedule of Expenditures by Funding Source	22
PATH Cares Program – Statement of Financial Position	23
PATH Cares Program – Statement of Activities	24
PATH Cares Program – Statement of Cash Flows and Reserves	25
Statement of Activities for Selected Programs	26
Supplemental Information Required by OMB Circular A-133:	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	27 - 28
Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Schedule of Expenditures of Federal Awards Required by OMB A-133	29 - 31
Schedule of Expenditures of Federal Awards	32 - 33
Notes to Schedule of Expenditures of Federal Awards	34
Schedule of Findings and Questioned Costs	35 - 36

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PATH (People Assisting The Homeless) as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules appearing on pages 22 to 26 are presented for purposes of additional analysis and are not a required part of financial statements. Also, the accompanying Schedule of Expenditures of Federal Awards appearing on pages 32 to 33 are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subject to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedule and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statements as a whole.

Report of Summarized Comparative Information

We have previously audited the Organization's June 30, 2013 financial statements, and we expressed an unmodified audit opinion on these audited financial statements in our report dated February 27, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2015 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

PDM, LLP

Torrance, California
January 30, 2015

PATH (PEOPLE ASSISTING THE HOMELESS)
(A Non-Profit Corporation)

STATEMENT OF FINANCIAL POSITION
JUNE 30,

	2014	2013
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,061,395	\$ 715,725
Contracts receivable	2,422,007	2,034,245
Other receivables	3,156	1,429
Other receivables, related party	64,203	750
Notes receivable, related parties	220,059	181,111
Prepaid expenses and other assets	107,706	63,492
	3,878,526	2,996,752
Replacement reserve	1,000	16,878
Property and equipment, net	7,123,919	7,360,603
Beneficial interest in perpetual trust	31,963	27,770
Deposits and other assets	5,966	7,173
	\$ 11,041,374	\$ 10,409,176
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 569,318	\$ 545,677
Accounts payable, related parties	30,262	42,596
Accrued payroll and related liabilities	898,706	597,931
Contract advances	426,374	205,927
Notes payable, related party	150,000	152,249
Current portion of deferred rental income	7,333	7,333
Current portion of capital lease	15,758	-
Current portion of notes payable	433,848	485,124
Forgivable notes payable	500,000	500,000
	3,031,599	2,536,837
Notes payable, net of current portion	3,779,395	3,911,997
Interest payable	552,121	484,396
Line of credit	-	250,000
Deferred rental income, net of current portion	22,001	29,334
Capital lease, net of current portion	78,792	-
	7,463,908	7,212,564
Net assets		
Unrestricted	1,447,811	887,564
Temporarily restricted	2,129,655	2,309,048
	3,577,466	3,196,612
	\$ 11,041,374	\$ 10,409,176

The accompanying notes are an integral part of these financial statements

PATH (PEOPLE ASSISTING THE HOMELESS)
(A Non-Profit Corporation)

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30,

	2014			2013
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE AND SUPPORT				
Contract income - government agencies	\$ 10,971,394	\$ -	\$ 10,971,394	\$ 6,409,114
Direct support - public	3,067,436	200,000	3,267,436	2,960,548
Net gain on sale of property	-	-	-	356,498
Special events, net	890,986	-	890,986	288,585
Rental income	63,717	-	63,717	53,374
Service fees	536,450	-	536,450	84,868
Management fee income, related party	-	-	-	45,000
In-kind revenue	4,500	-	4,500	3,000
Other income	4,478	-	4,478	4,019
Net assets released from restrictions	379,393	(379,393)	-	-
Total revenue and support	<u>15,918,354</u>	<u>(179,393)</u>	<u>15,738,961</u>	<u>10,205,006</u>
FUNCTIONAL EXPENSES				
Program services:				
PATH Cares (PATHWays) - RHC	1,149,877	-	1,149,877	1,079,113
Access Center	279,445	-	279,445	336,322
Outreach	401,698	-	401,698	295,697
PATHWays and PATHFinders - West LA	436,485	-	436,485	507,042
Homeless Prevention and Rapid Re-Housing	-	-	-	326,971
Veterans Support Program	5,625,015	-	5,625,015	1,447,514
PATH San Diego	2,322,053	-	2,322,053	1,394,376
Other programs	2,557,066	-	2,557,066	3,212,402
Total program services	<u>12,771,639</u>	<u>-</u>	<u>12,771,639</u>	<u>8,599,437</u>
Supporting services	1,647,208	-	1,647,208	888,364
Fundraising and development	553,391	-	553,391	285,955
Total expenses before depreciation and amortization	<u>14,972,238</u>	<u>-</u>	<u>14,972,238</u>	<u>9,773,756</u>
CHANGE IN NET ASSETS , before depreciation and amortization	<u>946,116</u>	<u>(179,393)</u>	<u>766,723</u>	<u>431,250</u>
Depreciation and amortization:				
Program services	346,527	-	346,527	349,494
Supporting services	39,342	-	39,342	11,255
Total depreciation and amortization	<u>385,869</u>	<u>-</u>	<u>385,869</u>	<u>360,749</u>
CHANGE IN NET ASSETS	560,247	(179,393)	380,854	70,501
NET ASSETS, beginning of year	<u>887,564</u>	<u>2,309,048</u>	<u>3,196,612</u>	<u>3,126,111</u>
NET ASSETS, end of year	<u>\$ 1,447,811</u>	<u>\$ 2,129,655</u>	<u>\$ 3,577,466</u>	<u>\$ 3,196,612</u>

The accompanying notes are an integral part of these financial statements

PATH (PEOPLE ASSISTING THE HOMELESS) (A Non-Profit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30,

	2014										Summarized 2013 Total								
	Program Services																		
	PATH Cares		Access Center		Outreach		PATH San Diego		Other Programs		Total Programs		Supporting Services		Fundraising and Development		Total		
PERSONNEL EXPENSES																			
Salaries	\$ 589,194	\$ 176,758	\$ 163,413	\$ 235,859	\$ 2,501,564	\$ 729,859	\$ 60,585	\$ 120,980	\$ 1,229,505	\$ 5,626,152	\$ 1,021,974	\$ 292,504	\$ 24,281	\$ 6,940,630	\$ 4,210,361				
Payroll taxes	48,909	14,673	13,565	19,578	207,654	467,023	84,834	102,059	1,020,505	467,023	84,834	24,281	84,834	576,138	425,487				
Employee benefits	97,664	29,299	27,087	39,095	414,655	203,803	500	1,200,980	203,803	932,583	169,400	48,485	169,400	1,150,468	699,865				
TOTAL PERSONNEL EXPENSES	735,767	220,730	204,065	294,532	3,123,873	911,424	3,123,873	1,535,367	7,025,758	1,276,208	365,270	8,667,236	5,335,713						
OTHER EXPENSES																			
Automobile	4,697	-	6,064	1,379	65,702	3,969	61,96	61,96	88,007	88,007	93	78	88,178	90,373					
Bank charges	-	-	-	-	273	1,131	1,131	1,131	1,404	1,404	53,974	38,375	93,753	41,630					
Building maintenance	102,595	15,538	38,264	23,859	145,461	117,403	32,826	448,994	1,243,006	903	3,146	1,247,055	607,911	355,907					
Direct client assistance	25,452	2,567	12,586	136	720,445	500	42,183	42,183	124,657	124,657	4,845	-	129,502	88,681					
Insurance	22,967	16,560	-	-	39,983	-	21,947	21,947	137,324	137,324	23,952	-	161,276	3,000					
In-kind expense	25,582	3,107	9,914	36,791	-	-	-	-	15,000	42,284	-	-	42,284	15,000					
Interest on forgivable and residual receipts notes payable	27,284	-	-	-	-	-	-	-	-	-	-	-	-	15,000					
Management fee, related party	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
Miscellaneous expenses	1,911	6	259	6	4,359	-	-	-	14,747	21,288	6,595	5,147	33,030	48,150					
Office	7,271	3,153	3,545	3,417	38,822	15,861	13,516	13,516	85,585	14,505	14,505	9,782	109,872	21,298					
Printing and artwork	1,385	27	1,085	345	1,826	1,006	746	746	6,420	6,420	489	10,853	17,762	13,555					
Professional services	4,098	3,610	2,820	1,606	1,022,427	3,060	30,376	30,376	1,067,997	60,982	94,133	4,741	1,223,112	463,727					
Property taxes and other fees	2,869	-	-	539	-	-	-	-	987	4,395	346	-	4,741	7,534					
Rent, related party	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
Residential food and supplies	49,851	2,301	19,757	18,603	17,849	37,466	35,384	35,384	181,211	181,211	2,639	65	183,915	337,280					
Security	66,756	3,731	58,714	18,873	61,327	236,447	102,661	102,661	548,509	8,254	8,254	-	556,763	185,252					
Staff training and recruitment	11,531	1,620	4,157	1,860	47,300	6,657	705,714	705,714	83,307	65,347	8,817	8,817	157,471	343,785					
Sub-recipient grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
Telephone	16,208	1,193	6,327	4,972	65,570	19,192	13,957	13,957	127,419	13,035	13,035	5,650	705,714	662,651					
Travel	3,967	70	3,539	729	120,543	60,088	7,673	7,673	196,609	8,995	2,540	2,540	146,084	92,344					
Utilities	39,686	5,252	15,742	17,754	132,752	241,260	48,951	48,951	501,377	67,636	85	85	208,144	95,489					
TOTAL OTHER EXPENSES	414,110	58,715	197,633	141,953	2,501,142	1,410,629	1,021,699	5,745,881	371,000	188,121	6,305,002	4,438,043							
TOTAL EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	1,149,877	279,445	401,698	436,485	5,625,015	2,322,053	2,557,066	12,771,639	1,647,208	553,391	14,972,238	9,773,756							
Depreciation and amortization	121,976	78,287	10,909	42,681	-	-	-	39,342	385,869	360,749	-	-	-	360,749					
TOTAL FUNCTIONAL EXPENSES	\$ 1,271,853	\$ 357,732	\$ 412,607	\$ 479,166	\$ 5,625,015	\$ 2,322,053	\$ 2,649,740	\$ 1,686,550	\$ 15,358,107	\$ 1,013,405	\$ 553,391	\$ 15,358,107	\$ 10,134,505						

The accompanying notes are an integral part of these financial statements

PATH (PEOPLE ASSISTING THE HOMELESS)
(A Non-Profit Corporation)

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30,

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 380,854	\$ 70,501
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation and amortization	385,869	360,749
Gain on sale of assets	-	(356,498)
Gain on beneficial interest in perpetual trust	(4,193)	(3,213)
Changes in operating assets and liabilities:		
Contracts receivable	(387,762)	(853,047)
Other receivables	(65,180)	63,657
Prepaid expenses and other assets	(44,214)	(25,031)
Accounts payable and accrued interest	23,641	294,001
Accounts payable, related parties	(12,334)	(19,296)
Accrued payroll and related liabilities	300,776	355,982
Interest payable	67,725	(270,200)
Contract advances	220,447	(103,344)
Deferred rental income	(7,333)	(7,336)
Net cash flows from operating activities	<u>858,296</u>	<u>(493,075)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in notes receivable, related party	(73,948)	(216,111)
Payments received on notes receivable, related party	35,000	75,000
Proceeds on sale of land and building	-	546,596
Purchase of property and equipment	(42,924)	(149,662)
Change in replacement reserve	15,878	(16,000)
Net cash flows from investing activities	<u>(65,994)</u>	<u>239,823</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings from notes payable	-	320,000
Principal (paydown on)/borrowing from notes payable, related party	(2,249)	152,249
Net borrowings on line of credit	-	250,000
Payments on notes payable	(444,383)	(61,976)
Net cash flows from financing activities	<u>(446,632)</u>	<u>660,273</u>
Net change in cash and cash equivalents	345,670	407,021
Cash and cash equivalents, beginning of year	<u>715,725</u>	<u>308,704</u>
Cash and cash equivalents, end of year	<u>\$ 1,061,395</u>	<u>\$ 715,725</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 177,361</u>	<u>\$ 177,449</u>
Non cash financing transactions:		
Paydown of note payable with line of credit borrowing	<u>\$ -</u>	<u>\$ (121,867)</u>
Loan modification and combination (See Note 6)	<u>\$ 250,000</u>	<u>\$ 364,706</u>
Purchase of property and equipment under capital lease	<u>\$ 94,550</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

PATH (PEOPLE ASSISTING THE HOMELESS)
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - ORGANIZATION

PATH (People Assisting the Homeless) (the "Organization") is a publically-supported non-profit corporation established in California on October 19, 1984 for the specific purpose of meeting the needs of homeless and at-risk individuals in the Los Angeles area. The Organization's sole member is PATH Partners. PATH Partners is an innovator of housing development and social services, and helps communities flourish through non-profit organizational management, community mobilization and regional planning. All transactions involving PATH Partners and its members are summarized in Note 12.

The Organization receives funding from government and corporate grants and private donations.

The Organization receives approximately 70% of its operating funds from government agencies. This funding is recognized as support when grant-purpose services are performed by the Organization. Government funding is provided by various ongoing contracts with the United States Department of Housing and Urban Development, Labor, Health and Human Services, Veterans' Affairs, and Federal Emergency Management Agency. Government funding is also provided by the County and City of Los Angeles, including Los Angeles Homeless Services Authority, as well as the City of West Hollywood.

The Organization receives private support in the form of restricted and unrestricted donations. The Organization received approximately 27% of its funding for operations from contributions made by private organizations and individuals, as well as special events. These contributions are recognized as support when received. Also, the Organization receives approximately 3% of its funding for operations from rental income and service fee revenue.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. These assets are available to support the Organization's activities and operations at the discretion of the Board of Directors.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that will be met either by actions of the donor, the Organization and/or the passage of time and net assets from non-governmental capital campaign contributions which are reflected as temporarily restricted over the estimated useful lives of the assets acquired.

PATH (PEOPLE ASSISTING THE HOMELESS)
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that the corpus be maintained permanently by the Organization. The donors of these assets permit the Organization to use all or part of the income or gains earned on related investments for general (unrestricted) or specific (temporarily restricted) purposes. The Organization had no permanently restricted net assets as of June 30, 2014.

Revenues are reported as increases in unrestricted net assets unless use of the related assets are limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law.

Expirations of temporary restrictions on net assets are reported as reclassifications between the applicable classes of net assets.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Contributions - Contributions are recognized at fair value when the donor makes an unconditional promise to give to the Organization. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets, or that require specialized skills, are provided by the individual possessing those skills and would typically need to be purchased, if not provided by donation, are recorded at the fair values in the period received. Contributions of services are recognized in the financial statements if the services enhance or create non-financial assets or require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Cash and Cash Equivalents - For the purpose of reporting cash flows, cash and cash equivalents include operating cash held in banks, money market funds, and investments with an original maturity of 90 days or less. The Organization maintains its cash balances in a financial institution, the balances of which may, at times, exceed federally insured limits.

PATH (PEOPLE ASSISTING THE HOMELESS)
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Contracts Receivable - The Organization's contracts receivable primarily consist of reimbursements due from contracted government grant reimbursement requests. On a periodic basis, the Organization evaluates outstanding contracts receivable and establishes an allowance based upon a history of past write-offs and collections as well as current credit conditions. Management believes that contracts receivable are fully collectible at June 30, 2014, and as such, no allowance for uncollectible accounts has been recorded.

Property and Equipment - The Organization capitalizes all property and equipment equal to and in excess of \$5,000. Donated assets are recorded at their fair market value when received. Purchased assets are carried at cost. Repair and maintenance costs are expensed as incurred. The cost of purchased assets or fair market value of donated assets is depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	30 years
Improvements	7 to 15 years
Automobiles	5 years
Furniture and equipment	5 years
Software	5 years

When equipment is retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and the resulting gain or loss is credited or charged to operations. Expenditures which materially increase the value or extend the useful lives of the assets are capitalized.

Management of the Organization assesses the recoverability of property and equipment whenever a triggering event occurs by determining whether the depreciation of such assets over their remaining lives can be recovered through projected undiscounted cash flows. The amount of impairment, if any, is measured based on fair value (projected discounted cash flows) and is charged to operations in the period in which such impairment is determined by management. To date, management has not identified any impairment of property and equipment.

Long-lived Assets - The Organization owns significant long-lived assets, which are used in its operations. These assets are subject to changes in value, including potential declines in value, depending on events or changes in circumstances. In the event that there is a decline in value, the Organization performs an analysis to determine if the decline in value may not be recoverable. Management has determined that no unrecoverable declines in the market values of long-lived assets exist at June 30, 2014.

PATH (PEOPLE ASSISTING THE HOMELESS)
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fair Value Measurements - The Organization defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Organization measures fair value under a framework that provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Contract Advances - Contract advances represents monies received on contract agreements in advance of services being performed from government agencies.

Sub-recipient Grants - The Organization receives pass-through grants for the Alpha Project for the Homeless Program from the Department of Housing and Urban Development and the Mental Health Services Act Grant from the California Department of Mental Health, which it administers to sub-recipients. The Alpha Project for the Homeless ("Alpha Project") is a San Diego non-profit Organization who serves as a subcontractor of the Organization. These grants totaled \$705,714 for the year ended June 30, 2014. The revenue from these grants are reflected in the accompanying statement of activities as contract income while the grant award to sub-recipients is reflected as sub-recipient grants expense in the accompanying statement of functional expenses. The grants are listed in the accompanying schedule of expenditures of federal awards and corresponding notes to the schedule of expenditures of federal awards.

Expense Allocation - The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. During the year, costs are categorized into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support activities by the method that best measures the relative degree of benefit.

Program services - Expenses include costs that primarily relate to client services and outreach programs.

Supporting services - Expenses include costs that primarily relate to management and general administration.

Fundraising and development - Expenses include costs that primarily relate to fundraising activities to obtain grants and generate revenue through contributions.

PATH (PEOPLE ASSISTING THE HOMELESS)
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Income Taxes - The Organization is a qualified non-profit organization under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. Non-profit organizations are not generally liable for taxes on income; therefore, no provision is made for such taxes for the Organization in the financial statements. During the year ended June 30, 2014, the Organization had no unrelated business income.

In accordance with accounting principles generally accepted in the United States of America, the Organization recognizes the impact of tax positions in the financial statements if that position is more likely than not of being sustained in an audit, based on the technical merits of the position. To date, the Organization has not recorded any uncertain tax positions. During the year ended June 30, 2014, the Organization did not recognize any amount in potential interest and penalties associated with uncertain tax positions. As of June 30, 2014, all federal tax returns since the 2010 tax year and state tax returns since the 2009 tax year are still subject to adjustment upon audit. No tax returns are currently being examined by taxing authorities.

Risks and Uncertainties - Certain of the Organization's services are governed by grant agreements with governmental agencies. All such grant agreements to which the Organization currently is a party are for fixed terms and expire on an annual basis. There can be no assurance that the Organization will be able to obtain future grant agreements as deemed necessary by management. The loss of some of the current grants or the inability to obtain future grants could have an adverse effect on the Organization's financial position and results of operations. Failure of the Organization to comply with applicable regulatory requirements can result in, among other things, loss of funding, warning letters, fines, injunctions, and civil penalties.

Historically, the Organization's services are funded primarily by the U.S. Department of Housing and Urban Development (representing approximately 75% of contract income and 52% of total revenue and support for the year ended June 30, 2014). As such, the Organization is required to comply with OMB Circular A-133 and other federal audit requirements. Failure of the Organization to comply with applicable regulatory requirements can result in, among other things, loss of funding, warning letters, fines, injunctions, civil penalties, and could have an adverse effect on the Organization's financial position and operations. The Organization has historically been able to obtain new contract agreements and, based on its relationships, management believes that they will be able to continue obtaining appropriate contracts to fund future operations.

Subsequent Events - Subsequent events have been evaluated by the Organization through January 30, 2015, which is the date these financial statements were issued, and no subsequent events have arisen, other than those described in these financial statements, that would require disclosure.

PATH (PEOPLE ASSISTING THE HOMELESS)
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2014 consists of:

Land	\$ 1,209,144
Building and improvements	10,322,231
Furniture and equipment	917,534
Automobiles	<u>77,437</u>
	12,526,346
Less: accumulated depreciation and amortization	<u>(5,402,427)</u>
	<u>\$ 7,123,919</u>

NOTE 4 - BENEFICIAL INTEREST IN PERPETUAL TRUST

The Organization is a beneficiary of the PATH Endowment Fund (the "Fund"), which was established in 2008. The Organization is entitled to a distribution of the income on an annual basis as determined by the Board of Directors of the California Community Foundation, the Fund administrators. The activities of the Fund for the year ended June 30, 2014 are:

Balance as of July 1, 2013	\$ 27,770
Gain on investment	<u>4,193</u>
Balance as of June 30, 2014	<u>\$ 31,963</u>

NOTE 5 - LINE OF CREDIT

The Organization had an unsecured line of credit (the "Line") for \$250,000 with a financial institution. Interest on the outstanding borrowings is charged monthly at 2.5%. The Line matures January 31, 2016. During fiscal year 2014, the Organization converted \$250,000 of borrowings on their line of credit to a loan (see Note 6). As a result, the balance as of June 30, 2014 for the line of credit has \$250,000 available.

On September 16, 2014, the Organization received a line of credit for \$450,000 with a financial institution expiring on September 17, 2015. Interest on the outstanding borrowings is charged monthly at 2.475%. The line of credit is secured directly by \$500,000 of certificate of deposits by the same financial institution. As of January 30, 2015, \$450,000 was outstanding on the line of credit.

PATH (PEOPLE ASSISTING THE HOMELESS)
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5 - LINE OF CREDIT, continued

On October 9, 2014, the Organization received an additional secured line of credit for \$500,000 with a financial institution and interest on the outstanding borrowings is charged monthly at 1.05%. The line of credit expires December 28, 2015 and is secured directly by \$500,000 of certificate of deposits opened by the Organization on July 1, 2014. As of January 30, 2015, \$500,000 was outstanding on the line of credit.

NOTE 6 - NOTES PAYABLE

Notes payable at June 30, 2014 are summarized as follows:

Note payable to a bank ("Primary Madison Note"), secured by a deed of trust on real property at 340 N. Madison Avenue, Los Angeles, California, ("Madison Property") bearing interest at 5.25% due May 1, 2016. Principal and interest of \$14,978 are due monthly. A balloon payment of approximately \$1,503,000 is due upon maturity. \$ 1,617,033

Note payable to Housing Authority of the County of Los Angeles, secured by a deed of trust on the Madison Property, bearing interest at 3% per annum, due September 2031. Principal and interest payments are due annually out of the affordable housing project. Unpaid interest on this note at June 30, 2014 is \$352,220, and included in interest payable in the statement of financial position. This note is subordinate to the Primary Madison Note. 909,450

Note payable to the National Assistance League ("Primary Fernwood Note"), secured by a deed of trust on real property at 5627 Fernwood Avenue, Los Angeles, California, due in monthly installments of principal and interest of \$3,047 through April 30, 2018, interest payable at 6%. A balloon payment of approximately \$362,371 is due upon maturity. 413,033

Note payable to a financial institution ("Primary Cotner Note"), secured by deed of trust on real property at 2346 Cotner Avenue, Los Angeles, California, due in monthly installments of principal and interest of \$5,016 through October 30, 2017, interest at 7.5%. 175,710

Note payable to the Community Redevelopment Agency (the "CRA"), secured by a deed of trust on real property at 2346 Cotner Avenue, Los Angeles, California, bearing interest at 3% per annum, due October 2069. Principal and interest payments are due annually out of residual receipts of the affordable housing project. Unpaid interest on this note at June 30, 2014 is \$42,401, and included in interest payable in the statement of financial position. This note is subordinated to the Primary Cotner Note. 848,017

PATH (PEOPLE ASSISTING THE HOMELESS)
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 6 - NOTES PAYABLE, continued

Note payable to a financial institution for \$250,000. This amount was converted from borrowings on a line of credit (see Note 5) to an unsecured notes payable on December 9, 2013 bearing interest at 2.5% due January 31, 2015. Principal and interest are paid at maturity. Subsequent to June 30, 2014, the Organization fully paid off the line of credit on December 31, 2014.

	250,000
	4,213,243
Less current portion	(433,848)
	\$ 3,779,395

Future minimum required annual principal payments on notes payable for the years ending June 30, are:

2015	\$ 433,848
2016	1,697,276
2017	155,707
2018	126,324
2019	469,526
Thereafter	1,330,562
	\$ 4,213,243

For the loans from the Community Redevelopment Agency and the Housing Authority of the County of Los Angeles, principal and interest payments are due annually and payable only through the residual receipts of the related affordable housing project. If the residual receipts are insufficient, no annual payments will be due as long as the Organization is in compliance with the conditions and covenants of the agreements with the respective agencies and maintains the properties as emergency shelters or transitional housing. Since the Organization has historically had no residual receipts and anticipates remaining in compliance with the related agreements, all amounts due under these notes are reflected in the year the related note matures in the above table. There was no recognition of loan and interest forgiveness for the year ended June 30, 2014.

PATH (PEOPLE ASSISTING THE HOMELESS)
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 7 - FORGIVABLE NOTES PAYABLE

In support of the Fernwood Avenue property, the Department of Housing and Community Development of the State of California (the "DHCDC") financed the Organization by extending construction advances of \$500,000 forgivable at maturity, as long as the underlying property continues to be used for its current charitable purposes. The DHCDC is secured by a deed of trust on real property at 5627 Fernwood Avenue, Los Angeles, California, bearing interest at 3% per annum, and was due February 2014. Unpaid interest on this note at June 30, 2014 is \$157,500, and is recorded as interest payable in the accompanying statement of financial position. The DHCDC loan and accrued interest shall be forgiven at the completion of the loan term as long as the related property is used as an emergency shelter or transitional housing in accordance with the related regulatory agreement. The balance of the note and related accrued interest will remain on the statement of financial position until the loan is forgiven. As of June 30, 2014, the Organization was in compliance with the covenants of the DHCDC note. Management expects the current portion of the note to be fully forgivable as it has complied with the terms of the agreement through December 2013.

The related loan payable of \$500,000 and accrued interest payable of \$157,500, as of June 30, 2015, will be recorded as a forgiveness from the creditor once the Organization receives a formal written forgiveness from the State of California which the Organization expects to receive during the year ending June 30, 2015. At the time that the notification is received, the total liability of \$657,500 will be removed from the statement of financial position and reflected as support received in the statement of activities.

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30, 2014 are available for the following purposes:

	<u>July 1, 2013</u>	<u>Additions</u>	<u>Releases</u>	<u>June 30, 2014</u>
Private foundations' donations to PATH's programs	\$ -	\$ 200,000	\$ (200,000)	\$ -
Land and building at the Madison Property, restricted for affordable housing for program participants through September 2031 of \$7,660,466, net of accumulated depreciation of \$3,004,328, and outstanding loans of \$2,526,483	2,309,048	-	(179,393)	2,129,655
	<u>\$ 2,309,048</u>	<u>\$ 200,000</u>	<u>\$ (379,393)</u>	<u>\$ 2,129,655</u>

PATH (PEOPLE ASSISTING THE HOMELESS)
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS, continued

Net assets were released from donor restrictions by depreciation expense, increase of notes payable and usage of temporarily restricted contributed funds. The summary of net assets released during the year ended June 30, 2014 is as follows:

Release of temporarily restricted net assets related to the Madison property:	
Depreciation expense on buildings at the Madison Property, restricted for affordable housing for program participants	\$ (236,349)
Less: Principal pay downs on loans associated with buildings and land at the Madison Property, restricted for affordable housing for program participants, including debt forgiveness	56,956
	(179,393)
Release of temporarily restricted net assets related to contributed funds	(200,000)
	\$ (379,393)

The Madison Property was purchased with primarily non-governmental capital campaign funds raised specifically for this building. Therefore, the net book value of the building (net of related loans) is considered to be temporarily restricted.

NOTE 9 - DEFERRED RENTAL INCOME

The Organization subleases certain space at the Madison Property for 15 years for a lump-sum amount of \$110,000 paid in advance. Rental income will be recognized on a straight-line basis over the life of the agreement at \$7,333 per year. The unamortized balance is included in deferred rental income on the statement of financial position.

NOTE 10 - SPECIAL EVENTS

The Organization held several special events during the year ended June 30, 2014. Revenues and expenses from the events were as follows:

	<u>Revenues</u>		<u>Expenses</u>		<u>Net</u>
Imaginary Feast	\$ 374,438	\$	20,563	\$	353,875
Anniversary Event	161,000		3,312		157,688
Veronica Mars Campaign	327,147		34,918		292,229
Making it Home Event	59,248		16,690		42,558
Garden Project	51,500		6,864		44,636
	\$ 973,333	\$	82,347	\$	890,986

PATH (PEOPLE ASSISTING THE HOMELESS)
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 11 - RETIREMENT PLAN

The Organization maintains a deferred annuity plan under IRC Section 403(b) which covers all full time employees who have been employed by the Organization for at least two years. Employee contributions are voluntary. Employer contributions are five percent of qualified wages. The Organization's contribution for the year ended June 30, 2014 was \$160,337.

NOTE 12 - RELATED PARTY TRANSACTIONS

Notes Receivable - During fiscal year 2014, the Organization entered into three separate short-term note agreements, with Beyond Shelter, a non-profit corporation related by common board membership. As of June 30, 2014, Beyond Shelter owed the Organization \$136,955 at the rates ranging from 1% to 3% per annum, with the notes receivable between December 31, 2013 and June 3, 2015.

The Organization made several advances during fiscal year 2014 that totaled \$18,730 to Gramercy Housing Group, a non-profit corporation related by common board membership. As of June 30, 2014, the Organization has \$2,376 due on demand in notes receivable.

The Organization maintains two short-term note receivable agreements from Path Ventures. There were no additional borrowings or repayments during fiscal 2014. As of June 30, 2014, Path Ventures owed the Organization \$64,156. The notes bear interest at .25% per annum and are due upon demand. During the year, the Organization incurred \$16,572 in land development costs on behalf of PATH Ventures, for which the Organization will be fully reimbursed. These advances are non-interest bearing and are expected to be repaid during fiscal 2015. As of June 30, 2014, PATH Ventures owes the Organization a total of \$80,728 in notes receivable in the accompanying statement of financial position.

Other Receivables - Other receivables resulting from advances by the Organization to the related parties consist of the following as of June 30, 2014:

Beyond Shelter	\$ 43,466
Gramercy Housing Group	2,692
Path Ventures	18,045
	<u>\$ 64,203</u>

Notes Payable - The Organization entered into an agreement with Path Ventures, a non-profit corporation related by common board membership. The note bears interest at 1.09% per annum and is due June 30, 2015. As of June 30, 2014, the balance of this note payable is \$150,000.

PATH (PEOPLE ASSISTING THE HOMELESS)
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 12 - RELATED PARTY TRANSACTIONS, continued

Accounts Payable - Accounts payable to related parties as of June 30, 2014, consist of:

Beyond Shelter	\$	50
Gramercy Housing Group		743
PATH Ventures, for pass-through contract revenues		21,398
Board member, for contractual services		5,904
Board member, for contractual services		2,167
		<u>\$ 30,262</u>

Sub-recipient Grants - The Organization receives a pass-through grant for the Mental Health Services Act ("MHSA") Grant from the California Department of Mental Health, which it administers to Path Ventures for the Family Commons program in Long Beach. The revenue to Path Ventures for this grant totaled \$78,638 for the year ended June 30, 2014 and is included in the accompanying statement of activities as contract income while the grant award is reflected as sub-recipient expense in the accompanying statement of functional expenses.

Gramercy Court Lease - During the year ended June 30, 2014, the Organization leased premises at \$1 per year from Gramercy Court, LP ("Gramercy Court"), whose limited partner, Gramercy Housing, is a non-profit corporation related to the Organization by common board membership. The lease expires April 1, 2018.

During the year ended June 30, 2014, the Organization subleased the premises from Gramercy Court to Beyond Shelter, a non-profit corporation related by common board membership, for \$2,200 per month. The rental income of \$17,600 is included with rental income in the accompanying statement of activities. The sublease expires April 1, 2018.

Services Received from the Board of Directors - For the year ended June 30, 2014, the Organization compensated certain board members, with the related expenses included as part of utilities and professional services, in the accompanying statement of functional expenses. These expenses are as follows:

Janitorial services of \$2,167 per month, to firm owned by a board member	\$	26,004
Public relations compensated at the rate of \$95 per hour, to firm owned by a board member		66,799
		<u>\$ 92,803</u>

PATH (PEOPLE ASSISTING THE HOMELESS)
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 13 - CONTRACT INCOME

The Organization's contract revenues funding during the year ended June 30, 2014 were from the following government agencies:

Department of Housing and Urban Development	\$ 7,225,118
Los Angeles Homeless Services Authority	955,164
Department of Veteran Affairs	1,774,088
Department of Labor	307,294
Department of Health and Human Services	64,908
Federal Emergency Management Agency	120,431
City of West Hollywood	331,771
City of Beverly Hills	47,076
County of Los Angeles - Department of Mental Health	78,863
Other contracts	66,681
	<u>\$ 10,971,394</u>

NOTE 14 - INDEMNITIES AND GUARANTEES

The Organization has made certain indemnities and guarantees under which it may be required to make payments in relation to certain transactions. The Organization indemnifies its directors, officers, employees and agents to the maximum extent permitted under the laws of the State of California. The duration of these indemnities and guarantees varies and, in certain cases, is indefinite. These indemnities and guarantees do not provide for any limitation of the maximum potential future payments the Organization could be obligated to make. Historically, the Organization has not been obligated to make significant payments for these obligations and no liabilities have been recorded for these indemnities and guarantees in the accompanying statement of financial position.

NOTE 15 - COMMITMENTS AND CONTINGENCIES

Capital Leases - The Organization leases equipment under a capital lease that expires in August 2020. The lease agreement calls for annual payments of \$23,941. The assets and liabilities under capital leases were recorded upon lease inception at the lower of present value of minimum lease payments or fair market value of the related assets. The assets are depreciated over their estimated useful lives.

Included in property and equipment at June 30, 2014 are the following assets held under capital leases:

Equipment	\$ 94,550
Less: accumulated depreciation	<u>(7,004)</u>
	<u>\$ 87,546</u>

PATH (PEOPLE ASSISTING THE HOMELESS)
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 15 - COMMITMENTS AND CONTINGENCIES, continued

Future minimum lease payments for assets under capital leases for years ending June 30, 2014 are as follows:

2015	\$ 19,951
2016	23,941
2017	23,941
2018	23,941
2019	23,941
2020	<u>3,988</u>
	119,703
Less: amount representing interest	(25,153)
Less: current portion	<u>(15,758)</u>
	<u>\$ 78,792</u>

SUPPLEMENTAL SCHEDULES

**PATH (PEOPLE ASSISTING THE HOMELESS)
(A Non-Profit Corporation)**

**SCHEDULE OF EXPENDITURES BY FUNDING SOURCE
YEAR ENDED JUNE 30, 2014**

	U.S. Department of Housing and Urban Development	U.S. Department of Veterans Affairs	U.S. Department of Health and Human Services	Federal Emergency Management Agency	U.S. Department of Labor	Local Cities	State of California	County of Los Angeles	Other	Total
PERSONNEL EXPENSES										
Salaries	\$ 3,230,262	\$ 844,933	\$ 9,854	\$ 81,570	\$ 206,955	\$ 657,174	\$ 30,488	\$ 1,748	\$ 1,877,646	\$ 6,940,630
Payroll taxes	268,142	70,137	818	6,771	17,180	54,553	2,531	145	155,861	576,138
Employee benefits	535,443	140,055	1,633	13,521	34,304	108,932	5,054	290	311,236	1,150,468
TOTAL PERSONNEL EXPENSES	4,033,847	1,055,125	12,305	101,862	258,439	820,659	38,073	2,183	2,344,743	8,667,236
OTHER EXPENSES										
Automobile	66,198	3,566	-	-	-	6,921	-	2,420	9,073	88,178
Bank charge	273	-	-	-	-	1,131	-	-	92,349	93,753
Building maintenance	334,540	57,262	-	23,524	7,704	46,021	-	-	153,697	622,748
Direct client assistance	234,398	489,387	-	8,399	18,618	26,496	-	9,595	460,162	1,247,055
Insurance	68,281	15,707	-	5,999	-	5,065	-	-	34,450	129,502
In-kind expense	-	-	-	-	-	-	-	-	4,500	4,500
Interest	28,785	-	-	-	-	-	-	-	132,491	161,276
Interest on forgivable and residual receipts notes payable	-	-	-	-	-	-	-	-	42,284	42,284
Miscellaneous expenses	-	80	-	72	-	2,962	-	-	29,916	33,030
Office	45,667	10,860	-	1,383	3,034	5,577	127	-	43,224	109,872
Printing and artwork	1,348	403	-	69	-	1,282	-	-	14,660	17,762
Professional services	1,028,575	2,942	-	1,519	-	3,927	-	-	186,149	1,223,112
Property taxes and other fees	-	-	-	-	-	-	-	-	4,741	4,741
Residential food and supplies	90,213	16,756	-	15,785	1,039	37,296	-	-	22,826	183,915
Security	362,767	37,166	-	26,921	14,160	63,664	-	-	52,085	556,763
Staff training and recruitment	38,113	2,166	-	391	159	6,156	-	-	110,486	157,471
Sub-recipient grants	228,859	-	-	-	-	398,217	-	78,638	-	705,714
Telephone	82,700	10,435	12	2,471	1,062	11,416	-	-	37,988	146,084
Travel	122,195	6,094	-	2	8,500	35,813	70	-	35,470	208,144
Utilities	335,628	31,434	-	19,652	11,704	88,065	-	-	82,615	569,098
TOTAL OTHER EXPENSES	3,068,540	684,258	12	106,187	65,980	740,009	197	90,653	1,549,166	6,305,002
TOTAL EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	7,102,387	1,739,383	12,317	208,049	324,419	1,560,668	38,270	92,836	3,893,909	14,972,238
Depreciation and amortization	-	-	-	-	-	-	-	-	385,869	385,869
TOTAL FUNCTIONAL EXPENSES	\$ 7,102,387	\$ 1,739,383	\$ 12,317	\$ 208,049	\$ 324,419	\$ 1,560,668	\$ 38,270	\$ 92,836	\$ 4,279,778	\$ 15,358,107

PATH (PEOPLE ASSISTING THE HOMELESS)
(A Non-Profit Corporation)

PATH CARES PROGRAM – STATEMENT OF FINANCIAL POSITION
JUNE 30, 2014

ASSETS

Cash reserves	\$ 1,000
	<u>\$ 1,000</u>

LIABILITIES AND NET ASSETS

Current liabilities	
Current portion of notes payable	\$ 30,305
	<u>30,305</u>
Notes payable, net of current portion	879,145
Interest payable	352,220
Intercompany payable to general fund	<u>259,232</u>
	<u>1,520,902</u>
Net assets	
Unrestricted	<u>(1,519,902)</u>
	<u>(1,519,902)</u>
	<u>\$ 1,000</u>

**PATH (PEOPLE ASSISTING THE HOMELESS)
(A Non-Profit Corporation)**

**PATH CARES PROGRAM – STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014**

	PATH Cares (PATHWays - Regional Homeless Center) (340 North Madison Avenue, Los Angeles, California)
REVENUE	
Direct support - public	\$ 15,000
Contract income - government agencies	862,274
Non-government revenue	92,185
	<u>969,459</u>
EXPENSES	
Program services	<u>1,271,853</u>
CHANGE IN UNRESTRICTED NET ASSETS	(302,394)
UNRESTRICTED NET ASSETS, beginning of year	<u>(1,217,508)</u>
UNRESTRICTED NET ASSETS, end of year	<u>\$ (1,519,902)</u>

PATH (PEOPLE ASSISTING THE HOMELESS)
(A Non-Profit Corporation)

PATH CARES PROGRAM – STATEMENT OF CASH FLOWS AND RESERVES
YEAR ENDED JUNE 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (302,394)
Changes in operating assets and liabilities:	
Interest payable	<u>27,284</u>
Net cash flows from operating activities	(275,110)

CASH FLOWS FROM FINANCING ACTIVITIES

Borrowings from intercompany general fund	<u>259,232</u>
Net change in cash and cash equivalents	(15,878)
Cash and cash equivalents, beginning of year	<u>16,878</u>
Cash and cash equivalents, end of year	<u>\$ 1,000</u>
Reserve requirement	<u>\$ 14,970</u>
Underfunding	<u>\$ (13,970)</u>

**PATH (PEOPLE ASSISTING THE HOMELESS)
(A Non-Profit Corporation)**

**STATEMENT OF ACTIVITIES FOR SELECTED PROGRAMS
YEAR ENDED JUNE 30, 2014**

	PATH Families (5105 West 20th Street, Los Angeles, California)	PATHWays - West Los Angeles & PATH Finders - West Los Angeles (2346 Cotner Avenue, Los Angeles, California)
REVENUE		
Direct support - public	\$ -	\$ 22,500
Contract income - government agencies	-	322,013
Non-government revenue	-	36,980
	-	381,493
 EXPENSES		
Program services	1,207	479,166
	1,207	479,166
 CHANGE IN UNRESTRICTED NET ASSETS	 (1,207)	 (97,673)
 UNRESTRICTED NET ASSETS, beginning of year	 239,426	 (510,808)
 UNRESTRICTED NET ASSETS, end of year	 \$ 238,219	 \$ (608,481)



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
PATH (People Assisting The Homeless)

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of PATH (People Assisting The Homeless) (the "Organization") which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 30, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PDM, LLP

Torrance, California
January 30, 2015



**INDEPENDENT AUDITORS’
REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND
REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED
BY OMB CIRCULAR A-133**

To the Board of Directors
PATH (People Assisting The Homeless)

Report on Compliance for Each Major Federal Program

We have audited PATH (People Assisting The Homeless)’s (the “Organization”) compliance with the types of compliance requirements described in the United States Office of Management and Budget (“OMB”) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the Organization’s major federal programs for the year ended June 30, 2014. The Organization’s major federal programs are identified in the summary of auditors’ results section of the accompanying Schedule of Findings and Questioned Costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors’ Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization’s compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the Organization as of and for the year ended June 30, 2014, and have issued our report thereon dated January 30, 2015, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

PDM, LLP

Torrance, California
January 30, 2015

PATH (PEOPLE ASSISTING THE HOMELESS)
(A Non-Profit Corporation)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2014

Federal Grantor/ Pass-Through Grantor/ Program Title	Catalog of Federal Domestic Assistance (CFDA) Number	Agency or Pass-Through Entity Identifying Number	Federal Awards Expenditures
U.S. Department of Housing and Urban Development			
Direct programs:			
Supportive Housing Program	14.235	CA0429B9D001205	\$ 97,984
Supportive Housing Program	14.235	CA0455B9D001205	116,711
Supportive Housing Program	14.235	CA0432B9D001205	227,098
Supportive Housing Program	14.235	CA1115B9D011100	272,185
Supportive Housing Program	14.235	CA1115L9D011201	398,566
Supportive Housing Program	14.235	CA0432L9D001306	87,638
			<u>1,200,182</u>
Pass-through programs from:			
Los Angeles Homeless Services Authority Supportive Housing Program	14.235	CA0394L9D001205	155,812
			<u>155,812</u>
Total programs			<u>1,355,994</u>
Direct programs:			
Section 8 Housing Choice Vouchers/ Veterans Affairs Supportive Housing Program	14.857	VA262-13-D-0147	179,000 *
Veterans Affairs Supportive Housing Program	14.857	VA262-12-D-0138	5,520,054 *
Total programs			<u>5,699,054</u>
Pass-through programs from:			
Los Angeles Homeless Services Authority Community Development Block Grant	14.218	2013CDBG27	90,258
Community Development Block Grant	14.218	2013CDBG29	579,164
			<u>669,422</u>
Housing Innovations Department San Diego Commission Community Development Block Grant	14.218	n/a	291,662
Community Development Block Grant	14.218	n/a	34,220
			<u>325,882</u>
Total programs			<u>995,304</u>
Los Angeles Homeless Services Authority Emergency Shelter Program	14.231	2013ESG01	55,374
Emergency Shelter Program	14.231	2014ESG01	26,238
Emergency Shelter Program	14.231	2013ESG07	35,852
Emergency Shelter Program	14.231	2014ESG07	12,466
Total programs			<u>129,930</u>
Total U.S. Department of Housing and Urban Development			<u>8,180,282</u>

PATH (PEOPLE ASSISTING THE HOMELESS)
(A Non-Profit Corporation)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
YEAR ENDED JUNE 30, 2014

Federal Grantor/ Pass-Through Grantor/ Program Title	Catalog of Federal Domestic Assistance (CFDA) Number	Agency or Pass-Through Entity Identifying Number	Federal Awards Expenditures
U.S. Department of Labor			
Direct programs:			
Homeless Veterans Reintegration Project	17.805	HV-23270-12-60-5-6	300,000
Homeless Veterans Reintegration Project	17.805	HV-20684-10-60-5-6	7,294
Total U.S. Department of Labor			<u>307,294</u>
Federal Emergency Management Agency			
Pass-through programs from:			
Los Angeles County Emergency Food and Shelter Program Local Board			
Emergency Food and Shelter Program	97.024	EFSP Phase 31	120,431
Total Federal Emergency Management Agency			<u>120,431</u>
U.S. Department of Health and Human Services			
Affordable care act grant for new and expanded services under the health center program/ Family Health Centers - HRSA			
	93.527	HRSA-13-279	64,908
Total U.S. Department of Health and Human Services			<u>64,908</u>
U.S. Department of Veterans Affairs			
Direct programs:			
Grants and Per Diem Program	64.024	08-006-CA	55,045
Grants and Per Diem Program	64.024	04-158-CA	25,782
Grants and Per Diem Program	64.024	03-96-CA	129,920
Grants and Per Diem Program	64.024	04-157-CA	66,911
			<u>277,658</u>
Supporting Services for Veteran Families Program	64.033	R12-CA-326	1,496,430 *
			<u>1,496,430</u>
Total U.S. Department of Veterans Affairs			<u>1,774,088</u>
Total expenditures of federal awards			<u>\$ 10,447,003</u>

* Major program

PATH (PEOPLE ASSISTING THE HOMELESS)
(A Non-Profit Corporation)

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2014

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of PATH (People Assisting The Homeless) (the "Organization") under programs of the federal government for the year ended June 30, 2014. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

PATH (PEOPLE ASSISTING THE HOMELESS)
(A Non-Profit Corporation)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2014

A. SUMMARY OF AUDIT RESULTS

Financial Statements

1. The independent auditors' report expresses an unmodified opinion on the financial statements of the Organization.
2. No material weaknesses related to internal control over financial reporting were identified.
3. No significant deficiencies not considered to be material weaknesses related to internal control over financial reporting were reported.
4. No instances of noncompliance material to the financial statements of the Organization were disclosed during the audit.

Federal Awards

5. The Independent Auditors' Report on Compliance for Each Major Federal Program for the Organization expresses an unmodified opinion.
6. No material weaknesses related to internal control over major program compliance were identified.
7. No significant deficiencies not considered to be material weaknesses related to internal control over major program compliance were reported.
8. There are no audit findings relative to the major federal programs for the Organization that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
9. The programs tested as major programs (including pass-through programs) are:

	<u>CFDA Number</u>
Veteran Affairs Supportive Housing Program	14.857
U.S. Department of Veterans Affairs/ Supporting Services for Veteran Families Program	64.033

PATH (PEOPLE ASSISTING THE HOMELESS)
(A Non-Profit Corporation)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
YEAR ENDED JUNE 30, 2014

A. SUMMARY OF AUDIT RESULTS, Continued

- 10. The threshold for distinguishing Type A and B programs was \$300,000.
- 11. The Organization was considered to be a low-risk auditee for the year ended June 30, 2014.

B. FINANCIAL STATEMENT AUDIT FINDINGS

None noted.

C. MAJOR FEDERAL AWARD PROGRAMS AUDIT - FINDINGS AND QUESTIONED COSTS

None noted.

D. SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None noted.

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I. OFFICES	1
Section 1. PRINCIPAL EXECUTIVE OFFICE.....	1
Section 2. OTHER OFFICES.	1
ARTICLE II. PURPOSES	1
Section 1. PURPOSES.....	1
Section 2. DEDICATION OF ASSETS.	1
Section 3. NONPARTISAN ACTIVITIES.	2
Section 4. MISSION AND PROGRAM VALUES.....	2
ARTICLE III. DIRECTORS	2
Section 1. POWERS.....	2
Section 2. NUMBER OF DIRECTORS.....	3
Section 3. LIMITATION ON INTERESTED PERSONS AS DIRECTORS.....	3
Section 4. INITIAL APPOINTMENT, SUBSEQUENT ELECTION AND TERMS OF OFFICE.....	3
Section 5. RESIGNATION AND REMOVAL OF DIRECTORS.....	4
Section 6. VACANCIES.....	4
Section 7. PLACE OF MEETINGS.....	4
Section 8. REGULAR MEETINGS.....	5
Section 9. SPECIAL MEETINGS.....	5
Section 10. NOTICE OF MEETINGS.....	5
Section 11. ACTION WITHOUT MEETING.....	5
Section 12. MEETINGS BY CONFERENCE TELEPHONE.....	5
Section 13. ACTION AT MEETING: QUORUM AND REQUIRED VOTE.....	5
Section 14. WAIVER OF NOTICE.....	6
Section 15. ADJOURNMENT.....	6
Section 16. REIMBURSEMENT OF EXPENSES/COMPENSATION.....	6
ARTICLE IV. OFFICERS.....	6
Section 1. OFFICERS.....	6
Section 2. ELECTIONS.....	7
Section 3. SUBORDINATE OFFICERS.....	7
Section 4. REMOVAL AND RESIGNATION.....	7
Section 5. VACANCIES.....	7
Section 6. CHAIRPERSON OF THE BOARD.....	7
Section 7. VICE CHAIRPERSON.....	8
Section 8. SECRETARY.....	8
Section 9. TREASURER.....	8
Section 10. CHIEF EXECUTIVE OFFICER.....	9
Section 11. EXECUTIVE DIRECTOR.....	9
Section 12. CHIEF FINANCIAL OFFICER.....	9
ARTICLE V. TRANSACTIONS WITH DIRECTORS AND OFFICERS	9
Section 1. CONTRACTS.....	9

TABLE OF CONTENTS

	<u>Page</u>
Section 2. LOANS.....	10
ARTICLE VI. SPECIAL ADVISORY COMMITTEES AND SPECIAL ADVISORY BOARDS	10
Section 1. SPECIAL ADVISORY COMMITTEE AUTHORITY.....	10
Section 2. COMMITTEE MEETINGS.....	11
Section 3. SPECIAL ADVISORY BOARDS.....	11
ARTICLE VII. CORPORATE RECORDS AND REPORTS INSPECTION	11
Section 1. INSPECTION OF CORPORATE RECORDS.....	11
Section 2. ANNUAL REPORT.....	11
Section 3. STATEMENT OF TRANSACTIONS.....	12
ARTICLE VIII. INDEMNIFICATION.....	12
Section 1. INDEMNIFICATION IN ACTIONS BY THIRD PARTIES.....	12
Section 2. INDEMNIFICATION IN ACTIONS BY OR IN THE RIGHT OF THE CORPORATION.....	12
Section 3. ADVANCE OF EXPENSES.....	12
Section 4. INSURANCE.....	12
ARTICLE IX. CONSTRUCTION AND DEFINITIONS	13
ARTICLE X. AMENDMENTS TO BYLAWS AND ARTICLES.....	13

FIRST AMENDED AND RESTATED BYLAWS
OF
P.A.T.H.

A CALIFORNIA NONPROFIT
PUBLIC BENEFIT CORPORATION

(Effective as of April 14, 2011)

ARTICLE I.

OFFICES

Section 1. PRINCIPAL EXECUTIVE OFFICE. The principal executive office of the corporation is hereby fixed and located at 340 N. Madison Ave., Los Angeles, California 90004. The Board of Directors is hereby granted full power and authority to change said principal executive office from one location to another.

Section 2. OTHER OFFICES. Branch or subordinate offices may at any time be established by the Board of Directors at any place or places.

ARTICLE II.

PURPOSES

Section 1. PURPOSES. This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for public and charitable purposes. The specific purposes of this corporation are to provide housing and/or support services for families and adults who are homeless or at risk of becoming homeless. This corporation is organized and operated exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), or the corresponding provision of any future United States revenue law. This corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of its public and charitable purposes, and the corporation shall not carry on any other activities not permitted to be carried on by (a) a corporation exempt from federal income tax under Internal Revenue Code Section 501(c)(3) or the corresponding provision of any future United States internal revenue law, or (b) a corporation, contributions to which are deductible under Internal Revenue Code Section 170(c)(2) or the corresponding provision of any future United States internal revenue law.

Section 2. DEDICATION OF ASSETS. The property of this corporation is irrevocably dedicated to charitable purposes and no part of the net income or assets of this corporation shall ever inure to the benefit of any director or officer thereof or to the benefit of any private person. Upon the dissolution or winding up of the corporation, its assets remaining

after payment, or provision for payment, of all debts and liabilities of this corporation shall be distributed to a non-profit fund, foundation or corporation which is organized and operated exclusively for charitable, scientific, literary, or educational purposes and which has established its tax exempt status under Section 501(c)(3) of the Internal Revenue Code (or any corresponding provision of any future United States Internal Revenue Laws).

Section 3. NONPARTISAN ACTIVITIES. No substantial part of the activities of this corporation shall consist of lobbying or propaganda, or otherwise attempting to influence legislation. This corporation shall not participate or intervene in any political campaign (including the publishing or distributing of statements) on behalf of any political campaign on behalf of any candidate for public office.

Section 4. MISSION AND PROGRAM VALUES. The overall mission shall be to end homelessness for individuals, families and communities. The corporation may adopt specific mission statement(s) within the overall mission. Program values include:

- (a) Creative Approaches
- (b) Collaborative Efforts
- (c) Embracing Change
- (d) Promoting Self-Sufficiency

ARTICLE III.

DIRECTORS

Section 1. POWERS. Subject to any limitations in the California Nonprofit Corporation Law, or any other applicable laws and subject to the limitations of the Articles of Incorporation or Bylaws, the business and affairs of the corporation shall be managed and all corporate powers shall be exercised by or under the direction of the Board of Directors. The Board of Directors may delegate the management of the day-to-day operation of the business of the corporation to a management company or other person, provided that the business and affairs of the corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board of Directors. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the Board shall have the following powers in addition to the other powers enumerated in these Bylaws.

- (a) To select and remove all the officers, agents, and employees of the corporation; prescribe the powers and duties for them as may not be inconsistent with law, or with the Articles or these Bylaws; fix their compensation; and require from them security for faithful service.

(b) To conduct, manage, and control the affairs and business of the corporation and to make such rules and regulations therefor not inconsistent with law, or with the Articles or these Bylaws, as they may deem best.

(c) To borrow money and incur indebtedness for the purposes of the corporation, and to cause to be executed and delivered therefor, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecation, or other evidences of debt and securities therefor.

(d) To adopt, make, use or alter the form of a corporate seal.

Section 2. NUMBER OF DIRECTORS. The authorized number of Directors of the corporation shall be not less than eleven (11), nor more than thirty (30), with the exact number to be determined by resolution of the Board of Directors, until changed by a Bylaw duly adopted by the Directors amending this Article III, Section 2.

Section 3. LIMITATION ON INTERESTED PERSONS AS DIRECTORS. At no time shall more than forty-nine percent (49%) of the persons serving on the Board be an interested person. An interested person is (i) any person being compensated by this corporation for services rendered to it within the previous twelve (12) months, whether as a full time or part time employee, independent contractor or otherwise, excluding any reasonable compensation paid to a Director as director; and (ii) any brother, sister, ancestor, descendant, spouse, brother in law, sister in law, son in law, daughter in law, mother in law or father in law of any such person. Any violation of the provisions of this paragraph shall not, however, affect the validity or enforceability of any transaction entered into by the corporation.

Section 4. INITIAL APPOINTMENT, SUBSEQUENT ELECTION AND TERMS OF OFFICE.

(a) **Appointment of Directors.** The Directors of the corporation shall consist of twenty-four (24) individuals and shall be appointed by the corporation. Nineteen (19) of the Directors shall be known as the "Elected Directors", four (4) of the Directors shall be known as the "PATH Ventures Directors", and one (1) Director shall be known as a "Gramercy Housing Group Director".

(b) **Subsequent Election of Elected Directors.** Subsequent to their initial appointment, the Elected Directors shall be elected at the regular or special meeting of the Board of Directors, following the expiration of the term each Elected Director.

(c) **Subsequent Selection of PATH Ventures Directors.** Subsequent to their initial appointment, the PATH Ventures Directors shall be selected by the Real Estate Board of PATH Ventures, a California nonprofit public benefit corporation, or such other PATH Ventures advisory board as determined by the PATH Ventures Board of Directors.

(d) **Subsequent Selection of Gramercy Housing Group Director.** Subsequent to his or her initial appointment, the Gramercy Housing Group Director shall be selected by the Program Board of Gramercy Housing Group, a California public benefit corporation, or such

other Gramercy Housing Group advisory board as determined by the Gramercy Housing Group Board of Directors.

(c) Terms of Office. Twelve (12) Elected Directors shall have an initial term of three (3) years. These twelve (12) Directors shall be designated by the Board of Directors. The remaining twelve members of the Board of Directors shall have an initial term of four (4) years. After the expiration of the initial terms, each Director shall have a four (4) year term. All Directors shall hold office until the term herein specified expires or until their respective successors are elected. Directors may be invited to serve additional terms.

Section 5. RESIGNATION AND REMOVAL OF DIRECTORS.

(a) Resignation. Any director may resign effective upon giving written notice to the Chairperson of the Board, a Co-Chairperson of the Board, the Secretary or the Board of Directors of the corporation, unless the notice specifies a later time for the effectiveness of such resignation, in which case such resignation shall be effective at the time specified. Except upon notice to the Attorney General of California, no Director may resign where the corporation would then be left without a duly elected Director.

(b) Removal. Any Director may be removed, with or without cause, by a majority vote of the Directors then in office or by order of a court as provided in Corporations Code Section 5223.

(c) Reduction of Authorized Number of Directors. No reduction of the authorized number of Directors shall have the effect of removing any Director before his term of office expires.

Section 6. VACANCIES.

(a) Definition. Vacancy, when used with respect to the Board, means any authorized position of Director which is not then filled, whether the vacancy is caused by death, resignation, removal, change in the number of Directors authorized in the Articles of Incorporation or Bylaws or otherwise.

(b) Filling of Vacancies. Vacancies in the Board of Directors, including a vacancy created by the removal of a Director, may be filled by the approval of the remaining Directors, or if the number of Directors then in office is less than a quorum, by (i) the unanimous written consent of the Directors then in office, (ii) the affirmative vote of a majority of the Directors in office at a meeting held according to notice or waivers complying with Corporations Code Section 5211, or (iii) a sole remaining Director.

Section 7. PLACE OF MEETINGS. Regular and special meetings of the Board of Directors shall be held at any place within or without the State which has been designated in the notice of the meeting, or, if not stated in the notice or, if there is no notice, designated by resolution of the Board of Directors. If the place of a regular or special meeting is not designated in the notice or fixed by a resolution of the Board, it shall be held at the corporation's principal executive office.

Section 8. REGULAR MEETINGS. Each year in the month of June, the Board of Directors shall hold an annual regular meeting for the purposes of election of Directors, appointment of officers and transaction of other business. Other regular meetings of the Board of Directors may be held at such time and place as the Board of Directors may fix from time to time.

Section 9. SPECIAL MEETINGS. Special meetings of the Board of Directors for any purpose may be called at any time by the Chairperson of the Board, any Co-Chairperson of the Board, any Vice Chairperson of the Board, the Secretary or any two Directors.

Section 10. NOTICE OF MEETINGS. Notice of the date, time and place of regular and special meetings shall be delivered personally or by telephone or telegraph or transmitted through electronic means or sent to the Directors by mail. In case notice is given by mail, or telegram, it shall be sent, charges prepaid, addressed to him or her at his or her address as it is shown on the records of the corporation, or if it is not on these records or is not readily ascertainable, at the place where the regular Board meetings are held. If notice is delivered personally or given by telephone, including a voice messaging system or other system or technology designed to record and communicate messages, telegraph, facsimile, electronic mail or other electronic means, it shall be given or delivered (i) at least twelve (12) days to an annual regular meeting, (ii) at least five (5) days prior to a regular meeting other than an annual meeting or (iii) at least four (4) days prior to a special meeting. If notice is mailed, it shall be deposited in the United States mail (iv) at least fourteen (14) days prior to an annual regular meeting, (v) at least seven (7) days prior to a regular meeting other than an annual meeting or (vi) at least forty-eight (48) hours prior to a special meeting. A notice, or waiver of notice, need not specify the purpose of the meeting of the Board of Directors. Notice of regular meetings may be given in the form of a calendar or schedule that sets forth the date, time and place of more than one regular meetings.

Section 11. ACTION WITHOUT MEETING. Any action required or permitted to be taken by the Board of Directors by law, according to the Articles of Incorporation or according to these Bylaws may be taken without a meeting, if all members of the Board shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board and shall have the same force and effect as a unanimous vote of such Directors.

Section 12. MEETINGS BY CONFERENCE TELEPHONE. Members of the Board of Directors may participate in a meeting through use of the conference telephone or similar communications equipment, so long as all members of the Board participating in such a meeting can hear and speak to one another. Participation by a Director in a meeting in the manner provided in this Section shall constitute presence in person by such Director at such meeting.

Section 13. ACTION AT MEETING: QUORUM AND REQUIRED VOTE. Presence of a majority of the authorized number of Directors at a meeting of the Board of Directors constitutes a quorum for the transaction of business, except as hereinafter provided. Every act or decision done or made by a majority of the Directors present at a meeting duly held at which a quorum is present is the act of the Board of Directors, unless a greater number, or the

same number after disqualifying one or more Directors from voting, is required by law, the Articles of Incorporation, or these Bylaws. The California Nonprofit Corporation Law requires more stringent voting requirements for approval of certain matters, including without limitation, those relating to: (a) approval of contracts or transactions in which a Director has a direct or indirect material financial interest, (b) approval of certain transactions between corporations having common directorships, (c) creation of and appointments to committees of the Board of Directors and (d) indemnification of Directors. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of one or more Directors, provided that any action taken is approved by at least a majority of the required quorum for such meeting.

Section 14. WAIVER OF NOTICE. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though had at a meeting duly held after regular call or notice, if a quorum be present, and if, (a) either before or after the meeting, each of the Directors not present signs a written waiver of notice, a consent to holding such meeting or an approval of the minutes thereof and (b) none of the Directors present protests the lack of proper notice prior to the meeting or at its commencement. A waiver of notice need not specify the purpose of any meeting of the Board of Directors. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 15. ADJOURNMENT. A majority of the Directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. If the meeting is adjourned for more than twenty four (24) hours, notice of the adjournment to another time or place shall be given prior to the time of the adjourned meeting to the Directors who are not present at the time of the adjournment.

Section 16. REIMBURSEMENT OF EXPENSES/COMPENSATION. Directors and members of Special Advisory Committees or Special Advisory Boards of the Board shall not receive compensation for their services as Directors or members of Special Advisory Committees or Special Advisory Boards. Directors and members of Special Advisory Committees or Special Advisory Boards shall be entitled to receive reasonable and just reimbursements for allowable expenses in connection with their services as Directors and as members of Special Advisory Committees or Special Advisory Boards of the Board, pursuant to procedures authorized by resolution of the Board for reimbursement of such expenses.

ARTICLE IV.

OFFICERS

Section 1. OFFICERS. The officers of the corporation shall be:

- (a) Chairperson of the Board (President);
- (b) Secretary; and
- (c) Treasurer.

The corporation may also have, at the discretion of the Board of Directors, such other officers, including but not limited to one or more Co-Chairpersons of the Board, one or more Vice-Chairpersons of the Board, one or more Assistant Secretaries, one or more Assistant Treasurers, a Chief Executive Officer, an Executive Director, a Chief Financial Officer and such other officers as may be appointed by the Board of Directors. One person may hold two or more offices; provided, however, that neither the Secretary, nor the Treasurer, may serve concurrently as Chairperson of the Board or a Co-Chairperson of the Board.

Section 2. ELECTIONS. The officers of the corporation designated in the preceding section of this Article, except such officers as may be elected or appointed in accordance with Section 3 or Section 5 of this Article, shall be chosen by the Board of Directors at the annual regular meeting. Each officer shall hold his or her office for an initial term of two (2) years at the pleasure of the Board of Directors who may, either at an annual or special meeting, remove any such officer and appoint his or her successor. The officers may serve any number of additional one (1) year terms if so elected or appointed by the Board of Directors.

Section 3. SUBORDINATE OFFICERS. The Board of Directors may appoint or may authorize the Chairperson, any Co-Chairperson or another officer to appoint such other officers as the business of the corporation may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in the Bylaws or as the Board of Directors may from time to time determine.

Section 4. REMOVAL AND RESIGNATION. Subject to the rights of any officer under an employment contract, the Board of Directors may remove any officer with or without cause. An officer who was not chosen by the Board may be removed by any other officer upon whom the Board confers the power of removal.

Any officer may resign at any time by giving written notice to the Board of Directors, or to the Chairperson of the Board, any Co-Chairperson of the Board, or to the Secretary of the corporation. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5. VACANCIES. The Board of Directors shall appoint a new officer to fill a vacancy in any office because of death, resignation, removal, disqualification or any other cause.

Section 6. CHAIRPERSON OF THE BOARD. The Chairperson of the Board or one of the Co-Chairpersons of the Board shall, if present, preside at all meetings of the Board of Directors, and exercise and perform such other powers and duties as may be from time to time assigned to him by the Board of Directors or prescribed by the Bylaws. The Chairperson of the Board, or if applicable, the Co-Chairpersons of the Board jointly shall, subject to the supervision and control of the Board of Directors, be the general manager(s) of the corporation and have general supervision, direction and control of the business and officers of the corporation. The Chairperson of the Board or, if applicable, Co-Chairpersons of the Board shall have the general powers and duties of management usually vested in the office of president of a corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or the

Bylaws. The Chairperson or any Co-Chairperson may also be referred to by the title of "President" or "Co-President," in addition to or instead of the title of Chairperson or Co-Chairperson.

Section 7. VICE CHAIRPERSON. In the absence or disability of the Chairperson or Co-Chairpersons, the Vice Chairpersons, in order of their rank as fixed by the Board of Directors, or if not ranked, the Vice Chairperson designated by the Board of Directors, shall perform all the duties of the Chairperson, and when so acting shall have all the powers of, and be subject to, all the restrictions upon, the Chairperson. The Vice Chairpersons shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the Board of Directors or by the Bylaws. Any Vice-Chairperson may also be referred to by the title of "Vice-President," in addition to or instead of the title of Vice-Chairperson.

Section 8. SECRETARY. The Secretary shall record or cause to be recorded and shall keep a book of minutes at the principal executive office or such other place as the Board of Directors may order, of actions taken at all meetings of Directors and its committees, with the time and place of holding, whether annual or special and if special, how authorized, the notice thereof given, and the names of those present. The Secretary shall distribute copies of the minutes for each meeting to each Director prior to the next meeting of the Board of Directors. The Secretary shall give or cause to be given, notice of all meetings of the Board of Directors, as required by the Bylaws to be given, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the Bylaws.

The Secretary shall keep or cause to be kept, at the principal California office, a copy of the Articles of Incorporation and Bylaws as amended to date. The Secretary shall keep the corporate seal, if any, in safe custody and shall have such other powers and perform such other duties as the Board or the Bylaws may require.

Section 9. TREASURER. The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and accounts of the corporation's properties and transactions. The Treasurer shall send or cause to be given to the Directors such financial statements and reports as are required to be given by law, by these Bylaws, or by the Board. The books of account shall be open to inspection by any Director at all reasonable times.

The Treasurer shall (a) deposit, or cause to be deposited, all money and other valuables in the name and to the credit of the corporation with such depositories as the Board may designate; (b) disburse the corporation's funds as the Board may order; (c) render to the Chairperson of the Board and the Board, when requested, an account of all transactions as Treasurer and of the financial condition of the corporation; and (d) have such other powers and perform such other duties as the Board or the Bylaws may require.

If required by the Board, the Treasurer shall give the corporation a bond in the amount and with the surety or sureties specified by the Board for faithful performance of the duties of the office and for restoration to the corporation of all of its books, papers, vouchers, money, and other property of every kind in the possession or under the control of the Treasurer on his or her death, resignation, retirement, or removal from office.

Section 10. CHIEF EXECUTIVE OFFICER. The Board of Directors may authorize the appointment of a Chief Executive Officer, who shall supervise, direct and control the corporation's day-to-day activities, affairs and employees, subject to the supervision and control of the Chairperson or Co-Chairpersons. The Chief Executive Officer shall have the authority to hire and terminate an Executive Director and to delegate to the Executive Director such powers and duties of the Chief Executive Officer as the Chief Executive Officer may deem appropriate. The Chief Executive Officer shall have the authority to establish the compensation of the Executive Director, subject to approval of the Board.

Section 11. EXECUTIVE DIRECTOR. The Board of Directors may authorize the appointment of an Executive Director, who shall supervise, direct and control the corporation's day-to-day activities, affairs and employees, subject to the supervision and control of the Chief Executive Officer.

Section 12. CHIEF FINANCIAL OFFICER. The Chief Financial Officer, subject to the supervision and control of the Treasurer, shall keep and maintain, or cause to be kept and maintained, adequate and correct books and accounts of the corporation's properties and transactions and shall send or cause to be given to the Directors such financial statements and reports as are required to be given by law, by these Bylaws, or by the Board. The books of account shall be open to inspection by any Director at all reasonable times,

The Chief Financial Officer, subject to the supervision and control of the Treasurer, shall (a) deposit, or cause to be deposited, all money and other valuables in the name and to the credit of the corporation with such depositories as the Board may designate; (b) disburse the corporation's funds as the Board may order; (c) render to the Chairperson of the Board and the Board, when requested, an account of all transactions as Chief Financial Officer and of the financial condition of the corporation; and (d) have such other powers and perform such other duties as the Board or the Bylaws may require.

If required by the Board, the Chief Financial Officer shall give the corporation a bond in the amount and with the surety or sureties specified by the Board for faithful performance of the duties of the office and for restoration to the corporation of all of its books, papers, vouchers, money, and other property of every kind in the possession or under the control of the Chief Financial Officer on his or her death, resignation, retirement, or removal from office.

ARTICLE V.

TRANSACTIONS WITH DIRECTORS AND OFFICERS

Section 1. CONTRACTS. No Director of this corporation nor any other corporation, firm, association, or other entity in which one or more of this corporation's Directors have a material financial interest, shall be interested, directly or indirectly, in any contract or transaction with this corporation, unless (a) the material facts regarding that Director's financial interest in such contract or transaction are fully disclosed in good faith and noted in the minutes, or are known to all members of the Board prior to the Board's consideration of such contract or

transaction; (b) such contract or transaction is authorized in good faith by a the vote of a majority of the Directors then in office without counting the votes of the interested Directors; (c) before authorizing or approving the transaction, the Board considers and in good faith decides after reasonable investigation that the corporation could not obtain a more advantageous arrangement with reasonable effort under the circumstances; and (d) the corporation for its own benefit enters into the transaction, which is fair and reasonable to the corporation at the time the transaction is entered into.

This Section does not apply to a transaction that is part of an educational or charitable program of this corporation if it (a) is approved or authorized by the corporation in good faith and without unjustified favoritism and (b) results in a benefit to one or more Directors or their families because they are in the class of persons intended to be benefited by the educational or charitable program of this corporation.

Section 2. LOANS. This corporation shall not lend any money or property to or guarantee the obligation of any Director or officer without the approval of the California Attorney General; provided, however, that the corporation may advance money to a Director or officer of the corporation for expenses reasonably anticipated to be incurred in the performance of his or her duties if that Director or officer would be entitled to reimbursement for such expenses by the corporation.

ARTICLE VI.

SPECIAL ADVISORY COMMITTEES AND SPECIAL ADVISORY BOARDS

Section 1. SPECIAL ADVISORY COMMITTEE AUTHORITY. The Board, by resolution adopted by a majority of the Directors then in office, may create one or more Special Advisory Committees, each consisting of four or more Directors and no one who is not a Director, to serve at the pleasure of the Board. Appointments to Special Advisory Committees of the Board shall be by majority vote of the Directors then in office. The Board may appoint one or more Directors as alternate members of any such Special Advisory Committee, who may replace any absent member at any meeting. Any such Special Advisory Committee shall have all the authority of the Board, to the extent provided in the Board resolution, except that no Special Advisory Committee may do the following:

- (a) Fix compensation of the Directors for serving on the Board of the corporation or on any Special Advisory Committee;
- (b) Amend or repeal Bylaws or adopt new Bylaws;
- (c) Amend or repeal any resolution of the Board that by its express terms is not so amendable or repealable;
- (d) Create any other Special Advisory Committees of the board or appoint the members of Special Advisory Committees of the board;

(e) Expend corporate funds to support a nominee for Director if more people have been nominated for Director than can be elected; or

(f) Approve any contract or transaction to which the corporation is a party and in which one or more of its Directors has a material financial interest, except as special approval is provided by the applicable provisions of the California Nonprofit Public Benefit Corporation Law.

Section 2. SPECIAL ADVISORY COMMITTEE MEETINGS. Meetings and actions of Special Advisory Committees of the Board shall be governed by, held, and taken under the provisions of these Bylaws concerning meetings and other Board actions, except that the time for regular meetings of such Special Advisory Committees and the calling of special meetings of such Special Advisory Committees may be set either by Board resolution or, if none, by resolution of the Special Advisory Committee. Minutes of each meeting shall be kept and shall be filed with the corporate records. The Board may adopt rules for the governance of any Special Advisory Committee as long as the rules are consistent with these Bylaws. If the Board has not adopted rules, the Special Advisory Committee may do so.

Section 3. SPECIAL ADVISORY BOARDS. The Board of Directors may establish one or more Special Advisory Boards, which shall consist of representatives from the business community, the philanthropic community, the academic community, community groups or such other individuals as shall be determined by the Board of Directors and may include Directors.

ARTICLE VII.

CORPORATE RECORDS AND REPORTS INSPECTION

Section 1. INSPECTION OF CORPORATE RECORDS. Each Director shall have the absolute right at any reasonable time to inspect the corporation's books, records, documents of every kind, physical properties, and the records of each subsidiary. The inspection may be made in person or by the Director's agent or attorney. The right of inspection includes the right to copy and make extracts of documents.

Section 2. ANNUAL REPORT. The Board shall cause an annual report to be sent to the Directors within one hundred twenty (120) days after the end of the corporation's fiscal year. That report shall contain the following information, in appropriate detail:

(a) The assets and liabilities, including the trust funds, of the corporation as of the end of the fiscal year;

(b) The principal changes in assets and liabilities, including trust funds;

(c) The corporation's revenue or receipts, both unrestricted and restricted to particular purposes;

- (d) The corporation's expenses or disbursements for both general and restricted purposes;
- (e) Any information required by Section 3 of this Article; and
- (f) An independent accountants' report or, if none, the certificate of an authorized officer of the corporation that such statements were prepared without audit from the corporation's books and records.

Section 3. STATEMENT OF TRANSACTIONS. As part of the annual report or as a separate document if no annual report is issued, the corporation shall, within one hundred twenty (120) days after the end of the corporation's fiscal year, annually prepare and mail, deliver or otherwise furnish to each Director a statement of transactions between the corporation and "interested parties" and a statement of indemnifications as required by Corporations Code Section 6322.

ARTICLE VIII.

INDEMNIFICATION

Section 1. INDEMNIFICATION IN ACTIONS BY THIRD PARTIES. To the fullest extent permitted by law, this corporation shall indemnify its Directors, officers, employees, and other persons described in Corporations Code Section 5238(a), including persons formerly occupying any such positions, against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by them in connection with any "proceeding," as that term is used in that section, and including an action by or in the right of the corporation, by reason of the fact that the person is or was a person described in that section. "Expenses," as used in this bylaw, shall have the same meaning as in that section of the Corporations Code.

Section 2. INDEMNIFICATION IN ACTIONS BY OR IN THE RIGHT OF THE CORPORATION. On written request to the Board by any person seeking indemnification under Corporations Code Section 5238(b) or Section 5238(c), the board shall promptly decide under Corporations Code Section 5238(e) whether the applicable standard of conduct set forth in Corporations Code Section 5238(b) or Section 5238(c) has been met and, if so, the board shall authorize indemnification.

Section 3. ADVANCE OF EXPENSES. To the fullest extent permitted by law and except as otherwise determined by the Board in a specific instance, expenses incurred by a person seeking indemnification under Sections 1 and 2 of this Article of these Bylaws in defending any proceeding covered by those Sections shall be advanced by the corporation before final disposition of the proceeding, on receipt by the corporation of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately found that the person is entitled to be indemnified by the corporation for those expenses.:

Section 4. INSURANCE. The corporation shall have the power to purchase and maintain insurance on behalf of any agent of the corporation against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such whether or

not the corporation would have the power to indemnify the agent against such liability under the provisions of this Article; provided, however, that the corporation shall have no power to purchase and maintain such insurance to indemnify any agent of the corporation for a violation of Corporations Code Section 5233.

ARTICLE IX.

CONSTRUCTION AND DEFINITIONS

Unless the context requires otherwise, the general provisions, rules of construction and definitions in the California Nonprofit Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the above, the masculine gender includes the feminine and neuter, the singular number includes the plural, the plural number includes the singular, and the term "person" includes both the corporation and a natural person.

ARTICLE X.

AMENDMENTS TO BYLAWS AND ARTICLES

These Bylaws may be adopted, amended or repealed by a vote of not less than two-thirds (2/3) of the authorized Directors. Any amendment of the Articles of Incorporation shall be by a vote of not less than two-thirds of the authorized Directors.

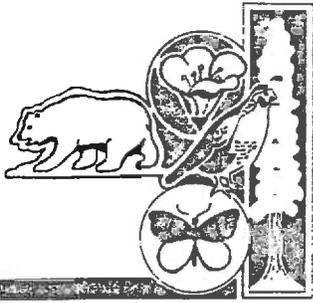
CERTIFICATE OF SECRETARY

I, the undersigned, certify that I am the duly elected and acting Secretary of P.A.T.H., a California Nonprofit Public Benefit Corporation, and the foregoing First Amended and Restated Bylaws consisting of thirteen (13) pages are the Bylaws of this Corporation as adopted by the Board of Directors on April 14, 2011 and approved by the Member on April 14, 2011.

Joan P. Vollmer

Secretary

Secretary



State
of
California
OFFICE OF THE SECRETARY OF STATE

I, *MARCH FONG EU*, Secretary of State of the State of California, hereby certify:

That the annexed transcript has been compared with the record on file in this office, of which it purports to be a copy, and that same is full, true and correct.

IN WITNESS WHEREOF, I execute
this certificate and affix the Great
Seal of the State of California this

OCT 29 1984



March Fong Eu

Secretary of State

ENDORSED
FILEDIn the office of the Secretary of State
of the State of California

OCT 19 1984

MARCH FONG FU, Secretary of State

Leslie Glenn
Deputy

ARTICLES OF INCORPORATION

OF

P.A.T.H.

I.

The name of this corporation is:

P.A.T.H.

II.

A. This corporation is a non-profit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for charitable purposes.

B. The specific purpose of this corporation is to provide shelter services and/or financial and supportive services for shelters for homeless families and adults.

III.

The name and address in the State of California of this corporation's initial agent for service of process is

Terry Ford
5655 Lindero Canyon Road
Suite 403
Westlake Village, CA 91362

IV.

A. This corporation is organized and operated exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code.

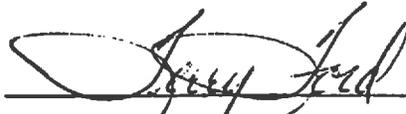
B. No substantial part of the activities of this corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of any candidate for public office.

V.

The property of this corporation is irrevocable dedicated to charitable purposes and no part of the net income or assets of this corporation shall ever inure to the benefit of any Director, Officer or member thereof, or to the benefit of any private person. Upon the dissolution or winding up of the corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of this corporation shall be distributed to a non-profit fund, foundation or corporation which is organized and

operated exclusively for charitable purposes and which has established its tax exempt status under Section 501(c) (3) of the Internal Revenue Code.

DATED: July 5, 1984



(Signature of Incorporator)
TERRY FORD

I hereby declare that I am the person who executed the foregoing Articles of Incorporation, which execution is my act and deed.



TERRY FORD

State of California

SECRETARY OF STATE

CERTIFICATE OF STATUS DOMESTIC CORPORATION

I, **BILL JONES**, Secretary of State of the State of California, hereby certify:

That on the 19TH day of OCTOBER, 1994,
P.A.T.H.

became incorporated under the laws of the State of California by filing its Articles of Incorporation in this office; and

That no record exists in this office of a certificate of dissolution of said corporation nor of a court order declaring dissolution thereof, nor of a merger or consolidation which terminated its existence; and

That said corporation's corporate powers, rights and privileges are not suspended on the records of this office; and

That according to the records of this office, the said corporation is authorized to exercise all its corporate powers, rights and privileges and is in good legal standing in the State of California; and

That no information is available in this office on the financial condition, business activity or practices of this corporation.

IN WITNESS WHEREOF, I execute this
certificate and affix the Great Seal
of the State of California this
22ND day of APRIL, 1996



Bill Jones
BILL JONES
Secretary of State



State of California

Bill Jones
Secretary of State

P.O. Box 944230
Sacramento, CA 94244-2300
Phone: (916) 657-3537

STATEMENT BY DOMESTIC NONPROFIT CORPORATION

THIS STATEMENT MUST BE FILED WITH
CALIFORNIA SECRETARY OF STATE (SECTIONS 6210, 8210, 9660 CORPORATIONS CODE)

THE \$10 FILING FEE MUST ACCOMPANY THIS STATEMENT.

1. C1260256 PB DUE DATE 10-31-96 09291N
P.A.T.H.
2346 COTNER AVE
LOS ANGELES, CA 90064

DO NOT ALTER PREPRINTED NAME. IF ITEM 1 IS BLANK, PLEASE ENTER CORPORATE NAME

DO NOT WRITE IN THIS SPACE

PLEASE READ INSTRUCTIONS ON BACK OF FORM.

PLEASE TYPE OR USE BLACK INK WHICH WOULD BE SUITABLE FOR MICROFILMING.

THE CALIFORNIA CORPORATION NAMED HEREIN, MAKES THE FOLLOWING STATEMENT

2. STREET ADDRESS OF PRINCIPAL OFFICE (IF NONE, COMPLETE 3-3B) 2346 Cotner Avenue <small>(DO NOT USE P.O. BOX NO.)</small>	SUITE OR ROOM	2A. Los Angeles CA <small>CITY AND STATE</small>	2B. 90064 <small>ZIP CODE</small>
3. MAILING ADDRESS same	SUITE OR ROOM	3A. Los Angeles CA <small>CITY AND STATE</small>	3B. 90064 <small>ZIP CODE</small>

THE NAMES OF THE FOLLOWING OFFICERS ARE:

4. CHIEF EXECUTIVE OFFICER Joel John Roberts <small>Director</small>	4A. STREET ADDRESS (SEE REVERSE SIDE) 2346 Cotner Avenue	4B. CITY AND STATE Los Angeles CA	4C. ZIP CODE 90064
5. SECRETARY Eva Vollmer	5A. STREET ADDRESS (SEE REVERSE SIDE) 2346 Cotner Avenue	5B. CITY AND STATE Los Angeles CA	5C. ZIP CODE 90064
6. CHIEF FINANCIAL OFFICER Ron Fox, Chairperson	6A. STREET ADDRESS (SEE REVERSE SIDE) 2346 Cotner Avenue	6B. CITY AND STATE Los Angeles CA	6C. ZIP CODE 90064

DESIGNATED AGENT FOR SERVICE OF PROCESS

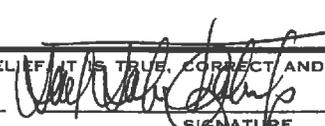
(ONE AGENT IS REQUIRED BY CALIFORNIA STATUTORY PROVISION.
PLEASE READ ITEMS 7 AND 8 ON REVERSE SIDE OF FORM.)

7. NAME Joel John Roberts
8. CALIFORNIA STREET ADDRESS IF AGENT IS AN INDIVIDUAL (DO NOT USE P.O. BOX) DO NOT INCLUDE ADDRESS IF AGENT IS A CORPORATION 2346 Cotner Avenue Los Angeles CA 90064

COMMON INTEREST DEVELOPMENT ASSOCIATION SECTION 1350, ET SEQ., CIVIL CODE

9. <input checked="" type="checkbox"/> THIS CORPORATION IS NOT AN ASSOCIATION FORMED TO MANAGE A COMMON INTEREST DEVELOPMENT (IF THIS BOX IS CHECKED, PROCEED TO NUMBER 11.)
10. <input type="checkbox"/> THIS CORPORATION IS AN ASSOCIATION FORMED TO MANAGE A COMMON INTEREST DEVELOPMENT UNDER THE DAVIS-STIRLING COMMON INTEREST DEVELOPMENT ACT. (IF THIS BOX IS CHECKED, COMPLETE 10A AND 10B.)
10A. BUSINESS OR CORPORATE OFFICE
10B. NAME AND ADDRESS OF THE MANAGING AGENT

11. I DECLARE THAT I HAVE EXAMINED THIS STATEMENT AND TO THE BEST OF MY KNOWLEDGE AND BELIEF IT IS TRUE, CORRECT AND COMPLETE.

9-6-96 DATE **Executive Director** TITLE **Joel John Roberts** TYPE OR PRINT NAME OF SIGNING OFFICER OR AGENT  SIGNATURE

INTERNAL REVENUE SERVICE
District Director

Department of the Treasury

c/o McCaslin Industrial Park
2 Cupania Circle
Monterey Park, CA 91754
Attn:EOG-2

Date: FEB 28 1990

P A T H
10497 Wilshire Boulevard
Los Angeles, CA 90024

Our Letter Dated:
February 7, 1985
Contact Person:
George Lopez
Contact Telephone Number:
(213)725-6619
Caveat Applies:
No

Dear Applicant:

This modifies our letter of the above date in which we stated that you would be treated as an organization which is not a private foundation until the expiration of your advance ruling period.

Based on the information you submitted, we have determined that you are not a private foundation within the meaning of section 509(a) of the Internal Revenue Code, because you are an organization of the type described in section 170(b)(1)(A)(vi) and 509(a)(1).

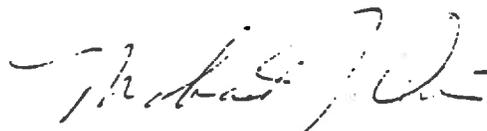
Your exempt status as an organization described in section 501(c)(3) of the Internal Revenue Code is still in effect.

Grantors and contributors may rely on this determination until the Internal Revenue Service publishes notice to the contrary. However, a grantor or a contributor may not rely on this determination if he or she was in part responsible for, or aware of, the act or failure to act that resulted in your loss of section 509(a)(1) status, or acquired knowledge that the Internal Revenue Service had given notice that you would be removed from classification as a section 509(a)(1) organization.

Because this letter could help resolve any questions about your private foundation status, please keep it in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,



Michael J. Quinn
District Director

INTERNAL REVENUE SERVICE
District Director

Department of the Treasury

c/o McCaslin Industrial Park
2 Cupania Circle
Monterey Park, CA 91754
Attn:EOG-2

Date: FEB 28 1990

P A T H
10497 Wilshire Boulevard
Los Angeles, CA 90024

Our Letter Dated:
February 7, 1985
Contact Person:
George Lopez
Contact Telephone Number:
(213)725-6619
Caveat Applies:
No

Dear Applicant:

This modifies our letter of the above date in which we stated that you would be treated as an organization which is not a private foundation until the expiration of your advance ruling period.

Based on the information you submitted, we have determined that you are not a private foundation within the meaning of section 509(a) of the Internal Revenue Code, because you are an organization of the type described in section 170(b)(1)(A)(vi) and 509(a)(1).

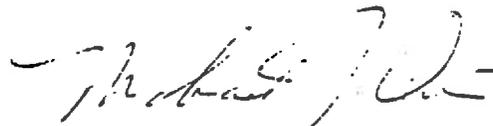
Your exempt status as an organization described in section 501(c)(3) of the Internal Revenue Code is still in effect.

Grantors and contributors may rely on this determination until the Internal Revenue Service publishes notice to the contrary. However, a grantor or a contributor may not rely on this determination if he or she was in part responsible for, or aware of, the act or failure to act that resulted in your loss of section 509(a)(1) status, or acquired knowledge that the Internal Revenue Service had given notice that you would be removed from classification as a section 509(a)(1) organization.

Because this letter could help resolve any questions about your private foundation status, please keep it in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,



Michael J. Quinn
District Director

INTERNAL REVENUE SERVICE
District Director

Department of the Treasury

c/o McCaslin Industrial Park
2 Cupania Circle
Monterey Park, CA 91754
Attn:EOG-2

Date: FEB 28 1990

P A T H
10497 Wilshire Boulevard
Los Angeles, CA 90024

Our Letter Dated:
February 7, 1985
Contact Person:
George Lopez
Contact Telephone Number:
(213)725-6619
Caveat Applies:
No

Dear Applicant:

This modifies our letter of the above date in which we stated that you would be treated as an organization which is not a private foundation until the expiration of your advance ruling period.

Based on the information you submitted, we have determined that you are not a private foundation within the meaning of section 509(a) of the Internal Revenue Code, because you are an organization of the type described in section 170(b)(1)(A)(vi) and 509(a)(1).

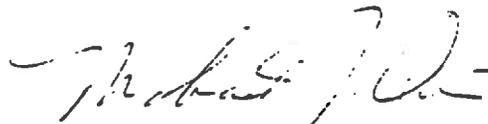
Your exempt status as an organization described in section 501(c)(3) of the Internal Revenue Code is still in effect.

Grantors and contributors may rely on this determination until the Internal Revenue Service publishes notice to the contrary. However, a grantor or a contributor may not rely on this determination if he or she was in part responsible for, or aware of, the act or failure to act that resulted in your loss of section 509(a)(1) status, or acquired knowledge that the Internal Revenue Service had given notice that you would be removed from classification as a section 509(a)(1) organization.

Because this letter could help resolve any questions about your private foundation status, please keep it in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,



Michael J. Quinn
District Director

**Casa Esperanza Homeless Shelter
Bugdet 2014-15 and Preliminary Budget 2015-16**

		Approved Budget 2014-15 - Adjusted	Preliminary Budget 2015-16	
Income				
4000 · RESTRICTED REVENUE				
	4055 · COTTAGE HEALTH SYSTEM	\$ 121,000	\$ 200,000	
	4060B · SB Found Thrive (City Program)	\$ 19,640	\$ -	
	4065 · ST. FRANCIS FOUNDATION	\$ 150,000	\$ 100,000	
	4085 · FOUNDATION INCOME - GILDEA	\$ 75,000	\$ 75,000	
	4050 · FOUNDATIONS-Other	\$ 250,000	\$ 250,000	
	Total 4050 · FOUNDATIONS-Restrct'd	\$ 615,640	\$ 625,000	
	4265A · City SB CDBG	\$ 51,000	\$ 51,000	
	4267A · City SB Human Svc Comm	\$ 39,000	\$ 39,000	
	4270 · CITY OF SB - CDD (WINTER SHLTR)	\$ 77,100	\$ 79,500	
	CITY - REQUESTED ADDITIONAL FUNDS	\$ 125,000	\$ 125,000	
	Total 4260 · CITY OF SB	\$ 292,100	\$ 294,500	
	4315 · CO of SB-Probation	\$ 60,000	\$ 60,000	
	4285A · Co SB ADMH Night Shltr BL02033	\$ 66,000	\$ 66,000	
	4285C · Co SB ADMH Mntl Hlth Wk	\$ 61,200	\$ 63,036	
	4288A · Co SB CSD Emer Svc Grnt	\$ 110,700	\$ 114,000	
	4296A · Co SB HCD Emer Shltr	\$ 20,000	\$ -	
	NOFA-Mini Grant	\$ -	\$ -	
	NOFA-Basic Services Grant	\$ -	\$ -	
	NOFA-Best Practices-Employment	\$ -	\$ 80,000	
	NOFA-Basic Needs-Operations	\$ -	\$ -	
	4296D · Co SB HCD Emer Sv Util	\$ 11,190	\$ -	
	4296E · Co SB HCD Rapid Rehousing	\$ 11,190	\$ -	
	4305A · Co SB Pub Hlth Substance Abuse CN15428	\$ 15,000	\$ -	
	Additional program funding based on Actual Costs *		\$ 180,000	
	COUNTY - REQUESTED ADDITIONAL FUNDS	\$ 120,000	\$ 120,000	
	Total 4280 · COUNTY OF SB	\$ 475,280	\$ 683,036	
	Total 4250 · GOVERNMENT-Restr'd	\$ 767,380	\$ 977,536	
	Total 4000 · RESTRICTED REVENUE	\$ 1,383,020	\$ 1,602,536	
	Total 4355 · CONTRIBUTIONS	\$ 449,500	\$ 378,000	
	Total Income	\$ 1,832,520	\$ 1,980,536	
	*NOTE: 2015-16 Underfunding Revenue Opportunities			
	ADMHS			\$ 170,000
	Probation			\$ 50,000
	DSS			\$ 22,000
	Shelter Operations Grant			\$ 50,000

**Casa Esperanza Homeless Shelter
Budget 2014-15 and Preliminary Budget 2015-16**

	Approved Budget 2014-15 - Adjusted	Preliminary Budget 2015-16
Expense		
5050 · AUTOMOBILE	\$ 6,386	\$ 6,578
5100 · BANK CHARGES	\$ 1,059	\$ 1,091
5110 · BUS TOKENS	\$ 4,933	\$ 5,081
Total 5120 · CLIENT EXPENSES	\$ 20,674	\$ 12,000
5155 · COMPUTER EXPENSE	\$ 5,262	\$ 6,500
5180 · DEPREC. EXPENSE	\$ 139,012	\$ 138,000
Total 5200 · EMPLOYEE BENEFITS	\$ 232,663	\$ 298,575
5275 · EQUIPMENT RENTAL	\$ 4,331	\$ 4,500
5300 · FOOD EXPENSE	\$ 22,284	\$ 25,000
Grant Writing	\$ 9,000	\$ 11,000
5330 · DIRECTOR'S & OFFICERS INSURANCE	\$ 70,000	\$ 70,000
5335 · FLOOD INSURANCE	\$ 7,000	\$ 7,200
5340 · LIABILITY INSURANCE	\$ 32,000	\$ 27,000
Total 5325 · INSURANCE EXPENSE	\$ 109,000	\$ 104,200
5350 · INTEREST EXPENSE	\$ 130,247	\$ 92,000
5375 · LICENSES & PERMITS	\$ 1,500	\$ 2,000
5425 · MISC. & LEGAL EXPENSE	\$ 100,700	\$ 30,500
5450 · OFFICE EXPENSE	\$ 4,436	\$ 5,000
5500 · PAYROLL EXPENSE	\$ 773,416	\$ 935,469
5520 · PEST CONTROL	\$ 3,000	\$ 5,000
5525 · POSTAGE EXPENSE	\$ 6,415	\$ 15,000
5550 · PRINTING EXPENSE	\$ 24,673	\$ 25,000
5575 · ACCOUNTING	\$ 2,500	\$ -
5580 · AUDIT EXPENSE	\$ 18,500	\$ 19,000
Total 5570 · PROFESSIONAL FEES	\$ 21,000	\$ 19,000
Total 5640 · RENT EXPENSE	\$ 1,300	\$ 1,339
5675 · REPAIRS & MAINTENANCE	\$ 25,000	\$ 50,000
5700 · SECURITY EXPENSE	\$ 2,800	\$ 1,000
5705 · SMALL EQUIPMENT	\$ 250	\$ 250
5715 · STAFF EDUCATION	\$ 2,100	\$ 9,000
5725 · SUPPLIES	\$ 52,667	\$ 53,000
5750 · TAXES	\$ 225	\$ 232
5760 · TELEPHONE	\$ 23,665	\$ 24,375
5770 · UTILITIES	\$ 103,000	\$ 98,000
Total Expense	\$ 1,832,498	\$ 1,980,234
Net Operating Income	\$ 22	\$ 302

Grantor	Grant Name	FY 14-15 Number	Contract Period	Grant Total
City of SB				

CDBG	Federal Community Development Block Grant	24,758	7/1/14-6/30/15	51,000
Human Services	Housing Program	24,757	7/1/14-6/30/15	39,000
City of SB	General Fund	24,952	12/1/14-3/31/15	202,100

RECORDING REQUESTED BY
CHICAGO TITLE

CASA DEED Restrictions



1999-0064812

When Recorded Mail to:

City of Santa Barbara
Community Development Dept.
Attn: Housing Programs
P.O. Box 1990
Santa Barbara, CA 93102-1990)

✓

No fee per Govt.

Recorded
Official Records
County Of
SANTA BARBARA
KENNETH A. PETTIT
Recorder
CLARRY B. HERRERA
Assistant
04:30PM 17-Aug-1999

REC FEE .00
CC1 CON 1.00

MLM
Page 1 of 12

Address: 816 CACIQUE STREET

A.P.N.: 17-240-21

RESTRICTED USE COVENANT IMPOSED ON REAL PROPERTY
FOR THE OPERATION OF A HOMELESS SHELTER AND RELATED SERVICES

This Restricted Use Covenant Imposed on Real Property for the Operation of a Homeless Shelter and Related Services ("Covenant"), is made for the benefit of the COUNTY OF SANTA BARBARA ("County"), THE CITY OF SANTA BARBARA ("City") and THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA, ("Agency"), by THE COALITION TO PROVIDE SHELTER & SUPPORT TO SANTA BARBARA HOMELESS, a California public benefit corporation ("Owner"), as of this 17 day of August, 1999.

This covenant applies to the Owner's interest and Owner's successors' interest in the improved real property commonly known as 816 Cacique Street, Santa Barbara, California ("Real Property"), consisting of land improved with a structure to be used for a homeless shelter and related services; the land portion of the Real Property is more fully described in Exhibit A attached and incorporated by this reference herein.

RECITALS

WHEREAS, Owner is a not-for-profit corporation with the purpose of assisting homeless persons in Santa Barbara by providing a homeless shelter and related services for homeless persons; and

WHEREAS, Owner has obtained below market rate financing from the County and City and Agency, as evidenced by the Loan Agreements and Deed of Trust dated August 11, 1999, to be used by Owner to acquire, rehabilitate and convert the Real Property to a homeless shelter; and

WHEREAS, this financing has substantially benefited Owner and is essential to the financial feasibility of the project; and

WHEREAS, the County and City and Agency desires to promote affordable low and moderate income housing that will benefit the County, the City and the Central City Redevelopment Project Area; and

WHEREAS, a condition of the financing is that the Real Property be used only for a homeless shelter and related services; and

WHEREAS, Owner now wishes to assure implementation of such use restrictions.

NOW THEREFORE, in consideration of the benefits conferred on the Real Property by the financing provided by the County, and City and Agency, Owner hereby covenants and agrees with the County and City and Agency to record this Declaration and impose the following covenants, conditions, restrictions and limitations upon the possession, use and enjoyment of the Real Property. Owner and County and City and Agency agree as follows:

A. PROGRAM CONDITIONS

For a period of SIXTY (60) YEARS from the date of this Covenant, the Real Property shall be owned and operated only by a not-for-profit organization organized under section 501(c)(3) of the Internal Revenue Code which has the provision of shelter and services for homeless persons as its sole corporate purpose. The Real Property shall be used solely for the purpose of a homeless shelter and related services, as described in the Program Description attached as Exhibit B. Any changes to the Program Description shall be first approved in writing by the City's Housing and Redevelopment Manager and the County Administrator. No fee may be charged for any shelter or service provided on the Real Property unless the amount and purpose of the fee is first approved in writing by the City's Housing and Redevelopment Manager and the County Administrator.

B. OPERATOR

Owner shall manage the shelter and provide the services described in Section A above through an entity or organization ("Operator") approved by and acceptable to the County, City and Agency. At the time of the execution of this Covenant, St. Vincent de Paul, with its home office located at 210 N. Avenue 21, Los Angeles, CA 90031-1792, is expected to be the initial Operator, and is hereby approved by the County and City and Agency. Owner and Operator shall enter a written agreement which sets forth the duties and responsibilities of the parties, and the County and City and Agency shall be provided with a copy and shall have the right to approve the terms of such agreement.

C. REPORTING REQUIREMENTS

1. Owner shall provide a Report to the County, City and Agency each year by the first day of July. This report shall include Owner's statement that Owner has complied with all provisions of this Covenant, and includes Owner's explanation of any violation of any provision of this Covenant.
2. Failure to submit the reports required under this section within thirty days of the specified date shall constitute a default under this Covenant.
3. During the term of this Agreement, Owner will keep complete accounting, financial and

required Internal Revenue Service records related to Owner, the Real Property, and the emergency shelter and homeless services facility, in accordance with generally accepted accounting principles. All financial records will be made available to County and City and Agency at any time during regular working hours at the request of County or City or Agency.

4. In lieu of all or some of the above reports, the Executive Director may accept certified copies of reports filed with the U.S. Internal Revenue Service containing similar information.

D. DEFAULTS AND REMEDIES

1. It is understood and agreed between the parties that the obligations of all parties under this Covenant are unique, and furtherance of important public policies encouraging development of shelters and services for homeless low-income persons and families, and that in case of a breach or default, it would be extremely difficult or impossible to compensate for the breach or default in money. Consequently, both parties agree that their obligations hereunder may be specifically enforced by any court having jurisdiction, in addition to any and all other remedies at law or in equity that may be available to them.

2. Upon becoming aware of any violation of the terms of this Covenant, either the County or City or Agency may declare a default under this Covenant. Upon the declaration of a default, the County or City or Agency may apply to a court of competent jurisdiction for specific performance of the Covenant, for an injunction prohibiting the violation of this Covenant, or for any such other relief as may be appropriate.

3. Owner acknowledges that occupancy or use of the Real Property in violation of this Covenant is prohibited. In consideration of the benefits conferred on Owner and the Real Property by the County and City and Agency's financing, Owner hereby assigns to the County and City and Agency the right to receive the rents due or collected from the Real Property used or occupied in violation for the terms of this Covenant, during the entire period of the violation. Any rents collected by the County or City or Agency shall be used to reimburse the County and City and Agency for their reasonable costs incurred in enforcing this Covenant, and any remaining funds shall be divided as follows: 50% to the County, 20% to the City, and 30% to the Agency (in proportion to their financing on the Property).

E. ADDITIONAL PROVISIONS

1. This Covenant shall be binding upon the successors and assigns of the Owner and the heirs, personal representatives, grantees, lessees, sublessees, and contract purchasers, and assignees of owner and any subsequent owner of the Real Property, for a period of SIXTY (60) YEARS from the date of this Covenant.

2. Owner hereby declares that the Real Property is held and hereafter shall be held, conveyed, hypothecated, encumbered, leased, rented, used and occupied subject to these covenants, conditions, restrictions and limitations. All of the above-stated covenants, conditions, restrictions and limitations are intended to constitute both equitable servitudes and covenants running with the land.

3. Owner shall not voluntarily convey the Real Property to any entity other than a not-for-profit corporation, organized under section 501(c)(3) of the Internal Revenue Code, which has as its sole stated corporate purpose the provision of an emergency shelter and center for related services for homeless persons.

4. Any purchaser of the Real Property, by the acceptance of a deed therefore, whether from Owner or from any subsequent owner of the Real Property, or by the signing of a contract or agreement to purchase the same, shall, by the acceptance of such deed or by the signing of such contract or agreement be deemed to have consented to and accepted the covenants, conditions, restrictions and limitations set forth herein.

5. The Owner covenants that he or she has not and will not execute any other agreement or covenant with provisions contradictory to or in opposition to the provisions hereof and that in any event this Covenant is controlling as to the rights and obligations between and among the Owner, the County and City and Agency, and their respective successors.

6. If any one or more of the provisions contained in this Covenant shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Covenant and this covenant shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

7. The terms of this Covenant shall be interpreted under the laws of the State of California.

8. Whenever any notice is permitted or required by this Covenant, such notice shall be deemed to have been given and received when personally delivered, or three (3) days after it is mailed if mailed by United States mail, certified, return receipt requested, to the parties at the addresses listed below or such other addresses as the parties hereafter designate in writing:

To Owner: Coalition to Provide Shelter & Support
to Santa Barbara Homeless
c/o Hatch & Parent
21 E. Carrillo
Santa Barbara, CA 93101

To County: County Administrator
Office of the County Administrator
105 East Anapamu Street, Rm. 406
Santa Barbara, CA 93101

To City: Housing and Redevelopment Manager
Community Development Department
630 Garden Street
Santa Barbara, CA 93101

To Agency: Redevelopment Agency of the City of Santa Barbara
Post Office Box 1990
Santa Barbara, CA 93102
Attn: Executive Director

With a copy to: Agency Counsel to the Redevelopment Agency
City of Santa Barbara
Post Office Box 1990
Santa Barbara, CA 93102

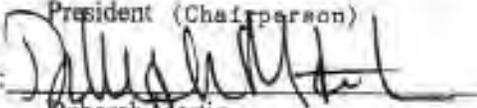
IN WITNESS WHEREOF, the Parties have executed this Covenant as of the date first written above.

"OWNER"

COALITION TO PROVIDE SHELTER & SUPPORT TO
SANTA BARBARA HOMELESS
a nonprofit public benefit corporation

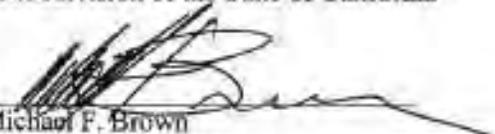
BY: 
Sue Adams

President (Chairperson)

BY: 
Deborah Martin
Secretary

"COUNTY"

THE COUNTY OF SANTA BARBARA,
a political subdivision of the State of California

BY: 
Michael F. Brown
County Administrator

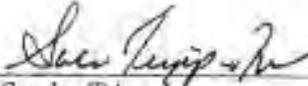
APPROVED AS TO FORM:

STEPHEN SHANE STARK
COUNTY COUNSEL

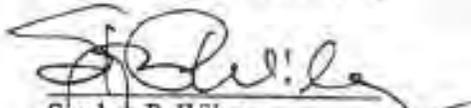
BY: 
Deputy County Counsel

"CITY"

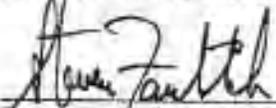
THE CITY OF SANTA BARBARA,
a body politic

BY: 
Sandra Tripp-Jones
City Administrator

APPROVED AS TO FORM:

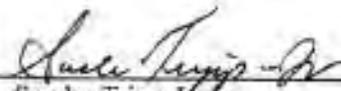

Stephen P. Wiley
Assistant City Attorney

APPROVED AS TO CONTENT:

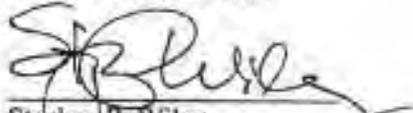

Steven Faulstich
Housing Programs Supervisor

"AGENCY:"

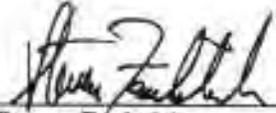
THE REDEVELOPMENT AGENCY OF
THE CITY OF SANTA BARBARA,
a body politic

BY: 
Sandra Tripp-Jones
Executive Director

APPROVED AS TO FORM:
AGENCY COUNSEL


Stephen P. Wiley
Assistant Agency Counsel

APPROVED AS TO CONTENT:


Steven Faulstich
Housing Programs Supervisor