

CITY OF SANTA BARBARA CITY COUNCIL

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



Paul Casey
City Administrator

Ariel Pierre Calonne
City Attorney

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

APRIL 26, 2016 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. - Special Finance Committee Meeting, David Gebhard Public Meeting Room, 630 Garden Street
2:00 p.m. - City Council Meeting

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

1. Subject: March 31, 2016, Investment Report And March 31, 2016, Fiscal Agent Report (120.03)

Recommendation: That Finance Committee recommend that Council:

- A. Accept the March 31, 2016, Investment Report; and
- B. Accept the March 31, 2016, Fiscal Agent Report.
(See Council Agenda Item No. 5)

2. Subject: Finance Committee Review Of The Fiscal Year 2017 Recommended Budget (120.03)

Recommendation: That the Finance Committee:

- A. Consider and approve the proposed Finance Committee review schedule and topics related to the Fiscal Year 2017 Recommended Budget; and
- B. Provide staff with any additional topics the Committee wishes to include in their review.

3. Subject: Review Of Streets Fund Operating Programs (120.03)

Recommendation: That the Finance Committee hear a presentation on the major activities of the operating programs funded with Streets Fund revenues.

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

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

CEREMONIAL ITEMS

- 1. Subject: Proclamation Declaring April 2016 as DMV/Donate Life California Month (120.04)**

CHANGES TO THE AGENDA

PUBLIC COMMENT

CONSENT CALENDAR

- 2. Subject: Adoption of Waterfront Hotel Development Agreement And Amendment To Chapter 28.95 Of The Zoning Ordinance (640.09)**

Recommendation: That Council:

- A. Adopt, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Approving a Development Agreement for the Waterfront Hotel By and Between the City of Santa Barbara and American Tradition, LLC; and
- B. Adopt, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Amending Chapter 28.95 of Title 28 of the Santa Barbara Municipal Code by Adding a Provision Relating to the Development Agreement Between the City of Santa Barbara and American Tradition, LLC.

CONSENT CALENDAR (CONT'D)

3. **Subject: Introduction Of Ordinance Approving Sale Of Excess City Land At 536 Bath Street Related To The Cota Street Bridge Replacement Project (330.01)**

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 City Administrator to Execute the Land Purchase Agreement, Escrow Instructions, and Grant Deed for the Sale of Certain City Excess Land Located at 536 Bath Street to NGC FUND 1, LLC, a Delaware Limited Liability Company, in the Amount of \$579,000.

4. **Subject: Central Coast Water Authority Bond Refinancing And Introduction Of Ordinance To Amend The Water Supply Agreement (540.08)**

Recommendation: That Council:

- A. Adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara Approving Certain Information for Inclusion in an Official Statement Relating to the Central Coast Water Authority Refunding Revenue Bonds, Series 2016A (State Water Project Regional Facilities), and Approving Certain Other Matters in Connection Therewith, Subject to Approval as to Form by the City Attorney; and
- B. Introduce and subsequently adopt, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Authorizing the Approval and Execution by the City of the First Amendment to the Water Supply Agreement.

5. **Subject: March 31, 2016, Investment Report And March 31, 2016, Fiscal Agent Report (260.02)**

Recommendation: That Council:

- A. Accept the March 31, 2016, Investment Report; and
- B. Accept the March 31, 2016, Fiscal Agent Report.

6. **Subject: Fiscal Year 2016 Interim Financial Statements For The Eight Months Ended February 29, 2016 (250.02)**

Recommendation: That Council accept the Fiscal Year 2016 Interim Financial Statements for the Eight Months Ended February 29, 2016.

CONSENT CALENDAR (CONT'D)

7. Subject: Commitment Of HOME Funds And Revision To Documents To Comply With Low Income Housing Tax Credit Requirements For The New Affordable Housing Project At 510-520 N. Salsipuedes And 601 E. Haley Street (Jardin De Las Rosas) (660.04)

Recommendation: That Council:

- A. Approve the conversion of a preliminary award of \$500,000 of the City's Home Investment Partnership Program (HOME) funds to a commitment;
- B. Increase allocation in the amount of \$500,000 to the existing HOME Loan Agreement No. 24,524 account;
- C. Approve Assignment and Assumption Agreement that assigns all contractual rights, duties and obligations of all City documents to Jardin de Las Rosas, LP;
- D. Approve the amendment to the former Redevelopment Agency of the City of Santa Barbara Loan Agreement No. 535 to conform with Low Income Housing Tax Credit requirements and Deed of Trust;
- E. Approve the amendment to Home Loan Agreement No. 24,524 and Deed of Trust;
- F. Approve the amendment of the Affordability Control Covenant Imposed on Real Property to conform with and be subordinated to Low Income Housing Tax Credit requirements;
- G. Approve the subordination of Loan Agreement No. 535 and Loan Agreement No. 24,524 and their respective Deeds of Trust to other project financing; and
- H. Authorize the Community Development Director to execute such agreements and related documents, subject to approval as to form by the City Attorney, as necessary.

8. Subject: Approval Of Final Map And Execution Of Agreements For 203 Chapala Street (640.08)

Recommendation: That Council approve and authorize the City Administrator to execute and record Final Map Number 20,819 and standard agreements relating to the approved subdivision at 203 Chapala Street, and authorize the City Engineer to record, upon completion of any required public improvements, a recital document stating that the public improvements have been completed and that the previously recorded Land Development Agreement may be removed from the title document.

CONSENT CALENDAR (CONT'D)

9. Subject: Contract For Design Of Paseo Landscape, Lighting And Other Improvements At City Parking Lot 3 (Chapala And Figueroa Streets) (550.05)

Recommendation: That Council authorize the Public Works Director to execute a City Professional Services Contract with Arcadia Studio in the amount of \$65,000 for design services of the City Parking Lot 3 Paseo Improvement Project, and authorize the Public Works Director to approve expenditures of up to \$6,500 for extra services of Arcadia Studio that may result from necessary changes in the scope of work.

10. Subject: Set A Date For Public Hearing Regarding Appeal of Planning Commission's March 17th Action to Deny January 28, 2016 Appeal of Staff Hearing Officer Approval for Medical Marijuana Storefront Collective Dispensary, 118 North Milpas Street

Recommendation: That Council:

- A. Set the date of May 10, 2016, at 2:00 p.m. for hearing the appeal filed by Pete Dal Bello, and the appeal filed by Jarrett Gorin on behalf of Natasha Todorovic and Santos Guzman, of the Planning Commission's denial on March 17, 2016 of the appeal filed by Pete Dal Bello of the Staff Hearing Officer's approval of an application for a Medical Marijuana Storefront Collective Dispensary located at 118 North Milpas Street. A public hearing was held for the Planning Commission to hear the appeal of the Staff Hearing Officer's approval of the proposed Medical Marijuana Storefront Collective Dispensary. The project includes operations and security plans, interior floor plan improvements, and minor exterior alterations and landscaping for the existing commercial building. The discretionary application required for this project is a Storefront Collective Dispensary Permit (SBMC §28.80.030). The Environmental Analyst has determined that the project is exempt from further environmental review pursuant to the California Environmental Quality Act Guidelines Section 15301(a), Existing Facilities; and
- B. Set the date of May 9, 2016, at 1:30 p.m. for a site visit to the property located at 118 North Milpas Street.

CONSENT CALENDAR (CONT'D)

11. Subject: Set A Date For Public Hearing Regarding Appeal Of Planning Commission Denial For 1417 San Miguel Avenue

Recommendation: That Council:

- A. Set the date of July 12, 2016, at 2:00 p.m. for hearing the appeal filed by Michael Gott of the Planning Commission denial of an appeal of the Staff Hearing Officer's denial of an application for property located at 1417 San Miguel Avenue, Assessor's Parcel No. 045-132-006, E-3 One-Family Residence/SD-3 Coastal Overlay Zones, General Plan Designation: Low Density Residential (Maximum 5 Dwelling Units/Acre). The proposed project involves a circular driveway and parking/loading space at the front of the house, with a new curb cut and driveway. The discretionary application required is a Front Setback Modification to allow uncovered parking in the required 20-foot front setback; and
- B. Set the date of July 11, 2016, at 1:30 p.m. for a site visit to the property located at 1417 San Miguel Avenue.

12. Subject: Set A Date For Public Hearing Regarding Appeal Of Architectural Board Of Review Approval Of Concept Review For New Small Wireless Communications Facility Located In Public Right Of Way On 300 Block Grove Lane

Recommendation: That Council:

- A. Set the date of July 26, 2016, at 2:00 p.m. for hearing the appeal filed by Jan and Maria Kaestner of the Architectural Board of Review's Project Design Approval of a proposed small cell wireless communications facility for Verizon including one 2'-0" diameter Cantenna and associated equipment to be mounted on an existing 25 foot tall wooden utility pole. Also proposed is a new meter pedestal and pad with equipment cabinet. Project was last reviewed on August 17, 2015.
- B. Set the date of July 25, 2016, at 1:30 p.m. for a site visit to the property located at 300 Block Grove Lane.

NOTICES

- 13. The City Clerk has on Thursday, April 21, 2016, 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.
- 14. A City Council site visit is scheduled for Monday, May 2, 2016, at 1:30 p.m. to the property located at 251 South Hope Avenue, which is the subject of an appeal hearing set for May 3, 2016, at 2:00 p.m.

CONSENT CALENDAR (CONT'D)

NOTICES (Cont'd)

15. Receipt of communication advising of vacancies created on the Parks and Recreation Commission with the resignation of LeeAnne French and on the Creeks Advisory Committee with the resignation of James Hawkins. These vacancies will be part of the current recruitment.

This concludes the Consent Calendar.

REPORT FROM THE FINANCE COMMITTEE

CITY COUNCIL ADMINISTRATIVE AND ATTORNEY REPORTS

PUBLIC WORKS DEPARTMENT

16. **Subject: Amended Stage Three Drought Declaration To 35% Conservation Target (540.05)**

Recommendation: That Council adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara Amending Resolution 15-036 the Stage Three Drought Emergency Declaration to Increase the Reduction From Normal Citywide Water Use From 25 to 35 Percent.

17. **Subject: Montecito Water District Desalination Water Sales Agreement Status Update (540.01)**

Recommendation: That Council receive an update on the status of discussions with the Montecito Water District regarding a Water Sales Agreement in relation to the City's Charles E. Meyer Desalination Plant as a potential regional water supply.

FINANCE DEPARTMENT

18. **Subject: Two-Year Review Of Single-Use Carryout Bag Ordinance (630.02)**

Recommendation: That Council receive a presentation from staff on the effectiveness of the Single-Use Carryout Bag Ordinance in reducing the number of plastic and paper bags used within the City.

COUNCIL AND STAFF COMMUNICATIONS

COUNCILMEMBER COMMITTEE ASSIGNMENT REPORTS

PUBLIC COMMENT (IF NECESSARY)

CLOSED SESSIONS

18. Subject: Conference with City Attorney - Anticipated Litigation (160.03)

Recommendation: That Council hold a closed session to consider anticipated litigation pursuant to subsections 54956.9(d)(2) & (e)(2)(3) of the Government Code. Significant exposure to litigation arising out of claims by David Anduri Sr.

Scheduling: Duration, 15 minutes; anytime

Report: None anticipated

ADJOURNMENT

To Monday, May 2, 2016, at 1:30 p.m. at 251 South Hope Avenue. (See Agenda Item No. 14)

CITY OF SANTA BARBARA

FINANCE COMMITTEE

SPECIAL MEETING AGENDA

DATE: April 26, 2016

Gregg Hart, Chair

TIME: 12:00 P.M.

Bendy White

PLACE: David Gebhard Public Meeting Room
630 Garden Street

Jason Dominguez

Paul Casey
City Administrator

Robert Samario
Finance Director

ITEMS TO BE CONSIDERED:

1. Subject: March 31, 2016, Investment Report And March 31, 2016, Fiscal Agent Report

Recommendation: That Finance Committee recommend that Council:

- A. Accept the March 31, 2016, Investment Report; and
- B. Accept the March 31, 2016, Fiscal Agent Report.

(See Council Agenda Item No. 5)

2. Subject: Finance Committee Review Of The Fiscal Year 2017 Recommended Budget

Recommendation: That the Finance Committee:

- A. Consider and approve the proposed Finance Committee review schedule and topics related to the Fiscal Year 2017 Recommended Budget; and
- B. Provide staff with any additional topics the Committee wishes to include in their review.

3. Subject: Review Of Streets Fund Operating Programs

Recommendation: That the Finance Committee hear a presentation on the major activities of the operating programs funded with Streets Fund revenues.



CITY OF SANTA BARBARA

FINANCE COMMITTEE AGENDA REPORT

AGENDA DATE: April 26, 2016

TO: Finance Committee

FROM: Administration Division, Finance Department

SUBJECT: Finance Committee Review Of The Fiscal Year 2017 Recommended Budget

RECOMMENDATION:

That the Finance Committee:

- A. Consider and approve the proposed Finance Committee review schedule and topics related to the Fiscal Year 2017 Recommended Budget; and
- B. Provide staff with any additional topics the Committee wishes to include in their review.

DISCUSSION:

In accordance with City Charter, the Fiscal Year 2017 Recommended Budget is being filed with the City Clerk's Office on Tuesday, April 19, 2016 and is being presented to Council on this same day.

City staff has scheduled special City Council budget work sessions over the next two months during which the details of the recommended budget will be presented and discussed. Over the course of the public hearings, each City department will present their respective recommended budget. In keeping with the theme of "status quo," a focus of the presentations will be on changes to the budget in relation to the originally proposed plan, including proposed changes to performance measures and objectives.

In addition to the review by Council, the Finance Committee historically reviews certain topics related to the recommended budget in more detail. These elements include General Fund revenue assumptions and projections, General Fund reserves and Citywide fees. Staff will also be asking the Committee if they are interested in discussing any other topics or areas of the budget.

The proposed Finance Committee review schedule is included as an attachment to this report.

ATTACHMENT: Proposed Finance Committee Review Schedule

PREPARED BY: Robert Samario, Finance Director

SUBMITTED BY: Robert Samario, Finance Director

APPROVED BY: City Administrator's Office

CITY OF SANTA BARBARA
Finance Committee Review Schedule
Mid-Cycle Budget for Fiscal Year 2017

Meeting Date and Time	Department
<p>Tuesday, April 26, 2016 12:00 p.m. – 1:45 p.m.</p>	<ul style="list-style-type: none"> ➤ Proposed Finance Committee Budget Review Schedule ➤ Additional Topics for Review Identified by the Committee ➤ March 31st Quarterly Investment Report (Non-Budget Item) ➤ Streets Fund Budget Considerations (Non-Budget Item)
<p>Tuesday, May 3, 2016 12:30 p.m. – 1:45 p.m.</p>	<ul style="list-style-type: none"> ➤ General Fund non-departmental revenues and assumptions ➤ General Fund Multi-Year Forecast
<p>Tuesday, May 10, 2016 12:30 p.m. – 1:45 p.m.</p>	<ul style="list-style-type: none"> ➤ General Fund departmental proposed fee changes ➤ Streets Fund (Non-Budget Item)
<p>Tuesday, May 17, 2016 12:30 p.m. – 1:45 p.m.</p>	<ul style="list-style-type: none"> ➤ Enterprise Fund proposed fee changes (excluding utility rates) ➤ Funding Requests from Community Organizations ➤ Other Budget Topics (if needed)
<p>Tuesday, May 24, 2016 12:30 p.m. – 1:45 p.m.</p>	<ul style="list-style-type: none"> ➤ Follow up on items requested by Finance Committee, if any ➤ Staff recommended adjustments to recommended budget, if any ➤ Finance Committee Decisions for Recommendation to Council ➤ FY 2016 Third Quarter Review (Non-Budget Item)

Note: No Council meeting on May 31, 2016.



CITY OF SANTA BARBARA

FINANCE COMMITTEE AGENDA REPORT

AGENDA DATE: April 26, 2016

TO: Finance Committee

FROM: Transportation Division, Public Works Department

SUBJECT: Review Of Streets Fund Operating Programs

RECOMMENDATION:

That the Finance Committee hear a presentation on the major activities of the operating programs funded with Streets Fund revenues.

BACKGROUND:

At the City Council meeting on February 2, 2016, Council directed staff to work with the Finance Committee to develop options for increasing the amount of funding available for streets, sidewalks, storm drains, street lights, traffic signals, and other related infrastructure.

On March 1, 2016, the Finance Committee heard staff presentations related to the Streets Fund revenue projections and related expenditures. In Fiscal Year 2016, Utility Users Tax (UUT) and Gas Tax revenues are expected to be below budget by approximately \$308,159. In Fiscal Year 2017, those same revenues are estimated to be approximately \$399,427 less than originally proposed. Measure A revenue has seen modest growth.

On March 15, 2016, the Finance Committee heard a staff presentation related to the LA Consulting Report, dated August 2016. The report highlighted current Streets Section activities and the potential to achieve monetary savings through the implementation of improved field-level maintenance planning activities.

On April 12, 2016, the Finance Committee heard a staff presentation related to the City's Capital Improvement Program's Streets Fund-related projects. There are currently over 30 Capital projects in various stages of completion. The vast majority are funded primarily, and in some cases entirely, through grants. The amount of Capital funds available falls far short of the amount of funding necessary to maintain our street infrastructure, and grants are not available for basic maintenance needs, including pavement and sidewalk maintenance.

This presents a difficult choice between leveraging the limited City funds for grants and allocating these funds for maintenance without leveraging grant funds.

DISCUSSION:

Staff's presentation will review the costs and major work efforts of the operating programs funded with Streets Fund revenues.

BUDGET/FINANCIAL INFORMATION:

Streets infrastructure is funded almost entirely from special purpose or restricted funds. Funds for streets infrastructure are flat or declining, while costs continue to rise. Deferral of street maintenance in particular, accelerates the rate of deterioration.

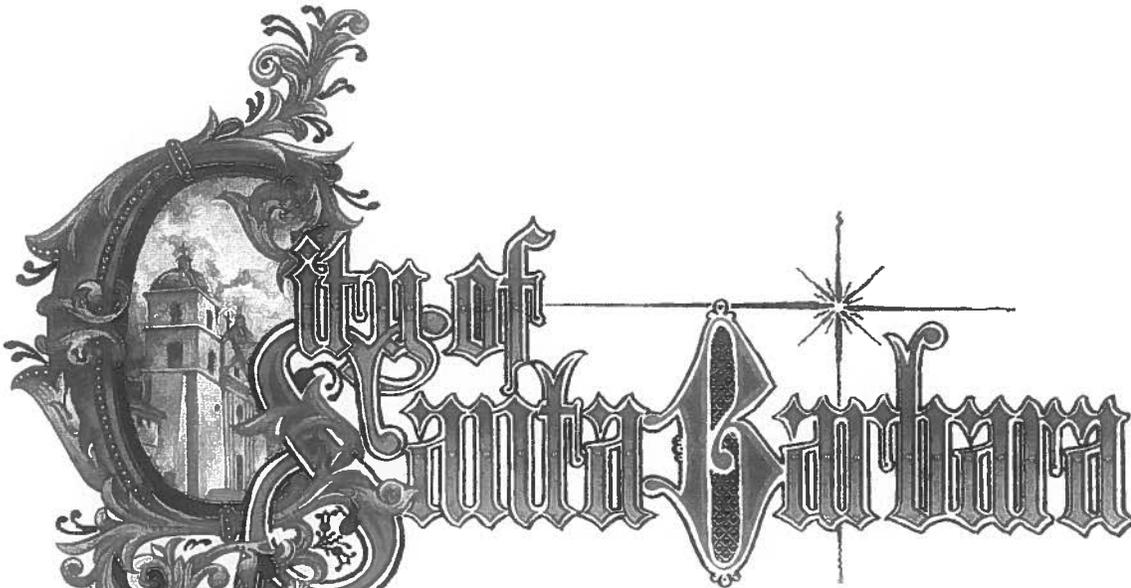
SUSTAINABILITY IMPACT:

Well-maintained infrastructure supports a healthy environment by minimizing damage to vehicles. Well-functioning storm drains effectively convey water to creeks and the ocean, while decreasing the amount of transported debris, sediment, and litter.

PREPARED BY: Chris Toth, Transportation Division Manager/mj

SUBMITTED BY: Rebecca J. Bjork, Public Works Director

APPROVED BY: City Administrator's Office



PROCLAMATION
DMV/Donate Life California Month
April 2016

WHEREAS, organ, tissue, marrow and blood donation are life-giving acts recognized worldwide as expressions of compassion to those in need; and

WHEREAS, more than 121,000 individuals nationwide and more than 21,000 in California are currently on the national organ transplant waiting list, 190 individuals in Santa Barbara Count and on average, 22 people die nationally each day while waiting due to the shortage of donated organs; and

WHEREAS, the need for donated organs is especially urgent in Hispanic and African American communities; and

WHEREAS, more than 600,000 units of blood per year are needed to meet the need in California; and

WHEREAS, at any given time, 6,000 patients are in need of volunteer marrow donors; and

WHEREAS, a single individual's donation of the heart, lungs, liver, kidneys, pancreas and small intestine can save up to eight lives; donation of tissue can save and heal the lives of up to 50 others; and a single blood donation can help three people in need; and

WHEREAS, millions of lives each year are saved and healed by donors of organs, tissues, marrow and blood; and

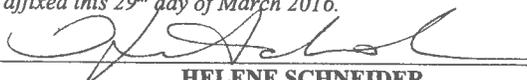
WHEREAS, the spirit of giving and decision to donate are not restricted by age or medical condition; and

WHEREAS, over twelve million Californians have signed up with the state-authorized Donate Life California Donor Registry to ensure their wishes to be organ, eye and tissue donors are honored; and

WHEREAS, California residents can sign up with the Donate Life California Donor Registry when applying for or renewing their driver's licenses or ID cards at the California Department of Motor Vehicles.

NOW, THEREFORE, I, HELENE SCHNEIDER, by virtue of the authority invested in me as Mayor of the City of Santa Barbara, California, do hereby acknowledge and proclaim hereby proclaim April as **DMV/Donate Life California Month** and urge all citizens all Californians to check "YES!" when applying for or renewing their driver's license or I.D. card.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Official Seal of the City of Santa Barbara, California, to be affixed this 29th day of March 2016.


HELENE SCHNEIDER
MAYOR



ORDINANCE NO. _____

AN ORDINANCE OF THE COUNCIL OF THE CITY OF
SANTA BARBARA APPROVING A DEVELOPMENT
AGREEMENT FOR THE WATERFRONT HOTEL BY AND
BETWEEN THE CITY OF SANTA BARBARA AND
AMERICAN TRADITION, LLC

WHEREAS, Government Code Sections 65864-65869.5 authorize local agencies to enter into a binding Development Agreement (as such agreements are defined by Government Code §§65864-65869.5) with a property owner for the development of property in order to give assurances to the property owner and the City that, once approved under the applicable planning and zoning codes, a development project can proceed in accordance with existing land development policies, rules and regulations.

WHEREAS, Government Code Section 65869 specifically provides that a statutory development agreement need not be approved by the state Coastal Commission for any development project located in an area for which a local coastal program is required so long as the required local coastal program has been certified pursuant to the Coastal Act by the Coastal Commission prior to the date the development agreement is approved by the local agency.

WHEREAS, the City of Santa Barbara's Local Coastal Program was certified by the state Coastal Commission November 12, 1986 and has been duly amended from time to time since then.

WHEREAS, under the Santa Barbara City Charter, the City exercises control over municipal affairs, including the land development process, and has authority to enter into development agreements for purposes consistent with the public health, safety and general welfare.

WHEREAS, the recitals of the attached Development Agreement between the City of Santa Barbara and American Tradition, a California general partnership, hereinafter referred to as the "Parker Family," are a complete and accurate recitation of the review conducted for and consideration given the Project (as defined in the Development Agreement) and such recitals are incorporated herein by this reference as though fully set forth herein.

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

SECTION 1. The City Council finds and determines with respect to the Project as follows:

- A. CEQA FINDINGS. The following environmental findings and determinations are made pursuant to and in accordance with the California Environmental Quality Act (Public Resources Code, Division 13):
1. The City Council has reviewed and considered the Addendum, dated January 14, 2016, to the Certified Final Project Environmental Impact Report (EIR) SCH#92091038 along with the Certified EIR and earlier EIR Addenda of June 1995, November 1996, and August 2007, which together constitute environmental analysis for the current project under California Environmental Quality Act (CEQA) provisions; and
 2. The City Council finds that the EIR Addendum dated January 14, 2016 has been completed in compliance with CEQA and reflects the Council's independent judgment and analysis.
- B. DEVELOPMENT AGREEMENT FINDINGS. The following findings are made pursuant to and in accordance with City Council Resolution No. 89-120:
1. The Development Agreement is consistent with the General Plan and Specific Plan, as well as the Local Coastal Plan and Zoning Ordinance. The Agreement allows continued development of the site with a project (hotel and parking) that is compatible with the vision of the Waterfront area described in the General Plan, is consistent with the visitor-serving uses allowed in the Specific Plan for Parcel B, is consistent with the Local Coastal Plan designation of Hotel-Related Commerce and is consistent with the Hotel & Related Commercial/ Park Plaza Specific Plan/ Coastal Overlay (HRC-2/SP-1/S-D-3) zoning designation. The Development Agreement is also consistent with policies of the General Plan related to circulation, safety and environmental resources, and Local Coastal Plan policies related to locating new development, visitor-serving commercial uses, recreation, shoreline access, hazards, water and marine environments, visual quality, cultural resources and public services. Additional information is provided in Section VIII of the December 21, 2015 Planning Commission Staff Report.
 2. The Development Agreement is in substantial conformance with public necessity, convenience, and general welfare and good zoning practices because it will provide additional time for the applicant to develop a hotel in this location, which City plans and policies identify as a desired land use for the site, or will allow the opportunity for a revised hotel to be considered by the City, taking into consideration the significant public improvements that have been made in furtherance of the goals of the Specific Plan and the prior Development Agreement, including the approved project permit conditions of approval, and;

3. The Development Agreement provides assurances to the developer of the right to develop a hotel in accordance with the terms of the Development Agreement and that adequate consideration is provided by the City that early completion of the public improvements, including the park and circulation improvements provided for more orderly and timely mitigation of traffic and air quality impacts.

SECTION 2. DEVELOPMENT AGREEMENT

The City Council of the City of Santa Barbara hereby adopts the Development Agreement included as Exhibit A.

Exhibit A – Development Agreement

RECORDING REQUESTED BY:

AND WHEN RECORDED RETURN TO:

City Clerk
City of Santa Barbara
P.O. Box 1990
Santa Barbara, CA 93102-1990

NO DOCUMENTARY TRANSFER TAX
NO FEE PER GOVERNMENT CODE § 6103

APN:

**DEVELOPMENT AGREEMENT
BY AND BETWEEN
THE CITY OF SANTA BARBARA
AND
AMERICAN TRADITION, LLC**

THIS DEVELOPMENT AGREEMENT (the “Agreement”) is made and entered into this ____ day of _____, 2016, (the “Effective Date”) by and between the **CITY OF SANTA BARBARA**, a political subdivision of the State of California (the “City”) and **AMERICAN TRADITION, LLC**, a California limited liability company, (formerly American Tradition G.P., a California general partnership, the “Parker Family”), pursuant to the authority of Sections 65864- 65869.5 of the Government Code of the State of California and City Council Resolution No. 89-120. Except as otherwise defined herein, the capitalized terms used throughout this Agreement are defined in Paragraph 27, below.

RECITALS

A. WHEREAS, Fess E. Parker, Jr. and members of the Fess E. Parker, Jr. family (hereinafter referred to as “Fess Parker” or the “Parkers”) acquired ownership of a large portion of the City’s waterfront in the late 1970s, including approximately 33 acres of undeveloped waterfront property; and

B. WHEREAS, beginning in the late 1970s, the City and Fess Parker began working to revitalize the waterfront area and the properties controlled by the Parkers along Cabrillo Boulevard. The City’s and the Parkers’ plans for the waterfront came to include a conference center hotel, a waterfront public park, significant public open space, a hostel, and a waterfront hotel; and

C. WHEREAS, in July of 1981, the City Council adopted Specific Plan No. 1 Park Plaza (the “Park Plaza Specific Plan”) to govern the land use and development of a portion of this area; and

D. WHEREAS, in accordance with the Park Plaza Specific Plan, the Parkers constructed a 360-room hotel and conference center (“Fess Parker Hotel”) on what is referred to as Parcel A of the Park Plaza Specific Plan; and

E. WHEREAS, in conjunction with developing the Fess Parker Hotel, the Parkers constructed and donated to the City a public parking lot containing 17 parking spaces located on the west side of South Milpas Street between the railroad tracks and Calle Puerto Vallarta, and provided public open space in front of the Fess Parker Hotel and along Cabrillo Boulevard; and

F. WHEREAS, after the development of the Fess Parker Hotel, the City of Santa Barbara Redevelopment Agency (the “RDA”) and the Parkers agreed to jointly pursue a public/private partnership for development of a public park and a hotel on the remaining waterfront property owned by the Parker Family. This partnership contemplated the Parkers donating approximately five acres of their waterfront property (the “Park Parcel”) to the RDA for the RDA to complete development of a public park, and development by the Parkers of a waterfront hotel on approximately three acres of their retained property (referred to as Parcel B of the Park Plaza Specific Plan), plus development by the Parkers of a hostel on other property to be acquired in the waterfront area; and

G. WHEREAS, in furtherance of the joint public/private partnership between the RDA and the Parkers, the City adopted certain amendments to the Park Plaza Specific Plan on March 22, 1994 (the “Amended Specific Plan”). The Amended Specific Plan provided the necessary zoning and land use regulations to construct what is now known as Chase Palm Park and a waterfront hotel on the Parkers’ retained acreage (Parcel B); and

H. WHEREAS, funding sources became available to the RDA to construct Chase Palm Park before the Parker Family could construct the waterfront hotel; therefore, at the City’s request, the Parker Family agreed to donate the Park Parcel to the RDA before developing the waterfront hotel, and to undertake numerous obligations, including without limitation annual monetary contributions for maintenance of Chase Palm Park and the obligation to double the maintenance contribution once the waterfront hotel opened; and

I. WHEREAS, in conjunction with donating the Park Parcel, the City and the Parker Family entered into that certain Development Agreement, dated August 2, 1996 (“Development Agreement No. 1”), which was approved by the Santa Barbara City Council through its adoption of Ordinance No. 4920 on August 15, 1995; and

J. WHEREAS, in conjunction with approving Development Agreement No.1, on August 15, 1995 the Santa Barbara City Council considered an addendum dated June 8, 1995 to the certified Final Environmental Impact Report (ENV 92-0107; SCH92091038) (“FEIR”) together with the certified FEIR, made environmental findings pursuant to the California Environmental Quality Act (CEQA), and approved associated revisions to the Development Plan, Coastal Development Permit, Modification, and other land use permits; and

K. WHEREAS, on May 28, 1998, with the addition of the park area north of Cabrillo Boulevard jointly developed by the City, RDA and the Parker Family, Chase Palm Park became the City’s largest waterfront park; and

L. WHEREAS, as contemplated in the Amended Specific Plan, Development Agreement No. 1 approved with certain conditions the development of a 150-room waterfront luxury hotel on the Parker's retained property; and

M. WHEREAS, as a condition of approval for the new waterfront hotel, the Parker Family agreed to construct a separate 100-bed hostel to provide lower-cost visitor accommodations in the waterfront area (the "Hostel"); and

N. WHEREAS, the Hostel was constructed and on August 12, 2014 a Final Certificate of Occupancy for the completed Hostel, located at 12 East Montecito Street, was issued by the City; and

O. WHEREAS, in accordance with Development Agreement No. 1, the Parker Family secured the Hotel Building Permits and Public Works Permits, as defined below, to develop the 150-room waterfront luxury hotel; and

P. WHEREAS, prior to the expiration of Development Agreement No. 1, the Parker Family vested its rights to develop and construct the Hotel as evidenced by the issuance of the Hotel Building Permits and Public Works Permits and the Parker Family having performed substantial work and having incurred substantial liabilities in good faith reliance on the Hotel Building Permits and Public Works Permits, which as of the Effective Date remain valid. The Parker Family has not abandoned, terminated or foregone any vested rights in the Hotel or the Development Approvals, as those terms are defined below, and does not intend to do so, except as may be expressly stated herein; and

Q. WHEREAS, since the execution of Development Agreement No. 1, the Parker Family has expended substantial financial resources and incurred substantial liabilities to develop the Hotel, to fund the maintenance and operation of Chase Palm Park, to make public improvements necessary to develop the Hotel Parcel, and to complete the Hostel. However, due to the global economic and financial crisis beginning in 2008, the Parker Family has been unable to complete the Hotel within the originally anticipated timeframe; and

R. WHEREAS, on August 30, 2007, the City of Santa Barbara Planning Commission adopted Resolution No. 032-07 approving a Coastal Development Permit and a Conditional Use Permit ("Parking Lot Parcel Approvals") and considering the certified FEIR together with the FEIR Addendum dated August 15, 2007 and making CEQA environmental findings, to allow the construction of a 106 stall parking lot with a 100 square foot unenclosed kiosk to provide part of the Hotel's required parking at 103 South Calle Cesar Chavez (APN 017-113-020), which property is not subject to the Amended Specific Plan (the "Parking Lot Parcel") but is a component of the overall development of the Hotel ;and

S. WHEREAS, on July 2, 2008 the City issued a building permit (BLD2007-02954) to develop a parking lot and kiosk on the Parking Lot Parcel in conjunction with the Hotel; and

T. WHEREAS, on May 23, 2008 the Parker Family applied to merge ten parcels into one parcel at 103 South Calle Cesar Chavez (APN 017-113-020), and on December 3, 2010 a Certificate of Voluntary Merger was recorded in the Santa Barbara County Clerk-Recorder's office as Instrument No. 2010-0069204 of Official Records; and

U. WHEREAS, in a letter dated November 5, 2010, the City set forth the process by which it would determine at a future date the square footage of allowed commercial development on the Parking Lot Parcel, taking into consideration the development potential of the ten lots comprising the newly created Parking Lot Parcel prior to 1989; and

V. WHEREAS, the City and the Parker Family wish to complete development of the waterfront area in accordance with the Amended Specific Plan; and

W. WHEREAS, development of the Hotel Parcel is the final component of the Amended Specific Plan yet to be completed; and

X. WHEREAS, the ongoing development of the Hotel has provided, and will further provide, significant public benefits, including without limitation:

- a. Dedicated land to enlarge Chase Palm Park;
- b. The contribution of \$124,014.00 for the installation of the traffic signal at the U.S. 101 / Cabrillo Boulevard intersection;
- c. The contribution of \$413,300.00 for the cost of the Calle Cesar Chavez expansion project;
- d. The construction of a 100-bed hostel, which provides visitor accommodations in the waterfront area;
- e. The annual expenditure by the Parker Family of \$62,500, which totals more than \$1,125,000.00 paid to date, to assist in the operation and maintenance of Chase Palm Park until such time the Hotel is constructed;
- f. An increase in the amount of annual funds contributed by the Parker Family towards the cost of operating and maintaining Chase Palm Park for thirty five years from completion of the Hotel;
- g. The development and operation of a hotel on the City waterfront on a vacant parcel; and
- h. Restoration of the El Estero drainage area through the Parking Lot Parcel with native habitat and the remediation and removal of hazardous materials in the area.

Y. WHEREAS, the City and the Parker Family agree that the overall design and concept of the Hotel may need to be revised to better meet the marketplace for waterfront hotels, which has changed since the Hotel was originally approved; and

Z. WHEREAS, a redesigned hotel may be in the best interest of both the City and the Parker Family as it may have fewer impacts on traffic and public views, and may create more open space on Parcel B while continuing to provide a hotel on the City's waterfront; and

AA. WHEREAS, to the extent a revised hotel may result in a reduction in the total number of hotel rooms originally approved by the City on the Hotel Parcel, the Parker Family and the City confirm the Parker Family's ability to transfer some or all of the unused development rights from the Hotel Parcel to another property or properties within the City subject to certain conditions set forth herein; and

BB. WHEREAS, after conducting duly noticed public hearings on January 7 and March 10, 2016, the City Planning Commission reviewed, considered, and recommended to City Council adoption of this Agreement and consideration of an Addendum dated January 14, 2016 to the certified FEIR together with the certified FEIR and earlier FEIR Addenda of November 7, 1996 and August 15, 2007, and adoption of CEQA environmental findings in accordance with CEQA; and

CC. WHEREAS, after conducting a duly noticed public hearing on April 19, 2016 and after independent review and consideration, the City Council (i) adopted Ordinance No. _____ (hereinafter the "Enacting Ordinance") authorizing execution of this Agreement; (ii) considered the certified FEIR together with FEIR Addenda dated June 8, 1995, November 7, 1996, August 15, 2007 and an FEIR Addendum dated January 14, 2016 and made required environmental findings pursuant to CEQA; and (iii) found that the provisions of this Agreement provide public benefits to persons residing or owning property in the City of Santa Barbara beyond the exactions for public benefits required or allowed to be required in the normal development review and approval process under federal, state, and local law; and (iv) approved the execution and recording of this Agreement; and

DD. WHEREAS, in consideration of the public improvements and significant public benefits provided by the Parker Family pursuant to this Agreement, the City intends to grant the Parker Family certain vested rights to proceed with the development of the Hotel Parcel and Parking Lot Parcel, pursuant to this Agreement; and

EE. WHEREAS, the Parker Family would not enter into this Agreement, or agree to provide the public benefits, public improvements and financial contributions described in this Agreement without the assurances of the City that the Hotel Parcel and Parking Lot Parcel can be developed as provided for herein; and

FF. WHEREAS, on December 29, 2011 the California Supreme Court upheld AB 1 X 26 and required the dissolution of all redevelopment agencies in California, including the RDA; the City has succeed to all of the RDA's rights and obligations pertaining to the agreements with the Parker Family relating to Chase Palm Park, the Hotel, and Hotel Parcel; and

GG. WHEREAS, the City finds that this Agreement is consistent with the City of Santa Barbara's General Plan, the Amended Specific Plan, the City of Santa Barbara Zoning Ordinance and the City's Local Coastal Plan, and that the City has completed all necessary proceedings in accordance with the City's rules and regulations for approval of this Agreement.

NOW, THEREFORE, with reference to the foregoing recitals and in consideration of the mutual promises, obligations and covenants herein contained, which are incorporated herein

by reference and hereafter made part of this Agreement, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the City and the Parker Family agree as follows:

1. Incorporation of Recitals. The foregoing recitals are hereby incorporated herein as if set forth in full.

2. Purpose. The purpose of this Agreement is: a) to confirm the existing right of the Parker Family to complete the Hotel on the Hotel Parcel and the associated improvements on the Parking Lot Parcel within a defined time period (subject only to the receipt of new Building and Public Works Permits from the City and in compliance with the Conditions of Approval described in City Ordinance 4920 and City Resolution No. 032-07); b) to confirm the right of the Parker Family alternatively to propose and apply for permits for a revised hotel design on the Hotel Parcel and the Parking Lot Parcel through new Discretionary Permits, subject to Existing City Laws; and c) to define the process by which the Parker Family may transfer some or all of the unused approved commercial square footage and/or hotel rooms from the Hotel Parcel to another property or properties within the City.

3. Property Description and Binding Covenants. The Hotel Parcel is that real property described in Exhibit A. The Parking Lot Parcel is that real property described in Exhibit B. Upon execution of this Agreement by the parties and recordation of this Agreement, the provisions of this Agreement shall constitute covenants which shall run with the Hotel Parcel and the Parking Lot Parcel and the benefits and burdens hereof shall bind and inure to all successors in interest and assigns of the parties hereto. This Agreement shall be recorded against the Hotel Parcel and the Parking Lot Parcel as required by California Government Code Section 65868.5.

4. Term. The term of this Agreement shall commence upon the effective date of the Enacting Ordinance (“Effective Date”). The term of this Agreement shall extend for a period of five (5) years after the Effective Date (“Term”), unless said Term is terminated, modified or extended by circumstances set forth in this Agreement or by mutual consent of the parties hereto.

4.1. Tolling and Extension During Legal Challenge or Moratoria. In the event this Agreement, any of the land use entitlements related to the Hotel Parcel or the Parking Lot Parcel, the Environmental Document, or any subsequent approvals or permits required to implement the land use entitlements for the Hotel Parcel, the Parking Lot Parcel or this Agreement are subjected to legal challenge and the Parker Family is unable to proceed with development of the Hotel Parcel or Parking Lot Parcel due to such legal challenge (or the Parker Family provides written notice to the City that it is electing not to proceed with development of the Hotel Parcel or Parking Lot Parcel until such legal challenge is resolved to the Parker Family’s satisfaction), the Term of this Agreement and timing for obligations imposed by this Agreement shall be extended and tolled during such legal challenge until the entry of a final order or judgment upholding this Agreement, the Environmental Document, or the land use entitlements, approvals, or permits related to this Agreement, or the litigation is dismissed by stipulation of the parties; provided, however, that notwithstanding the foregoing, the Parker Family shall have the right to elect, in the Parker Family’s sole and absolute discretion, to proceed with development of the Hotel Parcel or the Parking Lot Parcel at any point by providing the City written notice that it is

electing to proceed, in which event the tolling of the Term of this Agreement shall cease as of the date of such notice. Similarly, if the Parker Family is unable to develop the Hotel Parcel or the Parking Lot Parcel due to the imposition by the City or other public agency of a development moratoria for a public health and safety reason unrelated to the performance of the Parker Family's obligations under this Agreement (including without limitation, moratoria imposed due to the unavailability of water or sewer to serve the Hotel Parcel), then the Term of this Agreement and the timing for obligations imposed pursuant to this Agreement shall be extended and tolled for the period of time that such moratoria prevents development of the Hotel Parcel or the Parking Lot Parcel.

5. Amendment to Agreement. This Agreement may be amended from time to time by mutual written consent of the parties in accordance with applicable laws governing development agreements. The parties acknowledge that under the City Zoning Ordinance and applicable rules, regulations and policies of the City, the Community Development Director or his or her designee has the discretion to approve alterations or revisions to any approved land use entitlement for the Hotel Parcel or the Parking Lot Parcel that are in substantial conformance with the Hotel and Parking Lot Parcel Approvals depicted in the plans approved by building permits (BLD2007-01318 and BLD2007-02954). Accordingly, any alteration or revision to an entitlement or approval that is determined by the City Community Development Director to be in substantial conformance with the approved land use entitlements and relates to the Hotel Parcel or the Parking Lot Parcel shall not constitute nor require an amendment to this Agreement to be effective.

6. Permitted Uses. The permitted uses of the Hotel Parcel, the intensity and density of use, the maximum height of structures, the location of public improvements and other terms and conditions of development applicable to the Hotel Parcel shall be those set forth in the Amended Specific Plan and Existing City Laws, as defined below, Ordinance 4920, and this Agreement. The permitted uses of the Parking Lot Parcel, the intensity and density of use, the maximum height of structures, the location of public improvements and other terms and conditions of development applicable to the Parking Lot Parcel shall be those set forth in the Existing City Laws, the Parking Lot Parcel Approvals, and this Agreement.

7. Vested Entitlements. Subject to the provisions and conditions of this Agreement, the City hereby agrees that the City is granting, and grants herewith, a fully vested entitlement and right to develop the Hotel Parcel and Parking Lot Parcel in accordance with the terms and conditions of this Agreement. The Parker Family's vested right to proceed with the development of the Hotel Parcel and Parking Lot Parcel may be subject to a subsequent approval process as set forth in this Agreement; provided that any conditions, terms, restrictions and requirements for such subsequent actions shall not prevent development of the Hotel Parcel or the Parking Lot Parcel for the uses set forth in the Amended Specific Plan, the Hotel and Parking Lot Parcel Approvals and Existing City Law, or reduce the intensity or density of development, or limit the rate or timing of development set forth in the Amended Specific Plan, the Hotel and Parking Lot Parcel Approvals, Existing City Laws and this Agreement, unless so requested by the Parker Family and so long as the Parker Family is not in default under this Agreement.

7.1 Conflicting Ordinances or Moratoria. Except as provided in this Agreement and subject to applicable law relating to the vesting provisions of development agreements, so long as this Agreement remains in full force and effect, no future resolution, rule, ordinance or legislation adopted by the City or by initiative (whether initiated by the City Council or by voter petition, other than a referendum that specifically overturns the City's approval of this Agreement) shall directly or indirectly limit the rate, timing, sequencing or otherwise impede development of the Hotel Parcel or the Parking Lot Parcel from occurring in accordance with this Agreement. To the extent any future rules, ordinances, regulations or policies applicable to development of the Hotel Parcel or the Parking Lot Parcel are not inconsistent with the Amended Specific Plan, Existing City Laws, or this Agreement, such rules, ordinances, regulations and policies shall be applicable.

7.2 Authority of City. This Agreement shall not be construed to limit the authority or obligation of the City to hold necessary public hearings, or to limit the discretion of the City with regard to applicable laws that would require the exercise of discretion by the City, provided that subsequent discretionary actions shall not prevent or delay development of the Hotel Parcel and the Parking Lot Parcel for the uses and the density and intensity of development as provided by the Amended Specific Plan, the Hotel and Parking Lot Parcel Approvals, Existing City Laws and this Agreement.

8. Application and Project Development Fees; Credit for Development Mitigation Fees. The Parker Family shall pay those application, processing, inspection and plan check fees as may be required by the City under the then-current regulations for processing applications and requests for any subsequent entitlements for the Hotel Parcel or Parking Lot Parcel, including without limitation any New Development Proposal, as defined below. Consistent with the terms of this Agreement, the City shall have the right to impose and the Parker Family shall pay such development fees, impact fees and other such fees levied or collected by the City to offset or mitigate the impacts of development of the Hotel Parcel and the Parking Lot Parcel pursuant to any subsequent entitlements, including without limitation any New Development Proposal, and which will be used to pay for public utilities and improvements attributable to the Hotel Parcel or the Parking Lot Parcel as have been adopted by the City as of the Effective Date of this Agreement ("Development Mitigation Fees"). Notwithstanding the foregoing, the Parker Family shall receive a credit against any and all Development Mitigation Fees, including without limitation any Development Mitigation Fees imposed on or attributable to any subsequent entitlements, including without limitation, any New Development Proposal, as defined below, for those certain impact fees, mitigation fees, public improvements, and public dedications set forth in Sections 8.3-8.7, below. Unless otherwise specifically provided in this Agreement, any Development Mitigation Fees shall be paid at the time of issuance of building permit.

8.1 Adjustment to Development Mitigation Fees. The City may adjust the Development Mitigation Fees from time-to-time and all such adjustments shall be done in accordance with City policy regarding the assumptions and methodology governing adjustments of City fees generally and in accordance with the Mitigation Fee Act (California Government Code Section 66000 *et seq.*, as may be amended or revised) or other applicable law. In the event the Development Mitigation Fees are reduced or eliminated prior to the time in which the Parker

Family is obligated to pay such Development Mitigation Fee, the Parker Family shall be entitled to receive the benefit of such reduction.

8.2 New Development Mitigation Fees. In the event that after the Effective Date of the Agreement the City adopts a new development mitigation fee in accordance with the Mitigation Fee Act (“New Development Mitigation Fee”) and the New Development Mitigation Fee is applicable on a city-wide basis and includes the Hotel Parcel or the Parking Lot Parcel, development of the Hotel Parcel or the Parking Lot Parcel will be subject to the New Development Mitigation Fee.

8.3. Provision of a Hostel. The City hereby acknowledges and agrees that the Parker Family has fully satisfied the requirements of the Amended Specific Plan, Existing City Laws and any additional requirements or mitigation measures that may be applicable to any development of the Hotel Parcel or the Parking Lot Parcel pursuant to this Agreement, including without limitation any development pursuant to a New Development Proposal, related to the accommodation or construction of a hostel by and through development of the Hostel at 12 E. Montecito Street. The City shall not require as a condition of approval or otherwise for development of the Hotel Parcel or the Parking Lot Parcel any additional fees, dedications or expenditures by the Parker Family related to the accommodation or construction of a hostel or affordable or lower-cost visitor accommodations.

8.4. Dedication of Parks and Open Space and Park Maintenance Funding. The City hereby acknowledges and agrees that the Parker Family’s dedication of the 4.9 acre Park Parcel, annual payment of \$62,500 for park maintenance fees (\$1,125,000.00 to date), and agreement to pay additional annual maintenance fees for thirty five years from completion of the Hotel fully satisfies the City’s development mitigation requirements for providing parks and recreation facilities as they relate to development of the Hotel Parcel and the Parking Lot Parcel under this Agreement, including without limitation any development pursuant to a New Development Proposal. The City shall not require as a condition of approval or otherwise for development of the Hotel Parcel or the Parking Lot Parcel pursuant to this Agreement any additional fees, dedications or expenditures by the Parker Family related to parks, open space, or public recreation facilities, except as required by the Development Approvals. Notwithstanding the foregoing, prior to, and throughout construction of the Hotel, the Parker Family shall maintain temporary construction fencing surrounding the Hotel Parcel in good order, with a uniform green color (Malaga Green), and keep the project site secure. Until the commencement of construction of the Hotel, all trees identified in the April 12, 2013 City Parks and Recreation Department memorandum shall be maintained by the Parker Family and subject to periodic inspection by Parks and Recreation staff.

8.5. Traffic Impact Fees. The City hereby acknowledges and agrees that in furtherance of the development of the Hotel Parcel, the Parker Family has contributed \$124,014.00 for the installation of the traffic signal at U.S. 101 / Cabrillo Boulevard intersection and \$413,300.00 for the cost of the Calle Cesar Chavez expansion project. The Parker Family shall be credited for said improvements and the contribution of said funds against any Development Mitigation Fee or New Development Mitigation Fee related to traffic and circulation impacts imposed for development of the Hotel Parcel or the Parking Lot Parcel

pursuant to this Agreement, including without limitation any development pursuant to a New Development Proposal.

8.6 School Mitigation Fee. The City hereby acknowledges and agrees that in furtherance of the development of the Hotel Parcel, the Parker Family has contributed \$47,190.00 in school mitigation fees. The Parker Family shall be credited for said fee against any Development Mitigation Fee or New Development Mitigation Fee related to school impacts imposed for the development of the Hotel Parcel or the Parking Lot Parcel pursuant to this Agreement, including without limitation any development pursuant to a New Development Proposal. Final determinations as to any school mitigation fees shall be made by the Santa Barbara School District.

8.7. Public Works Fees. The City hereby acknowledges and agrees that in furtherance of the development of the Hotel Parcel and Parking Lot Parcel, the Parker Family has paid Water and Sewer Buy-in Fees, as well as Water and Sewer Tap Fees, to the Public Works Department under the permits PBW2008-00729 and PBW2008-00975. The Parker Family shall be credited for said fee, in the dollar amount paid, against any Water or Sewer Buy-in Fees and/or Water and Sewer Tap Fees related to the supply, purveyance or distribution of water or sewer services imposed for the development of the Hotel Parcel or the Parking Lot Parcel pursuant to this Agreement, including without limitation any development pursuant to a New Development Proposal. The applicant shall be responsible for paying all applicable fees, minus the credit described above, per the City's current Fee Resolution at the time of Public Works Permit application(s).

9. Applications for Approvals and Entitlements.

9.1 Actions by the City. City agrees it will accept, in good faith, for processing, review and action all applications for development permits or other land use entitlements for use of the Hotel Parcel or the Parking Lot Parcel, including without limitation any New Development Proposal, in accordance with this Agreement, the Amended Specific Plan, and Existing City Laws. Accordingly, to the extent that the applications and submittals are in conformity with the Amended Specific Plan, Existing City Laws and this Agreement, the City agrees to accept, review and take action on all subsequent applications and submittals made to the City by the Parker Family for developing the Hotel Parcel or the Parking Lot Parcel.

10. Continuing Development of Hotel. The City approves, affirms, and consents to the continuing development of the Hotel Parcel and the Parking Lot Parcel and to the construction of a hotel and any other works of improvement (including right-of-way and parking improvements) permitted by the Amended Specific Plan, the Hotel and Parking Lot Parcel Approvals subject to required Conditions of Approval, Existing City Laws and subject to the terms and conditions of this Agreement at any time during the Term, subject only to the following conditions:

10.1. Expiration of Hotel Building Permits; Development Pursuant to Existing Development Approvals; Substantial Conformance Determination. Upon the expiration of all appeal periods, including but not limited to any appeal to the California Coastal Commission, and statutes of limitation to bring a legal challenge against the City or the Parker Family related

to this Agreement or the validity of this Agreement, and the resolution of such appeal or legal challenge in favor of upholding the validity of this Agreement without amendment or revision (“Appeal Period”), the Hotel Building Permits and Public Works Permits shall expire and until such Appeal Period has expired the Hotel Building Permits and Public Works Permits shall remain valid. If the Parker Family, in its sole and absolute discretion, elects to construct the Hotel and associated improvements on the Hotel Parcel and the Parking Lot Parcel pursuant to the Development Approvals, Conditions of Approval and Parking Lot Parcel Approvals, the Parker Family shall comply with the Development Approvals, Conditions of Approval and Parking Lot Parcel Approvals and shall apply for and obtain new building permits and public works permits for the Hotel (“New Building Permits and New Public Works Permits”). An application for New Building Permits or New Public Works Permits shall be reviewed and considered for approval in accordance with the version of the California Building Code, as duly adopted and amended by the City, in effect at the time the application for New Building Permits or New Public Works Permits is submitted. Because the Hotel and the associated improvements on the Hotel Parcel were designed and approved prior to the adoption of the City’s Storm Water Management Ordinance (Chapter 22.87 of the Santa Barbara Municipal Code), it is not possible to construct the Hotel, as approved by the Building Permits and Public Works Permits, in a manner that strictly complies with the detention requirements of the City’s Storm Water Management Ordinance; however, the Hotel will comply with all treatment requirements of the City’s Storm Water Management Ordinance, including without limitation the Storm Water Management Plan Tier 3 treatment requirements. Therefore, with the sole exception of the detention requirements, any application for New Building Permits and New Public Works Permits that relates to the Hotel and the associated improvements on the Hotel Parcel shall comply with all provisions of the City’s Storm Water Management Ordinance.

The continuing right to develop the Hotel Parcel and the Parking Lot Parcel is contained within this Agreement. With the exception of the New Building Permits and New Public Works Permits, the City shall not require any additional dedications, public improvements, or the payment of any additional fees or costs, other than those fees charged by the City to obtain the New Building Permits and New Public Works Permits. The Parker Family shall have four (4) years from the Effective Date of this Agreement to submit an application to the City for the New Building Permits and New Public Works Permits and shall obtain the New Building Permits and New Public Works Permits within five (5) years of the Effective Date, which time periods shall be extended as set forth in Sections 4.1 and 18 of this Agreement. Upon receipt of any application for the New Building Permits and Public Works Permits, the City shall diligently process said application and the time periods set forth in this Section 10.1 shall be extended by any unreasonable delay by the City in the processing or review of said application. If the Parker Family does not obtain the New Building Permits and Public Works Permits within five (5) years of the Effective Date (as may be extended pursuant to this Agreement), the Parker Family’s ability to construct the Hotel pursuant to the Development Approvals, Conditions of Approval and Parking Lot Approvals shall expire.

Nothing herein shall prevent the Parker Family from requesting the Hotel, the Parking Lot Parcel Approvals, or the Development Approvals be revised pursuant to the City’s “Substantial Conformance Determination” process, as set forth in the City Planning Commission Guidelines adopted by the City Council on July 15, 1997 (“SCD Guidelines”). Any request by

the Parker Family for a Substantial Conformance Determination shall be processed by the City in conformance with the SCD Guidelines as a Level 4 proposal with a hearing before the Planning Commission and shall be considered in relationship to the Hotel and Parking Lot Parcel Approvals depicted in the plans approved by building permits (BLD2007-01318 and BLD2007-02954). The parties hereby agree and acknowledge that for purposes of applying the SCD Guidelines to any request by the Parker Family for a substantial conformance determination regarding a proposed revision to the Hotel and the Parking Lot Parcel Approvals, a determination of “substantial conformance” shall be made in consideration of (A) whether the proposed revision results in a cumulative or overall increase to any of the following: (i) the total number of guest rooms on the Hotel Parcel, (ii) the total square footage of guest rooms on the Hotel Parcel, (iii) the square footage of total development on the Hotel Parcel and Parking Lot Parcel, (iv) the visual, traffic or circulation impacts of the Hotel, (v) the total building footprint of the Hotel and related improvements on the Hotel Parcel and the Parking Lot Parcel, and (vi) the overall height of the Hotel and related improvements on the Hotel Parcel and the Parking Lot Parcel; and (B) whether the proposed revisions conform with the Amended Specific Plan and do not require new or additional environmental review under the California Environmental Quality Act, other than an addendum to the FEIR. Nothing in this Section 10.1 shall in any way require or commit the City to approve a Substantial Conformance Determination request at any time in the future. Any revision of the Hotel or related improvements on the Hotel Parcel or the Parking Lot Parcel submitted for consideration pursuant to the Substantial Conformance Determination process shall comply with all aspects of the City’s Storm Water Management Ordinance.

10.2 Development Pursuant to New Development Proposal. Alternatively, the Parker Family, in its sole and absolute discretion, may pursue an alternative development of the Hotel Parcel subject to the terms and conditions of this Agreement (“New Development Proposal”). Any application for a New Development Proposal submitted to the City during the Term of this Agreement shall be subject only to the Amended Specific Plan, Existing City Laws and this Agreement. For purposes of clarity, any application for a New Development Proposal shall comply with all aspects of the City’s Storm Water Management Ordinance.

10.3 Development of Parking Lot Parcel. The Parking Lot Parcel Approvals shall remain in full force and effect for the Term of this Agreement. In the event the Parker Family, in its sole and absolute discretion, elects to pursue an alternative development on the Parking Lot Parcel, such development shall comply with Existing City Laws and this Agreement.

11. Transfer of Existing Development Rights. The City hereby affirms the Parker Family’s existing vested right to develop a total 142,647 square feet of commercial square footage on the Hotel Parcel (“Approved Square Footage”), which includes One Hundred Fifty (150) Hotel Rooms within 59,575 square feet of floor area (“Approved Hotel Rooms”) and 83,072 square feet of non-room floor area (“Approved Non-room Square Footage”) as set forth in the Development Approvals and the Hotel Building Permits. In the event the Parker Family elects, in its sole discretion, to develop a hotel on the Hotel Parcel that reduces the overall number of Approved Hotel Rooms and/or Approved Non-room Square Footage on the Hotel Parcel, the Parker Family may submit an application to the City to transfer some or all of the undeveloped Approved Hotel Rooms and/or Approved Non-room Square Footage from the Hotel Parcel to

one or more receiving sites, which transfer of development rights shall be subject to the terms and conditions of this Paragraph 11.

In calculating the amount of undeveloped Approved Hotel Rooms and/or Approved Non-room square footage available for transfer from the Hotel Parcel, the Approved Project shall be treated as if it were constructed in accordance with the Hotel Building Permits.

Upon the Effective Date, the Parker Family shall have the right to transfer up to seventy (70) Approved Hotel Rooms and up to 39,044 square feet of Approved Non-room Square Footage (collectively, "Initial TEDR") from the Hotel Parcel to one or more receiving sites, pursuant to this Agreement. Prior to the transfer of any Approved Hotel Rooms or Approved Non-room Square Footage in excess of the Initial TEDR from the Hotel Parcel to one or more receiving sites, the Parker Family shall first obtain building permits from the City for development of a hotel on the Hotel Parcel.

To the extent this Paragraph 11 conflicts with Existing City Laws, including but not limited to Chapter 28.95 of the Santa Barbara Municipal Code and its implementing procedures and guidelines, for purposes of this Agreement, the terms of this Paragraph 11 shall control. During the term of this Agreement, any transfer of Approved Hotel Rooms from the Hotel Parcel shall be subject to this Paragraph 11 and shall not be subject to any future ordinance or regulation adopted by the City that is intended to regulate the transfer of existing development rights, unless the Parker Family elects to rely on the City laws in effect at the time of a proposed transfer, as identified in Section 11.2 below.

The Parker Family's ability to transfer undeveloped Approved Hotel Rooms from the Hotel Parcel to one or more receiving sites on a "room for room" basis, shall expressly survive termination or expiration of this Agreement. In addition, the Approved Hotel Rooms and the Approved Non-room Square Footage shall be treated as Approved Floor Area for purposes of Section 28.95.020.2 of the Santa Barbara Municipal Code (notwithstanding any expiration of the Parker Family's ability to construct the Hotel pursuant to Section 10.1 or the termination of this Agreement). However, but for the right to transfer undeveloped Approved Hotel Rooms on a room for room basis (as opposed to a square footage basis) and the recognition of the Approved Hotel Rooms and Approved Non-room Square Footage as Approved Floor Area, any application for the transfer of undeveloped Approved Hotel Rooms or Approved Non-room Square Footage that is submitted after the termination or expiration of this Agreement shall be processed in accordance with the City laws in effect as of the time such an application is submitted.

11.1 Process for Transfer of Existing Development Rights. If the Parker Family submits an application to the City to transfer any Approved Hotel Rooms or Approved Non-room Square Footage from the Hotel Parcel to another parcel, the following terms and conditions shall apply:

1. The Parker Family's transferable development rights in the Approved Hotel Rooms shall be available for transfer on a "room for room" basis or measured by square feet of floor area, which for purposes of this Paragraph 11.1 is deemed to be 397 square feet per Approved Hotel Room.

2. The City hereby acknowledges and agrees that any transfer of Approved Rooms or Approved Non-room Square Footage from the Hotel Parcel does not require an allocation from the allowable square footage specified in subsection A of Section 28.85.010 of the Santa Barbara Municipal Code.

3. In its review of any application to transfer development rights from the Hotel Parcel to the Fess Parker Hotel Parcel, the City shall take into consideration and give appropriate credit to the Parker Family for those fees, dedications and public improvements made by the Parker Family in satisfaction of its obligations under Development Agreement No. 1, including without limitation its provision of lower-cost visitor accommodations through development of the Hostel, provision of parks and open space through the dedication of the Park Parcel and ongoing annual payments to the City of park maintenance fees, and the provision of traffic and circulation improvements through the payment of fees for the installation of the traffic signal at U.S. 101 / Cabrillo Boulevard and expansion of Calle Cesar Chavez.

4. Given the physical proximity of the Hotel Parcel to the Fess Parker Hotel Parcel and the similarity of uses at the properties, the City shall use, where appropriate, all applicable reports, environmental documents, studies and other documents prepared by or on behalf of the Parker Family for the development of the Hotel Parcel in its review of any proposed development on the Fess Parker Hotel Parcel resulting from a transfer of development rights from the Hotel Parcel to the Fess Parker Hotel Parcel. Notwithstanding the foregoing, the City may request additional information or studies with respect to any proposed development of the Fess Parker Hotel Parcel resulting from a transfer of development rights from the Hotel Parcel to the Fess Parker Hotel Parcel and any proposed transfer of development rights from the Hotel Parcel to the Fess Parker Hotel Parcel shall be considered a new development proposal on the Fess Parker Hotel Parcel and shall require a separate development plan application and the requisite environmental review and approvals from the City at such time as the Parker Family may request such transfer.

5. Except as otherwise expressly stated herein, any application for a transfer of Approved Rooms or Approved Non-room Square Footage from the Hotel Parcel shall be processed by the City in accordance with Existing City Laws (including, but not limited to, the City's Traffic Management Strategy and Chapters 28.85 and 28.95 of the Santa Barbara Municipal Code), the Amended Specific Plan and this Agreement.

11.2 Transfer of Existing Development Rights Under Future Regulations. Notwithstanding any provision herein, the Parker Family may elect, in its sole discretion, to process any request for a transfer of existing development rights from the Hotel Parcel in accordance with any City laws relating to the transfer of existing development rights in effect at the time of such proposed transfer, including without limitation Chapter 28.95 of the Santa Barbara Municipal Code. If the Parker Family elects to process a transfer of existing development rights in accordance with future City regulations, as opposed to the provisions of the Existing City Laws and this Agreement, any such transfer shall be processed in accordance with the entire regulatory scheme of the future regulations relating to the transfer of existing development rights. The Parker Family cannot elect to use portions of the Existing City Laws

and this Agreement relating to the transfer of existing development rights and portions of the future regulations relating to the transfer of existing development rights.

12. Cooperation in the Event of a Legal Challenge. In the event any legal action instituted by any third party or other governmental entity or official challenging the validity of any provision of this Agreement, the parties hereby agree to cooperate in defending said action.

13. Enforceability. The City agrees that unless this Agreement is amended or canceled pursuant to the provisions set forth herein it shall be enforceable according to its terms by any party hereto notwithstanding any change hereafter to any general plan, specific plan, local coastal program, zoning ordinance, subdivision ordinance or building regulation adopted by the City or initiative, which changes, alters or amends the rules, regulations and policies applicable to the development of the Hotel Parcel or the Parking Lot Parcel or the rights granted to the Parker Family in this Agreement as of the Effective Date of this Agreement.

14. Estoppel Certificate. Either party may, at any time, and from time to time, deliver written notice to the other party requesting such party certify in writing that, to the knowledge of the certifying party, (i) this Agreement is in full force and effect and a binding obligation of the parties, (ii) this Agreement has not been amended or modified either orally or in writing, or if so amended, identifying the amendments, and (iii) the requesting party is not in default in the performance of its obligations under this Agreement, or if in default, to describe therein the nature of the default. The party receiving the request hereunder shall execute and return such certificate to the requesting party within thirty (30) days following receipt thereof. City acknowledges that a certificate hereunder may be relied upon by transferees and mortgagees of the Parker Family.

15. Mortgagee Protection. The parties hereto agree that this Agreement shall not prevent or limit the Parker Family's ability to encumber the Hotel Parcel or the Parking Lot Parcel, or any portion thereof, or any improvement thereon by any mortgage, deed of trust or any other security or financing instrument. City acknowledges that the Parker Family's lenders or potential lenders may require certain interpretations of the Agreement and modifications and agrees to meet with the Parker Family and representatives of such lenders or potential lenders to negotiate in good faith any such request for interpretation or modification. City will not unreasonably withhold its consent to any such interpretation or modification provided such interpretation or modification is consistent with the intent and purposes of this Agreement. Any lender that obtains a mortgage or deed of trust against the Hotel Parcel or the Parking Lot Parcel shall be entitled to the following rights and privileges:

A. Neither entering this Agreement nor a breach of this Agreement shall defeat, render invalid, diminish or impair the lien of any mortgage on the Hotel Parcel or the Parking Lot Parcel made in good faith for value, unless otherwise required by law.

B. The mortgagee of any mortgage or deed of trust encumbering the Hotel Parcel or the Parking Lot Parcel, or any part thereof, which the mortgagee has submitted a written request to the City to receive notices, may request to receive written notification from the City of any default by the Parker Family in the performance of the Parker Family's obligations under this Agreement.

C. If the City timely receives a request from a mortgagee requesting a copy of any notice of default given to the Parker Family under the terms of this Agreement, the City shall provide a copy of that notice to the mortgagee within ten (10) days of sending notice of default to the Parker Family. The mortgagee shall have the right, but not the obligation, to cure the default during any cure period allowed to the Parker Family under this Agreement.

D. Any mortgagee who comes into possession of the Hotel Parcel or the Parking Lot Parcel, or any part thereof, by any means, whether pursuant to foreclosure or deed in lieu of foreclosure or otherwise, shall take the Hotel Parcel or the Parking Lot Parcel, or part thereof, subject to the terms of this Agreement. Provided, however, notwithstanding anything to the contrary above, any mortgagee, or the successors or assigns of any mortgagee, who becomes owner of the Hotel Parcel or the Parking Lot Parcel, or part thereof, through foreclosure shall not be obligated to pay any fees or construct or complete any improvements, unless such owner desires to continue development of the Hotel Parcel or the Parking Lot Parcel consistent with this Agreement and the applicable land use entitlements, in which case the owner by foreclosure shall assume the obligations of the Parker Family hereunder in a form acceptable to the City.

E. The foregoing limitation on mortgagees and owners by foreclosure shall not restrict the City's ability to specifically enforce against such mortgagees or owners by foreclosure any dedication requirements under this Agreement or under any conditions of any other land use entitlements or approvals related to the Hotel Parcel or the Parking Lot Parcel.

16. State or Federal Law and Regulations. The Parker Family acknowledges that applications for development permits may be subject to other agency applications, review, permitting, and applicable fees. In the event state or federal law or regulations enacted after the Effective Date prevent or preclude compliance with one or more provisions of this Agreement or require changes in plans or permits approved or issued by the City, this Agreement shall be suspended or, with the Parker Family's written consent, modified or extended as necessary to comply with such laws or regulations. Promptly following the enactment of any such law or regulation, the Parker Family and the City shall meet and confer in good faith to determine the feasibility of any such modification, extension or suspension based on the effect such modification, extension or suspension would have on the purposes and intent of this Agreement and the cost to the Parker Family of constructing and completing development of the Hotel Parcel and the Parking Lot Parcel. In addition, the Parker Family shall have the right to challenge such law or regulation, and in the event such challenge is successful, this Agreement shall remain unmodified and in full force and effect.

17. No Waiver. No failure, delay, or omission by a party in exercising or asserting any right, power, or remedy hereunder shall impair such right, power, or remedy, and no failure, delay, or omission by a party occurring upon the other party's noncompliance with or failure to perform the terms and conditions of this Agreement shall be construed as a waiver thereof. A waiver by either party of any failure, delay or omission on the part of the other party shall not be construed as a waiver of any succeeding failure, delay, or omission of the same or other terms or conditions hereof.

18. Force Majeure. In the event any party to this Agreement is unable to perform or fulfill any of the terms or conditions of this Agreement on account of acts of God, enemy action, war,

strikes, walk outs, riots, governmental actions or restrictions, administrative appeals or legal actions, judicial orders, third-party actions, floods, earthquakes, fire, casualties, or similar bases for excused performance which is not within the reasonable control of the party to be excused, the party obligated to so perform or prevented from performing thereby shall be excused from said performance until such time as said party shall no longer be prevented from performing on account of any of the foregoing reasons.

19. No Joint Venture or Partnership. Nothing contained herein or in any document executed in connection herewith shall be construed as making the City and the Parker Family joint venturers or partners.

20. Assignment, Assumption and Release. The rights and obligations of the Parker Family under this Agreement may be transferred or assigned, provided: (i) such transfer or assignment is made as part of a transfer, assignment, sale or long-term lease of the Hotel Parcel or the Parking Lot Parcel and a concurrent transfer of rights to complete the development of the Hotel Parcel and the Parking Lot Parcel, and (ii) prior to such an assignment, the assignee executes and delivers to the City a written assumption of the Parker Family's obligations under this Agreement. Any such transfer or assignment shall be subject to the provisions of this Agreement. During the Term of this Agreement, any such assignee or transferee shall observe and perform all of the duties and obligations of the Parker Family contained in this Agreement as such duties and obligations pertain to the Hotel Parcel and the Parking Lot Parcel so transferred or assigned. The Parker Family shall give the City prompt written notice of any such transfer or assignment. The Parker Family may free itself from its obligations under this Agreement provided that the transferee or assignee expressly assumes such obligations and agrees to be bound by the terms and conditions of this Agreement with respect to the Hotel Parcel and the Parking Lot Parcel. Upon the full execution of the assumption and assignment agreement, the transferee or assignee shall thenceforth be deemed to be "the Parker Family" hereunder. Notwithstanding the foregoing, this Paragraph 20 shall not apply to any mortgagee who comes into possession of the Hotel Parcel or the Parking Lot Parcel, for any part thereof, by any means, whether pursuant to foreclosure or deed in lieu of foreclosure or otherwise.

21. Permitted Extensions by City. In addition to any extensions of time otherwise provided in this Agreement, the City, in its sole discretion and acting through its Community Development Director or his or her designee, may extend the time for performance by the Parker Family of any obligation hereunder. Any such extension shall not require an amendment to this Agreement, so long as such extension only involves the time for performance thereof and does not change the obligations to be performed by the Parker Family as a condition of such extension.

22. Notices. Any notice or communication required by this Agreement must be in writing and may be given either by personal service or registered or certified mail, return receipt requested. Any notice or communication personally served shall be deemed given and received on the date of personal service on the party noticed at the appropriate address designated below, and any notice or communication sent by registered or certified mail, return receipt requested, properly addressed to the appropriate address designated below, with postage prepaid, shall be deemed given and received on the date appearing on the signed return receipt. Any party hereto may at any time and from time to time, in the manner provided herein, designate any other

address in substitution of the address to which such notice or communication shall be given. All such notices or communications shall be given to the parties at the addresses hereinafter set forth:

IF TO THE CITY:

Community Development Director
City of Santa Barbara
630 Garden Street
Post Office Box 1990
Santa Barbara, CA 93102

with copies to:

Santa Barbara City Attorney
740 State Street, Suite 201
Santa Barbara, CA 93101

IF TO THE PARKER FAMILY:

American Tradition, LLC
800 Miramonte Drive, Suite 350
Santa Barbara, CA 93109
Attn: Eli Parker and Ashley Parker Snider

with copies to:

Mullen & Henzell L.L.P.
112 East Victoria Street
Santa Barbara, CA 93101
Attn: Graham Lyons and J. Robert Andrews

23. Obligations of the Parker Family. As a condition of developing the Hotel Parcel, the Parker Family shall have the following affirmative obligation(s) for the benefit of the City:

23.1 Annual Payment of Maintenance Assessment. Payment of all annual assessments provided for in the Assessment Resolution (as that term is defined in Section 4.2 of Development Agreement No. 1) that have been due and payable from the effective date of the Development Agreement No. 1 through the Effective Date of this Agreement.

24. Enforceability. Except as otherwise provided herein, the rights of the parties under this Agreement shall be enforceable notwithstanding any change subsequent to the Effective Date in any applicable general plan, specific plan, local coastal plan, municipal ordinance, or building, zoning, subdivision or other land use ordinance or regulation.

25. No Waiver. No failure, delay, or omission by a party in exercising or asserting any right, power, or remedy hereunder shall impair such right, power, or remedy, and no failure, delay, or omission by a party occurring upon the other party's noncompliance with or failure to perform the terms and conditions of this Agreement shall be construed as a waiver thereof. A waiver by either party of any failure, delay or omission on the part of the other party shall not be construed as a waiver of any succeeding failure, delay, or omission of the same or other terms or conditions hereof.

26. Annual Reviews. As required by California Government Code § 65865.1 and any City procedures adopted pursuant thereto, the City's Public Works Director and Community Development Director shall review the Parker Family's performance pursuant to the terms of this Agreement at least once every twelve (12) months throughout the Term of this Agreement.

27. Definitions.

Amended Specific Plan. That certain amended specific plan approved and adopted by the Santa Barbara City Council on or about March 22, 1994 thereby amending the Park Plaza Specific Plan and affecting the real property located at 325-433 East Cabrillo Boulevard and 33 West Montecito Street, as described in more detail on Redevelopment Parcel Map 95-20,587 as Parcels 1, 2, and 3 (and recorded in the Official Records of Santa Barbara County on August 9, 1996 in Book 51, pp. 91-96), approving various permits for the affected properties and amending the zoning designation for the affected real property to HRC-2, S-D-3, SP-1 Hotel and Related Commerce 2 with Coastal Overlay Zone, Specific Plan No. 1 and General Plan designation of Open Space, Parking and Buffer/Stream for a proposed public/private project to be jointly developed by the Redevelopment Agency of the City and the Parker Family, consisting of a 150-room luxury hotel on the 3-acre Hotel Parcel, a 100-bed hostel, and an approximately 10-acre public park to be known as Chase Palm Park.

Conditions of Approval. Those certain conditions of approval imposed by the City: (a) on development of the Hotel, as set forth in Section 3, Phase II (Construction of Hotel) of Ordinance No. 4920; and (b) on development of the parking lot, as set forth in Planning Commission Resolution No. 032-07.

Development Agreement No. 1. That certain Development Agreement entered into by and between American Tradition G.P. and the City of Santa Barbara dated August 2, 1996 and recorded in the Official Records of the County of Santa Barbara as Instrument No. 96-047998.

Development Approvals. Those certain development approvals related to the Hotel adopted by the City through City Council Resolution No. 020-94: (a) incorporating the modifications and the additional conditions required by the California Coastal Commission for development of the Hotel into the Specific Plan No. 1; (b) granting development plan approvals for the Hotel; and (c) making the findings required by the City's Zoning Ordinance (Title 28 of the Santa Barbara Municipal Code) and the California Environmental Quality Act ("CEQA"); Ordinance No. 4920; and Resolution No. 032-07.

Existing City Laws. The City's general plan, local coastal plan, ordinances, resolutions, codes, rules, regulations, and official policies governing the permitted uses of land, density and intensity of use, maximum height, bulk, size, scale, design, location and construction standards and specifications applicable to this Agreement, the Hotel, the Hotel Building Permits, the Public Works Permits, the Conditions of Approval, and the Hotel Parcel and Parking Lot Parcel in effect as of the Effective Date without regard to any amendments or modifications thereto that become effective after the Effective Date.

FEIR. That certain Final Environmental Impact Report (ENV92-0107; SCH#92091038) and its Addendum dated June 8, 1995 adopted by the City of Santa Barbara pursuant to Ordinance No. 4920 adopted and approved by the Santa Barbara City Council on August 15, 1996.

Fess Parker Hotel Parcel. That certain real property located at 633 East Cabrillo Boulevard, which is presently developed with the Fess Parker Hotel and related improvements.

Hotel Building Permits. Those certain building permits related to the construction and occupancy of the Hotel, including without limitation those certain permits issued by the City of Santa Barbara authorizing construction of the Hotel and certain associated works of improvement: (i) BLD2007-00999 (issued 9/20/07), (ii) BLD2007-02146 (issued 9/20/07), (iii) BLD2007-00810 (issued 9/21/07 and thereafter amended and re-issued 8/12/08), (iv) BLD2007-2406 (issued 10/26/07), (v) BLD2007-2737 (issued 12/7/07), (vi) BLD2007-2871 (issued 1/9/08), (vii) BLD2007-01318 (issued 5/20/08), (viii) BLD2007-02954 (issued 7/2/08), (ix) BLD2009-00414 (issued 2/25/09).

Hotel. That certain 150-room hotel and associated improvements located on the Hotel Parcel and Parking Lot Parcel approved by the City pursuant to the Hotel Building Permits, Development Agreement No. 1, Ordinance No. 4920 and Parking Lot Parcel Approvals.

Hostel. That certain 100-bed hostel located at 12 East Montecito Street approved by the City of Santa Barbara pursuant to Coastal Development Permit CDP No. 95-0016 and subsequently issued approvals, modifications, and permits related thereto.

Hostel Conditions of Approval. Those certain conditions of approval for the Hotel set forth in: (1) Recital F and Recital I of Development Agreement No. 1 requiring the Hostel Property be used solely and exclusively for the construction, operation and maintenance of a 100-bed hostel; and (2) Section 3, Phase II (Construction of Hotel), Condition #F4 of Ordinance No. 4920 requiring issuance of a Certificate of Occupancy for the Hostel as a pre-requisite for issuance of a Certificate of Occupancy for the Hotel.

Hostel Property. That certain real property located at 12 East Montecito Street acquired by The Rodney James Shull Memorial Foundation, a California nonprofit public benefit corporation, by that certain Gift Deed recorded in the Official Records of the County of Santa Barbara on December 30, 1998 as Instrument No. 98-102124, in accordance with and in satisfaction of Condition of Approval No. 4 of Part II B of Planning Commission Resolution 027-95, approved by the City of Santa Barbara Planning Commission on April 20, 1995.

Ordinance No. 4920. That certain ordinance of the City of Santa Barbara approved by the City Council on or about August 15, 1996, which approved the following: Development Agreement No.1; certain mitigation measures related to the Hotel; the FEIR and the necessary findings to approve and adopt the FEIR; the necessary findings to approve Development Agreement No. 1 and the Hotel pursuant to the Santa Barbara Municipal Code Chapters 28.22, 28.45, and 28.87; and the Conditions of Approval.

Parking Lot Parcel Approvals. Those certain permits and approvals issued by the City of Santa Barbara related to the construction and development of certain improvements and uses on the Parking Lot Parcel, including without limitation: Coastal Development Permit and a Conditional Use Permit approved through Resolution Number 032-07 adopted by on or about August 30, 2007 by the City Planning Commission; and building permit (BLD2007-02954) issued on or about July 2, 2008. Unless expressly stated otherwise in this Agreement, the Parking Lot Parcel Approvals constitute part of the Development Approvals.

Public Works Permits. Those certain permits issued by the City of Santa Barbara Public Works Department related to the development of the Hotel, including without limitation PBW 2008-0729 (issued 5/20/08).

28. City's Authority to Enter into Agreement. California Government Code §§ 65864-65869.5 authorize local agencies to enter into a binding development agreement (as such agreements are defined by California Government Code §§ 65864-65869.5) with a property owner for the development of property in order to give assurances to the property owner and the city that upon approval, a development project can proceed in accordance with existing land development policies, rules and regulations. Government Code § 65869 specifically provides that a statutory development agreement such as this Agreement need not be approved by the state Coastal Commission for any development project located in an area for which a local coastal program is required so long as the required local coastal program has been certified pursuant to the Coastal Act by the Coastal Commission prior to the date the development agreement is approved by the local agency. The City of Santa Barbara's Local Coastal Program was certified by the state Coastal Commission on November 12, 1986 and duly amended from time to time since then. Under the Santa Barbara City Charter, the City exercises control over municipal affairs, including the land development process, and has the authority to enter into development agreements for purposes consistent with the public health, safety and general welfare. On October 17, 1989, the City Council adopted Resolution No. 89-120 establishing procedures for considering statutory development agreements, which resolution sets forth in Recitals A-D thereof the City authority and public purpose of such agreements. Based on the foregoing, the City is authorized to enter into this Agreement.

IN WITNESS WHEREOF, this Agreement was executed by the parties thereto as of the Execution Date.

CITY OF SANTA BARBARA

PARKER FAMILY

American Tradition, LLC

By: _____
City Administrator

a California limited liability company

By: _____

Its: _____

ATTEST:

City Clerk

APPROVED AS TO CONTENT:

Community Development Director

APPROVED AS TO FORM

Public Works Director

APPROVED AS TO FORM

City Attorney

G:\10069\0006\DOCS\IU3051.DOC

LEGAL DESCRIPTION

Real property in the City of Santa Barbara, County of Santa Barbara, State of California, described as follows:

PARCEL A:

PARCEL 1 OF PARCEL MAP NO. 20,587, IN THE CITY OF SANTA BARBARA, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS SHOWN ON MAP FILED ON 8-9-1996, IN BOOK 51, PAGES 91 THROUGH 96, INCLUSIVE, OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL B:

AN EASEMENT FOR INGRESS AND EGRESS LYING WITHIN PARCEL TWO OF MAP NO. 20,587 AS SAME IS SHOWN ON MAP NO. 20,587 ABOVE REFERRED TO AS "20' EASEMENT FOR INGRESS AND EGRESS PURPOSES IN FAVOR OF PARCEL ONE PER THIS MAP."

PARCEL C:

AN EASEMENT FOR PUBLIC AND PRIVATE UTILITIES AND PRIVATE DRAINAGE LYING WITHIN PARCEL THREE OF MAP NO. 20,587 AS SAME IS SHOWN ON MAP NO. 20,587 ABOVE REFERRED TO AS "EASEMENT FOR PUBLIC AND PRIVATE UTILITIES AND PRIVATE DRAINAGE IN FAVOR OF PARCEL ONE PER THIS MAP."

PARCEL MAP NO. 20,587

IN THE CITY OF SANTA BARBARA, STATE OF CALIFORNIA
FOR REDEVELOPMENT PURPOSES
PURSUANT TO THE CALIFORNIA COMMUNITY REDEVELOPMENT LAW

BEING A REDEVELOPMENT OF PORTIONS OF CITY BLOCKS 320, 321, 345, 345 1/2, 345 3/4, 335, 336, AND 336 1/2 AND VACATED PORTIONS OF GARDEN STREET, LAGUNA STREET, OLIVE STREET (FORMERLY CANAL STREET), QUINIENTOS STREET AND CARPINTERIA STREET IN CITY OF SANTA BARBARA, AND PORTIONS OF BLOCKS "A", "B", "C", AND "D" AND THE STREETS LYING BETWEEN SAID LETTERED BLOCKS OF SHORE ACRES IN THE CITY OF SANTA BARBARA, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 6, PAGE 51 OF MAPS.

JULY, 1996

Penfield & Smith
ENGINEERS & SURVEYORS
111 E. VICTORIA ST. SANTA BARBARA, CA 93101
(805) 963-9232 O.P. 83102
MAILING ADDRESS: P.O. BOX 90 (93102)

OWNER'S STATEMENT.

THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA AND AMERICAN TRADITION STATES THAT THEY ARE THE OWNERS OF, OR HAVE AN INTEREST IN, THE LAND INCLUDED WITHIN THE REDEVELOPMENT SHOWN ON THE ANNEXED MAP AND THAT THEY ARE THE ONLY PERSONS WHOSE CONSENT IS NECESSARY TO PASS A CLEAR TITLE TO SAID LAND. THEY CONSENT TO THE PREPARATION AND RECORDATION OF SAID MAP AND REDEVELOPMENT AS SHOWN WITHIN THE COLORED BORDER LINES. THEY HEREBY OFFER TO DEDICATE IN FEE TO THE CITY OF SANTA BARBARA, GARDEN STREET AND THAT PORTION OF CABRILLO BOULEVARD AS SHOWN HEREON. WE ALSO DEDICATE THOSE EASEMENTS AS SHOWN FOR THE PURPOSES AS SET FORTH THEREON.

THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA, CALIFORNIA, A PUBLIC BODY CORPORATE AND POLITICAL

Harriet Miller
HARRIET MILLER CHAIRPERSON
David D. Davis
DAVID D. DAVIS ASST. SECRETARY

AMERICAN TRADITION
A CALIFORNIA GENERAL PARTNERSHIP.

Fess Elisha Parker, Jr.
FESS ELISHA PARKER, JR., TRUSTEE
Marcella Belle Parker
MARCELLA BELLE PARKER, TRUSTEE

TRUSTEES OF THE PARKER FAMILY TRUST
VIA DATED JUNE 5, 1970, GENERAL PARTNER:

Fess Elisha Parker III
FESS ELISHA PARKER III,
GENERAL PARTNER

Ashley Allen Rinehart
ASHLEY ALLEN RINEHART
PARKER SHULL
GENERAL PARTNER

STATE OF CALIFORNIA
COUNTY OF SANTA BARBARA } S.S.

ON August 6, 1996 BEFORE ME, Joyce L. Carpenter, A NOTARY PUBLIC IN AND FOR SAID COUNTY AND STATE, PERSONALLY APPEARED Harriet Miller, PERSONALLY KNOWN TO ME (OR PROVED TO ME ON THE BASIS OF SATISFACTORY EVIDENCE) TO BE THE PERSON(S) WHOSE NAME(S) IS/ARE SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE/SHE/IT/ THEY EXECUTED THE SAME IN HIS/HER/ THEIR AUTHORIZED CAPACITY(IES), AND THAT BY HIS/HER/ THEIR SIGNATURE(S) ON THE INSTRUMENT THE PERSON(S), OR THE ENTITY UPON BEHALF OF WHICH THE PERSON(S) ACTED, EXECUTED THE INSTRUMENT.

Joyce L. Carpenter
NOTARY PUBLIC IN AND FOR SAID STATE
111 E. VICTORIA ST. SANTA BARBARA
STATE OF CALIFORNIA
COUNTY OF SANTA BARBARA } S.S.
MY COMMISSION EXPIRES 10/1/97
MY PRINCIPAL PLACE OF BUSINESS IS
IN SANTA BARBARA COUNTY

ON July 31, 1996 BEFORE ME, Joyce L. Carpenter, A NOTARY PUBLIC IN AND FOR SAID COUNTY AND STATE, PERSONALLY APPEARED Fess Elisha Parker III & Ashley Allen Rinehart, PERSONALLY KNOWN TO ME (OR PROVED TO ME ON THE BASIS OF SATISFACTORY EVIDENCE) TO BE THE PERSON(S) WHOSE NAME(S) IS/ARE SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE/SHE/IT/ THEY EXECUTED THE SAME IN HIS/HER/ THEIR AUTHORIZED CAPACITY(IES), AND THAT BY HIS/HER/ THEIR SIGNATURE(S) ON THE INSTRUMENT THE PERSON(S), OR THE ENTITY UPON BEHALF OF WHICH THE PERSON(S) ACTED, EXECUTED THE INSTRUMENT.

Joyce L. Carpenter
NOTARY PUBLIC IN AND FOR SAID STATE
111 E. VICTORIA ST. SANTA BARBARA
STATE OF CALIFORNIA
COUNTY OF SANTA BARBARA } S.S.
MY COMMISSION EXPIRES 5-5-2000
MY PRINCIPAL PLACE OF BUSINESS IS
IN SANTA BARBARA COUNTY

STATE OF CALIFORNIA } S.S.
COUNTY OF SANTA BARBARA }

ON July 31, 1996 BEFORE ME, Joyce L. Carpenter, A NOTARY PUBLIC IN AND FOR SAID COUNTY AND STATE, PERSONALLY APPEARED Fess Elisha Parker, Jr. & Marcella Belle Parker, PERSONALLY KNOWN TO ME (OR PROVED TO ME ON THE BASIS OF SATISFACTORY EVIDENCE) TO BE THE PERSON(S) WHOSE NAME(S) IS/ARE SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE/SHE/IT/ THEY EXECUTED THE SAME IN HIS/HER/ THEIR AUTHORIZED CAPACITY(IES), AND THAT BY HIS/HER/ THEIR SIGNATURE(S) ON THE INSTRUMENT THE PERSON(S), OR THE ENTITY UPON BEHALF OF WHICH THE PERSON(S) ACTED EXECUTED THE INSTRUMENT.

Joyce L. Carpenter
NOTARY PUBLIC IN AND FOR SAID STATE
111 E. VICTORIA ST. SANTA BARBARA
STATE OF CALIFORNIA
COUNTY OF SANTA BARBARA } S.S.
MY COMMISSION EXPIRES 5-5-2000
MY PRINCIPAL PLACE OF BUSINESS IS
IN SANTA BARBARA COUNTY

RECORDER'S STATEMENT

FILED THIS 9th DAY OF August, 1996, AT 8:00 A.M.
IN BOOK 51 OF PARCEL MAPS, AT PAGES 91 THROUGH 96,
AT THE REQUEST OF PENFIELD & SMITH ENGINEERS & SURVEYORS.

KENNETH A. PETTIT
COUNTY CLERK-RECORDER
SANTA BARBARA COUNTY, CALIFORNIA

BY: *Arden Sackler*
DEPUTY

CLERK OF THE BOARD STATEMENT:

I, KENT M. TAYLOR, CLERK OF THE BOARD OF SUPERVISORS OF SANTA BARBARA COUNTY, DO HEREBY STATE PURSUANT TO GOVERNMENT CODE SECTION 66464 OF THE SUBDIVISION MAP ACT THAT CERTIFICATES AND DEPOSITS REQUIRED UNDER GOVERNMENT CODE SECTIONS 66402 AND 66493 OF THE PROPERTY WITHIN THIS SUBDIVISION HAVE BEEN PAID OR BONDED FOR UNLESS SUCH BOND HAS BEEN WAIVED.

KENT M. TAYLOR
CLERK OF THE BOARD OF SUPERVISORS
BY: *Walter Elmer*
DEPUTY
DATE 3.8.96

SURVEYOR'S STATEMENT.

THIS MAP WAS PREPARED BY ME OR UNDER MY DIRECTION AND IS BASED UPON A FIELD SURVEY IN CONFORMANCE WITH THE REQUIREMENTS OF THE SUBDIVISION MAP ACT AND LOCAL ORDINANCE AT THE REQUEST OF THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA, CALIFORNIA, IN JULY, 1995. I HEREBY STATE THAT THIS PARCEL MAP SUBSTANTIALLY CONFORMS TO THE APPROVED OR CONDITIONALLY APPROVED TENTATIVE MAP, IF ANY.



Ken Kuencer
KEN KUENCER L.S. 5617

REDEVELOPMENT AGENCY STATEMENT

I HEREBY STATE THAT THIS MAP WAS DULY ACCEPTED AND APPROVED BY THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA ON THIS 6 DAY OF August, 1996, AND THAT THIS MAP, AND DIVISION SHOWN THEREON, ARE IN COMPLIANCE WITH THE REDEVELOPMENT PLAN FOR THE CENTRAL CITY REDEVELOPMENT PROJECT AREA AS ADOPTED BY CITY ORDINANCE NO. 3586 AND AS AMENDED BY CITY ORDINANCE NUMBERS 3623 AND 4438 AND THE CALIFORNIA COMMUNITY REDEVELOPMENT LAW AND THAT THE AGENCY'S EXECUTIVE DIRECTOR WAS DULY AUTHORIZED AND DIRECTED TO ENDORSE THEREON THE AGENCY'S APPROVAL.

DATED: August 6, 1996

Sandra E. Lizarraga
SANDRA E. LIZARRAGA
EXECUTIVE DIRECTOR
OF THE REDEVELOPMENT AGENCY OF
THE CITY OF SANTA BARBARA

NOTICE

PURSUANT TO SECTIONS 66499.20 1/2 OF THE GOVERNMENT CODE (SUBDIVISION MAP ACT) THIS MAP REPRESENTS A MERGER AND RESUBDIVISION WITHOUT REVERSION AS INDICATED HEREON, WHEREIN ALL EASEMENTS AND RIGHTS-OF-WAY, OTHER THAN PUBLIC UTILITIES, NOT SHOWN HEREON HAVE BEEN ABANDONED.

CITY ENGINEER STATEMENT

THIS MAP CONFORMS WITH REQUIREMENTS OF SECTION 65428 OF THE SUBDIVISION MAP ACT AND LOCAL ORDINANCES.

DATED: 7/23/96

Pat Kelly
PAT KELLY - CITY ENGINEER
R.C.E. 27073 EXP. MARCH 30, 1997

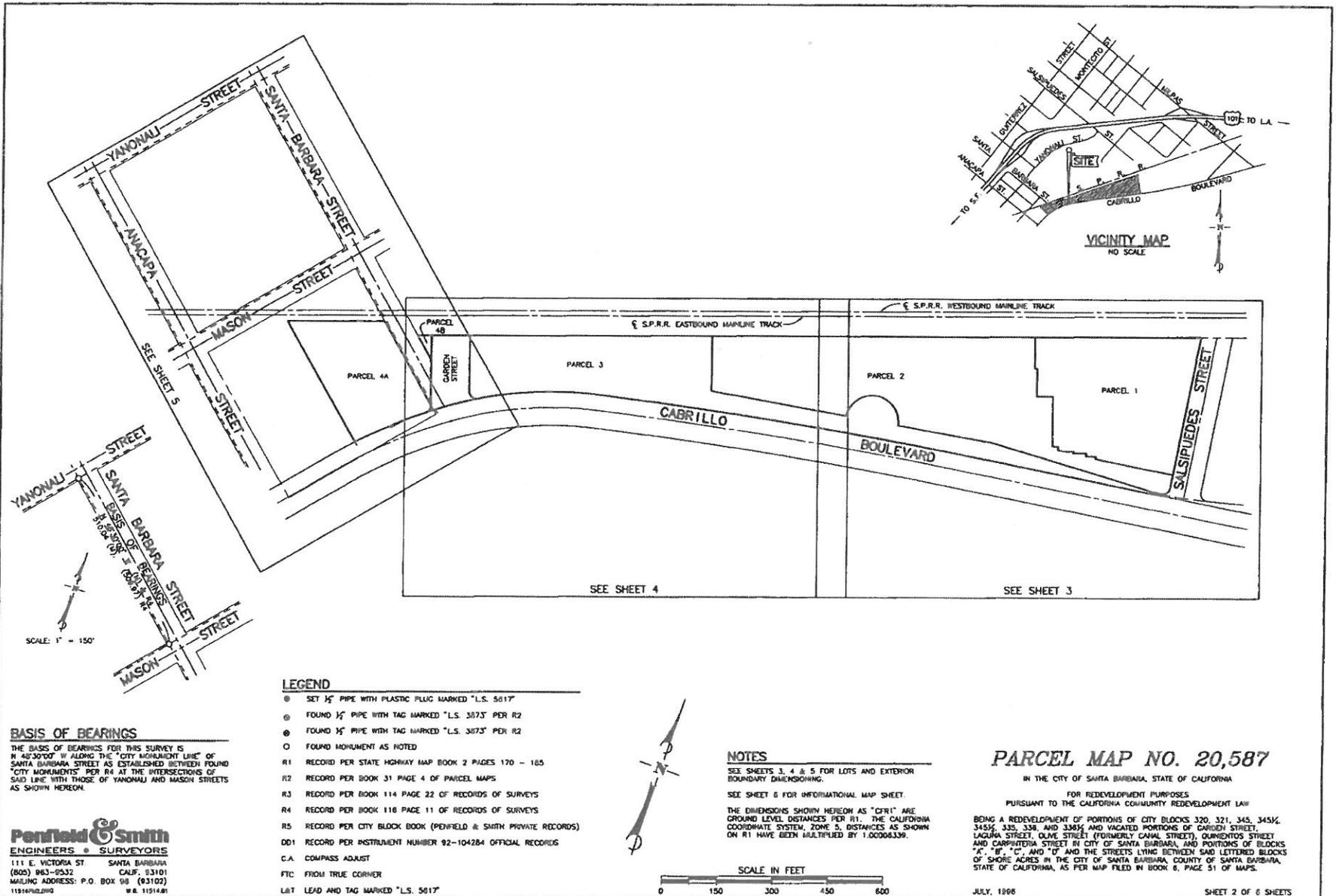


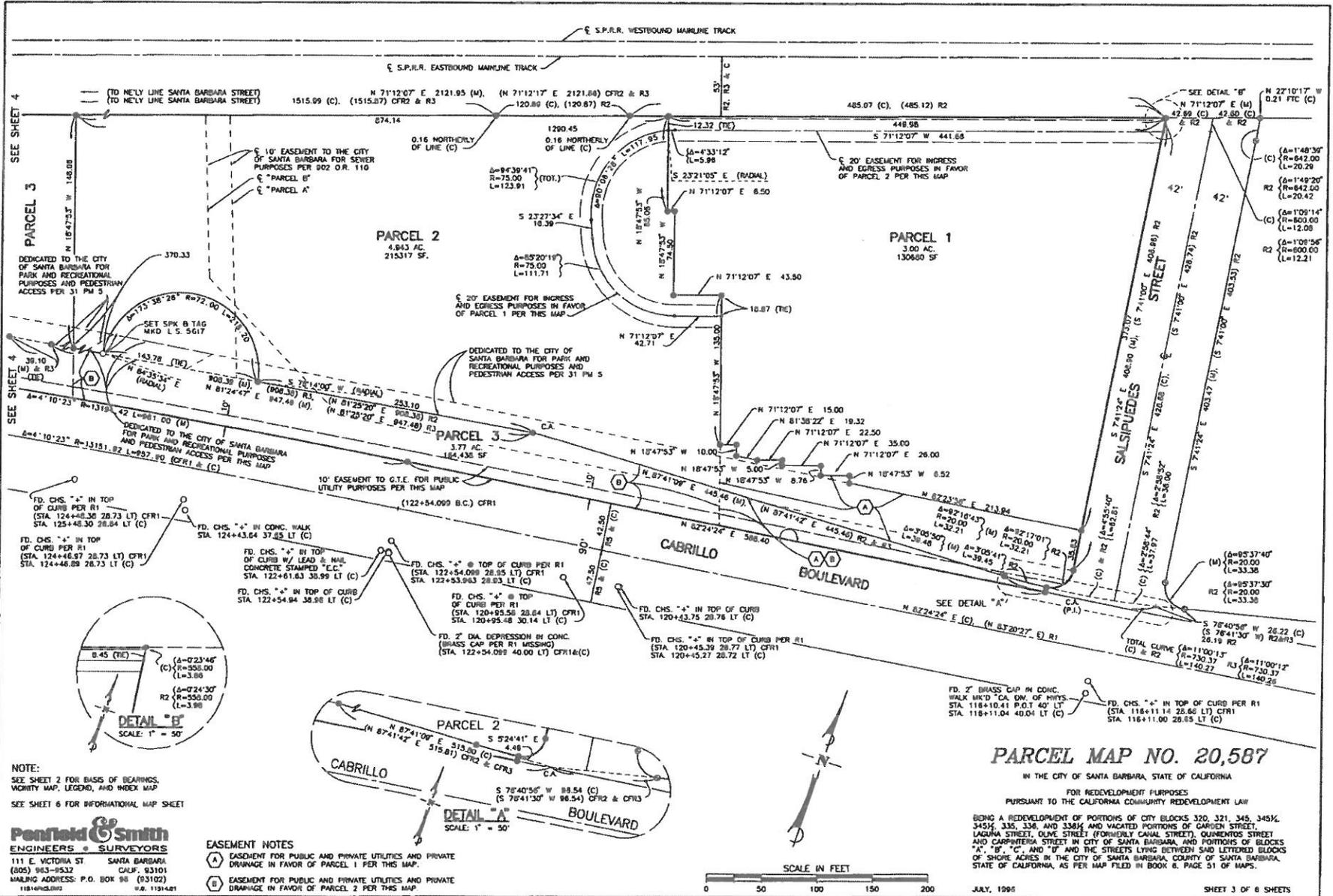
CITY COUNCIL STATEMENT

I HEREBY STATE THAT THIS MAP WAS DULY ADOPTED AND ACCEPTED BY THE CITY COUNCIL OF THE CITY OF SANTA BARBARA ON THIS 6 DAY OF August, 1996, AND THAT THE CITY CLERK WAS DULY AUTHORIZED AND DIRECTED TO ENDORSE THEREON ITS APPROVAL OF THE SAME, AND ITS ACCEPTANCE OF GARDEN STREET AND THAT PORTION OF CABRILLO BOULEVARD AS DEDICATED HEREON.

DATED: August 6, 1996

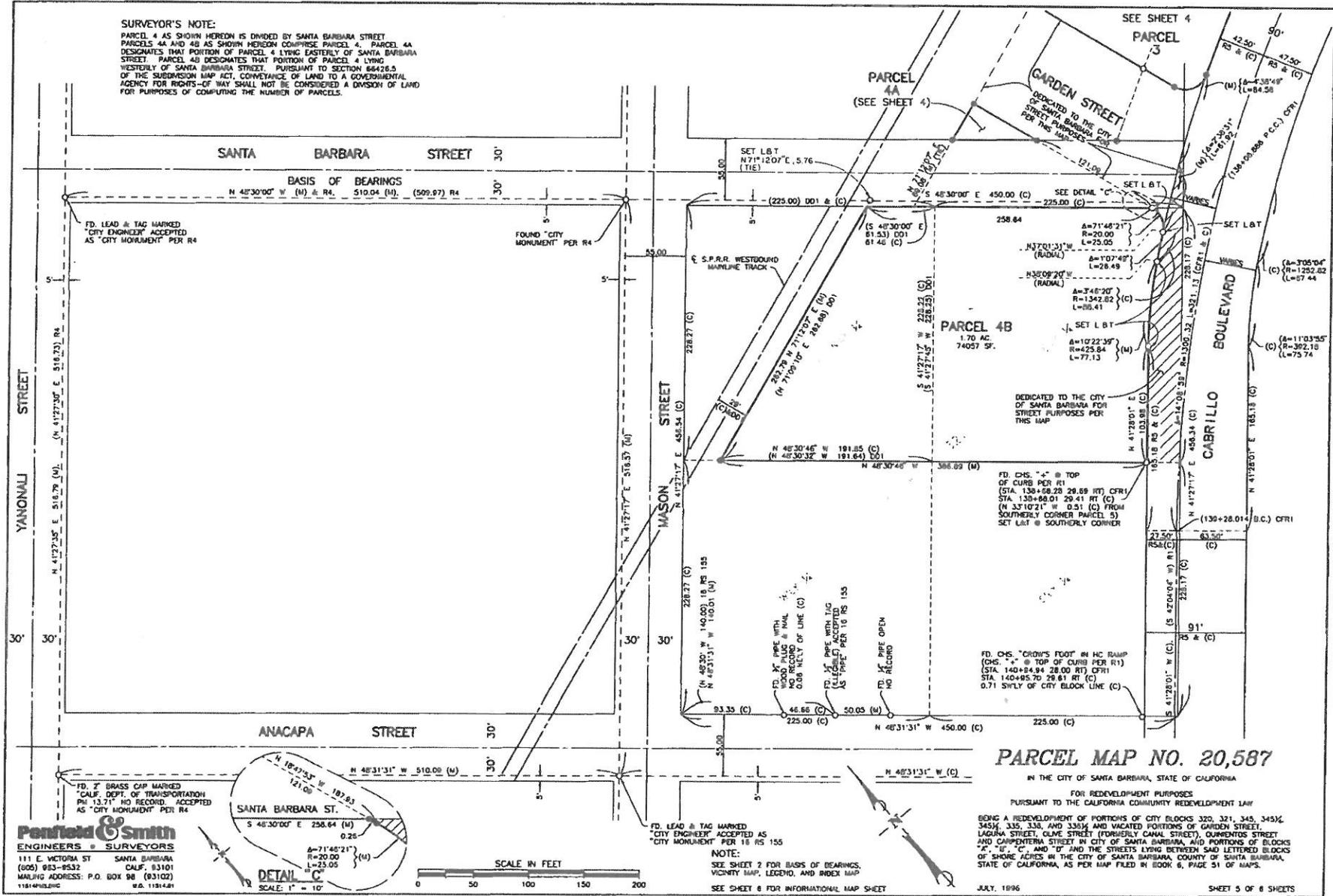
Lily Ross
LILY ROSS
CHIEF DEPUTY CITY CLERK
THE CITY OF SANTA BARBARA





SURVEYOR'S NOTE:

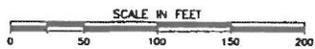
PARCEL 4 AS SHOWN HEREON IS DIVIDED BY SANTA BARBARA STREET. PARCELS 4A AND 4B AS SHOWN HEREON COMPRISE PARCEL 4. PARCEL 4A DESIGNATES THAT PORTION OF PARCEL 4 LYING EASTERLY OF SANTA BARBARA STREET. PARCEL 4B DESIGNATES THAT PORTION OF PARCEL 4 LYING WESTERLY OF SANTA BARBARA STREET. PURSUANT TO SECTION 66426.5 OF THE SUBDIVISION MAP ACT, CONVEYANCE OF LAND TO A GOVERNMENTAL AGENCY FOR RIGHTS-OF-WAY SHALL NOT BE CONSIDERED A DIVISION OF LAND FOR PURPOSES OF COMPUTING THE NUMBER OF PARCELS.



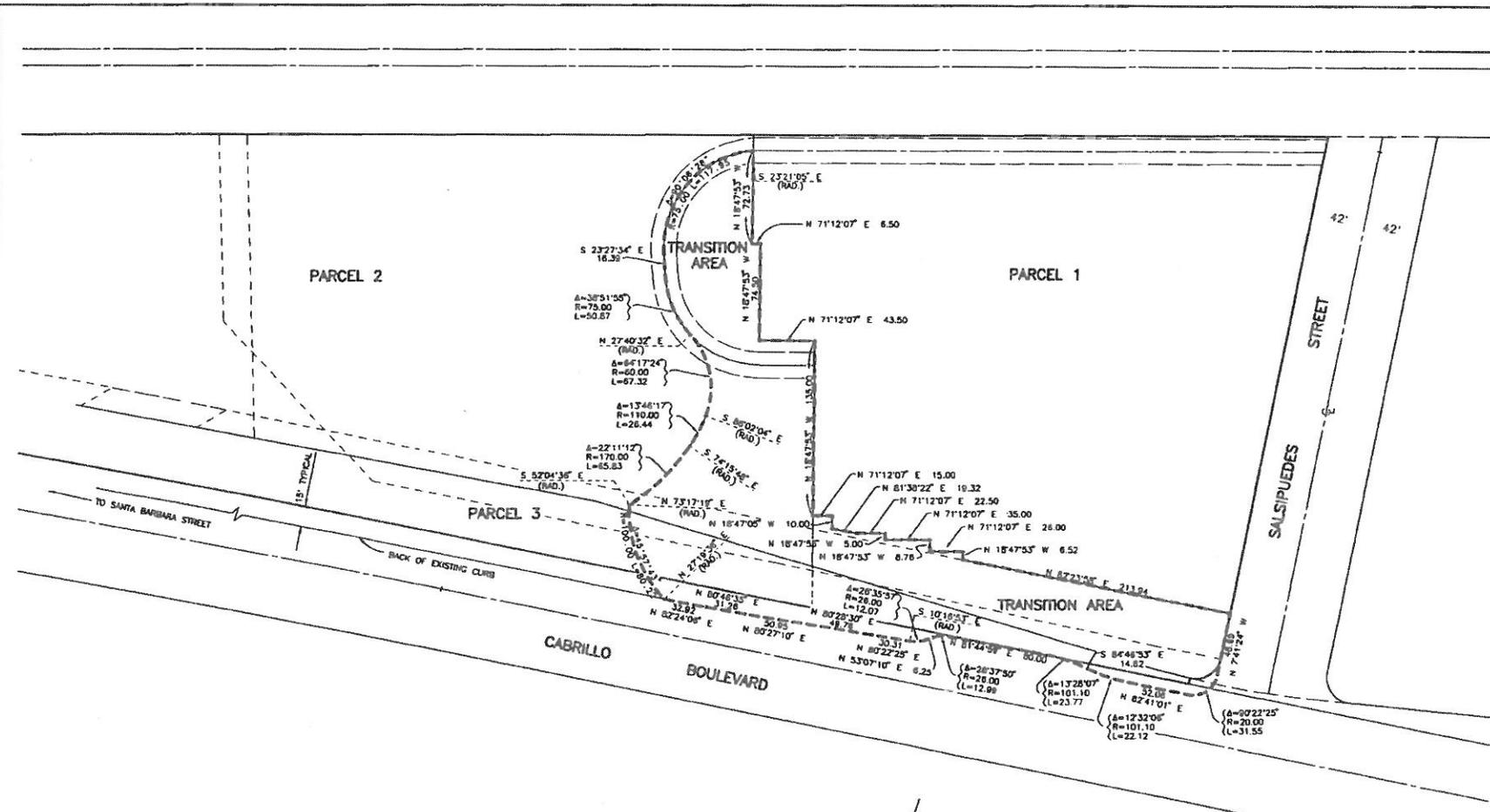
PARCEL MAP NO. 20,587

IN THE CITY OF SANTA BARBARA, STATE OF CALIFORNIA
 FOR REDEVELOPMENT PURPOSES
 PURSUANT TO THE CALIFORNIA COMMUNITY REDEVELOPMENT LAW
 BEING A REDEVELOPMENT OF PORTIONS OF CITY BLOCKS 320, 321, 345, 345½, 345¾, 335, 336, AND 336½ AND VACATED PORTIONS OF GARDEN STREET, LAGUNA STREET, OLIVE STREET (FORMERLY CANAL STREET), QUINIENTOS STREET AND CARPENTERA STREET IN CITY OF SANTA BARBARA, AND PORTIONS OF BLOCKS "E", "F", "G", AND "H" AND THE STREETS LYING BETWEEN SAID LETTERED BLOCKS OF SHORE ACRES IN THE CITY OF SANTA BARBARA, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 6, PAGE 51 OF MAPS.

Pentfield & Smith
ENGINEERS & SURVEYORS
 111 E. VICTORIA ST. SANTA BARBARA
 (805) 953-8532 CALIF. 93101
 MAILING ADDRESS: P.O. BOX 98 (93102)
 118149320400 N.E. 11814491

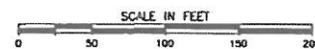


NOTE:
 SEE SHEET 2 FOR BASIS OF BEARINGS, VICINITY MAP, LEGEND, AND INDEX MAP
 SEE SHEET 8 FOR INFORMATIONAL MAP SHEET



NOTES:
 TRANSITION AREAS REFERENCED BY THE DECLARATION OF CONSTRUCTION AND OPERATING COVENANTS AND RECIPROCAL EASEMENTS RECORDED AS INSTRUMENT NO. 96
 SEE SHEETS 3, 4, AND 5 FOR LOTS AND EXTERIOR BOUNDARY DIMENSIONING
 SEE SHEET 2 FOR BASIS OF BEARINGS, VICINITY MAP, LEGEND, AND INDEX MAP

INFORMATION NOTE:
 PURSUANT TO SECTION 86434.2 OF THE GOVERNMENT CODE THIS MAP SHEET IS FOR INFORMATIONAL PURPOSES, DESCRIBING CONDITIONS AS OF THE DATE OF FILING, AND IS NOT INTENDED TO AFFECT RECORD TITLE INTEREST. THE ADDITIONAL INFORMATION MAY BE DERIVED FROM PUBLIC RECORDS OR REPORTS, AND DOES NOT IMPLY THE CORRECTNESS OR SUFFICIENCY OF THOSE REPORTS MADE BY THE PREPARATOR OF THE ADDITIONAL MAP SHEET.



INFORMATIONAL SHEET
PARCEL MAP NO. 20,587

IN THE CITY OF SANTA BARBARA, STATE OF CALIFORNIA
 FOR REDEVELOPMENT PURPOSES
 PURSUANT TO THE CALIFORNIA COMMUNITY REDEVELOPMENT LAW
 BEING A REDEVELOPMENT OF PORTIONS OF CITY BLOCKS 320, 321, 345, 345½, 345¾, 335, 336, AND 336½ AND VAGATED PORTIONS OF GARDEN STREET, LAGUNA STREET, OLIVE STREET (FORMERLY CANAL STREET), QUINIENTOS STREET AND CARPENTER STREET IN CITY OF SANTA BARBARA, AND PORTIONS OF BLOCKS "A", "B", "C", AND "D" AND THE STREETS LYING BETWEEN SAID LETTERED BLOCKS OF SHORE ACRES IN THE CITY OF SANTA BARBARA, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 6, PAGE 51 OF MAPS.

JULY, 1996 SHEET 6 OF 6 SHEETS

Pentfield & Smith
 ENGINEERS & SURVEYORS
 111 E. VICTORIA ST. SANTA BARBARA CALIF. 93101
 (805) 963-0532
 MAILING ADDRESS: P.O. BOX 98 (93102) CALIF. 93101
 1131464206

Legal Description

Those portions of Block 334, Block 335, Olive Street (formerly Canal Street), and Carpinteria Street, in the City of Santa Barbara, County of Santa Barbara, State of California, according to the official map thereof, described as a whole as follows:

Beginning at the northwest corner of the parcel, hereinafter to be referred to as Parcel One, described in the Corrected Certificate of Compliance recorded in the office of the County Recorder of said County June 9, 1999, as Instrument No. 99-047105 of Official Records, said corner being at the westerly terminus of that certain course recited as having a bearing and distance of "South 71°12'17" West 174.80 feet" in said document;

Thence, 1st, along the northerly line of said Parcel One, North 71°12'17" East, 450.35 feet to the northeast corner of said Parcel One, said corner being in the southwesterly line of Olive Street, 60.00 feet wide, now abandoned, and being the northwest corner of the parcel described in the Certificate of Compliance recorded in the office of said County Recorder May 27, 1998 as Instrument No. 98-037729 of Official Records;

Thence, 2nd, along the northerly line of said last-mentioned parcel, North 71°12'17" East, 69.11 feet to the northeasterly line of Olive Street and the northwest corner of the parcel described in the Certificate of Compliance recorded in the office of said County Recorder May 27, 1998 as Instrument No. 98-037731 of Official Records;

Thence, 3rd, along the northerly line of said last-mentioned parcel, North 71°12'17" East, 64.79 feet to the northeast corner of said parcel and the northwest corner of the parcel described in the Certificate of Compliance recorded in the office of said County Recorder May 27, 1998 as Instrument No. 98-037733 of Official Records;

Thence, 4th, along the northerly line of said last-mentioned parcel, North 71°12'17" East 65.33 feet to the northernmost corner of said parcel;

Thence, 5th, along the northeasterly line of said parcel, South 48°32'39" East, 7.23 feet to a point in the northwesterly line of the parcel described in the Certificate of Compliance recorded in the office of said County Recorder May 27, 1998 as Instrument No. 98-037735 of Official Records, said last-mentioned parcel to be hereinafter referred to as Parcel Nine, said point also being in the northwesterly line of Carpinteria Street, 60.00 feet wide, now abandoned;

Thence, 6th, along said northwesterly line of said Parcel Nine, North 41°26'16" East, 331.29 feet to the northernmost corner of said Parcel Nine and the beginning of a non tangent curve concave southwesterly, having a radius of 558.00 feet and a radial center which bears South 49°59'47" West;

Thence, 7th, southeasterly, along the northeasterly line of said Parcel Nine and along said curve, through a central angle of 06°17'43", an arc distance of 61.31 feet to the southeast corner of said Parcel Nine and the southeasterly line of said Carpinteria Street;

Thence, 8th, along the northeasterly prolongation of said southeasterly line, and along the northwesterly line of the parcel described in the Certificate of Compliance recorded in the office of said County Recorder May 27, 1998 as Instrument No. 98-037736 of Official Records, North 41°26'16" East, 34.77 feet to northernmost corner of said parcel and the beginning of a non tangent curve concave southwesterly, having a radius of 600.00 feet and a radial center which bears South 53°46'33" West;

Thence, 9th, southeasterly, along the northeasterly line of said parcel and along said curve, through a central angle of 18°37'22", an arc distance of 195.02 feet to the southeast corner of said parcel and the northerly line of the Union Pacific Railroad (formerly Southern Pacific Railroad);

Thence, 10th, along said railroad right of way, and the southerly line of said parcel, South 71°12'17" West, 363.49 feet to the westernmost corner of said parcel and the southerly line of the hereinabove referenced Parcel Nine;

Thence, 11th, along said southerly line and continuing along said railroad right of way, South 71°12'17" West, 120.86 feet to an angle point in the southerly line of the parcel described in the Certificate of Compliance recorded in the office of said County Recorder May 27, 1998 as Instrument No. 98-037730 of Official Records;

Thence, 12th, along said southerly line, and continuing along said right of way, South 71°12'17" West, 39.77 feet to the southeasterly corner of the parcel described in the Certificate of Compliance recorded in the office of said County Recorder June 9, 1999 as Instrument No. 99-047106 of Official Records;

Thence, 13th, along the southerly line of said last-mentioned parcel, South 71°12'17" West, 493.21 feet to the southwest corner of said parcel;

Thence, 14th, along the westerly line of said parcel, North 18°47'43" West, 62.00 feet to the southwest corner of the hereinabove referenced Parcel One;

Thence, 15th, along the westerly line of said Parcel One, North 18°47'43" West, 13.01 feet to the point of beginning.

Containing 2.42 acres, more or less.

Prepared by:

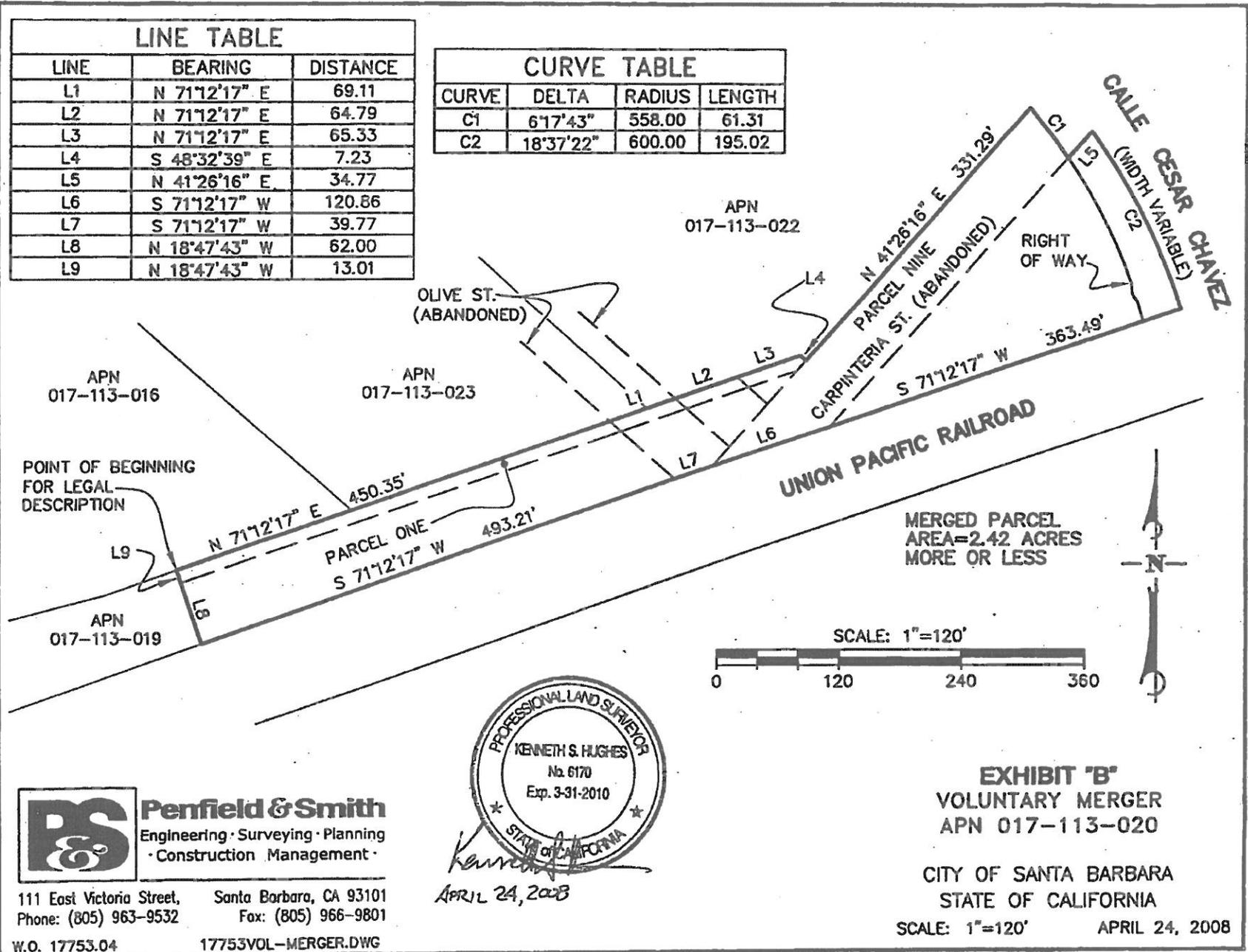
Kenneth S. Hughes
PLS 6170
License expiration
date: 3/31/10



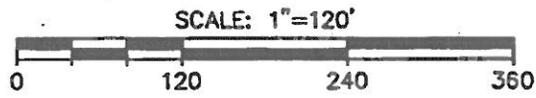
Kenneth S. Hughes
APRIL 24, 2008

LINE TABLE		
LINE	BEARING	DISTANCE
L1	N 71°12'17" E	69.11
L2	N 71°12'17" E	64.79
L3	N 71°12'17" E	65.33
L4	S 48°32'39" E	7.23
L5	N 41°26'16" E	34.77
L6	S 71°12'17" W	120.86
L7	S 71°12'17" W	39.77
L8	N 18°47'43" W	62.00
L9	N 18°47'43" W	13.01

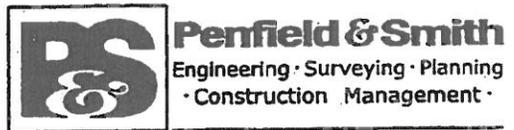
CURVE TABLE			
CURVE	DELTA	RADIUS	LENGTH
C1	6°17'43"	558.00	61.31
C2	18°37'22"	600.00	195.02



MERGED PARCEL
AREA=2.42 ACRES
MORE OR LESS



APRIL 24, 2008



111 East Victoria Street, Santa Barbara, CA 93101
Phone: (805) 963-9532 Fax: (805) 966-9801
W.O. 17753.04 17753VOL-MERGER.DWG

EXHIBIT 'B'
VOLUNTARY MERGER
APN 017-113-020

CITY OF SANTA BARBARA
STATE OF CALIFORNIA
SCALE: 1"=120' APRIL 24, 2008

ORDINANCE NO. _____

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SANTA BARBARA AMENDING CHAPTER 28.95 OF TITLE 28 OF THE SANTA BARBARA MUNICIPAL CODE BY ADDING A PROVISION RELATING TO THE DEVELOPMENT AGREEMENT BETWEEN THE CITY OF SANTA BARBARA AND AMERICAN TRADITION, LLC.

WHEREAS, the Council of the City of Santa Barbara has approved by ordinance a Development Agreement between the City of Santa Barbara and American Tradition, LLC (the "Development Agreement") regarding the development of a hotel at the corner of Cabrillo Boulevard and Calle Cesar Chavez (the "Hotel Parcel"); and

WHEREAS, the Development Agreement includes provisions regarding the potential transfer of existing development rights from the Hotel Parcel to other property within the City; and

WHEREAS, the Council of the City of Santa Barbara wants to resolve any potential conflict between the provisions of Chapter 28.95 of the Santa Barbara Municipal Code relating to the transfer of existing development rights and the provisions of the Development Agreement.

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

SECTION 1. The City Council finds and determines with respect to the Project as follows:

- A. CEQA FINDINGS. The following environmental findings and determinations are made pursuant to and in accordance with the California Environmental Quality Act (Public Resources Code, Division 13):
 1. The City Council has reviewed and considered the Addendum, dated January 14, 2016, to the Certified Final Project Environmental Impact Report (EIR) SCH#92091038 along with the Certified EIR and earlier EIR Addenda of June 1995, November 1996, and August 2007, which together constitute environmental analysis for the current project under California Environmental Quality Act (CEQA) provisions; and
 2. The City Council finds that the EIR Addendum dated January 14, 2016 has been completed in compliance with CEQA and reflects the Council's independent judgment and analysis.

SECTION 2. Chapter 28.95 of Title 28 of the Santa Barbara Municipal Code is hereby amended to add Section 28.95.115 to read as follows:

28.95.115 Waterfront Hotel Development Agreement.

In the case of any conflict between the terms of this Chapter 28.95 and the provisions of the Development Agreement between the City of Santa Barbara and American Tradition, LLC dated _____ (the "Development Agreement"), the provisions of the Development Agreement shall control.



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: April 26, 2016

TO: Mayor and Councilmembers

FROM: Engineering Division, Public Works Department

SUBJECT: Introduction Of Ordinance Approving Sale Of Excess City Land At 536 Bath Street Related To The Cota Street Bridge Replacement Project

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 City Administrator to Execute the Land Purchase Agreement, Escrow Instructions, and Grant Deed for the Sale of Certain City Excess Land Located at 536 Bath Street to NGC FUND 1, LLC, a Delaware Limited Liability Company, in the Amount of \$579,000.

DISCUSSION:

On July 14, 2015, Council authorized the sale of excess real property located at 221 and 230 West Cota Street and 536 Bath Street (Properties), pursuant to the Municipal Code Chapter 4.28. The Properties were acquired as necessary right of way acquisitions for the Cota Street Bridge Replacement Project (Project), which is now substantially complete.

On September 15, 2015, a contract for professional services with Goodwin and Thyne Properties (Goodwin and Thyne) was approved for the listing and bid-auction sale of the Properties. The professional services agreement allowed for a three and one-half percent selling commission, one and one-half percent to be paid to Goodwin and Thyne as the listing agent, and two percent commission to the buyer's agent, should there be one. In the absence of a buyer's agent the total selling commission would be one and one-half percent of the total sales price to Goodwin and Thyne.

SUMMARY OF EXCESS PROPERTY (Attachments 1 and 2):

536 Bath Street (APN 037-161-001) is a two-bedroom, one-bath, single-family residence. It is located adjacent to the southwesterly bank of Mission Creek. The property was originally acquired as approved by Council on April 9, 2013, as a necessary right of way acquisition for the Project.

Marketing and Sale of Land and Noticing of Auction:

Goodwin and Thyne was contracted to manage the marketing and bid-sale process for the excess Properties, as mentioned, and a market analysis of the Properties was completed. A minimum offer/bid price for each of the Properties was established. The Properties were listed in the Multiple Listing Service, on the internet, and advertised in local print publications on several occasions. Notice of the City's bid/auction process was published on two different occasions, detailing the terms, dates, and location of the sealed bid/auctions. Information packages were made available to all interested parties five weeks prior to the auctions.

The 221 and 230 West Cota Street properties both received successful bids via the initial bid/auctions held per the Municipal Code, and the authorization to proceed with the sales was approved by Council on April 12, 2016. As reported in the April 12, 2016 Council Agenda Report, the initial bid/auction for 536 Bath Street did not receive a qualifying minimum bid, and was rescheduled for a second bid/auction on April 7, 2016, with a lower minimum bid requirement.

Per the Municipal Code, a Public Notice of the City's bid/auction process with the new date and minimum bid for the 536 Bath Street property was published ten days prior to the bid/auction date, detailing the terms, date, and location of the sealed bid/auction.

On April 7, 2016, the second bid/auction for 536 Bath Street produced three qualifying bids; one for the minimum bid amount of \$550,000, a second bid for \$550,101, and a third in the amount of \$579,000. All three bids were presented for buyers with representation by real estate agents, and all bids were qualified based on deposit and evidence of financial capability to complete the purchase as required. The buyer and seller commissions being equal, for a total of 3.5 percent for all bids, the bid of \$579,000 from NGC FUND 1, LLC, a Delaware limited liability company, was determined to be the successful bid for recommendation to Council for acceptance.

Financial – Escrow:

Upon execution of the Purchase Agreement and Escrow Instructions by the City Administrator, escrow will be opened and administered by First American Title Company. The title insurance and escrow fees will be split between the City and the buyer. First American Title Company will also administer the payment of the seller-buyer agent sales commissions, and distribute the net remaining sales proceeds to the City as follows:

536 Bath Street:

Gross sale amount	\$579,000
Commission (1.5 percent to seller-agent)	-\$8,685
Commission (2 percent to buyer-agent)	-\$11,580
1/2 Title Insurance & Escrow fees (approximate)	-\$1,615
Net proceeds to City (approximate)	\$557,120

Upon close of escrow and the effective date of the approving Ordinance, First American Title will be authorized to record the Grant Deed for the Property in the Official Records of Santa Barbara County, and the transfer of the title will be completed.

The City anticipated proceeds from the sale of the Properties associated with the Project and previously appropriated expenditures and estimated net proceeds. The appropriations were used to cover the remaining City funded construction match for the Cota and Mason Bridge Replacement Projects and a portion of the remaining City funded construction match for the Cabrillo Boulevard Bridge Replacement Project. Net proceeds will be deposited into the revenue accounts designated for sale of property for these bridge replacement projects.

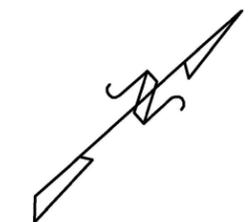
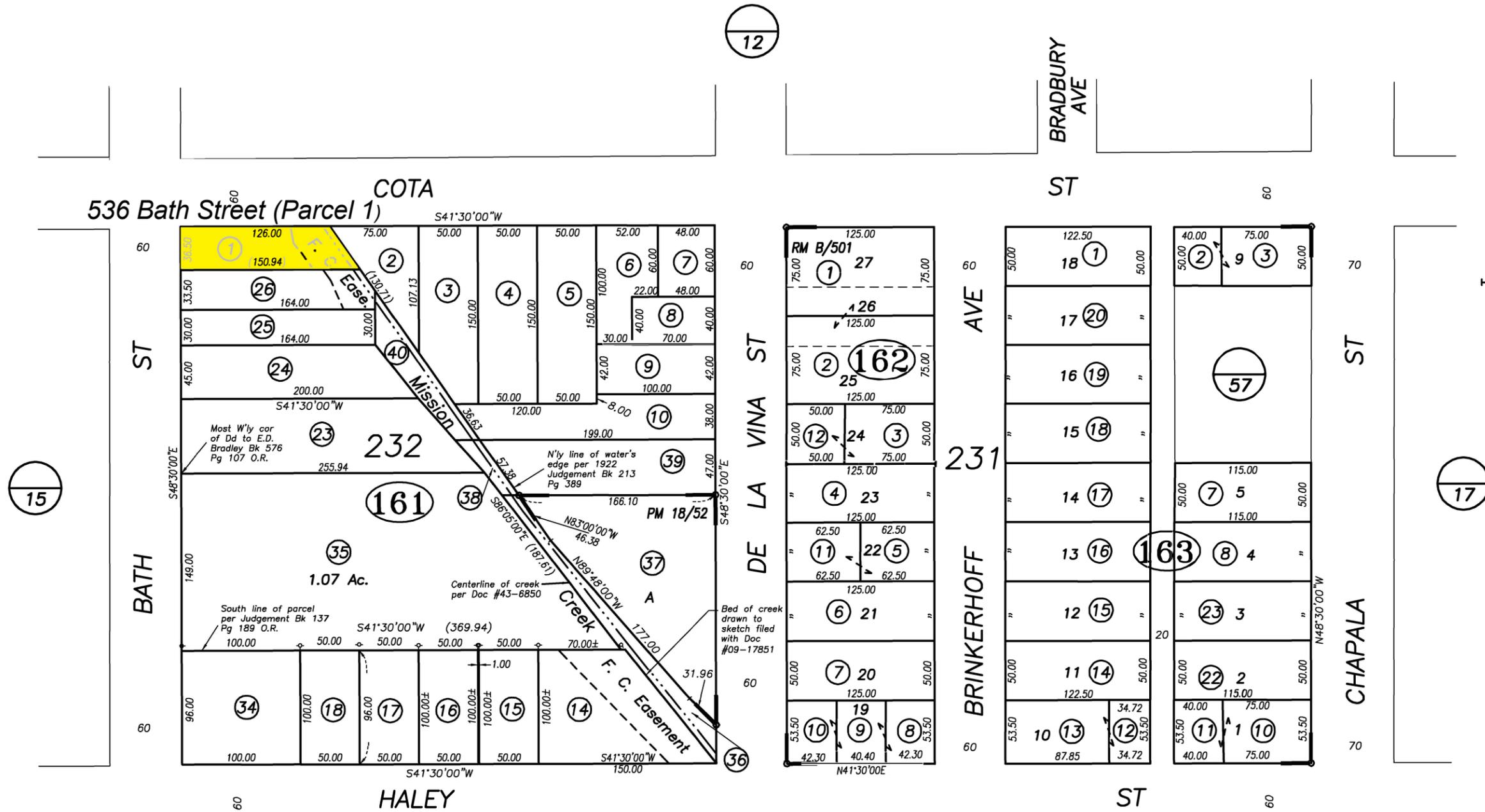
Staff recommends that Council approve the Ordinance as presented and authorize the City Administrator to execute the Purchase Agreement, Escrow Instructions, and Grant Deed for the sale of the 536 Bath Street property, as approved to form by the City Attorney.

ATTACHMENTS: 1. Parcel Map for 536 Bath Street
 2. Vicinity Map of Property

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

SUBMITTED BY: Rebecca J. Bjork, Public Works Director

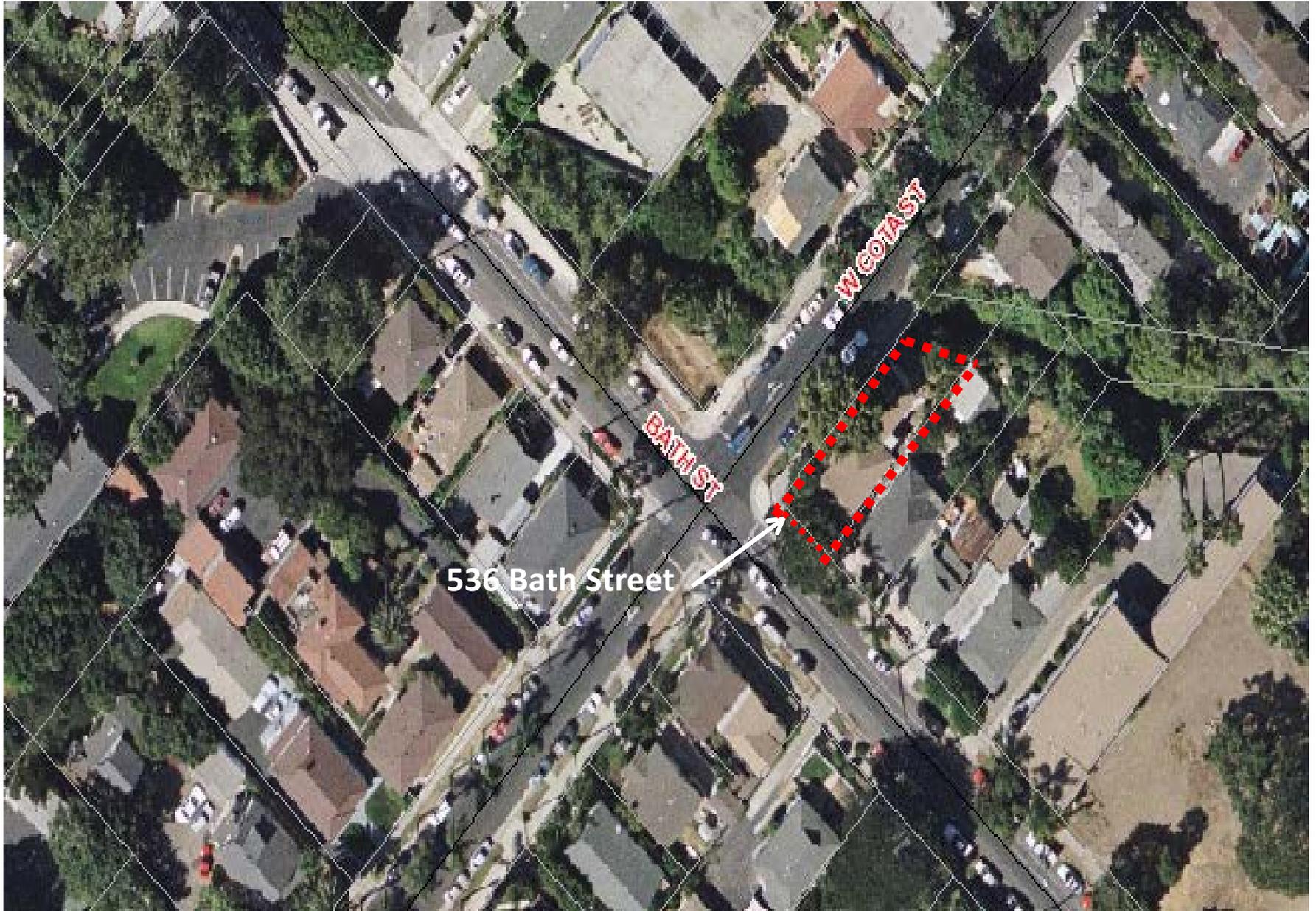
APPROVED BY: City Administrator's Office



rotation = 48° 30'
1" = 100'
scale ±

NOTICE
Assessor Parcels are for tax assessment purposes only and do not indicate either parcel legality or a valid building site.

City of Santa Barbara
Assessor's Map Bk, 037 -Pg, 16
County of Santa Barbara, Calif.



536 Bath Street

BATH ST

W GOTA ST

ORDINANCE NO. _____

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SANTA BARBARA APPROVING AND AUTHORIZING THE CITY ADMINISTRATOR TO EXECUTE THE LAND PURCHASE AGREEMENT, ESCROW INSTRUCTIONS, AND GRANT DEED FOR THE SALE OF CERTAIN CITY EXCESS LAND LOCATED AT 536 BATH STREET TO NGC FUND 1, LLC, A DELAWARE LIMITED LIABILITY COMPANY, IN THE AMOUNT OF \$579,000.

WHEREAS, at its meeting of April 9, 2013, the City Council approved by adoption of resolution the property acquisitions for 221 West Cota and 536 Bath Streets related to the Cota Street Bridge Replacement Project;

WHEREAS, at its meeting of July 14, 2015, the City Council declared the properties at 221 and 230 West Cota Street, and 536 Bath Street to be excess to the City's needs and subject to disposal by public auction, and to negotiate final terms in accordance with the Santa Barbara City Charter Section 520 and Chapter 4.28 of the Santa Barbara Municipal Code subject to the review and approval by the City Attorney;

WHEREAS, on April 7, 2016, the City of Santa Barbara having duly noticed and conducted a public auction in the City Public Works Main Conference room pursuant to Santa Barbara Municipal Code Chapter 4.28;

WHEREAS, NGC FUND 1, LLC, a Delaware limited liability company, having been the successful bidder at said auction, has executed and delivered a Land Purchase Agreement and Escrow Instructions for the purchase of said excess City land; and

WHEREAS, City Charter Section 520 requires the approval of the disposal of this excess City land by Council's adoption of an approving ordinance.

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

SECTION 1. That the Land Purchase Agreement and Escrow Instructions between the City of Santa Barbara and NGC FUND 1, LLC, a Delaware limited liability company, regarding the sale of certain City excess land located at 536 Bath Street, is hereby approved, and the City Administrator is authorized to execute any documents related to said escrow;

SECTION 2. That upon the successful completion of escrow, and upon the effective date of this Ordinance, First American Title Co. Inc., is authorized to record the Grant Deed for said excess City land in the Official Records, in the office of the County Recorder, Santa Barbara County; and

SECTION 3. That this Ordinance shall be subject to referendum.



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: April 26, 2016

TO: Mayor and Councilmembers

FROM: Water Resources Division, Public Works Department

SUBJECT: Central Coast Water Authority Bond Refinancing And Introduction Of Ordinance To Amend The Water Supply Agreement

RECOMMENDATION: That Council:

- A. Adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara Approving Certain Information for Inclusion in an Official Statement Relating to the Central Coast Water Authority Refunding Revenue Bonds, Series 2016A (State Water Project Regional Facilities), and Approving Certain Other Matters in Connection Therewith, Subject to Approval as to Form by the City Attorney; and
- B. Introduce and subsequently adopt, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Authorizing the Approval and Execution by the City of the First Amendment to the Water Supply Agreement.

DISCUSSION:

The City of Santa Barbara is a participating member of the Central Coast Water Authority (CCWA), which is a Joint Powers Agency that was formed to manage State Water Project operations on behalf of its members. In order to save approximately \$4.5 million, CCWA is refinancing its 2006 Refunding Revenue Bonds. As a member of CCWA, the City must approve certain information pertaining to the City and its water system and finances in an appendix to the Bond Refunding Official Statement. In addition, staff recommends an Amendment to the existing Water Supply Agreement (Amendment) with CCWA that will allow the City to utilize its Rate Stabilization Fund to help meet debt coverage requirements if necessary. The Amendment must be adopted by an Ordinance, given the fact that the Agreement exceeds a term of five years.

Refunding Revenue Bonds

CCWA has approved the issuance of its Refunding Revenue Bonds, Series 2016A (CCWA 2016 Bonds) in order to refinance the outstanding debt of its CCWA Refunding

Council Agenda Report

Central Coast Water Authority Bond Refinancing And Introduction Of Ordinance To Amend The Water Supply Agreement

April 26, 2016

Page 2

Revenue Bonds, Series 2006A (CCWA 2006 Bonds), fund a Debt Service Reserve Fund for the CCWA 2016 Bonds, and pay the costs of issuance for the CCWA 2016 Bonds.

The Resolution to be adopted by the City Council will authorize execution of:

- Disclosure Policies and Procedures (included as Exhibit A to the Resolution);
- A certificate, pursuant to Rule 15c2-12, promulgated under the Securities Exchange Act of 1934 (the "Exchange Act") relating to information for the City of Santa Barbara, that is included as Appendix C of the CCWA 2016 Bonds Preliminary Official Statement.

Disclosure Policies and Procedures

Increased scrutiny by federal regulatory agencies of municipal securities has led bond counsel to suggest public agencies adopt a formal policy to memorialize and communicate financial disclosure procedures to ensure compliance with all applicable disclosure obligations and requirements under Federal securities laws. The core requirements are that all information provided by the City, which would be necessary to provide investors with a complete and transparent description of the City's financial condition, is "materially" correct; and that City staff receive adequate training in disclosure requirements. The proposed disclosure procedures were drafted by bond counsel and have been reviewed by the City Attorney.

Preliminary Official Statement

A Preliminary Official Statement (POS) generally contains the following sections: an introduction; the description and amount of debt, along with the interest and debt service schedule; the security supporting the debt; historical and projected operational and financial trends audited financial statements; and the related debt agreements. In this instance, the refinancing is related to CCWA's debt. Since the City is a member of CCWA, there are sections and information that are specifically related to the City.

The City has followed the disclosure procedure outlined in Exhibit A to the Resolution to determine the relevant information for disclosure in Appendix C of the POS.

A copy of Appendix C is available at the City Clerk's office for public review and in the Council Reading File for review by the Mayor and Council members.

The disclosure includes the general and operational description of the City, its relationship with CCWA, the City's response and actions related to the current drought, historical and projected water accounts and revenue trends, historical and projected financial information, a summary of legal matters, and a summary of operating results and Water Supply Agreement coverage.

Incorporated into the five-year projected water and revenue trends is the assumption that the City will experience drought conditions through Fiscal Year 2017, and resume

normal conditions thereafter. Additionally, the Fiscal Year 2016 financial information is based on the adopted budget, while future financial projections are based on the most recent financial projections and will require adoption by Council. The proposed Fiscal Year 2017 budget and water rates are scheduled for Council consideration and adoption in June 2016.

Water Supply Agreement

The City and CCWA entered into a Water Supply Agreement, dated September 3, 1991, which outlines terms for delivery of water from the State Water Project, allocation of costs and expenses, debt obligations, and other factors. The City's payment obligation under the Water Supply Agreement is a "parity" debt obligation to other debt of the City's Water Fund. One of the covenants of the agreement is that the City generate the revenue required to maintain a debt coverage ratio of 125 percent. The debt coverage ratio is calculated by dividing the net operating revenue by the total debt service.

In 2013, the City refunded its Water Bonds. As part of that refunding, the City created a \$5,000,000 Rate Stabilization Fund in the Water Fund for the purpose of providing rate coverage (125% rate coverage required) in the event of a revenue shortfall that results in a coverage ratio of less than 125%. The 1991 Water Supply Agreement does not contain a similar Rate Stabilization Fund provision. With the refunding of the CCWA revenue bonds, it is appropriate to amend the Water Supply Agreement to incorporate a provision allowing use of the \$5,000,000 Rate Stabilization Fund, if needed.

In Fiscal Year 2015, the City's debt coverage ratio was 110 percent, which fell short of the 125 percent requirement due to a revenue shortfall resulting from extraordinary conservation. If the Rate Stabilization Fund, which has a current balance of \$5 million, had been incorporated into the debt coverage ratio, the City would have had a debt coverage of 165 percent. The City has adopted new rates for Fiscal Year 2016 that are anticipated to meet debt coverage requirements, as long as revenues are not significantly lower than planned. The Amendment will help meet the coverage ratio requirements as necessary going forward.

Because the Water Supply Agreement has a remaining term that exceeds five years, the Amendment must be adopted by Ordinance. A copy of the Amendment is available at the City Clerk's office for public review and in the Council Reading File for Council member review.

BUDGET/FINANCIAL INFORMATION:

On September 28, 2006, CCWA issued \$123,190,000 in CCWA 2006 Bonds to refund \$142,985,000 of CCWA's outstanding 1996 Revenue Bonds. The 1996 Revenue Bonds were issued to advance-refund CCWA's 1992 Revenue Bonds, which were issued for the benefit of its participants to finance a portion of the costs for developing a pipeline and a water treatment plant, to reimburse certain project participants for costs incurred in connection with the State Water Project, and to finance certain other facilities. The

Council Agenda Report

Central Coast Water Authority Bond Refinancing And Introduction Of Ordinance To Amend The Water Supply Agreement

April 26, 2016

Page 4

CCWA 2006 Bonds bear interest ranging from 4 percent to 5 percent and had an outstanding principal balance of \$68,050,000 as of June 30, 2015, with annual principal and interest repayments through 2022. Approximately \$51 million of the outstanding principal balance is eligible to be refinanced.

CCWA's preliminary estimates show that total savings of \$4.5 million can be achieved with the refinance, based on current market conditions. Each June, the City makes an annual fixed payment of approximately \$4.6 million to CCWA.

Of this amount, \$1.7 million is for the City's share of the 2006 Bonds. The City's share of the savings anticipated from the 2016 Refunding is estimated by CCWA to be approximately \$696,000, which corresponds to an annual reduction in the City's CCWA payments of about \$139,000 from Fiscal Year 2017 through Fiscal Year 2022.

PREPARED BY: Kelley A. Dyer, Water Supply Manager/mh

SUBMITTED BY: Rebecca J. Bjork, Public Works Director

APPROVED BY: City Administrator's Office

RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF SANTA BARBARA APPROVING CERTAIN INFORMATION FOR INCLUSION IN AN OFFICIAL STATEMENT RELATING TO THE CENTRAL COAST WATER AUTHORITY REFUNDING REVENUE BONDS, SERIES 2016A (STATE WATER PROJECT REGIONAL FACILITIES), AND APPROVING CERTAIN OTHER MATTERS IN CONNECTION THEREWITH, SUBJECT TO APPROVAL AS TO FORM BY THE CITY ATTORNEY

WHEREAS, the City of Santa Barbara (the "Member") is a member of the Central Coast Water Authority (the "Authority");

WHEREAS, in September 2006, in order to provide funds to refinance the acquisition and construction of certain water system transmission facilities and improvements (the "Project"), the Authority issued its Central Coast Water Authority Refunding Revenue Bonds, Series 2006A;

WHEREAS, the Authority has approved the issuance of its Central Coast Water Authority Refunding Revenue Bonds, Series 2016A (the "Bonds"), in order to (i) refinance the Project by refunding all of the outstanding 2006 Bonds, (ii) fund a debt service reserve fund for the Bonds and (iii) pay the costs of issuance for the Bonds; and

WHEREAS, the Member wishes to approve of the use of certain information with respect to the Member contained in the Preliminary Official Statement relating to the Bonds (the "Preliminary Official Statement").

NOW THEREFORE, the Member finds, determines, declares and resolves as follows:

1. The Continuing Disclosure Policies and Procedures, in substantially the form attached hereto as Exhibit A, made a part hereof as though set forth in full herein, are hereby approved and adopted.
2. Appendix C of the Preliminary Official Statement, in the form on file with the Member (the "Member Information"), is hereby approved. The Finance Director, City Administrator, or the designee thereof (each an "Authorized Officer") is hereby authorized to sign a certificate pursuant to Rule 15c2-12, promulgated under the Securities Exchange Act of 1934 (the "Exchange Act"), relating to the Member Information with respect to the Preliminary Official Statement. Each Authorized Officer is individually authorized and directed to approve, deliver and certify to the Member Information for the Official Statement for the Bonds (the "Official Statement") in substantially the form provided for the Preliminary Official Statement, with such changes, insertions and omissions, including such changes as may be necessary to update certain financial information as adopted by Member's City Council after the date hereof, as may be approved by such Authorized Officer. Each Authorized Officer is authorized and directed to execute and deliver a certificate to the

Authority pursuant to Rule 10b-5 promulgated under the Exchange Act, with respect to the Member Information with respect to the Official Statement.

3. Each Authorized Officer of the Member, acting singly, is hereby authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this Resolution. Any and all acts and things previously done by any officer of the Member which are necessary or proper for carrying out the transactions contemplated by this Resolution are hereby ratified.

4. This Resolution shall take effect immediately.

EXHIBIT A

CITY OF SANTA BARBARA DISCLOSURE PROCEDURES

PURPOSE

The purpose of these Disclosure Procedures (the “Procedures”) is to memorialize and communicate procedures in connection with obligations, including notes, bonds and certificates of participation, issued by or on behalf of the City of Santa Barbara (the “City”) so as to ensure that the City continues to comply with all applicable disclosure obligations and requirements under the federal securities laws.

BACKGROUND

The City from time to time issues revenue bonds, notes or other obligations or causes certificates of participation to be executed and delivered (collectively, “Obligations”) in order to fund or refund capital investments, other long-term programs and working capital needs. In offering Obligations to the public, and at other times when the City makes certain reports, the City must comply with the “anti-fraud rules” of federal securities laws. (“Anti-fraud rules” refers to Section 17 of the Securities Act of 1933 and Section 10(b) of the Securities and Exchange Act of 1934, and regulations adopted by the Securities and Exchange Commission under those Acts, particularly “Rule 10b-5” under the 1934 Act.)

The core requirement of these rules is that potential investors in Obligations must be provided with all “material” information relating to the offered Obligations. The information provided to investors must not contain any material misstatements, and the City must not omit material information which would be necessary to provide to investors a complete and transparent description of the Obligations and the City’s financial condition. In the context of the sale of securities, a fact is generally considered to be “material” if there is a substantial likelihood that a reasonable investor would consider it to be important in determining whether or not to purchase the securities being offered.

When Obligations are offered, the two central disclosure documents which are prepared are a preliminary official statement (“POS”) and a final official statement (“OS”, and collectively with the POS, “Official Statement”). The Official Statement generally consists of (i) the forepart (which describes the specific transaction including maturity dates, interest rates, redemption provisions, the specific type of financing, the leased premises (in certificate of participation financings) and other matters particular to the financing, (ii) a section which provides information on the City, including its financial condition as well as certain operating information with respect to its general fund, enterprise funds or other City revenues, as applicable (“City Section”), and (iii) various other appendices, including the City’s audited financial report, form of the proposed legal opinion, and form of continuing disclosure undertaking. Investors use the Official Statement as one of their primary resources for making informed investment decisions regarding the Obligations.

DISCLOSURE PROCESS

When the City determines to issue Obligations directly, the Finance Director requests the involved departments to commence preparation of the portions of the Official Statement (including particularly the City Section) for which they are responsible. While the general format and content of the Official Statement may not normally change substantially from offering to offering, except as necessary to reflect major events, the Finance Director and other relevant staff are responsible for reviewing and preparing or updating certain portions of the City Section which are within their particular areas of knowledge. Once the draft POS has been substantially updated, the entire draft POS is shared with the

City Administrator for review and input. Additionally, all participants in the disclosure process are separately responsible for reviewing the entire draft POS.

Members of the financing team, including the Bond Counsel and a financial advisor, if one is engaged with respect to the Obligations (the “Financial Advisor”), assist staff in determining the materiality of any particular item, and in the development of specific language in the City Section. Members of the financing team also assist the City in the development of a “big picture” overview of the City’s financial condition, included in the City section. This overview highlights particular areas of concern. Bond Counsel has a confidential, attorney-client relationship with officials and staff of the City.

The Finance Director or a member of the financing team at the direction thereof schedules one or more meetings or conference calls of the financing team (which includes City officials, Legal Counsel, Bond Counsel and the City’s Financial Advisor (and the underwriters of the Obligations, and the underwriters’ counsel, if the proposed financing is being undertaken as a negotiated transaction)), and new drafts of the forepart of the draft POS and the City Section are circulated and discussed. Such communications may occur via electronic means rather than by meetings or conference calls. During this part of the process, there is substantial contact among City staff and other members of the financing team to discuss issues which may arise, determine the materiality of particular items and ascertain the prominence in which the items should be disclosed.

Prior to distributing a POS to potential investors, there is typically a formal conference call which includes City officials involved in the preparation of the POS and members of the financing team (and the underwriters and the underwriters’ counsel, if the financing is a negotiated transaction) during which the POS is reviewed in its entirety to obtain final comments and to allow the underwriters, if any, to ask questions of the City’s senior officials. This is referred to as a “due diligence” meeting.

A substantially final form of the POS is provided to the City Council in advance of approval to afford such City Council an opportunity to review the POS, ask questions and make comments. The substantially final form of the POS is approved by the City Council which generally authorizes certain senior staff to make additional corrections, changes and updates to the POS in consultation with Legal Counsel and Bond Counsel.

At the time the POS is posted for review by potential investors, senior City officials execute certificates deeming certain portions of the POS complete (except for certain pricing terms) as required by SEC Rule 15c2-12.

Between the posting of the POS for review by potential investors and delivery of the final OS to the underwriter for redelivery to actual investors in the Obligations, any changes and developments will have been incorporated into the POS, including particularly the City Section, if required. If necessary to reflect developments following publication of the POS or OS, as applicable, supplements will be prepared and published.

In connection with the closing of the transaction, one or more senior City officials execute certificates stating that certain portions of the OS, as of the date of each OS and as of the date of closing, does not contain any untrue statement of material fact or omit to state any material fact necessary to make the statements contained in the Official Statement in light of the circumstances under which they were made, not misleading. Legal Counsel also provides an opinion letter (generally addressed to the underwriters) advising that information contained in the City Section of the OS (or specified portions thereof) as of its date did not, and as of the date of the closing, does not contain any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Legal Counsel does not opine to

the underwriters or to other third parties as to any financial, statistical, economic or demographic data or forecasts, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, and certain other customary matters.

CITY SECTION

The information contained in the City Section is developed by personnel under the direction of the Finance Director, with the assistance of the financing team. The Finance Director coordinates with the appropriate City officials and staff depending on whether the financing relates to the City's general fund, an enterprise fund or other City revenues. In certain circumstances, additional officials will be involved, as necessary. The following principles govern the work of the respective staffs that contribute information to the City Section:

- City staff involved in the disclosure process are responsible for being familiar with its responsibilities under federal securities laws as described above.
- City staff involved in the disclosure process should err on the side of raising issues when preparing or reviewing information for disclosure. Officials and staff are encouraged to consult Legal Counsel, Bond Counsel or members of the financing team if there are questions regarding whether an issue is material or not.
- Care should be taken not to shortcut or eliminate any steps outlined in the Procedures on an ad hoc basis. However, the Procedures are not necessarily intended to be a rigid list of procedural requirements, but instead to provide guidelines for disclosure review. If warranted, based on experience during financings or because of additional SEC pronouncements or other reasons, the City should consider revisions to the Procedures.
- The process of updating the City Section from transaction to transaction should not be viewed as being limited to updating tables and numerical information. While it is not anticipated that there will be major changes in the form and content of the City Section at the time of each update, everyone involved in the process should consider the need for revisions in the form, content and tone of the sections for which they are responsible at the time of each update.
- The City must make sure that the staff involved in the disclosure process is of sufficient seniority such that it is reasonable to believe that, collectively, they are in possession of material information relating to the City, its operations and its finances.

JOINT POWERS AGENCY FINANCINGS

The City is a member of various joint powers agencies. These joint powers agencies finance or refinance facilities from time to time. In connections with such financings and refinancings, these joint powers agencies may prepare offering documents which include information provided by the City which constitutes a City Section as discussed above. These Procedures apply to City Sections prepared in connection with such joint powers agency financings and refinancing.

TRAINING

Periodic training for the staff involved in the preparation of the Official Statement (including the City Section) is coordinated by the finance team and the Finance Director. These training sessions are provided to assist staff members involved in identifying relevant disclosure information to be included in the City Section. The training sessions also provide an overview of federal laws relating to disclosure,

situations in which disclosure rules apply, the purpose of the Official Statement and the City Section, a description of previous SEC enforcement actions and a discussion of recent developments in the area of municipal disclosure. Attendees at the training sessions are provided the opportunity to ask questions of finance team members, including Bond Counsel concerning disclosure obligations and are encouraged to contact members of the finance team at any time if they have questions.

ANNUAL CONTINUING DISCLOSURE REQUIREMENTS

In connection with the issuance or execution and delivery of Obligations, the City has entered into contractual agreements (“Continuing Disclosure Undertakings”) to provide annual reports related to its financial condition (including its audited financial statements) as well as notice of certain events relating to the Obligations specified in the Continuing Disclosure Undertakings. The City must comply with the specific requirements of each Continuing Disclosure Undertaking. The City’s Continuing Disclosure Undertakings will generally require that the annual reports be filed within 270 days after the end of the City’s fiscal year, and material event notices are generally required to be filed within 10 business days of their occurrence.

Specific events which require “material event” notices are set forth in each particular Continuing Disclosure Certificate.

The Finance Director shall be responsible for preparing and filing the annual reports and material event notices required pursuant to the Continuing Disclosure Undertakings. Particular care shall be paid to the timely filing of any changes in credit ratings on Obligations (including changes resulting from changes in the credit ratings of insurers of particular Obligations).

ORDINANCE NO. _____

ORDINANCE OF THE COUNCIL OF THE CITY OF
SANTA BARBARA AUTHORIZING THE
APPROVAL AND EXECUTION BY THE CITY OF
THE FIRST AMENDMENT TO THE WATER
SUPPLY AGREEMENT

WHEREAS, the Central Coast Water Authority (CCWA) and the City of Santa Barbara (City) entered into the Original Water Supply Agreement pursuant to which the City assigned to the CCWA its contractual rights to receive water from the State Water Project and to provide for the construction, operation and financing of the Project, for the sale by the CCWA to the City of the City's Project Allotment and certain other matters;

WHEREAS, subsequent to the execution of the Original Water Supply Agreement, the City established a Water Rate Stabilization Fund into which the City deposits and withdraws certain amounts to be included as revenues of the City Water System and which is available to make payments on Bonds and Contracts which are payable from such revenues on a parity with the Original Water Supply Agreement;

WHEREAS, in connection with the issuance of the CCWA's Refunding Revenue Bonds (State Water Project Regional Facilities) Series 2016A (the "2016 Bonds"), which 2016 Bonds constitute CCWA Bonds under the Water Supply Agreement and are being issued to refund in full all currently outstanding CCWA Bonds, the City and the CCWA seek to amend the Original Water Supply Agreement to incorporate the Water Rate Stabilization Fund into the Original Water Supply Agreement;

WHEREAS, Section 25(d) of the Original Water Supply Agreement allows the parties to make changes and modifications to the Original Water Supply Agreement without the consent of the Trustee for CCWA Bonds as necessary and appropriate in connection with the issuance of CCWA Bonds; and

WHEREAS, the City Council of the City (the "City Council") has been presented with the form of the First Amendment to the Water Supply Agreement ("First Amendment") and the City Council has examined and approved such document by ordinance as required by Charter Section 521 and desires to authorize and direct the execution of such document.

NOW, THEREFORE, The City Council of the City of Santa Barbara does ordain as follows:

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

Section 2. The form of First Amendment, on file with the City Clerk, is hereby approved, and the City Administrator of the City and the Finance Director of the City, and any such other officer of the City as such City Administrator or Finance Director may designate (the "Authorized Officers"), are each hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the First Amendment in substantially said form with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Authorized Officers are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable in order to consummate the transactions herein authorized and otherwise to carry out, give effect to and comply with the terms and intent of this Ordinance. All actions heretofore taken by the officers, employees and agents of the City with respect to the transactions set forth above are hereby approved, confirmed and ratified.

Section 3. The Mayor shall sign and the City Clerk shall attest to the passage of this Ordinance. The City Council hereby orders that, in lieu of the publication of this Ordinance once in the official newspaper of the City within 15 days after its adoption, this Ordinance shall be published by title only once in the official newspaper of the City within 15 days after its adoption, provided that the full text shall be available to the public at the City Clerk's Office, and such publication by title only shall so state. This Ordinance shall become effective 30 days from and after the date of its adoption.



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: April 26, 2016

TO: Mayor and Councilmembers

FROM: Treasury Division, Finance Department

SUBJECT: March 31, 2016, Investment Report And March 31, 2016, Fiscal Agent Report

RECOMMENDATION: That Council:

- A. Accept the March 31, 2016, Investment Report; and
- B. Accept the March 31, 2016, 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 three-month period of January through March 2016.

Most Treasury yields were lower by the end of the quarter. As shown in the table to the right, the change in Treasury yields ranged from an increase of 5 basis points on the 3-month Treasury note to a decrease of 55 basis points on the 5-year Treasury note. Longer

U.S. Treasury Market					
	12/31/2015	1/31/2016	2/29/2016	3/31/2016	Cumulative Change
3 Month	0.16%	0.33%	0.33%	0.21%	0.05%
6 Month	0.49%	0.43%	0.49%	0.39%	-0.10%
1 Year	0.65%	0.47%	0.62%	0.59%	-0.06%
2 Year	1.06%	0.76%	0.78%	0.73%	-0.33%
3 Year	1.31%	0.97%	0.91%	0.87%	-0.44%
4 Year	1.53%	1.15%	1.07%	1.04%	-0.49%
5 Year	1.76%	1.33%	1.22%	1.21%	-0.55%
10 Year	2.27%	1.94%	1.74%	1.78%	-0.49%
30 Year	3.01%	2.75%	2.61%	2.61%	-0.40%
LAIF	0.37%	0.46%	0.46%	0.46%	0.09%

year maturities between 2 and 30 years saw the most significant decreases in Treasury yield, including the 5-Year note which showed the largest decrease overall.

The City generally invests in securities of one to five years in duration. Within this duration, interest rates range from 0.59% to 1.21% for Treasury securities. In December 2015, the Federal Reserve increased the Federal Funds rate for the first time in seven years. However, since the rate increase, impacts from the global economy and slower than anticipated U.S. growth may be affecting both U.S. interest rates and the timing of

any additional Federal Funds rate increases. Even if interest rates increase and the Federal Reserve raises rates again in 2016, 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 \$8 million during the quarter. The purchases consisted of \$8 million in “AAA” rated Federal Agency callable securities. The purchases replaced \$6 million in Federal Agency securities that were called, \$2 million in Federal Agency securities that matured, and \$2 million in Institutional U.S. Treasury Money Market Funds that matured over the quarter.

Issuer	Face Amount	Purchase Date	Final Maturity	Call Date	Yield To Call	Yield To Maturity
<i>Purchases:</i>						
Federal Home Loan Bank (FHLB)	\$ 2,000,000	01/26/16	04/26/19	01/26/17	1.500%	1.500%
Federal Home Loan Mortgage Corp (FHLMC)	2,000,000	01/29/16	01/29/21	04/29/16	1.500%	2.459%
Federal Home Loan Mortgage Corp (FHLMC)	2,000,000	01/29/16	07/29/19	07/29/16	1.500%	1.500%
Federal Home Loan Mortgage Corp (FHLMC)	2,000,000	01/29/16	01/29/21	07/29/16	1.500%	2.172%
	\$ 8,000,000					
<i>Calls:</i>						
Federal Farm Credit Bank (FFCB)	\$ 2,000,000	02/11/15	02/11/19	02/11/16	1.520%	1.520%
Federal Farm Credit Bank (FFCB)	2,000,000	01/22/15	01/22/19	02/17/16	1.480%	1.480%
Federal Home Loan Mortgage Corp (FHLMC)	2,000,000	11/30/15	05/24/19	02/24/16	1.550%	1.550%
	\$ 6,000,000					
<i>Sales/Maturities:</i>						
Blackrock Treasury Trust Inst. Funds (TTTXX)	\$ 2,000,000	12/29/15	01/07/16	-	-	0.010%
Federal Farm Credit Bank (FFCB)	2,000,000	02/16/11	02/16/16	-	-	2.570%
	\$ 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 5.50 basis points from 1.130 percent at December 31, 2015 to 1.185 percent at March 31, 2016.

Mo. Ended	Yield	Days to Maturity
12/31/2015	1.130%	704
1/31/2016	1.156%	696
2/29/2016	1.157%	699
3/31/2016	1.185%	700

The portfolio’s average days to maturity, including the long-term Airport promissory note, decreased by 4 days from 704 to 700 days. Excluding the Airport note, the portfolio’s average days to maturity is 553 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.

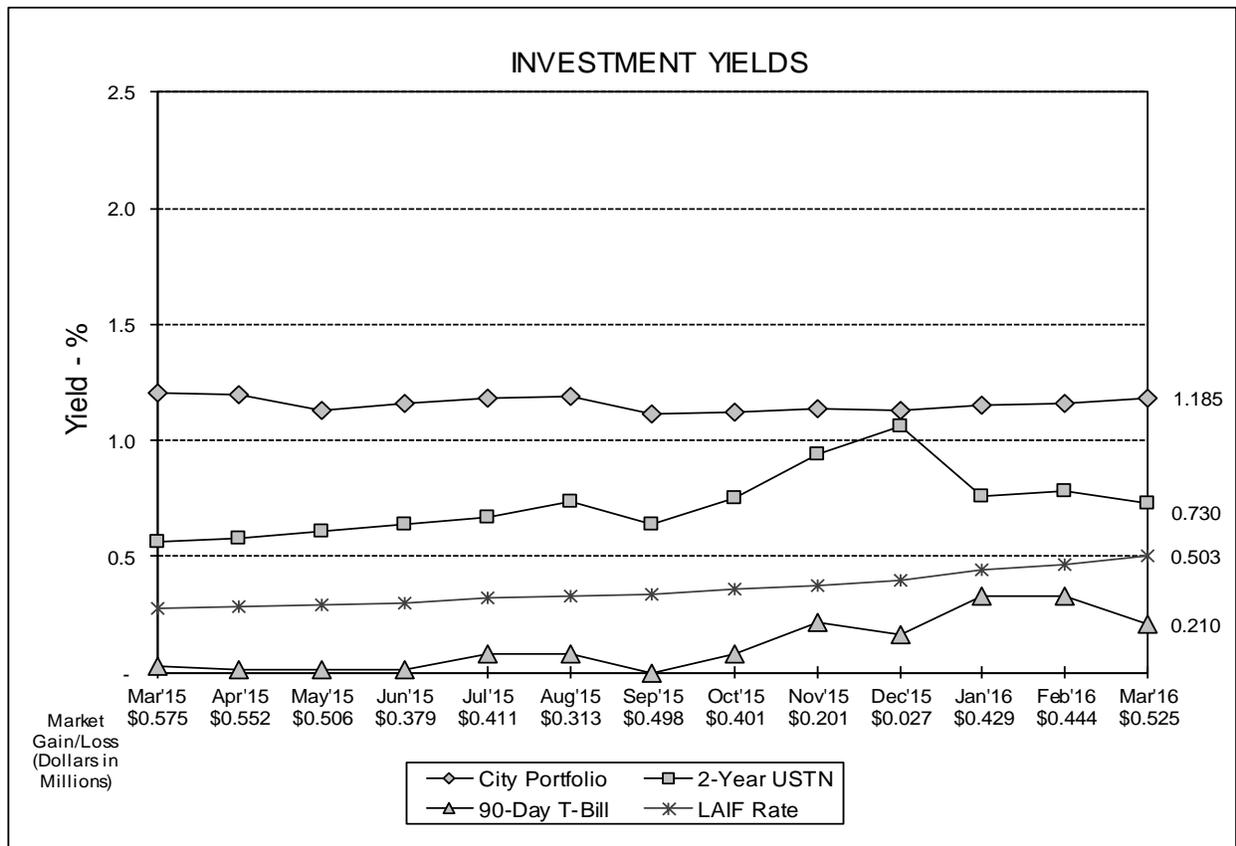
The average LAIF rate at which the City earned interest for funds invested was at 0.46 percent for the quarter ended March 31, 2016, which was up from last quarter by 9 basis points. The City's LAIF holdings at the end of the quarter were \$32 million. Staff expects to reinvest a portion of the LAIF balances in fixed-term or callable securities during the next quarter.

Credit Quality on Corporate Notes

There were no credit quality changes to the three corporate issuers of the medium-term notes held in the portfolio (i.e., Berkshire Hathaway, Inc., General Electric Capital Corp, 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 be in line and above the three benchmark measures (the 90-day T-Bill, 2-year T-Note and LAIF). The benchmarks serve as indicators of the City's performance; and trends over time that substantially deviate from these benchmarks would warrant further analysis and review. At March 31, 2016, the portfolio had an overall unrealized market gain of approximately \$525,000.



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. There were only 4 securities trading below purchase price at the end of the quarter.

Issuer	Face Amount	Maturity	\$ Mkt Change	% Mkt Change
FEDERAL HOME LOAN BANK	\$2,000,000	11/18/16	-\$1,688	-0.08%
FEDERAL NATL MORTGAGE ASSN	\$2,000,000	02/05/18	-\$560	-0.03%
U S TREASURY NOTE	\$2,000,000	02/28/17	-\$524	-0.03%
FEDERAL NATL MORTGAGE ASSN	\$2,000,000	11/25/20	-\$440	-0.02%

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, 2016, 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, 2016.

ATTACHMENTS: 1. March 31, 2016, Investment Report
 2. March 31, 2016, Fiscal Agent Report

PREPARED BY: Julie Nemes, Treasury Manager

SUBMITTED BY: Robert Samario, Finance Director

APPROVED BY: City Administrator's Office

CITY OF SANTA BARBARA
Activity and Interest Report
March 31, 2016

INVESTMENT ACTIVITY

PURCHASES OR DEPOSITS

	<u>\$</u>	-
Total	<u>\$</u>	-

SALES, MATURITIES, CALLS OR WITHDRAWALS

3/3 LAIF Withdrawal - City	\$	(4,000,000)
3/30 LAIF Withdrawal - City		<u>(4,000,000)</u>
Total	\$	(8,000,000)

ACTIVITY TOTAL	<u>\$</u>	<u>(8,000,000)</u>
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INVESTMENT INCOME

POOLED INVESTMENTS

Interest Earned on Investments	\$	142,418
Amortization		<u>(9,891)</u>
Total	\$	132,527

INCOME TOTAL	<u>\$</u>	<u>132,527</u>
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CITY OF SANTA BARBARA

Investment Portfolio

March 31, 2016

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	-	-	-	-	0.506	0.506	32,000,000.00	32,000,000.00	32,000,000.00	0.00	
Subtotal, LAIF							32,000,000.00	32,000,000.00	32,000,000.00	0.00	
CERTIFICATES OF DEPOSIT											
ALLY BANK	09/24/15	09/25/17	-	-	1.250	1.250	250,000.00	250,000.00	250,752.50	752.50	FDIC Certificate 57803
AMERICAN EXPRESS BANK FSB	10/23/14	10/23/19	-	-	2.200	2.200	250,000.00	250,000.00	254,472.50	4,472.50	FDIC Certificate 35328
AMERICAN EXPRESS CENTURION BK	09/30/15	09/30/20	-	-	2.250	2.250	250,000.00	250,000.00	254,827.50	4,827.50	FDIC Certificate 27471
BMO HARRIS BANK NA	09/30/15	09/29/17	-	-	1.100	1.100	250,000.00	250,000.00	250,705.00	705.00	FDIC Certificate 16571
BMW BK NORTH AMERICA	09/30/15	09/30/20	-	-	2.200	2.200	250,000.00	250,000.00	254,832.50	4,832.50	FDIC Certificate 35141
CAPITAL ONE BANK USA NA	10/29/14	10/29/19	-	-	1.900	1.900	250,000.00	250,000.00	254,477.50	4,477.50	FDIC Certificate 33954
CAPITAL ONE NA	09/30/15	09/30/20	-	-	2.250	2.250	250,000.00	250,000.00	254,827.50	4,827.50	FDIC Certificate 4297
DISCOVER BANK	09/30/15	09/30/20	-	-	2.300	2.300	250,000.00	250,000.00	255,907.50	5,907.50	FDIC Certificate 5649
EVERBANK	09/30/15	09/29/17	-	-	1.100	1.100	250,000.00	250,000.00	250,705.00	705.00	FDIC Certificate 34775
GE CAPITAL BANK	10/17/14	10/17/19	-	-	2.000	2.000	250,000.00	250,000.00	254,427.50	4,427.50	FDIC Certificate 33778
GOLDMAN SACHS BANK USA	10/29/14	10/29/19	-	-	2.150	2.150	250,000.00	250,000.00	254,455.00	4,455.00	FDIC Certificate 33124
KEY BANK NA	09/30/15	10/02/17	-	-	1.150	1.150	250,000.00	250,000.00	250,732.50	732.50	FDIC Certificate 17534
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							7,000,000.00	7,000,000.00	7,041,122.50	41,122.50	
TREASURY SECURITIES - COUPON											
U S TREASURY NOTE	02/22/13	05/15/16	Aaa	AA+	5.125	0.442	2,000,000.00	2,011,193.76	2,011,820.00	626.24	
U S TREASURY NOTE	02/22/13	08/31/16	Aaa	AA+	1.000	0.502	2,000,000.00	2,004,099.92	2,004,920.00	820.08	
U S TREASURY NOTE	02/22/13	02/28/17	Aaa	AA+	0.875	0.607	2,000,000.00	2,004,823.62	2,004,300.00	(523.62)	
Subtotal, Treasury Securities							6,000,000.00	6,020,117.30	6,021,040.00	922.70	
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	2,032,600.00	32,600.00	
FED AGRICULTURAL MTG CORP	12/12/13	12/12/18	-	-	1.705	1.705	2,000,000.00	2,000,000.00	2,042,240.00	42,240.00	
FEDERAL FARM CREDIT BANK	09/18/13	09/18/17	Aaa	AA+	1.550	1.550	2,000,000.00	2,000,000.00	2,021,040.00	21,040.00	
FEDERAL FARM CREDIT BANK	07/17/13	07/17/17	Aaa	AA+	1.300	1.300	2,000,000.00	2,000,000.00	2,013,600.00	13,600.00	
FEDERAL FARM CREDIT BANK	06/24/15	06/24/19	Aaa	AA+	1.520	1.520	2,000,000.00	2,000,000.00	2,033,160.00	33,160.00	
FEDERAL HOME LOAN BANK	09/13/13	09/14/18	Aaa	AA+	2.000	1.910	2,000,000.00	2,004,187.02	2,053,740.00	49,552.98	
FEDERAL HOME LOAN BANK	01/17/14	04/17/18	Aaa	AA+	1.480	1.480	2,000,000.00	2,000,000.00	2,023,960.00	23,960.00	
FEDERAL HOME LOAN BANK	06/29/15	06/29/18	Aaa	AA+	1.170	1.170	2,000,000.00	2,000,000.00	2,002,480.00	2,480.00	Callable 06/29/16, once
FEDERAL HOME LOAN BANK	01/26/16	04/26/19	Aaa	AA+	1.500	1.500	2,000,000.00	2,000,000.00	2,006,800.00	6,800.00	Callable 01/26/17, once
FEDERAL HOME LOAN BANK	12/16/13	12/14/18	Aaa	AA+	1.750	1.650	2,000,000.00	2,005,162.64	2,046,540.00	41,377.36	
FEDERAL HOME LOAN BANK	06/18/14	06/09/17	Aaa	AA+	1.000	1.003	2,000,000.00	1,999,920.07	2,007,500.00	7,579.93	
FEDERAL HOME LOAN BANK	10/22/14	11/18/16	Aaa	AA+	0.750	0.500	2,000,000.00	2,003,128.10	2,001,440.00	(1,688.10)	
FEDERAL HOME LOAN MTG CORP	11/25/15	05/25/18	Aaa	AA+	1.050	1.050	2,000,000.00	2,000,000.00	2,000,140.00	140.00	Callable 05/25/16, once
FEDERAL HOME LOAN MTG CORP	12/29/15	06/29/18	Aaa	AA+	1.200	1.200	2,000,000.00	2,000,000.00	2,000,840.00	840.00	Callable 06/29/16, once
FEDERAL HOME LOAN MTG CORP	01/29/16	01/29/21	Aaa	AA+	1.500	2.172	2,000,000.00	2,000,000.00	2,000,980.00	980.00	SU 1.5%-5.5% Call 07/29/16, then qtrly
FEDERAL HOME LOAN MTG CORP	01/29/16	01/29/21	Aaa	AA+	1.500	2.459	2,000,000.00	2,000,000.00	2,000,320.00	320.00	SU 1.5%-6% Call 04/29/16, then Qtrly
FEDERAL HOME LOAN MTG CORP	08/24/15	08/24/20	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,008,640.00	8,640.00	Callable 08/24/16, then qtrly

CITY OF SANTA BARBARA

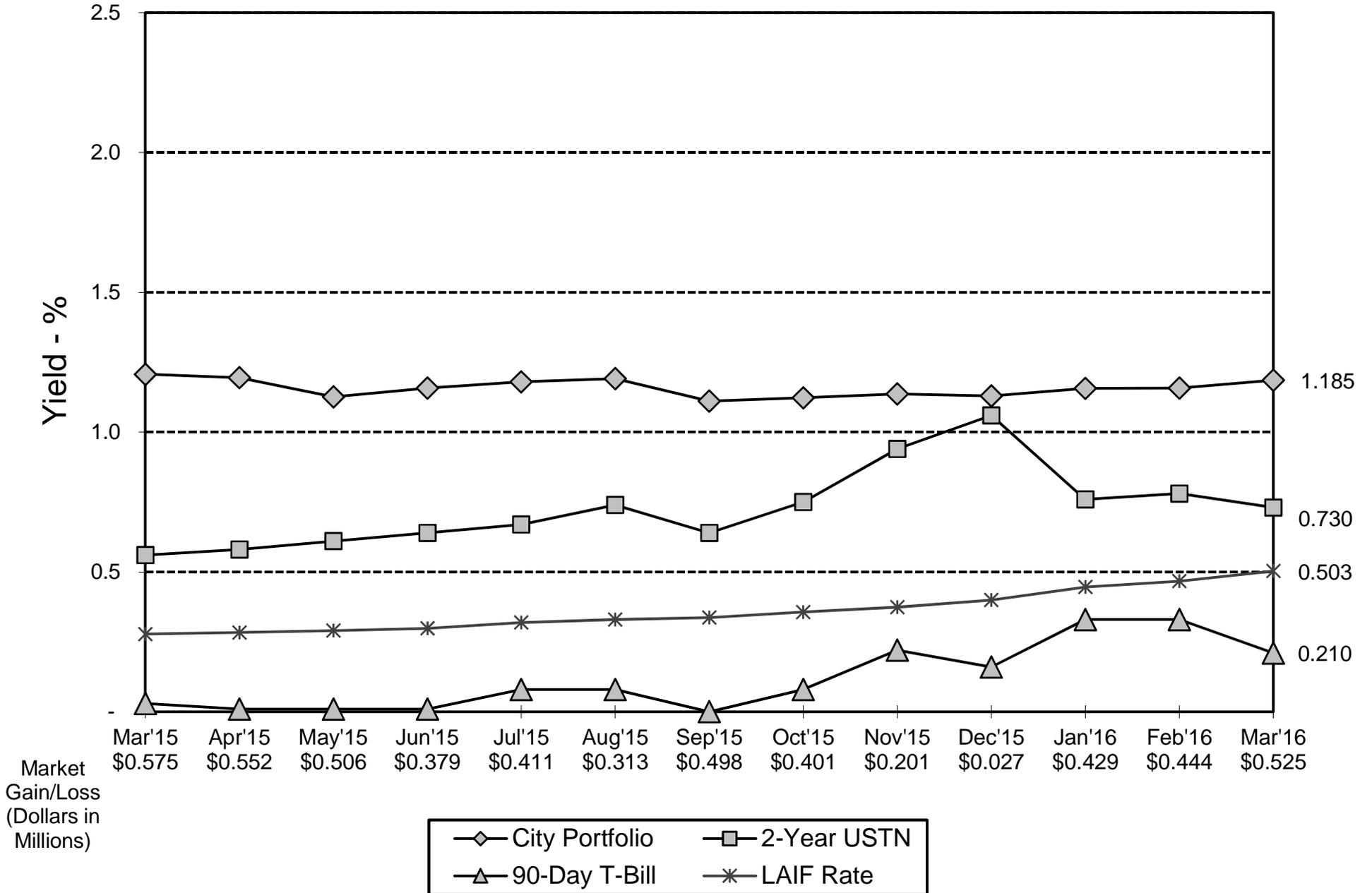
Investment Portfolio

March 31, 2016

DESCRIPTION	PURCHASE DATE	MATURITY DATE	QUALITY RATING MOODY'S	QUALITY RATING S & P	STATED RATE	YIELD AT 365	FACE VALUE	BOOK VALUE	MARKET VALUE	BOOK GAIN/(LOSS)	COMMENTS
FEDERAL HOME LOAN MTG CORP	12/28/15	12/28/20	Aaa	AA+	1.500	2.365	2,000,000.00	2,000,000.00	2,001,140.00	1,140.00	SU 1.5%-5% Call 06/28/16, then qtrly
FEDERAL HOME LOAN MTG CORP	11/20/13	09/29/17	Aaa	AA+	1.000	1.030	1,000,000.00	999,558.44	1,003,640.00	4,081.56	
FEDERAL HOME LOAN MTG CORP	01/29/16	07/29/19	Aaa	AA+	1.500	1.500	2,000,000.00	2,000,000.00	2,001,680.00	1,680.00	Callable 07/29/16, then qtrly
FEDERAL NATL MORTGAGE ASSN	01/30/13	01/30/18	Aaa	AA+	1.030	1.030	3,000,000.00	3,000,000.00	3,000,240.00	240.00	Callable 04/30/16, 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	2,000,140.00	140.00	Callable 06/12/16, then qtrly
FEDERAL NATL MORTGAGE ASSN	11/15/13	10/26/17	Aaa	AA+	0.875	1.062	2,000,000.00	1,994,266.50	2,003,760.00	9,493.50	
FEDERAL NATL MORTGAGE ASSN	12/11/13	11/27/18	Aaa	AA+	1.625	1.606	2,000,000.00	2,000,963.49	2,039,660.00	38,696.51	
FEDERAL NATL MORTGAGE ASSN	12/26/12	12/26/17	Aaa	AA+	1.000	1.000	4,000,000.00	4,000,000.00	4,007,160.00	7,160.00	Callable 06/26/16, then qtrly
FEDERAL NATL MORTGAGE ASSN	10/29/15	10/29/20	Aaa	AA+	1.500	1.766	2,000,000.00	2,000,000.00	2,000,340.00	340.00	SU 1.5%-3% Call 04/29/16, then qtrly
FEDERAL NATL MORTGAGE ASSN	02/05/13	02/05/18	Aaa	AA+	1.000	1.000	2,000,000.00	2,000,000.00	1,999,440.00	(560.00)	Callable 05/05/16, then qtrly
FEDERAL NATL MORTGAGE ASSN	11/20/13	10/26/17	Aaa	AA+	0.875	1.070	2,000,000.00	1,994,014.83	2,003,760.00	9,745.17	
FEDERAL NATL MORTGAGE ASSN	06/30/15	06/30/20	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,006,300.00	6,300.00	Callable 06/30/16, then qtrly
FEDERAL NATL MORTGAGE ASSN	11/27/15	11/28/18	Aaa	AA+	1.200	1.200	2,000,000.00	2,000,000.00	2,004,040.00	4,040.00	Callable 11/28/16, once
FEDERAL NATL MORTGAGE ASSN	11/27/15	11/27/19	Aaa	AA+	1.125	1.678	2,000,000.00	2,000,000.00	2,011,840.00	11,840.00	SU 1.125%-2.250%, Call 11/27/17, once
FEDERAL NATL MORTGAGE ASSN	11/30/15	11/25/20	Aaa	AA+	1.000	2.015	2,000,000.00	2,000,000.00	1,999,560.00	(440.00)	SU 1%-2.2% Call 08/25/16, once
Subtotal, Federal Agencies							66,000,000.00	66,001,201.09	66,378,720.00	377,518.91	
CORPORATE/MEDIUM TERM NOTES											
BERKSHIRE HATHAWAY INC	11/29/13	02/09/18	Aa2	AA	1.550	1.550	2,000,000.00	2,000,000.00	2,018,620.00	18,620.00	
GENERAL ELECTRIC CAPITAL CORP	01/14/14	01/14/19	A1	AA+	2.300	2.250	2,000,000.00	2,002,618.94	2,067,820.00	65,201.06	
TOYOTA MOTOR CREDIT	09/26/11	09/15/16	Aa3	AA-	2.000	1.800	2,000,000.00	2,001,734.42	2,012,080.00	10,345.58	
TOYOTA MOTOR CREDIT	11/20/15	07/13/18	Aa3	AA-	1.550	1.408	2,000,000.00	2,006,331.04	2,017,820.00	11,488.96	
Subtotal, Corporate Securities							8,000,000.00	8,010,684.40	8,116,340.00	105,655.60	
SB AIRPORT PROMISSORY NOTE (LT)											
SANTA BARBARA AIRPORT	07/14/09	06/30/29	-	-	3.500	4.195	4,919,388.34	4,919,388.34	4,919,388.34	0.00	
Subtotal, SBA Note							4,919,388.34	4,919,388.34	4,919,388.34	0.00	
CHECKING ACCOUNT											
MUFG UNION BANK NA CHKNG ACCNT	-	-	-	-	0.400	0.400	19,131,954.55	19,131,954.55	19,131,954.55	0.00	
Subtotal, Checking Account							19,131,954.55	19,131,954.55	19,131,954.55	0.00	
TOTALS							143,051,342.89	143,083,345.68	143,608,565.39	525,219.71	

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, 2016**

	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	1.34	-	-	-	-	-	-	-	-	1.34	1.34
2002 Municipal Improvement - Refunding COPs	20,972.95	547,530.00	-	-	-	-	-	-	-	568,502.95	568,502.95
2011 Water - Safe Drinking Water State Loan	734,556.67	-	-	-	-	-	-	-	-	734,556.67	734,556.67
2013 Water - Refunding COPS	374,809.29	428,069.44	-	-	-	-	636,099.18	647,027.20	1,438,977.91	1,449,905.93	
2004 Sewer - Revenue Bonds	63,739.47	1,357,140.00	-	-	-	-	-	-	1,420,879.47	1,420,879.47	
2009 Airport - Revenue Bonds	27,311.66	-	-	-	-	-	3,139,457.55	3,191,528.90	3,166,769.21	3,218,840.56	
2014 Waterfront - Refunding Bonds	18,343.92	581,455.74	-	-	-	-	-	-	599,799.66	599,799.66	
Subtotal, Reserve Funds	<u>1,239,735.30</u>	<u>2,914,195.18</u>	-	-	-	-	<u>3,775,556.73</u>	<u>3,838,556.10</u>	<u>7,929,487.21</u>	<u>7,992,486.58</u>	
<i>PROJECT FUNDS</i>											
2001 RDA Bonds	2,367,705.52	-	-	-	-	-	-	-	2,367,705.52	2,367,705.52	
2003 RDA Bonds	8,511,737.68	-	-	-	-	-	-	-	8,511,737.68	8,511,737.68	
Subtotal, Project Funds	<u>10,879,443.20</u>	-	-	-	-	-	-	-	<u>10,879,443.20</u>	<u>10,879,443.20</u>	
SUBTOTAL BOND FUNDS	<u>12,119,178.50</u>	<u>2,914,195.18</u>	-	-	-	-	<u>3,775,556.73</u>	<u>3,838,556.10</u>	<u>18,808,930.41</u>	<u>18,871,929.78</u>	
POLICE/FIRE - SVC RETIREMENT FUND											
Police/Fire Funds	11,067.96	-	102,711.34	179,997.66	253,010.06	264,631.80	-	-	366,789.36	455,697.42	
	<u>11,067.96</u>	-	<u>102,711.34</u>	<u>179,997.66</u>	<u>253,010.06</u>	<u>264,631.80</u>	-	-	<u>366,789.36</u>	<u>455,697.42</u>	
TOTAL FISCAL AGENT INVESTMENTS	<u>12,130,246.46</u>	<u>2,914,195.18</u>	<u>102,711.34</u>	<u>179,997.66</u>	<u>253,010.06</u>	<u>264,631.80</u>	<u>3,775,556.73</u>	<u>3,838,556.10</u>	<u>19,175,719.77</u>	<u>19,327,627.20</u>	

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 26, 2016

TO: Mayor and Councilmembers

FROM: Accounting Division, Finance Department

SUBJECT: Fiscal Year 2016 Interim Financial Statements For The Eight Months Ended February 29, 2016

RECOMMENDATION:

That Council Accept the Fiscal Year 2016 Interim Financial Statements for the Eight Months Ended February 29, 2016.

DISCUSSION:

The interim financial statements for the eight months ended February 29, 2016 (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 29, 2016

PREPARED BY: Jennifer Tomaszewski, Accounting Manager

SUBMITTED BY: Robert Samario, Finance Director

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 29, 2016 (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	124,923,159	75,224,780	-	49,698,379	60.2%
Expenditures	<u>126,083,487</u>	<u>78,677,061</u>	<u>2,919,596</u>	44,486,830	64.7%
<i>Addition to / (use of) reserves</i>	<u>(1,160,328)</u>	<u>(3,452,281)</u>	<u>(2,919,596)</u>		
SOLID WASTE FUND					
Revenue	20,952,792	13,821,857	-	7,130,935	66.0%
Expenditures	<u>20,999,104</u>	<u>13,442,315</u>	<u>255,453</u>	7,301,336	65.2%
<i>Addition to / (use of) reserves</i>	<u>(46,312)</u>	<u>379,542</u>	<u>(255,453)</u>		
WATER OPERATING FUND					
Revenue	48,401,895	32,664,816	-	15,737,079	67.5%
Expenditures	<u>52,607,764</u>	<u>31,558,169</u>	<u>2,195,455</u>	18,854,140	64.2%
<i>Addition to / (use of) reserves</i>	<u>(4,205,869)</u>	<u>1,106,647</u>	<u>(2,195,455)</u>		
WASTEWATER OPERATING FUND					
Revenue	19,077,948	13,120,921	-	5,957,027	68.8%
Expenditures	<u>21,183,782</u>	<u>12,077,648</u>	<u>1,547,813</u>	7,558,320	64.3%
<i>Addition to / (use of) reserves</i>	<u>(2,105,834)</u>	<u>1,043,272</u>	<u>(1,547,813)</u>		
DOWNTOWN PARKING					
Revenue	8,714,958	6,039,058	-	2,675,900	69.3%
Expenditures	<u>8,894,872</u>	<u>5,615,583</u>	<u>307,703</u>	2,971,586	66.6%
<i>Addition to / (use of) reserves</i>	<u>(179,914)</u>	<u>423,475</u>	<u>(307,703)</u>		
AIRPORT OPERATING FUND					
Revenue	16,338,411	10,631,522	-	5,706,889	65.1%
Expenditures	<u>17,726,517</u>	<u>10,554,171</u>	<u>1,197,620</u>	5,974,726	66.3%
<i>Addition to / (use of) reserves</i>	<u>(1,388,106)</u>	<u>77,351</u>	<u>(1,197,620)</u>		
GOLF COURSE FUND					
Revenue	2,266,957	1,255,842	-	1,011,115	55.4%
Expenditures	<u>2,329,493</u>	<u>1,478,542</u>	<u>3,450</u>	847,501	63.6%
<i>Addition to / (use of) reserves</i>	<u>(62,536)</u>	<u>(222,701)</u>	<u>(3,450)</u>		
INTRA-CITY SERVICE FUND					
Revenue	7,416,651	4,979,279	-	2,437,371	67.1%
Expenditures	<u>7,298,574</u>	<u>4,614,561</u>	<u>328,544</u>	2,355,468	67.7%
<i>Addition to / (use of) reserves</i>	<u>118,077</u>	<u>364,718</u>	<u>(328,544)</u>		

CITY OF SANTA BARBARA
Interim Statement of Revenues and Expenditures
Summary by Fund
For the Eight Months Ended February 29, 2016 (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	3,245,667	2,276,756	-	968,911	70.1%
Expenditures	6,598,649	1,959,671	1,075,956	3,563,022	46.0%
<i>Addition to / (use of) reserves</i>	<u>(3,352,982)</u>	<u>317,086</u>	<u>(1,075,956)</u>		
FLEET MAINTENANCE FUND					
Revenue	2,722,761	1,831,039	-	891,722	67.2%
Expenditures	2,850,287	1,795,009	213,156	842,123	70.5%
<i>Addition to / (use of) reserves</i>	<u>(127,526)</u>	<u>36,030</u>	<u>(213,156)</u>		
SELF INSURANCE TRUST FUND					
Revenue	7,068,083	4,810,893	-	2,257,190	68.1%
Expenditures	6,922,785	4,376,980	86,525	2,459,280	64.5%
<i>Addition to / (use of) reserves</i>	<u>145,298</u>	<u>433,914</u>	<u>(86,525)</u>		
INFORMATION SYSTEMS ICS FUND					
Revenue	3,204,557	2,136,679	-	1,067,878	66.7%
Expenditures	3,682,136	2,397,843	53,480	1,230,813	66.6%
<i>Addition to / (use of) reserves</i>	<u>(477,579)</u>	<u>(261,164)</u>	<u>(53,480)</u>		
WATERFRONT FUND					
Revenue	13,458,598	9,774,487	-	3,684,111	72.6%
Expenditures	14,233,529	8,786,086	502,045	4,945,398	65.3%
<i>Addition to / (use of) reserves</i>	<u>(774,931)</u>	<u>988,401</u>	<u>(502,045)</u>		
TOTAL FOR ALL FUNDS					
Revenue	277,792,437	178,567,931	-	99,224,506	64.3%
Expenditures	291,410,980	177,333,640	10,686,795	103,390,545	64.5%
<i>Addition to / (use of) reserves</i>	<u>(13,618,543)</u>	<u>1,234,291</u>	<u>(10,686,795)</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 29, 2016 (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	23,367,961	12,025,993	11,341,968	51.5%	13,888,675
Property Taxes	28,742,300	15,686,488	13,055,812	54.6%	14,673,340
Utility Users Tax	7,219,700	5,197,661	2,022,039	72.0%	4,733,028
Transient Occupancy Tax	19,707,100	12,963,859	6,743,241	65.8%	13,051,150
Business License	2,624,400	1,861,788	762,612	70.9%	1,874,169
Real Property Transfer Tax	659,100	491,059	168,041	74.5%	423,745
<i>Total</i>	<u>82,320,561</u>	<u>48,226,849</u>	<u>34,093,712</u>	58.6%	<u>48,644,107</u>
LICENSES & PERMITS					
Licenses & Permits	219,700	102,295	117,405	46.6%	132,065
<i>Total</i>	<u>219,700</u>	<u>102,295</u>	<u>117,405</u>	46.6%	<u>132,065</u>
FINES & FORFEITURES					
Parking Violations	2,701,987	1,509,549	1,192,438	55.9%	1,722,857
Library Fines	89,500	41,893	47,607	46.8%	65,480
Municipal Court Fines	100,000	39,375	60,625	39.4%	39,804
Other Fines & Forfeitures	310,000	225,543	84,457	72.8%	230,450
<i>Total</i>	<u>3,201,487</u>	<u>1,816,360</u>	<u>1,385,127</u>	56.7%	<u>2,058,591</u>
USE OF MONEY & PROPERTY					
Investment Income	633,743	359,824	273,919	56.8%	370,639
Rents & Concessions	419,316	256,639	162,677	61.2%	251,349
<i>Total</i>	<u>1,053,059</u>	<u>616,463</u>	<u>436,596</u>	58.5%	<u>621,988</u>
INTERGOVERNMENTAL					
Grants	260,568	143,845	116,723	55.2%	159,313
Vehicle License Fees	35,000	36,752	(1,752)	105.0%	38,585
Reimbursements	437,900	913,347	(475,447)	208.6%	350,183
<i>Total</i>	<u>733,468</u>	<u>1,093,945</u>	<u>(360,477)</u>	149.1%	<u>548,081</u>
FEES & SERVICE CHARGES					
Finance	961,454	645,892	315,562	67.2%	641,532
Community Development	4,887,843	3,461,093	1,426,750	70.8%	2,918,569
Recreation	3,229,480	2,157,379	1,072,101	66.8%	1,701,936
Public Safety	611,342	303,637	307,705	49.7%	343,424
Public Works	6,357,295	3,984,486	2,372,809	62.7%	3,851,830
Library	873,320	814,736	58,584	93.3%	703,979
Reimbursements	4,760,907	3,048,632	1,712,275	64.0%	3,179,885
<i>Total</i>	<u>21,681,641</u>	<u>14,415,854</u>	<u>7,265,787</u>	66.5%	<u>13,341,155</u>
OTHER REVENUES					
Miscellaneous	1,800,818	1,160,769	640,049	64.5%	1,240,152
Franchise Fees	3,219,400	2,092,210	1,127,190	65.0%	2,461,141
Indirect Allocations	7,180,832	4,793,926	2,386,906	66.8%	4,274,103
Operating Transfers-In	1,512,193	906,108	606,085	59.9%	697,900
Anticipated Year-End Variance	2,000,000	-	2,000,000	0.0%	-
<i>Total</i>	<u>15,713,243</u>	<u>8,953,013</u>	<u>6,760,230</u>	57.0%	<u>8,673,296</u>
TOTAL REVENUES	<u>124,923,159</u>	<u>75,224,780</u>	<u>49,698,379</u>	60.2%	<u>74,019,283</u>

CITY OF SANTA BARBARA
General Fund
Interim Statement of Appropriations, Expenditures and Encumbrances
For the Eight Months Ended February 29, 2016 (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	803,842	543,042	7,504	253,296	68.5%	
ARTS AND COMMUNITY PROMOTIONS	2,638,967	1,991,329	640,919	6,719	99.7%	
<i>Total</i>	<u>3,442,809</u>	<u>2,534,371</u>	<u>648,424</u>	<u>260,014</u>	92.4%	<u>2,561,904</u>
<u>City Attorney</u>						
CITY ATTORNEY-ADMINISTRATION	542,814	434,719.66	42,571	65,524	87.9%	
CITY ATTORNEY-ADVISORY	1,023,883	570,650	-	453,233	55.7%	
CITY ATTORNEY-CIVIL LITIGATION	738,668	478,466	-	260,202	64.8%	
CITY ATTORNEY-CODE ENFORCEMENT	228,540	93,326	-	135,214	40.8%	
<i>Total</i>	<u>2,533,905</u>	<u>1,577,162</u>	<u>42,571</u>	<u>914,172</u>	63.9%	<u>1,537,376</u>
<u>Administration</u>						
CITY ADMINISTRATOR	1,606,155	996,805	22,493	586,857	63.5%	
CITY TV	642,794	411,565	24,425	206,804	67.8%	
<i>Total</i>	<u>2,248,949</u>	<u>1,408,370</u>	<u>46,918</u>	<u>793,661</u>	64.7%	<u>1,284,350</u>
<u>Administrative Services</u>						
ADMINISTRATION	384,471	197,563	8,369	178,539	53.6%	
CITY CLERK	545,235	329,094	11,247	204,894	62.4%	
ELECTIONS	301,479	155,693	89,579	56,207	81.4%	
HUMAN RESOURCES	1,537,040	892,834	23,938	620,269	59.6%	
EMPLOYEE DEVELOPMENT	49,447	20,362	3,850	25,235	49.0%	
<i>Total</i>	<u>2,817,672</u>	<u>1,595,547</u>	<u>136,982</u>	<u>1,085,144</u>	61.5%	<u>1,169,201</u>
<u>Finance</u>						
ADMINISTRATION	253,839	171,021	10,442	72,376	71.5%	
REVENUE & CASH MANAGEMENT	508,976	295,578	41,208	172,190	66.2%	
CASHIERING & COLLECTION	513,575	323,090	-	190,485	62.9%	
LICENSES & PERMITS	528,331	323,283	9,054	195,994	62.9%	
BUDGET MANAGEMENT	480,869	300,631	-	180,238	62.5%	
ACCOUNTING	866,677	500,182	14,302	352,194	59.4%	
PAYROLL	374,443	239,907	-	134,536	64.1%	
ACCOUNTS PAYABLE	280,816	176,638	-	104,178	62.9%	
CITY BILLING & CUSTOMER SERVICE	696,488	407,741	90,138	198,609	71.5%	
PURCHASING	727,260	464,035	1,813	261,412	64.1%	
CENTRAL WAREHOUSE	203,235	137,288	404	65,542	67.8%	
MAIL SERVICES	120,721	75,396	70	45,255	62.5%	
<i>Total</i>	<u>5,555,231</u>	<u>3,414,792</u>	<u>167,430</u>	<u>1,973,008</u>	64.5%	<u>3,121,472</u>
TOTAL GENERAL GOVERNMENT	<u>16,598,566</u>	<u>10,530,243</u>	<u>1,042,324</u>	<u>5,025,999</u>	69.7%	<u>9,674,303</u>

CITY OF SANTA BARBARA
General Fund
Interim Statement of Appropriations, Expenditures and Encumbrances
For the Eight Months Ended February 29, 2016 (66.7% of Fiscal Year)

	Annual Budget	YTD Actual	Encum- brances	Remaining Balance	YTD Expended and Encumbered	Previous YTD
PUBLIC SAFETY						
<u>Police</u>						
CHIEF'S STAFF	1,181,521	790,882	28,565	362,074	69.4%	
SUPPORT SERVICES	723,816	420,637	81,278	221,901	69.3%	
RECORDS BUREAU	1,497,490	934,462	13,417	549,611	63.3%	
ADMIN SERVICES	1,154,526	979,643	10,993	163,890	85.8%	
PROPERTY ROOM	229,172	112,345	143	116,684	49.1%	
TRAINING/RECRUITMENT	617,615	341,658	12,660	263,297	57.4%	
RANGE	1,487,388	947,269	56,674	483,445	67.5%	
COMMUNITY & MEDIA RELATIONS	854,936	487,857	-	367,079	57.1%	
INFORMATION TECHNOLOGY	1,337,136	981,853	4,730	350,553	73.8%	
INVESTIGATIVE DIVISION	5,119,083	2,914,116	8,223	2,196,745	57.1%	
CRIME LAB	169,633	77,451	-	92,182	45.7%	
PATROL DIVISION	16,015,045	10,252,351	87,224	5,675,470	64.6%	
TRAFFIC	1,399,012	720,239	550	678,223	51.5%	
SPECIAL EVENTS	884,414	812,658	200	71,556	91.9%	
TACTICAL PATROL FORCE	1,683,590	1,232,250	-	451,340	73.2%	
STREET SWEEPING ENFORCEMENT	360,574	234,231	-	126,343	65.0%	
NIGHT LIFE ENFORCEMENT	315,189	208,777	-	106,412	66.2%	
PARKING ENFORCEMENT	1,016,030	563,177	-	452,853	55.4%	
COMBINED COMMAND CENTER	2,741,873	1,554,195	-	1,187,678	56.7%	
ANIMAL CONTROL	754,588	488,307	6,782	259,499	65.6%	
<i>Total</i>	<u>39,542,631</u>	<u>25,054,358</u>	<u>311,438</u>	<u>14,176,835</u>	64.1%	<u>24,812,969</u>
<u>Fire</u>						
ADMINISTRATION	946,445	636,260	987	309,198	67.3%	
EMERGENCY SERVICES AND PUBLIC ED	317,867	205,945	-	111,922	64.8%	
PREVENTION	1,287,740	836,137	-	451,603	64.9%	
WILDLAND FIRE MITIGATION PROGRAM	209,358	126,654	2,372	80,333	61.6%	
OPERATIONS	19,394,663	13,506,902	25,523	5,862,238	69.8%	
TRAINING AND RECRUITMENT	722,633	450,362	-	272,271	62.3%	
ARFF	2,013,700	1,434,601	-	579,099	71.2%	
<i>Total</i>	<u>24,892,406</u>	<u>17,196,860</u>	<u>28,881</u>	<u>7,666,665</u>	69.2%	<u>15,395,307</u>
TOTAL PUBLIC SAFETY	<u>64,435,037</u>	<u>42,251,218</u>	<u>340,319</u>	<u>21,843,500</u>	66.1%	<u>40,208,276</u>
PUBLIC WORKS						
<u>Public Works</u>						
ADMINISTRATION	1,136,473	643,569	3,391	489,512	56.9%	
ENGINEERING SVCS	5,639,233	3,466,457	96,791	2,075,984	63.2%	
PUBLIC RT OF WAY MGMT	1,196,363	724,805	14,022	457,537	61.8%	
ENVIRONMENTAL PROGRAMS	571,383	190,442	207,878	173,062	69.7%	
<i>Total</i>	<u>8,543,452</u>	<u>5,025,274</u>	<u>322,083</u>	<u>3,196,096</u>	62.6%	<u>4,725,787</u>
TOTAL PUBLIC WORKS	<u>8,543,452</u>	<u>5,025,274</u>	<u>322,083</u>	<u>3,196,096</u>	62.6%	<u>4,725,787</u>

CITY OF SANTA BARBARA
General Fund
Interim Statement of Appropriations, Expenditures and Encumbrances
For the Eight Months Ended February 29, 2016 (66.7% of Fiscal Year)

	Annual Budget	YTD Actual	Encum- brances	Remaining Balance	YTD Expended and Encumbered	Previous YTD
COMMUNITY SERVICES						
<u>Parks & Recreation</u>						
REC PROGRAM MGMT	764,222	465,000	11,565	287,657	62.4%	
FACILITIES & SPECIAL EVENTS	802,001	515,202	960	285,839	64.4%	
YOUTH ACTIVITIES	1,156,433	773,238	5,587	377,607	67.3%	
ACTIVE ADULTS	806,008	476,188	1,259	328,560	59.2%	
AQUATICS	1,427,010	964,832	33,066	429,112	69.9%	
SPORTS	591,967	351,948	11,533	228,486	61.4%	
TENNIS	268,345	160,380	9,400	98,565	63.3%	
NEIGHBORHOOD & OUTREACH SERV	1,328,751	872,809	-	455,943	65.7%	
ADMINISTRATION	846,741	442,157	2,353	402,231	52.5%	
PROJECT MANAGEMENT TEAM	556,412	292,924	1,250	262,238	52.9%	
PARK OPERATIONS MANAGEMENT	692,576	404,257	21,749	266,570	61.5%	
GROUND & FACILITIES MAINTENANCE	4,835,187	2,911,208	74,970	1,849,009	61.8%	
FORESTRY	1,327,068	835,078	71,903	420,087	68.3%	
BEACH MAINTENANCE	162,124	92,407	15,613	54,104	66.6%	
MEDIANS PARKWAYS & CONTRACTS	1,272,162	704,066	297,048	271,049	78.7%	
<i>Total</i>	<u>16,837,006</u>	<u>10,261,693</u>	<u>558,257</u>	<u>6,017,057</u>	64.3%	<u>9,501,793</u>
<u>Library</u>						
ADMINISTRATION	557,882	288,907	-	268,975	51.8%	
PUBLIC SERVICES	2,999,203	1,739,623	-	1,259,580	58.0%	
SUPPORT SERVICES	1,762,940	1,160,018	23,873	579,050	67.2%	
<i>Total</i>	<u>5,320,024</u>	<u>3,188,547</u>	<u>23,873</u>	<u>2,107,605</u>	60.4%	<u>3,188,753</u>
TOTAL COMMUNITY SERVICES	<u>22,157,031</u>	<u>13,450,240</u>	<u>582,129</u>	<u>8,124,661</u>	63.3%	<u>12,690,546</u>
COMMUNITY DEVELOPMENT						
<u>Community Development</u>						
ADMINISTRATION	940,815	653,741	399	286,675	69.5%	
RENTAL HOUSING MEDIATION	220,324	146,471	-	73,853	66.5%	
HUMAN SERVICES	1,098,760	551,371	465,044	82,345	92.5%	
HOUSING PRESERVATION AND DEV	25,152	4,455	17,756	2,941	88.3%	
LONG RANGE PLAN & SPEC STUDY	890,739	534,928	4,368	351,443	60.5%	
DEVEL & ENVIRONMENTAL REVIEW	1,479,691	863,260	59,343	557,089	62.4%	
ZONING INFO & ENFORCEMENT	1,521,429	881,701	1,784	637,944	58.1%	
DESIGN REV & HIST PRESERVATION	1,176,685	712,562	20,726	443,397	62.3%	
BLDG INSP & CODE ENFORCEMENT	1,218,282	778,303	335	439,645	63.9%	
RECORDS ARCHIVES & CLER SVCS	588,810	358,032	2,000	228,778	61.1%	
BLDG COUNTER & PLAN REV SVCS	1,747,579	1,006,542	60,986	680,052	61.1%	
<i>Total</i>	<u>10,908,266</u>	<u>6,491,365</u>	<u>632,740</u>	<u>3,784,161</u>	65.3%	<u>6,206,043</u>
TOTAL COMMUNITY DEVELOPMENT	<u>10,908,266</u>	<u>6,491,365</u>	<u>632,740</u>	<u>3,784,161</u>	65.3%	<u>6,206,043</u>

CITY OF SANTA BARBARA
General Fund
Interim Statement of Appropriations, Expenditures and Encumbrances
For the Eight Months Ended February 29, 2016 (66.7% of Fiscal Year)

	Annual Budget	YTD Actual	Encum- brances	Remaining Balance	YTD Expended and Encumbered	Previous YTD
NON-DEPARTMENTAL						
<u>Non-Departmental</u>						
OTHER	-	1,749	-	(1,749)	100.0%	
TRANSFERS OUT	239,991	45,491	-	194,500	19.0%	
DEBT SERVICE TRANSFERS	344,402	311,481	-	32,921	90.4%	
CAPITAL OUTLAY TRANSFER	855,000	570,000	-	285,000	66.7%	
APPROP.RESERVE	2,001,742	-	-	2,001,742	0.0%	
<i>Total</i>	<u>3,441,135</u>	<u>928,721</u>	<u>-</u>	<u>2,512,414</u>	27.0%	<u>1,608,696</u>
TOTAL NON-DEPARTMENTAL	<u>3,441,135</u>	<u>928,721</u>	<u>-</u>	<u>2,512,414</u>	27.0%	<u>1,608,696</u>
 TOTAL EXPENDITURES	 <u>126,083,487</u>	 <u>78,677,061</u>	 <u>2,919,596</u>	 <u>44,486,830</u>	 64.7%	 <u>75,113,651</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 29, 2016 (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	229,791	-	295,209	43.8%
Expenditures	<u>525,000</u>	<u>229,791</u>	<u>-</u>	<u>295,209</u>	43.8%
<i>Revenue Less Expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
CREEK RESTORATION/WATER QUALITY IMPRVMT					
Revenue	4,070,672	2,685,284	-	1,385,388	66.0%
Expenditures	<u>6,513,439</u>	<u>4,767,521</u>	<u>342,620</u>	<u>1,403,297</u>	78.5%
<i>Revenue Less Expenditures</i>	<u>(2,442,767)</u>	<u>(2,082,237)</u>	<u>(342,620)</u>	<u>(17,910)</u>	
COMMUNITY DEVELOPMENT BLOCK GRANT					
Revenue	1,833,936	219,896	-	1,614,040	12.0%
Expenditures	<u>2,109,112</u>	<u>327,176</u>	<u>478,701</u>	<u>1,303,235</u>	38.2%
<i>Revenue Less Expenditures</i>	<u>(275,176)</u>	<u>(107,280)</u>	<u>(478,701)</u>	<u>310,805</u>	
COUNTY LIBRARY					
Revenue	2,123,550	1,438,605	-	684,945	67.7%
Expenditures	<u>2,317,824</u>	<u>1,453,512</u>	<u>10,085</u>	<u>854,226</u>	63.1%
<i>Revenue Less Expenditures</i>	<u>(194,273)</u>	<u>(14,908)</u>	<u>(10,085)</u>	<u>(169,281)</u>	
STREETS FUND					
Revenue	9,989,620	6,560,578	-	3,429,042	65.7%
Expenditures	<u>10,676,518</u>	<u>6,867,692</u>	<u>172,495</u>	<u>3,636,330</u>	65.9%
<i>Revenue Less Expenditures</i>	<u>(686,898)</u>	<u>(307,114)</u>	<u>(172,495)</u>	<u>(207,288)</u>	
MEASURE A					
Revenue	3,669,665	2,485,085	-	1,184,580	67.7%
Expenditures	<u>4,061,904</u>	<u>2,651,353</u>	<u>306,629</u>	<u>1,103,922</u>	72.8%
<i>Revenue Less Expenditures</i>	<u>(392,239)</u>	<u>(166,268)</u>	<u>(306,629)</u>	<u>80,658</u>	

CITY OF SANTA BARBARA
Interim Statement of Revenues and Expenditures
For the Eight Months Ended February 29, 2016 (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	20,341,706	13,587,990	-	6,753,716	66.8%	13,457,452
Other Fees & Charges	361,642	191,642	-	170,000	53.0%	183,325
Investment Income	12,200	14,836	-	(2,636)	121.6%	8,093
Grants	-	23,979	-	(23,979)	100.0%	-
Miscellaneous	237,244	3,411	-	233,833	1.4%	233,354
TOTAL REVENUES	<u>20,952,792</u>	<u>13,821,857</u>	<u>-</u>	<u>7,130,935</u>	66.0%	<u>13,882,224</u>
EXPENSES						
Salaries & Benefits	998,573	563,980	-	434,593	56.5%	597,290
Materials, Supplies & Services	19,131,521	12,539,843	179,802	6,411,876	66.5%	12,402,194
Special Projects	597,261	282,870	2,440	311,951	47.8%	269,026
Transfers-Out	50,000	33,333	-	16,667	66.7%	33,333
Equipment	156,749	22,289	73,211	61,249	60.9%	18,729
Other	40,000	-	-	40,000	0.0%	-
Appropriated Reserve	25,000	-	-	25,000	0.0%	-
TOTAL EXPENSES	<u>20,999,104</u>	<u>13,442,315</u>	<u>255,453</u>	<u>7,301,336</u>	65.2%	<u>13,320,572</u>

CITY OF SANTA BARBARA
Interim Statement of Revenues and Expenditures
For the Eight Months Ended February 29, 2016 (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	41,800,000	27,223,197	-	14,576,803	65.1%	22,047,285
Service Charges	651,100	768,072	-	(116,972)	118.0%	499,775
Cater JPA Treatment Charges	1,680,000	1,055,689	-	624,311	62.8%	852,738
Investment Income	437,950	127,043	-	310,907	29.0%	289,628
Rents & Concessions	22,872	13,342	-	9,530	58.3%	15,248
Reimbursements	745,740	395,690	-	350,050	53.1%	338,145
Miscellaneous	111,000	128,550	-	(17,550)	115.8%	50,347
Operating Transfers-In	2,953,233	2,953,233	-	-	100.0%	-
TOTAL REVENUES	<u>48,401,895</u>	<u>32,664,816</u>	<u>-</u>	<u>15,737,079</u>	<u>67.5%</u>	<u>24,093,166</u>
EXPENSES						
Salaries & Benefits	9,311,184	5,670,507	-	3,640,677	60.9%	5,376,986
Materials, Supplies & Services	11,578,899	5,699,785	2,010,839	3,868,275	66.6%	5,308,706
Special Projects	1,080,948	231,266	108,839	740,843	31.5%	114,012
Water Purchases	8,644,749	5,055,813	30,046	3,558,890	58.8%	5,223,384
Debt Service	4,692,620	3,510,343	-	1,182,277	74.8%	2,727,535
Transfer-Out	9,586,101	6,390,734	-	3,195,367	66.7%	986,346
Capital Outlay Transfers	7,220,795	4,912,462	-	2,308,333	68.0%	8,479,485
Equipment	167,576	17,138	4,148	146,290	12.7%	75,576
Capitalized Fixed Assets	145,892	43,365	40,583	61,944	57.5%	8,477
Other	29,000	26,756	1,000	1,244	95.7%	24,306
Appropriated Reserve	150,000	-	-	150,000	0.0%	-
TOTAL EXPENSES	<u>52,607,764</u>	<u>31,558,169</u>	<u>2,195,455</u>	<u>18,854,140</u>	<u>64.2%</u>	<u>28,324,813</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 29, 2016 (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	17,844,201	11,761,361	-	6,082,840	65.9%	11,338,457
Fees	533,668	686,205	-	(152,537)	128.6%	711,038
Investment Income	162,700	109,024	-	53,676	67.0%	107,741
Rents & Concessions	34,358	23,335	-	11,023	67.9%	22,905
Miscellaneous	6,000	43,974	-	(37,974)	732.9%	1,615
Operating Transfers-In	497,021	497,021	-	-	100.0%	-
TOTAL REVENUES	<u>19,077,948</u>	<u>13,120,921</u>	<u>-</u>	<u>5,957,027</u>	<u>68.8%</u>	<u>12,181,756</u>
EXPENSES						
Salaries & Benefits	5,917,398	3,670,801	-	2,246,597	62.0%	3,504,480
Materials, Supplies & Services	7,502,196	3,976,653	1,386,473	2,139,070	71.5%	4,253,294
Special Projects	635,271	91,830	159,841	383,600	39.6%	117,008
Transfer-Out	900,000	900,000	-	-	100.0%	-
Debt Service	1,794,917	619,739	-	1,175,178	34.5%	633,385
Capital Outlay Transfers	4,150,000	2,766,667	-	1,383,333	66.7%	3,121,941
Equipment	71,610	22,912	-	48,698	32.0%	36,971
Capitalized Fixed Assets	59,390	26,326	1,500	31,564	46.9%	2,096
Other	3,000	2,720	-	280	90.7%	2,750
Appropriated Reserve	150,000	-	-	150,000	0.0%	-
TOTAL EXPENSES	<u>21,183,782</u>	<u>12,077,648</u>	<u>1,547,813</u>	<u>7,558,320</u>	<u>64.3%</u>	<u>11,671,925</u>

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CITY OF SANTA BARBARA
Interim Statement of Revenues and Expenditures
For the Eight Months Ended February 29, 2016 (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	1,080,000	748,422	-	331,578	69.3%	804,042
Parking Fees	7,034,826	4,751,526	-	2,283,300	67.5%	4,595,729
Other Fees & Charges	6,918	7,484	-	(566)	108.2%	3,137
Investment Income	104,200	77,794	-	26,406	74.7%	69,023
Rents & Concessions	107,000	71,333	-	35,667	66.7%	73,329
Miscellaneous	7,500	22,485	-	(14,985)	299.8%	51,807
Operating Transfers-In	374,514	360,014	-	14,500	96.1%	129,000
TOTAL REVENUES	<u>8,714,958</u>	<u>6,039,058</u>	<u>-</u>	<u>2,675,900</u>	69.3%	<u>5,726,067</u>
EXPENSES						
Salaries & Benefits	4,352,940	2,785,879	-	1,567,061	64.0%	2,698,000
Materials, Supplies & Services	2,371,221	1,456,752	128,688	785,781	66.9%	1,283,181
Special Projects	469,656	284,164	178,343	7,149	98.5%	301,404
Transfer-Out	318,399	212,266	-	106,133	66.7%	206,083
Capital Outlay Transfers	1,305,000	870,000	-	435,000	66.7%	646,667
Equipment	27,000	6,523	671	19,806	26.6%	15,594
Appropriated Reserve	50,657	-	-	50,657	0.0%	-
TOTAL EXPENSES	<u>8,894,872</u>	<u>5,615,583</u>	<u>307,703</u>	<u>2,971,586</u>	66.6%	<u>5,150,929</u>

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CITY OF SANTA BARBARA
Interim Statement of Revenues and Expenditures
For the Eight Months Ended February 29, 2016 (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	4,488,390	2,906,143	-	1,582,247	64.7%	2,791,142
Leases-Terminal	4,884,637	3,235,485	-	1,649,152	66.2%	3,171,519
Leases-Non-Commercial Aviation	2,093,650	1,356,920	-	736,730	64.8%	1,320,796
Leases-Commercial Aviation	4,544,034	2,999,569	-	1,544,465	66.0%	2,981,374
Investment Income	106,600	72,736	-	33,864	68.2%	70,597
Miscellaneous	216,300	55,870	-	160,430	25.8%	146,606
Operating Transfers-In	4,800	4,800	-	-	100.0%	-
TOTAL REVENUES	<u>16,338,411</u>	<u>10,631,522</u>	<u>-</u>	<u>5,706,889</u>	<u>65.1%</u>	<u>10,482,034</u>
EXPENSES						
Salaries & Benefits	6,006,251	3,565,856	-	2,440,395	59.4%	3,408,921
Materials, Supplies & Services	8,305,343	4,775,137	1,096,605	2,433,601	70.7%	4,880,257
Special Projects	48,415	1,585	35	46,795	3.3%	3,414
Transfer-Out	12,662	8,441	-	4,221	66.7%	13,569
Debt Service	1,816,586	1,211,057	-	605,529	66.7%	1,210,479
Capital Outlay Transfers	1,313,733	979,754	-	333,979	74.6%	-
Equipment	138,902	12,340	100,981	25,581	81.6%	42,185
Appropriated Reserve	84,626	-	-	84,626	0.0%	-
TOTAL EXPENSES	<u>17,726,517</u>	<u>10,554,171</u>	<u>1,197,620</u>	<u>5,974,726</u>	<u>66.3%</u>	<u>9,558,825</u>

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CITY OF SANTA BARBARA
Interim Statement of Revenues and Expenditures
For the Eight Months Ended February 29, 2016 (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	1,753,034	1,058,822	-	694,212	60.4%	1,032,949
Investment Income	7,900	5,494	-	2,406	69.5%	5,245
Rents & Concessions	325,523	190,937	-	134,586	58.7%	181,252
Miscellaneous	500	588	-	(88)	117.7%	1,796
Operating Transfers-In	180,000	-	-	180,000	0.0%	-
TOTAL REVENUES	<u>2,266,957</u>	<u>1,255,842</u>	<u>-</u>	<u>1,011,115</u>	55.4%	<u>1,221,242</u>
EXPENSES						
Salaries & Benefits	1,081,239	682,387	-	398,851	63.1%	726,425
Materials, Supplies & Services	720,175	441,136	3,441	275,598	61.7%	373,530
Special Projects	9	-	9	-	100.0%	-
Debt Service	262,122	177,419	-	84,703	67.7%	180,961
Capital Outlay Transfers	265,048	176,699	-	88,349	66.7%	53,818
Other	900	901	-	(1)	100.1%	901
TOTAL EXPENSES	<u>2,329,493</u>	<u>1,478,542</u>	<u>3,450</u>	<u>847,501</u>	63.6%	<u>1,335,635</u>

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CITY OF SANTA BARBARA
Interim Statement of Revenues and Expenditures
For the Eight Months Ended February 29, 2016 (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	3,787,803	2,525,202	-	1,262,601	66.7%	1,758,913
Work Orders - Bldg Maint.	3,401,421	2,308,042	-	1,093,379	67.9%	1,642,657
Miscellaneous	94,946	13,554	-	81,391	14.3%	30,574
Operating Transfers-In	132,481	132,481	-	-	100.0%	3,333
TOTAL REVENUES	<u>7,416,651</u>	<u>4,979,279</u>	<u>-</u>	<u>2,437,371</u>	67.1%	<u>3,435,477</u>
EXPENSES						
Salaries & Benefits	3,801,207	2,444,774	-	1,356,433	64.3%	2,298,551
Materials, Supplies & Services	2,481,334	1,483,487	198,786	799,060	67.8%	1,076,424
Special Projects	545,379	407,693	128,376	9,310	98.3%	383,779
Capital Outlay Transfers	410,612	273,741	-	136,871	66.7%	-
Equipment	15,000	3,064	-	11,936	20.4%	5,596
Capitalized Fixed Assets	11,201	1,802	1,382	8,017	28.4%	3,487
Appropriated Reserve	33,841	-	-	33,841	0.0%	-
TOTAL EXPENSES	<u>7,298,574</u>	<u>4,614,561</u>	<u>328,544</u>	<u>2,355,468</u>	67.7%	<u>3,767,837</u>

CITY OF SANTA BARBARA
Interim Statement of Revenues and Expenditures
For the Eight Months Ended February 29, 2016 (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	2,809,765	1,986,078	-	823,687	70.7%	1,496,091
Investment Income	116,700	83,601	-	33,099	71.6%	77,301
Rents & Concessions	146,084	97,389	-	48,695	66.7%	155,977
Miscellaneous	173,118	109,688	-	63,430	63.4%	146,439
TOTAL REVENUES	<u>3,245,667</u>	<u>2,276,756</u>	<u>-</u>	<u>968,911</u>	70.1%	<u>1,875,808</u>
EXPENSES						
Salaries & Benefits	207,466	126,636	-	80,830	61.0%	120,975
Materials, Supplies & Services	1,243	1,517	-	(274)	122.1%	1,829
Special Projects	698,567	35,426	39,513	623,628	10.7%	1,623
Capitalized Fixed Assets	5,691,373	1,796,092	1,036,443	2,858,839	49.8%	1,436,154
TOTAL EXPENSES	<u>6,598,649</u>	<u>1,959,671</u>	<u>1,075,956</u>	<u>3,563,022</u>	46.0%	<u>1,560,581</u>

CITY OF SANTA BARBARA
Interim Statement of Revenues and Expenditures
For the Eight Months Ended February 29, 2016 (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	2,609,691	1,751,741	-	857,950	67.1%	1,685,085
Reimbursements	10,000	6,667	-	3,333	66.7%	6,667
Miscellaneous	103,070	72,632	-	30,438	70.5%	84,015
TOTAL REVENUES	<u>2,722,761</u>	<u>1,831,039</u>	<u>-</u>	<u>891,722</u>	<u>67.2%</u>	<u>1,775,767</u>
EXPENSES						
Salaries & Benefits	1,339,285	838,040	-	501,245	62.6%	780,869
Materials, Supplies & Services	1,247,978	834,887	203,296	209,796	83.2%	742,296
Special Projects	81,308	14,916	9,855	56,538	30.5%	14,666
Debt Service	43,070	28,713	-	14,357	66.7%	28,713
Equipment	89,307	48,970	-	40,338	54.8%	490
Capitalized Fixed Assets	35,338	29,484	5	5,849	83.4%	209,743
Appropriated Reserve	14,000	-	-	14,000	0.0%	-
TOTAL EXPENSES	<u>2,850,287</u>	<u>1,795,009</u>	<u>213,156</u>	<u>842,123</u>	<u>70.5%</u>	<u>1,776,777</u>

CITY OF SANTA BARBARA
Interim Statement of Revenues and Expenditures
For the Eight Months Ended February 29, 2016 (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	3,156,625	2,104,417	-	1,052,208	66.7%	1,856,682
Workers' Compensation Premiums	3,342,571	2,229,408	-	1,113,163	66.7%	2,258,777
OSH Charges	231,057	154,038	-	77,019	66.7%	135,641
Unemployment Insurance Premium	221,805	147,870	-	73,935	66.7%	-
Investment Income	40,200	28,744	-	11,456	71.5%	26,660
Miscellaneous	-	95,867	-	(95,867)	100.0%	29,305
Operating Transfers-In	75,825	50,550	-	25,275	66.7%	50,550
TOTAL REVENUES	<u>7,068,083</u>	<u>4,810,893</u>	<u>-</u>	<u>2,257,190</u>	68.1%	<u>4,357,615</u>
EXPENSES						
Salaries & Benefits	597,085	367,346	-	229,739	61.5%	300,284
Materials, Supplies & Services	6,325,697	4,009,634	86,522	2,229,541	64.8%	4,545,962
Special Projects	3	-	3	-	100.0%	-
Equipment	-	-	-	-	0.0%	245
TOTAL EXPENSES	<u>6,922,785</u>	<u>4,376,980</u>	<u>86,525</u>	<u>2,459,280</u>	64.5%	<u>4,846,491</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 29, 2016 (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	3,204,557	2,136,679	-	1,067,878	66.7%	2,080,392
TOTAL REVENUES	3,204,557	2,136,679	-	1,067,878	66.7%	2,080,392
EXPENSES						
Salaries & Benefits	1,953,525	1,209,498	-	744,027	61.9%	1,081,962
Materials, Supplies & Services	1,087,157	778,191	52,898	256,067	76.4%	656,544
Special Projects	18,481	2,691	581	15,209	17.7%	129
Capital Outlay Transfers	604,000	402,667	-	201,333	66.7%	229,333
Equipment	2,750	4,797	-	(2,047)	174.4%	3,261
Capital Fixed Assets	-	-	-	-	0.0%	14
Appropriated Reserve	16,223	-	-	16,223	0.0%	-
TOTAL EXPENSES	3,682,136	2,397,843	53,480	1,230,813	66.6%	1,971,243

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 29, 2016 (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	1,428,787	1,100,502	-	328,285	77.0%	1,124,023
Leases - Food Service	2,844,333	2,172,235	-	672,098	76.4%	2,292,576
Slip Rental Fees	4,288,834	2,880,359	-	1,408,475	67.2%	2,787,611
Visitors Fees	500,000	329,132	-	170,868	65.8%	339,752
Slip Transfer Fees	575,000	406,325	-	168,675	70.7%	811,675
Parking Revenue	2,385,820	1,877,286	-	508,534	78.7%	1,755,140
Wharf Parking	262,258	105,729	-	156,530	40.3%	182,160
Grants	10,000	-	-	10,000	0.0%	-
Other Fees & Charges	242,304	185,416	-	56,888	76.5%	172,567
Investment Income	95,700	78,964	-	16,736	82.5%	63,417
Rents & Concessions	310,770	230,867	-	79,903	74.3%	214,998
Reimbursements	-	1,777	-	(1,777)	100.0%	-
Miscellaneous	514,792	405,896	-	108,896	78.8%	365,439
TOTAL REVENUES	13,458,598	9,774,487	-	3,684,111	72.6%	10,109,358
EXPENSES						
Salaries & Benefits	6,272,587	3,873,579	-	2,399,008	61.8%	3,819,960
Materials, Supplies & Services	4,151,182	2,687,908	463,293	999,981	75.9%	2,516,519
Special Projects	265,629	137,376	32,165	96,088	63.8%	89,847
Debt Service	1,841,620	1,093,705	-	747,915	59.4%	1,095,838
Capital Outlay Transfers	1,453,144	968,763	-	484,381	66.7%	923,333
Equipment	112,262	23,381	5,587	83,294	25.8%	25,965
Capital Fixed Assets	37,104	-	-	37,104	0.0%	-
Other	-	1,375	1,000	(2,375)	100.0%	1,375
Appropriated Reserve	100,000	-	-	100,000	0.0%	-
TOTAL EXPENSES	14,233,529	8,786,086	502,045	4,945,398	65.3%	8,472,837

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 26, 2016

TO: Mayor and Councilmembers

FROM: Administration, Housing and Human Services Division, Community Development Department

SUBJECT: Commitment Of HOME Funds And Revision To Documents To Comply With Low Income Housing Tax Credit Requirements For The New Affordable Housing Project At 510-520 N. Salsipuedes And 601 E. Haley Street (Jardin De Las Rosas)

RECOMMENDATIONS: That Council:

- A. Approve the conversion of a preliminary award of \$500,000 of the City's Home Investment Partnership Program (HOME) funds to a commitment;
- B. Increase allocation in the amount of \$500,000 to the existing HOME Loan Agreement No. 24,524 account;
- C. Approve Assignment and Assumption Agreement that assigns all contractual rights, duties and obligations of all City documents to Jardin de Las Rosas, LP;
- D. Approve the amendment to the former Redevelopment Agency of the City of Santa Barbara Loan Agreement No. 535 to conform with Low Income Housing Tax Credit requirements and Deed of Trust;
- E. Approve the amendment to Home Loan Agreement No. 24,524 and Deed of Trust;
- F. Approve the amendment of the Affordability Control Covenant Imposed on Real Property to conform with and be subordinated to Low Income Housing Tax Credit requirements;
- G. Approve the subordination of Loan Agreement No. 535 and Loan Agreement No. 24,524 and their respective Deeds of Trust to other project financing; and

Council Agenda Report

Commit Home Funds And Revise Documents To Comply With Low Income Housing Tax Credit Requirements For The New Affordable Housing Project At 510-520 N. Salsipuedes And 601 E. Haley Street (Jardin De Las Rosas)

April 26, 2016

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H. Authorize the Community Development Director to execute such agreements and related documents, subject to approval as to form by the City Attorney, as necessary.

DISCUSSION:

Project

Jardin de Las Rosas, located at 510-520 N. Salsipuedes and 601 E. Haley Street, will consist of 39 rental units restricted to very low and low-income households plus one manager's unit. There will be five (5) one-bedroom, twenty-two (22) two-bedroom and thirteen (13) three-bedroom units, community space and an on-site laundry facility ("Project"). Eleven (11) of the units will have project based Section 8 vouchers.

Background

In 2011, Peoples' Self-Help Housing Corporation (PSHHC) received a \$2,000,000 loan using former Redevelopment Agency Housing Set-aside Funds for acquisition of the property (Loan Agreement No. 535). This loan enabled PSHHC to land bank the site for future development of a new affordable housing project.

In 2013, the City provided a \$900,000 HOME Loan (Loan Agreement No. 24,524) for pre-development and construction costs, and the Project received final ABR approval on April 7, 2014.

On February 10, 2015, City Council approved reserving an additional \$500,000 of HOME funds for the Project. These funds were not committed via a written loan agreement at that time due to a new HOME program requirement that all funding (from all sources) for a project must be secured prior to committing HOME funds.

Upon dissolution of the Redevelopment Agency of the City of Santa Barbara, the City of Santa Barbara became the successor housing entity and assumed all existing housing obligations, including the Loan Agreement No. 535.

On June 25, 2015, PSHHC established a limited partnership known as Jardin de Las Rosas, LP to assume ownership of the Property and to secure Low Income Housing Tax Credits. PSHHC is the General Managing Partner of the Limited Partnership. Therefore, an Assignment and Assumption Agreement will be processed that assigns all contractual rights, duties and obligations of all City documents to Jardin de Las Rosas.

Jardin de Las Rosas, LP will utilize bond proceeds in conjunction with City financing, 4% Low Income Housing Tax Credits and other local financing to finance the construction of the Project.

Council Agenda Report

Commit Home Funds And Revise Documents To Comply With Low Income Housing Tax Credit Requirements For The New Affordable Housing Project At 510-520 N. Salsipuedes And 601 E. Haley Street (Jardin De Las Rosas)

April 26, 2016

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On January 21, 2016, Jardin de Las Rosas, LP was awarded 4% Low Income Housing Tax Credits by the Tax Credit Allocation Committee in the amount of \$6,641,976. In accordance with HOME requirements, City staff has verified that all non-City Project financing is now secured. Upon approval today, all City documentation will be finalized and the Project's construction will commence.

Project Permanent Financing

The total cost of the Project, including land acquisition, is \$18,414,853 and will be financed with the following loans in recording order:

Bond + Section 8	\$2,759,500
City of SB RDA Loan (#535)	2,000,000
City of SB HOME Loan (#24,524)	1,400,000
Sponsor Loan (PSHHC)	5,613,377
Tax Credit Equity	<u>6,641,976</u>
Total	<u>\$18,414,853</u>

The City Loans will be subordinate to the other project financing.

Loan Agreement No. 535

Loan Agreement No. 535 currently requires one hundred twenty (120) equal payments including three percent (3%) simple interest beginning the earlier of (a) twelve months after the issuance of a certificate of occupancy, or (b) February 1, 2018. These repayment terms are not allowed under Low Income Housing Tax Credit requirements. Therefore, Loan Agreement No. 535 will be revised to require payments due on a "residual receipts" basis and shall bear three percent (3%) simple interest with a term of 55 years. Any unpaid balance remaining at the end of the term is due and payable in full.

HOME Loan Agreement No. 24,524

The existing HOME Agreement No. 24,524 will be revised to increase the total principal balance to approximately \$1,400,000 (\$900,000 + \$500,000 plus accrued interest on disbursements made prior to the date of recordation). The revised HOME Agreement shall bear three percent (3%) simple interest for a term of 55 years with payments due on a "residual receipts" basis. Any unpaid balance remaining at the end of the term is due and payable in full.

Both revised loans will reflect Jardin de Las Rosas, LP as the owner/borrower.

Council Agenda Report
Commit Home Funds And Revise Documents To Comply With Low Income Housing Tax
Credit Requirements For The New Affordable Housing Project At 510-520 N. Salsipuedes
And 601 E. Haley Street (Jardin De Las Rosas)
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Long-term Affordability

The City's current recorded Affordability Control Covenant Imposed on Real Property (Covenant) requires that the property remain affordable to low-income residents for 90 years. The Covenant will be revised to reflect Jardin de Las Rosas, LP as the owner; will incorporate the required HOME affordability and compliance provisions; and will be subordinate to the affordability requirements contained in the Tax Regulatory Agreement for the first 55 years to comply with the Low Income Housing Tax Credit requirements.

BUDGET/FINANCIAL INFORMATION:

There are sufficient existing appropriations in the Home Fund to cover the proposed \$500,000 commitment.

PREPARED BY: David Rowell, Housing Project Planner/DER/SG

SUBMITTED BY: George Buell, Community Development Director

APPROVED BY: City Administrator's Office



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: April 26, 2016

TO: Mayor and Councilmembers

FROM: Engineering Division, Public Works Department

SUBJECT: Approval Of Final Map And Execution Of Agreements For 203 Chapala Street

RECOMMENDATION:

That Council approve and authorize the City Administrator to execute and record Final Map Number 20,819 and standard agreements relating to the approved subdivision at 203 Chapala Street, and authorize the City Engineer to record, upon completion of any required public improvements, a recital document stating that the public improvements have been completed and that the previously recorded Land Development Agreement may be removed from the title document.

DISCUSSION:

A Tentative Map for the subdivision located at 203 Chapala Street (Attachment 1), was conditionally approved on June 11, 2009 by adoption of the Planning Commission (PC) Conditions of Approval, Resolution Number 026-09 (Attachment 2). The project involves the construction of seven new, residential condominiums. Staff has reviewed the Final Map and has found it to be in substantial compliance with the previously approved Tentative Map, the Conditions of Approval, the State Subdivision Map Act, and the City's Subdivision Ordinance.

In accordance with the PC approval, the Owner(s) (Attachment 3) have signed and submitted the Map and the required Agreements to the City. Council approval is required if Council agrees with the staff determination that the Map conforms to all the requirements of the Subdivision Map Act and the Municipal Code applicable at the time of the approval of the Tentative Map.

Staff recommends that Council authorize the City Administrator to execute the required *Agreement Relating to Subdivision Map Conditions Imposed on Real Property* and the *Agreement for Land Development Improvements*.

The *Agreement Assigning Water Extraction Rights* does not require Council approval and will be signed by the Public Works Director in accordance with City Council Resolution Number 02-131.

The Final Map is available for review in the City Clerk's office.

- ATTACHMENT(S):**
1. Vicinity Map
 2. Conditions required to be recorded concurrent with Parcel Map Number 20,819 by the Planning Commission Conditions of Approval Resolution Number 026-09
 3. List of Owners/Trustees

PREPARED BY: Adam Hendel, Acting Principal Civil Engineer/TS/kts

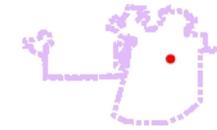
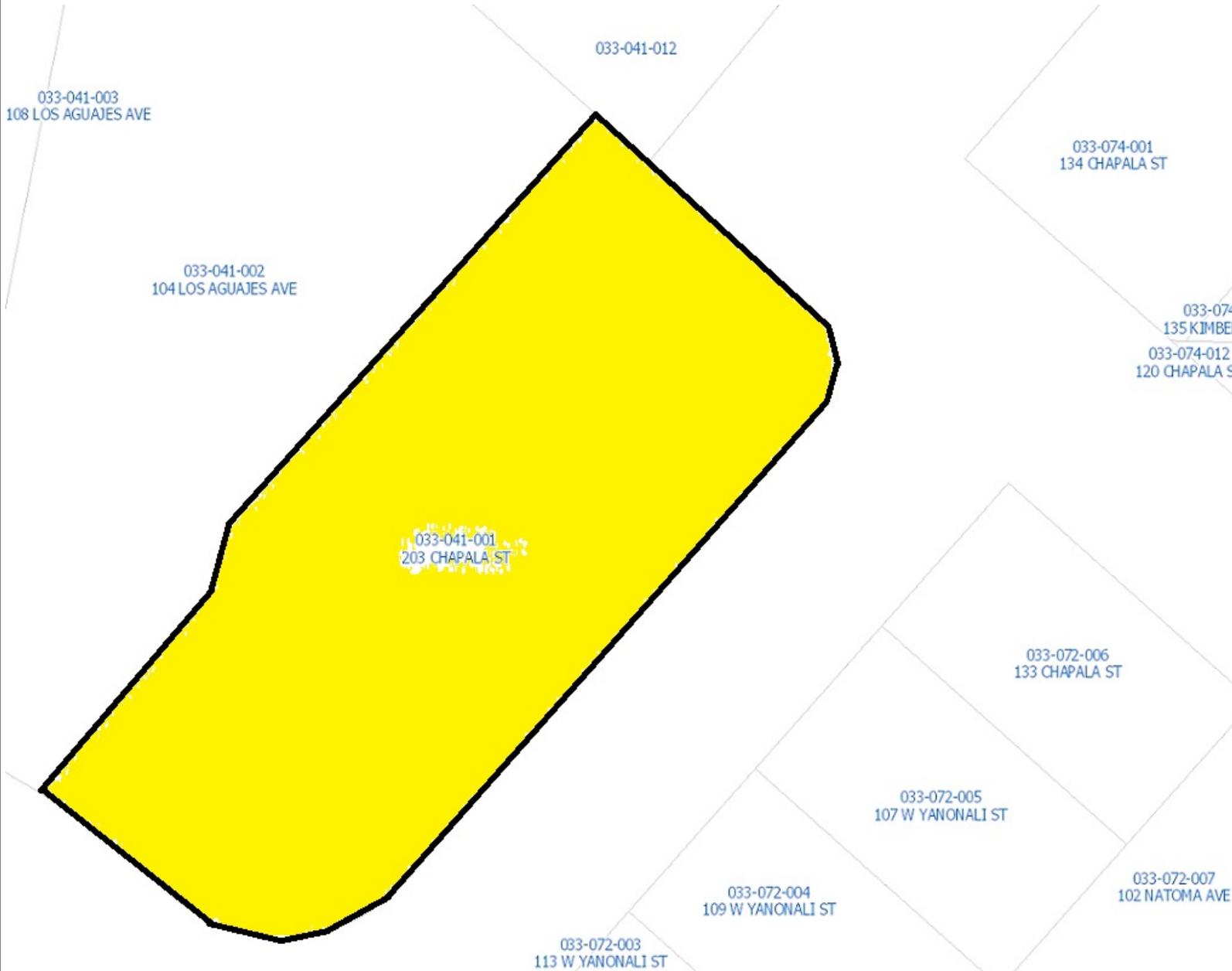
SUBMITTED BY: Rebecca J. Bjork, Public Works Director

APPROVED BY: City Administrator's Office



203 CHAPALA STREET

ATTACHMENT 1



0.018 0 0.009 0.018 Miles

MAP DISCLAIMER

WGS_1984_Web_Mercator_Auxiliary_Sphere
 © City of Santa Barbara

Reported on 04/01/2016 07:36 AM

This service has been provided to allow a visual display of City information. Every effort has been made to ensure the accuracy of the map and data. The City of Santa Barbara assumes no responsibility arising from the use of this information. THE MAPS AND ASSOCIATED DATA ARE PROVIDED WITHOUT A WARRANTY OF ANY KIND. This map was created using the City of Santa Barbara Mapping Analysis and Printing System application.

Notes

CONDITIONS REQUIRED TO BE RECORDED CONCURRENT WITH FINAL MAP NUMBER 20,819 BY PLANNING COMMISSION CONDITIONS OF APPROVAL, RESOLUTION NO. 026-09

ADDRESS

Said approval is subject to the following conditions:

1. **Approved Development.** The development of the Real Property approved by the Planning Commission on June 11, 2009 is limited to demolition of 9,909 sf of an existing 11,211 sf commercial building and construction of a 12,166 sf residential addition and 2,641 sf garage, change from commercial to residential use for seven new residential condominiums (four three-bedroom and three two-bedroom units) and the improvements shown on the Tentative Subdivision Map signed by the chairperson of the Planning Commission on said date and on file at the City of Santa Barbara.
2. **Uninterrupted Water Flow.** The Owner shall provide for the uninterrupted flow of water onto the Real Property including, but not limited to, swales, in accordance with said landscape plan. If said landscaping is removed for any reason without approval by the HLC, the owner is responsible for its immediate replacement.
3. **Storm Water Pollution Control and Drainage Systems Maintenance.** Owner shall maintain the drainage system and storm water pollution control devices intended to intercept siltation and other potential pollutants (including, but not limited to, hydrocarbons, fecal bacteria, herbicides, fertilizers, etc.) in a functioning state (and in accordance with the Operations and Maintenance Procedure Plan prepared in accordance with the Storm Water Management Plan Best Management Practices Guidance Manual). Should any of the project's surface or subsurface drainage structures or storm water pollution control methods fail to capture, infiltrate, and/or treat water, or result in increased erosion, the Owner shall be responsible for any necessary repairs to the system and restoration of the eroded area. Should repairs or restoration become necessary, prior to the commencement of such repair or restoration work, the applicant shall submit a repair and restoration plan to the Community Development Director to determine if an amendment or a new Building Permit and Coastal Development Permit is required to authorize such work. The Owner is responsible for the adequacy of any project-related drainage facilities and for the continued maintenance thereof in a manner that will preclude any hazard to life, health, or damage to the Real Property or any adjoining property.
4. **Required Private Covenants.** The Owners shall record in the official records of Santa Barbara County either private covenants, a reciprocal easement agreement, or a similar agreement which, among other things, shall provide for all of the following:
 - a. **Common Area Maintenance.** An express method for the appropriate and regular maintenance of the common areas, common access ways, common utilities and other similar shared or common facilities or improvements of the development, which methodology shall also provide for an appropriate cost-sharing of such regular maintenance among the various owners of the condominium units.

- b. **Garages Available for Parking.** A covenant that includes a requirement that all garages be kept open and available for the parking of vehicles owned by the residents of the property in the manner for which the garages were designed and permitted.
 - c. **Landscape Maintenance.** A covenant that provides that the landscaping shown on the approved Landscaping Plan shall be maintained and preserved at all times in accordance with the Plan.
 - d. **Trash and Recycling.** Trash holding areas shall include recycling containers with at least equal capacity as the trash containers, and trash/recycling areas shall be easily accessed by the consumer and the trash hauler. Green waste shall either have containers adequate for the landscaping or be hauled off site by the landscaping maintenance company. If no green waste containers are provided for common interest developments, include an item in the CC&Rs stating that the green waste will be hauled off site.
 - e. **Covenant Enforcement.** A covenant that permits each owner to contractually enforce the terms of the private covenants, reciprocal easement agreement, or similar agreement required by this condition.
5. **Pesticide or Fertilizer Usage near Creeks.** The use of pesticides or fertilizer shall be prohibited within the Mission Creek Development Limitation Area.
6. **Residential Permit Parking Program.** Residents shall not participate in the Residential Permit Parking Program.

ATTACHMENT 3

**203 Chapala Street, LLC,
a California limited liability company**

LIST OF OWNERS

Scott Dinowitz, CEO

Alberto Valner, Manager



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: April 26, 2016

TO: Mayor and Councilmembers

FROM: Transportation Division, Public Works Department

SUBJECT: Contract For Design Of Paseo Landscape, Lighting And Other Improvements At City Parking Lot 3 (Chapala And Figueroa Streets)

RECOMMENDATION:

That Council authorize the Public Works Director to execute a City Professional Services Contract with Arcadia Studio in the amount of \$65,000 for design services of the City Parking Lot 3 Paseo Improvement Project, and authorize the Public Works Director to approve expenditures of up to \$6,500 for extra services of Arcadia Studio that may result from necessary changes in the scope of work.

DISCUSSION:

Background and Project Objective

City Parking Lot 3 is located on West Figueroa Street, near the intersection of Figueroa and Chapala Streets. Lot 3 is surrounded by commercial businesses and the Metropolitan Transit District's Transit Center. The Lot 3 Paseo provides pedestrian access from the northeast corner of the parking lot to Figueroa and State Streets. The Paseo is approximately 20 feet wide and 115 feet in length. The existing surface of the Paseo is a mix of tile and concrete, with several raised planter beds and ground-level planters. There are also several utilities within the Paseo that serve adjacent businesses. Towards the rear of the Paseo are two trash dumpsters, along with several unhoued trash, food-scrap, and grease bins. At the Paseo's street entrance, there are eight large columns that originally supported a wooden trellis that was removed several years ago.

The objective of the Lot 3 Paseo Improvement Project (Project) is to enhance public safety, cleanliness, appearance, and convenience by upgrading the Paseo's landscaping, walking surface, lighting, and consolidating the refuse and recycle enclosures. Downtown Parking staff has received complaints and has observed frequent nuisance loitering and activities such as drug use in the Paseo throughout the

day and night. Improved lighting and a wider clear path of travel will discourage these activities and provide a better experience for Downtown customers.

On June 17, 2015, Downtown Parking Staff presented the goals and Project concept to the Historic Landmarks Commission (HLC) for initial feedback, prior to hiring a design team. On November 17, 2015, Downtown Parking staff sent a Request for Proposal to four local landscape architecture firms soliciting architectural, landscape, and civil engineering services for the Project. The intent was for the landscape architecture firm to be the prime consultant, and have a team of subconsultants for architecture, electrical, and civil engineering services. Interviews were held in January 2016, with two consultant teams. The consultant team lead by Arcadia Studio (Arcadia) was selected.

Design Phase Consultant Services

Staff recommends that Council authorize the Public Works Director to execute a contract with Arcadia in the amount of \$65,000 for architectural, landscape, and civil engineering services, and \$6,500 for potential extra services, for a total amount of \$71,500. Arcadia and their team of consultants that include Cearnal Collective, Flowers and Associates, and Smith Engineering Associates are experienced in this type of work, and are familiar with the City’s design review guidelines and processes and Building Code requirements. Arcadia also has experience working on many Downtown Parking capital projects.

Community Outreach

Specific stakeholder outreach will be conducted with the businesses that are adjacent to Lot 3. The Project’s design will be reviewed by the HLC. Additional public information will be disseminated in a timely manner throughout the Project via mailings, on-site postings, and through City partners like the Downtown Organization.

Funding

The following summarizes all estimated total Project costs:

ESTIMATED TOTAL PROJECT COST

Design (by Contract)	\$71,500
Survey (separate contract)	\$4,540
City Engineering Services	\$12,000
Subtotal	\$88,040
Estimated Construction Contract w/Change Order Allowance	\$141,500
Estimated Construction Management/Inspection (by Contract or City)	\$40,000

<i>Subtotal</i>	\$181,500
TOTAL PROJECT COST	\$269,540

There are sufficient appropriated funds in the Downtown Parking Capital Fund to cover these costs.

SUSTAINABILITY IMPACT:

The Project will incorporate drought tolerant landscaping, low impact design measures for storm water compliance, and energy efficient pedestrian lighting within the Paseo.

- ATTACHMENT:** Location Map
- PREPARED BY:** Robert J. Dayton, Principal Transportation Planner/TG/mj
- SUBMITTED BY:** Rebecca J. Bjork, Public Works Director
- APPROVED BY:** City Administrator's Office



Lot 3 Paseo Improvement Project
April 26, 2016



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: April 26, 2016

TO: Mayor and Councilmembers

FROM: Water Resources Division, Public Works Department
Planning Division, Community Development Department

SUBJECT: Amended Stage Three Drought Declaration To 35% Conservation Target

RECOMMENDATION:

That Council adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara Amending Resolution 15-036 the Stage Three Drought Emergency Declaration to Increase the Reduction From Normal Citywide Water Use From 25 to 35 Percent.

DISCUSSION:

Over the past four years, the City has been taking successive steps in responding to the worst drought on record in Santa Barbara. Currently, the 2016 water year is projected to end in rainfall well below average with virtually no runoff to local reservoirs. The steps taken by the City have been in line with the City's Water Shortage Contingency Plan and the 2011 Long Term Water Supply Plan (LTWSP), which are based on the following principles:

- Most of the City's water supplies depend on rainfall to fill reservoirs.
- Severe drought is an expected part of water supply planning and develops over a number of years.
- A drought might end in a relatively short time, but the lead time needed to ensure an adequate water supply requires an assumption of continuing drought.
- Managing water demands is a critical part of water supply management, including making efficiency improvements during normal times and extraordinary cutbacks during extended dry periods.

As a result of unprecedented drought conditions, Council declared a Stage One, and subsequently a Stage Two Drought Condition on February 11, 2014, and May 20, 2014, respectively. On May 5, 2015, in response to the driest consecutive four-year period on record, Council declared a Stage Three Drought Emergency and increased the

community's water conservation target to 25 percent. On May 12, 2015, Council adopted additional water use regulations.

The City is currently in the midst of the driest consecutive five-year period on record. The 2016 water year is projected to end in rainfall well below average. In accordance with the LTWSP, depleted surface water supplies have been replaced with increased groundwater production, purchases of supplemental water, the reactivation of the Charles E. Meyer Desalination Plant (Desalination Plant) in fall 2016, and extraordinary water conservation from the community.

Water Conservation Target

During the Stage One and Stage Two Drought conditions, the City asked the community for a 20 percent reduction in water use to help stretch available supplies. As in past droughts, the community responded by exceeding the goal, with cumulative water reductions in excess of 20 percent.

When the Stage Three Drought Emergency was declared in May 2015, the City implemented a 25 percent water use reduction. Since that declaration, the community has averaged 34 percent in water conservation.

At this time, a 35 percent water conservation target is required to further stretch remaining groundwater and surface water supplies. Taking such action now will ensure the City has adequate water supplies to meet demands through 2018, and it may delay the decision to expand the Desalination Plant by at least one year.

Water Use Regulations

Drought water use regulations during the Stage Two and Stage Three Drought conditions have generally targeted discretionary outdoor water use and have complied with statewide regulations adopted by the State Water Resources Control Board. The City has successfully curbed inefficient water use through education, rather than by issuance of penalties. Given the community's success in meeting the water conservation target to date, staff is recommending no additional water use regulations at this time.

At the state level, discussions for amending statewide water use regulations will continue throughout April and May 2016. Staff will report to Council any necessary action the City must take to remain in compliance.

Development Restrictions

During a normal year, the City's water demand is 14,600 acre feet per year (AFY). During a drought, the City's targeted water demand is 80 percent of the normal demand, or 11,680 AFY. On average, new development represents approximately 0.35 percent of the City's drought water demand projection, or 28-40 AFY (see Attachment).

Drought-related development restrictions are limitations placed on development projects to reduce anticipated water demand. Potential development restrictions were discussed by Council in October and December 2014, and in detail on April 14, 2015. Staff consulted with the Planning Commission on February 12, 2015, regarding appropriate development restrictions that could be implemented as part of a Stage Three Drought Emergency, including specifically:

- landscape deferral (voluntary and mandatory);
- suspension of building permits for new pools;
- suspension of building permits for projects with net new water use; and
- Zoning Ordinance Amendments to support water conservation.

On April 14 and May 5, 2015, Council considered potential development restrictions and directed staff to include only the state requirements. This decision was made by weighing the small amount of water savings gained by implementing development restrictions against the potentially negative impact on the local economy.

At this time, with the exception of increasing the conservation target to 35 percent, staff does not recommend imposing additional development restrictions for the same reasons previously discussed by Council. Staff will continue to advise Council on the water supply and demand status and will make recommendations regarding changes in water use regulations and development restrictions as appropriate.

Sustainability Impacts

The recommended conservation target of 35 percent is appropriate at this time, given the community's success in reducing demand and the need to further stretch our remaining water supplies. Staff will monitor the cumulative water savings from May through September 2016, and will use the information as a basis for determining whether or not to recommend additional restrictions for Council consideration in October 2016.

The recommended action reflects preliminary Council review and input from March 22, 2016, and ongoing discussions with the City's Board of Water Commissioners. A 35 percent demand reduction, coupled with supplemental water purchases and the reactivation of the Desalination Plant in fall 2016, would ensure that the City has adequate supplies to meet demand through 2018.

ATTACHMENT: Analysis of Water Use for Development

PREPARED BY: Joshua Haggmark, Water Resources Manager/MW/mh
Allison DeBusk, Project Planner

SUBMITTED BY: Rebecca J. Bjork, Public Works Director
George Buell, Community Development Director

APPROVED BY: City Administrator's Office

Analysis of Water Use for Development

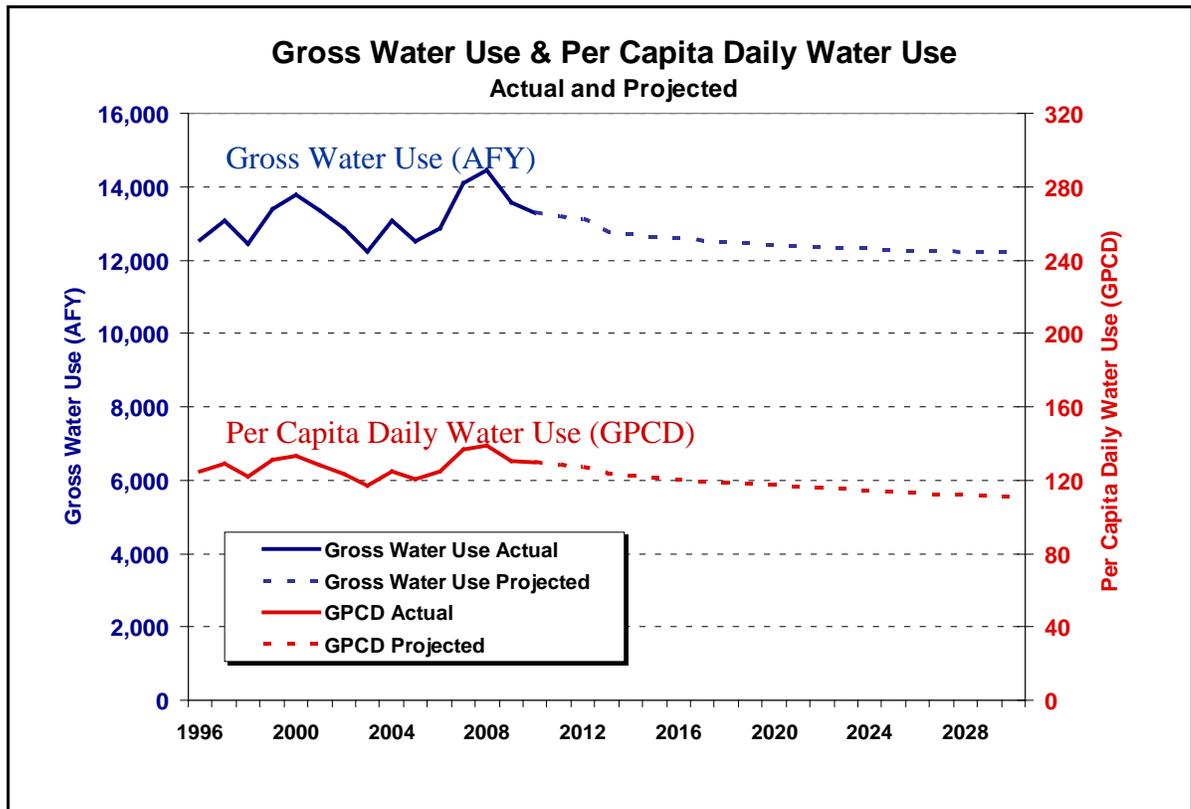
During a normal year, the City's water demand is 14,600 acre feet per year (AFY). Currently, the City is in a Stage Three Drought Condition with projected annual demands of approximately 9,800 AFY (65% of normal potable demand, plus some recycled water use). On average, development represents approximately 0.35% of the City's drought water demand projection, or 28-40 AFY (refer to Table 1 below). This estimate is based on information provided in the General Plan Update Final Environmental Impact Report (FEIR) and City data on development over the last ten years, as described below.

The FEIR prepared for the City's General Plan Update included an assessment of planned growth (assuming 2,800 new residential units and 2 million square feet of nonresidential development) over the 20-year planning period (2010-2030). This additional growth was estimated to increase long-term citywide water demand by a cumulative total of 791 AFY by the year 2030. This breaks down to approximately 40 AFY of new annual water demand, representing 0.41% of the annual drought demand projections.

City staff reviewed completed construction projects in the City from 2004-2013 (as determined by issuance of a certificate of occupancy for each project) and found that an average of 28 AFY of new water demandⁱ went online each year. Although the number varied greatly from one year to another (ranging from 8 to 55 AFY), this time period captured a development boom as well as the recent recession, and should serve as a realistic average in gauging development over the next 5 years. Most recently, for 2014 and 2015, a total of 38.54 and 9.74 AFY respectively, went online based on certificate of occupancy issuance (average of 24 AFY), which is consistent with the average over the previous 10 years. A 28 AFY increase would represent 0.29% of the annual drought demand projections.

Table 1: NET WATER DEMAND FROM DEVELOPMENT		
	Estimated (Per General Plan Update FEIR)	Actual¹ (2004-2013)
Acre Feet Per Year (AFY)	40 AFY	28 AFY
Annual Demand (% of Annual <u>Normal</u> Water Demand (14,600 AFY))	0.27%	0.19%
Annual Demand (% of Annual <u>Drought</u> Water Demand (9,800 AFY))	0.41%	0.29%

While it may seem surprising that development represents such a small portion of the City's water demand, this information is consistent with data from the City's 2011 Long-Term Water Supply Plan (LTWSP). The LTWSP anticipates declining potable water demand due to continuing water conservation measures (including long-term efficiency improvements resulting from measures such as updated plumbing codes and appliance standards) offsetting the effects of development, as illustrated in the following chart from the City's 2010 Urban Water Management Plan update.



During the last prolonged drought event (approximately 1986-1992), significant time and effort was spent to determine, on a case by case basis, if a proposed project could be provided sufficient water supplies without significantly impacting the City's ability to provide adequate supplies to existing users. Two major differences today, in comparison to the last significant drought, are that new projects have substantially lower water use due to required water efficient plumbing fixtures and landscaping, and there are significantly fewer projects in the pipeline (estimated demand of 616 AFY for all pending and approved projects in 1986 vs. 167 AFY currently). Refer to Table 2 for a breakdown of estimated water demand from pending and approved projects. Table 3 identifies the estimated water demand from all projects that have been issued a building permit, but have not received a certificate of occupancy. Additionally, the City's overall water consumption is less now than it was back then (approximately 16,225 AFY in 1986 vs. approximately 14,600 AFY currently (pre-drought)).

Table 2: ESTIMATED WATER DEMAND¹ FROM ALL PENDING AND APPROVED DEVELOPMENT (AFY) (THROUGH 2-29-16)				
PROJECT STATUS	LAND USE			TOTAL
	Residential	Mixed Use	Non-Residential	
Approved (No Building Permit Issued)	54.66	7.65	7.33	69.64
Pending (Not Approved)	13.24	58.95	25.31	97.50
TOTAL	67.90	66.60	32.64	167.14

The numbers identified in Table 2 represent projects in various stages of the process that have been submitted over many years. Some of these projects may never come to fruition, but it represents a worst-case analysis for purposes of context. If all of the projects currently in the pipeline were approved and built in the next year, it would represent 1.7% of the annual drought water demand projection (1.14% of normal year demand).

If the City Council were to restrict issuance of permits for development, it would affect approved and pending projects, which total approximately 167 AFY (Table 2). Table 3 identifies those projects for which a building permit has already been issued. These project approvals, which total approximately 75 AFY, would not be affected by a moratorium on development.

Table 3: ESTIMATED WATER DEMAND¹ FROM ALL DEVELOPMENT CURRENTLY UNDER CONSTRUCTION (AFY) (THROUGH 2-29-16)				
PROJECT STATUS	LAND USE			TOTAL
	Residential	Mixed Use	Non-Residential	
Building Permit Issued	24.0	20.03	31.29	75.32

With regard to those projects in the pipeline (pending and approved) and those for which a building permit has been issued, several of them are Affordable Housing projects. Affordable Housing is a top priority for the City, and the General Plan includes policies supporting affordable housing. Policy LG1 is to “prioritize the use of available resources capacities for additional affordable housing... over all other new development.” Table 4, below, identifies the estimated water use associated with affordable housing projects. If a moratorium on development were imposed, affordable housing may be exempt, so it is important to consider what portion of new water demand is associated with affordable housing.

Table 4: AFFORDABLE HOUSING PROJECTS			
PROJECT STATUS	ADDRESS	DESCRIPTION	ESTIMATED WATER DEMAND¹
Permit Issued	240 W. Alamar	4 moderate income units	0.22 AFY
Permit Issued	1032 E. Mason	6 units for seniors	1.07 AFY
Subtotal			1.29 AFY
On Appeal	251 S. Hope	80 units for low- and very-low income frail elderly	14.4 AFY
Approved	510 N. Salsipuedes	40 units for families	6.4 AFY
Approved	3869 State	58 units for seniors	7.07 AFY
Pending	813 E. Carrillo	17 studios for Veterans	2.3 AFY
Subtotal			30.17 AFY
TOTAL			31.46 AFY

Pending and approved affordable housing projects total 30.17 AFY, which represents 18% of the total pending and approved development.

ⁱ Based on Water Demand Factors from the Water Demand Factor Update Report, City of Santa Barbara, October 2009.

RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF SANTA BARBARA AMENDING RESOLUTION 15-036 THE STAGE THREE DROUGHT EMERGENCY DECLARATION TO INCREASE THE REDUCTION FROM NORMAL CITYWIDE WATER USE FROM 25 TO 35 PERCENT

WHEREAS, the City of Santa Barbara, along with the rest of the State of California, has experienced the driest five-year period on record, and such conditions have resulted in the depletion of surface water resources that are the City's primary water supply;

WHEREAS, the City's 2010 Urban Water Management Plan sets forth the City's Water Shortage Contingency Plan;

WHEREAS, pursuant to the Water Shortage Contingency Plan, a Stage One Drought Condition was declared by Resolution No. 14-009 on February 11, 2014, a Stage Two Drought Condition was declared by Resolution No. 14-027 on May 20, 2014, and a Stage Three Drought Emergency was declared by Resolution No. 15-036 on May 12, 2015;

WHEREAS, since the 2015 Stage Three Drought declaration, there has been a continuing lack of rainfall sufficient to make a substantial improvement to the water supply situation, which has exacerbated the current drought, thereby making it increasingly necessary to conserve existing water supplies to protect the public health, safety and welfare if the current drought continues;

WHEREAS, the Water Shortage Contingency Plan provides that, when the City determines that the water supply for the current or impending water year is projected to be more than 10 percent below projected normal demand, a Stage Three Water Shortage Emergency shall be declared, and such conditions now exist;

WHEREAS, Santa Barbara Municipal Code Section 14.20.215 provides for the declaration of the water shortage conditions and the establishment, by resolution of the City Council, of water use rules and regulations necessary to restrict and regulate the use of water provided by the City's water distribution system during drought, and provides for exemptions to such regulations;

WHEREAS, it is the intent of the City Council to minimize inequities resulting from the implementation of water use regulations; and

WHEREAS, on April 1, 2015 the Governor issued Executive Order B-29-15, calling for mandatory reductions in potable water use by urban water suppliers and additional water regulations affecting end users, and the State Water Resources Control Board adopted an extended and revised emergency regulation on February 2, 2016 to extend restrictions on

urban water use through October 2016.

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

SECTION 1. There continues to exist within the City of Santa Barbara a Stage Three Drought Emergency, and a thirty-five (35) percent reduction from normal citywide water use is hereby required, based on the City's projected water supply.

SECTION 2. Except as amended hereby, all other provisions of Resolution 15-036 remain in full force and effect.



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: April 26, 2016

TO: Mayor and Councilmembers

FROM: Water Resources Division, Public Works Department

SUBJECT: Montecito Water District Desalination Water Sales Agreement Status Update

RECOMMENDATION:

That Council receive an update on the status of discussions with the Montecito Water District regarding a Water Sales Agreement in relation to the City's Charles E. Meyer Desalination Plant as a potential regional water supply.

DISCUSSION

Background

The Charles E. Meyer Desalination Plant (Desal Plant) was constructed by the City as an emergency facility to supply water to the City, the Goleta Water District (GWD), and the Montecito Water District (MWD) during the last serious drought (1987-1991). The Desal Plant was planned and permitted for a maximum capacity of 10,000 acre feet per year (AFY); however, only 7,500 AFY of reverse osmosis filtration capacity was constructed. The Desal Plant operated from March through June 1992, and delivered approximately 419 acre feet of desalinated water. Abundant rainfall in March of 1992 ended the drought, and the Desal Plant was placed into standby mode. At that time, GWD and MWD indicated that they did not wish to continue to use the Desal Plant as an emergency water supply.

On June 16, 2015, MWD sent a letter to the City requesting to have the Desal Plant operate as a regional water supply. Both the Central Coast Regional Water Quality Control Board and the California Coastal Commission have provided some degree of confirmation that, based on the current permits, the Desal Plant could be operated as a regional water supply.

The current drought is the worst in recorded history, which has made it necessary for the City to reactivate the Desal Plant. The current schedule will have the Desal Plant operational in October 2016 at a capacity of 3,125 AFY.

On September 15, 2015, Council directed staff to initiate formal discussions with MWD regarding a potential Water Sales Agreement involving the Desal Plant as a regional water supply. An Ad Hoc Council Committee was appointed and has recommended that this item be brought back to Council for a briefing on the draft terms developed by the City, and the status of negotiations to date. The parties began negotiations by entering into a Memorandum of Understanding (MOU) which set out the parameters under which the parties agreed to negotiate. The MOU anticipated that negotiations would be concluded by January 1, 2016. Although negotiations were not concluded in the anticipated timeframe, they have continued into 2016.

Negotiations Status Update

In October 2015, staff presented MWD with a Term Sheet for a Water Sales Agreement. In summary, the Term Sheet contemplated an arrangement where MWD would receive water from the City from an unspecified source, but the cost of that water would be based on the water supply development expenses associated with the Desal Plant and its operation. To ensure delivery of water to MWD, a dedicated conveyance pipeline would need to be constructed at the expense of MWD from the Desal Plant to the South Coast Conduit. At the time, the City offered up to 2,500 AFY on a 20-year term. On December 31, 2015, the City received a response from MWD that contemplated a different approach, involving MWD-shared ownership, management and operation of the Desal Plant. This approach was unacceptable to City staff.

In February 2016, the City was again approached by MWD with a desire to continue discussions. An updated Term Sheet was provided on March 18, 2016. At the Ad Hoc Committee meeting held on March 23, 2016, consensus was reached on providing an initial capacity to MWD of 1,250 AFY, based on a potential need by the City to utilize a greater portion of the water produced by the Desal Plant, should drought conditions worsen. On April 1, 2016, the City received a more favorable response to the City's Term Sheet, and it appears there is general alignment on the basic terms of an agreement. Staff believes it is appropriate to begin drafting a Water Sales Agreement which will define the details supporting the Term Sheet. Completion of the Water Sales Agreement is likely to take several months, given the complexity and financial commitment it will represent for MWD.

The City Attorney's Office has retained outside counsel in a not-to-exceed contract for \$35,000, to provide specialized legal support services related to drafting the Water Sales Agreement. Staff will return to Council for additional authorization as necessary.

Next Steps

To continue negotiations and the development of the Water Sales Agreement there will be a need for technical support. This would include support to staff on the following:

- Negotiations with IDE America, (under contract with the City to reactivate and operate the City's Desal Plant) for the additional treatment capacity and the revised parameters for operation.
- Additional hydraulic modeling, related to conveyance of water to MWD.
- Engineering and permitting support services related to the conveyance piping required to insure delivering of water to MWD

Staff is working with MWD on a reimbursement agreement for costs attributable to the Water Sales Agreement and anticipates bringing this item back for Council approval in May.

PREPARED BY: Joshua Haggmark, Water Resources Manager/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 26, 2016

TO: Mayor and Councilmembers

FROM: Environmental Services Division, Finance Department

SUBJECT: Two-Year Review Of Single-Use Carryout Bag Ordinance

RECOMMENDATION:

That Council receive a presentation from staff on the effectiveness of the Single-Use Carryout Bag Ordinance in reducing the number of plastic and paper bags used within the City.

DISCUSSION:

On October 15, 2013, Council adopted the Single-Use Carryout Bag Ordinance. The Ordinance prohibits certain stores from providing single-use plastic bags to customers at the point of sale, and requires a 10-cent charge for each paper bag to customers. The Ordinance defines two types of stores: Tier 1 stores are larger supermarkets and stores greater than 10,000 square feet and that include a pharmacy (17 stores). Tier 2 stores are defined as smaller grocery stores, drug stores, pharmacies, convenience stores and food marts that are less than 10,000 square feet (66 stores).

Section Two of the Ordinance requires that within two years of the ordinance effective date, staff report on the effectiveness of the Ordinance to reduce the number of plastic and paper bags distributed within the City. Staff observed that most stores easily transitioned into compliance with the Ordinance; discontinuing the use of plastic bags charging the appropriate fee for paper bags; and submitting the annual report on time. Only one store was found to be out of compliance and did not submit its annual report. Staff has notified the store of the regulations and is working with store management to come into compliance. No administrative enforcement actions have been initiated against any store to date.

In 2013, the Final EIR for the Ordinance estimated that approximately 47.3 million single-use plastic bags were distributed in the City. The table below compares the actual distribution of all carry-out bags as reported by regulated stores to the assumptions stated in the Final EIR:

	Total Plastic Bags Used Annually 2013	Reusable Bags (switch to reusable bag or no bag)	Paper Bags (switch to paper)	Plastic Bags (from non-regulated stores)
Actual Results	47,302,542	42,258,175	2,679,240	2,365,127
Final EIR Estimates	47,302,542	30,746,664	14,190,763	2,365,127

From this table, the following conclusions can be made:

- The Ordinance was effective, reducing the number of single-use bags distributed in the City from 47.3 million to only 5.04 million (plastic bags from non-regulated stores + paper bags); and,
- Most single use bags were replaced by reusable bags or patrons did not use a bag. Note that the actual number of single-use paper bags distributed following the adoption of the Ordinance is dramatically lower than anticipated by the Final EIR.

Data Gaps

While working with stores to verify compliance and collect annual reports, it became clear to staff that large grocery stores and pharmacies were much better equipped to collect accurate data, as their registers have the ability to track and report paper bag sales over an entire year. Conversely, staff found that registers in smaller stores, such as mini-marts, were not as sophisticated, requiring store staff to manually record bag sales at the close of each business day. This discrepancy in technology may have caused variances in data quality among large and small stores. While this discrepancy may have caused the sales of paper bags to be under reported by some smaller stores, it would not have impacted the overall reduction in single-use plastic bags.

PREPARED BY: Matt Fore, Environmental Services Manager

SUBMITTED BY: Robert Samario, Finance Director

APPROVED BY: City Administrator's Office



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: April 26, 2016

TO: Mayor and Councilmembers

FROM: City Attorney's Office

SUBJECT: Conference With City Attorney – Anticipated Litigation

RECOMMENDATION:

That Council hold a closed session to consider anticipated litigation pursuant to subsections 54956.9(d)(2) & (e)(2)(3) of the Government Code. Significant exposure to litigation arising out of claims by David Anduri Sr.

SCHEDULING: Duration, 15 minutes; anytime

REPORT: None anticipated

SUBMITTED BY: Ariel Calonne, City Attorney

APPROVED BY: City Administrator's Office