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

MAY 24, 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.santabarbaraca.gov/citytv 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 Begins
5:00 p.m.	-	Recess
6:00 p.m.	-	City Council Meeting Reconvenes

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

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

Recommendation: That the Finance Committee:

A. Hear a report regarding staff-recommended adjustments;

B. Hear a report on a newly proposed administrative fine/fee for noise disturbances;

C. Receive and consider options for increasing planning and development-related fees in response to a request from the Finance Committee; and

D. Develop final recommendations relative to the items presented to the Finance Committee, which will be presented to the City Council at its special budget work session on Wednesday, June 1, 2016, from 4:00 to 7:00 p.m.

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

AFTERNOON SESSION

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

CHANGES TO THE AGENDA

PUBLIC COMMENT

CONSENT CALENDAR

1. Subject: Revised Waterfront Hotel Development Agreement (640.10)

Recommendation: That Council: (re)-introduce and subsequently 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.

2. Subject: Adoption Of Ordinance For The Approval Of A Building Encroachment Agreement At 6 State Street And 13 East Cabrillo Boulevard (330.10)

Recommendation: That Council 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 an Encroachment Agreement to Virginia Castagnola-Hunter, as Trustee of the Virginia Castagnola-Hunter Trust Created u/d/t Dated February 20, 2002; Scott Hollister; George C. Hollister and Cathleen W. Hollister, Trustees of the GCH and CWH Trust; Catherine Wallenfels; Francesca Hunter; and Alexis Hunter Chernow, as Trustee of the Alexis Hunter Chernow Trust Created u/d/t Dated January 15, 2014; for Building Improvements on a Portion of 6 State Street (Santa Barbara County Assessor's Parcel Number 033-111-011) and 13 East Cabrillo Boulevard (Santa Barbara County Assessor's Parcel Number 033-111-012) That Will Encroach Into the Public Flood Control Easement.

3. Subject: Adoption Of Ordinance To Quitclaim And Release The 1983 Flood Control Easement On 13 East Cabrillo Boulevard (330.03)

Recommendation: That Council adopt, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Authorizing the City Administrator to Execute a Quitclaim Deed Releasing the 1983 Flood Control Easement on 13 East Cabrillo Boulevard, and to Record Same in the Office of the Santa Barbara County Recorder Upon Recordation of the Final Order of Condemnation in Santa Barbara Superior Court Case Number 1469840, City of Santa Barbara v. Virginia Castagnola-Hunter, et al.

CONSENT CALENDAR (CONT'D)

4. Subject: Records Destruction For Administrative Services Department (160.06)

Recommendation: That Council adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara Relating to the Destruction of Records Held by the Administrative Services Department in the City Clerk's Office and Human Resources Division.

5. Subject: Introduction Of Ordinance For Lease Agreement With Mulligan's Café Inc. at Santa Barbara Golf Club (330.04)

Recommendation: That Council introduce and subsequently adopt, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Approving and Authorizing the Parks and Recreation Director to Execute a Ten-Year Concession Lease Agreement, with Mulligan's Café, Inc., a California Corporation, for the 3,480 Square Feet of Interior Space, and Approximately 3,200 Square Feet of Exterior Patio Space at Santa Barbara Golf Club, 3500 McCaw Avenue, Santa Barbara.

6. Subject: April 2016 Investment Report (260.02)

Recommendation: That Council accept the April 2016 Investment Report.

7. Subject: Integrated Pest Management 2015 Annual Report (330.01)

Recommendation: That Council accept the Integrated Pest Management (IPM) 2015 Annual Report that addresses the use of pesticides and alternatives to control weeds or eliminate pests on City property.

8. Subject: Fiscal Year 2016 Third Quarter Review (210.01)

Recommendation: That Council:

A. Receive a report from staff on the status of revenues and expenditures in relation to budget for the nine months ended March 31, 2016;

B. Accept the Fiscal Year 2016 Interim Financial Statements for the Nine Months Ended March 31, 2016; and

C. Approve the proposed third quarter adjustments to Fiscal Year 2016 appropriations and estimated revenues as detailed in the attached schedule of Proposed Third Quarter Adjustments.

CONSENT CALENDAR (CONT'D)

9. Subject: Professional Services Contract For Cater Valve Replacement Project (540.10)

Recommendation: That Council:

A. Approve and authorize the Public Works Director to execute a Professional Services contract with Pacific Rim Automation, Inc., in the amount of $369,188 for the Cater Valve Replacement Project; and

B. Authorize the Public Works Director to approve expenditures of up to $36,919 for extra services of Pacific Rim Automation, Inc., that may result from necessary changes in the scope of work.

NOTICES

10. The City Clerk has on Thursday, May 19, 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.

This concludes the Consent Calendar.

REPORT FROM THE FINANCE COMMITTEE

CITY COUNCIL ADMINISTRATIVE AND ATTORNEY REPORTS

CITY ATTORNEY

11. Subject: Medical Marijuana Regulations: Report On Legislative Issues And Options Relating To Cultivation, Transportation, Delivery, Manufacturing, Fees And Taxes (150.02)

Recommendation: That Council:

A. Receive a report and presentation on the effects of the City's medical marijuana regulations and the regulatory options presented by new state marijuana laws; and

B. Provide direction regarding potential regulation of storefront marijuana dispensaries, taxes, fees, manufacturing, mobile delivery, and other marijuana-related issues.

PUBLIC WORKS DEPARTMENT

12. Subject: Stage Three Drought Update (540.05)

Recommendation: That Council receive an update on the status of the current drought, drought-response capital projects, and continuing conservation efforts.

CITY COUNCIL ADMINISTRATIVE AND ATTORNEY REPORTS (CONT'D)

PUBLIC WORKS DEPARTMENT (CONT'D)

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

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

MAYOR AND COUNCIL REPORTS

14. Subject: Request From Councilmembers White And Dominguez Regarding Growth Management Ordinance And Development Mitigation Fees (610.01)

Recommendation: That Council consider the request from Councilmembers White and Dominguez to consider adoption of a growth management ordinance on multi-family units and development mitigation fees.

COUNCIL AND STAFF COMMUNICATIONS

COUNCILMEMBER COMMITTEE ASSIGNMENT REPORTS

PUBLIC COMMENT (IF NECESSARY)

CLOSED SESSIONS

15. Subject: Conference With City Attorney - Pending Litigation (160.03)

Recommendation: That Council hold a closed session to consider pending litigation pursuant to subsection (d)(1) of section 54956.9 of the Government Code and take appropriate action as needed. The pending litigation is *Rolland Jacks, et al., v. City Of Santa Barbara*; Supreme Court Case No. S225589.

Scheduling: Duration, 15 minutes; anytime
Report: None anticipated

RECESS

EVENING SESSION

RECONVENE

ROLL CALL

PUBLIC COMMENT

MAYOR AND COUNCIL REPORTS

16. Subject: Interviews For City Advisory Groups (140.05)

Recommendation: That Council:

A. Hold interviews of applicants to various City Advisory Groups; and

B. Continue interviews of applicants to June 14, 2016.

ADJOURNMENT

CITY OF SANTA BARBARA

FINANCE COMMITTEE

SPECIAL MEETING AGENDA

DATE: May 24, 2016
TIME: 12:00 P.M.
PLACE: David Gebhard Public Meeting Room
630 Garden Street

Gregg Hart, Chair
Bendy White
Jason Dominguez

Paul Casey
City Administrator

Robert Samario
Finance Director

ITEMS TO BE CONSIDERED:

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

   Recommendation: That the Finance Committee:
   A. Hear a report regarding staff-recommended adjustments;
   B. Hear a report on a newly proposed administrative fine/fee for noise disturbances;
   C. Receive and consider options for increasing planning and development-related fees in response to a request from the Finance Committee; and
   D. Develop final recommendations relative to the items presented to the Finance Committee, which will be presented to the City Council at its special budget worksession on Wednesday, June 1, 2016 from 4:00 to 7:00 p.m.

File Code No. 120.03

CITY OF SANTA BARBARA

FINANCE COMMITTEE AGENDA REPORT

AGENDA DATE: May 24, 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. Hear a report regarding staff-recommended adjustments;
B. Hear a report on a newly proposed administrative fine/fee for noise disturbances;
C. Receive and consider options for increasing planning and development-related fees in response to a request from the Finance Committee; and
D. Develop final recommendations relative to the items presented to the Finance Committee, which will be presented to the City Council at its special budget worksession on Wednesday, June 1, 2016 from 4:00 to 7:00 p.m.

DISCUSSION:

Over the course of three meetings, City staff presented to the Finance Committee a number of topics related to the Fiscal Year 2017 Recommended Budget filed on April 19, 2016. At this final meeting, the Finance Committee will be asked to develop final recommendations related to the topics presented to the Committee. The topics presented to the Finance Committee are listed below:

1. General Fund non-departmental revenue estimates and assumptions
2. General Fund multi-year forecast
3. Proposed fees – General Fund and Enterprise Funds
4. Options for increasing planning and other development-related fees
5. Funding requests from outside organizations
6. Staff recommended adjustments

With regard to item #2, this is an informational item only and, as such, no recommendation is being sought. Regarding item #4, staff will be presenting options for increasing Planning Division and other development-related fees. This is in response to a request from the Finance Committee at the meeting of Tuesday, May 10th, during which the Committee asked staff to return with options for recovering a higher percentage of costs to provide development-related services, most of which are highly subsidized from general tax revenues.

ATTACHMENTS: 1. Summary of Funding Requests from Outside Organizations
2. Staff Recommended Adjustments

PREPARED BY: Robert Samario, Finance Director

SUBMITTED BY: Robert Samario, Finance Director

APPROVED BY: City Administrator's Office

FY 2017 Funding Requests from Community Organizations

		FY 2017 Request	Request Type
Requests for General Fund Funding			
Coalition Against Gun Violence - 2016 Santa Barbara Gun Buyback	$	25,000	one-time
Visit Santa Barbara - ongoing services		150,000	ongoing
County of Santa Barbara - 211 Helpline		22,186	ongoing
Downtown Santa Barbara - in support of Plaza maintenance services		33,700	one-time
PATH (Casa Esperanza) - Request for Ongoing Funding		125,000	ongoing
Landlord Liaison Partnership (Transition House program)		50,000	one-time
Sub-total General Fund Funding Requests	**$**	**405,886**	
Requests for Funding Outside the General Fund			
Beach Erosion Authority, Clean Ocean & Nourishment (BEACON) - 30% increase to annual dues (current dues paid by Waterfront)		4,500	ongoing
Sub-Total Funding Requests Outside the General Fund	**$**	**4,500**	
TOTAL FUNDING REQUESTS	**$**	**410,386**	

CITY OF SANTA BARBARA
Schedule of Staff Recommended Adjustments
Mid-Cycle Budget for Fiscal Year 2017

	Estimated Revenue	Appropriations	Addition to/ (Use of) Reserves
GENERAL FUND			
Library			
Increase estimated revenue and appropriations by $41,827 for the revised City administration fee charged to County branches. The administration fee is currently 9% of each County library's share of the County per capita revenue and beginning in FY 2017 will be charged at 9% of total expenditures, which is a better reflection of the cost to provide services to each branch library.	$ 41,827	$ 41,827	
Mayor & Council (Arts & Community Promotions)			
Increase appropriations (net) for a couple minor changes: (1) appropriation of TVSB's portion (50%) of additional PEG* revenues received (after filing of the FY17 recommended budget) from a Franchise fee audit performed by consultants on Cox cable this year, and (2) update appropriations for TVSB in the FY17 recommended budget to match TVSB's share (50%) of the anticipated FY17 PEG fee revenue.	$ -	$ 2,436	
General Government			
Decrease appropriated reserves to balance the General Fund.		(2,436)	
General Fund Fund Total	**$ 41,827**	**$ 41,827**	**$ -**
COUNTY LIBRARY FUND			
Library Department			
Increase the administration fee for the City to operate the County Library branches, including Carpinteria, Montecito, Buellton, and Solvang.	$ -	$ 41,827	
County Library Fund Total	**$ -**	**$ 41,827**	**$ (41,827)**
CREEKS RESTORATION & WATER QUALITY FUND			
Parks & Recreation Department			
Due to re-prioritization of Creeks capital projects since budget filing, Creeks staff recommends moving $200,000 originally planned for the Mid-Arroyo Burro Restoration to the Lower Arroyo Burro Restoration Project (at the newly acquired Arroyo Burro Open Space Park). This funding will be used for planning, outreach, technical studies, and conceptual restoration design work. The total FY 17 Capital Program Transfer will remain at $1,475,000, as the $200,000 for the Lower Arroyo Burro Project will replace the $200,000 originally proposed for the Mid-Arroyo Burro Restoration Project.			
Mid-Arroyo Burro Restoration Capital Project	$ -	$ (200,000)	
Lower Arroyo Burro Restoration Capital Project	-	200,000	
Creeks Restoration & Water Quality Fund Total	**$ -**	**$ -**	**$ -**

* PEG stands for public, educational, and governmental.

Agenda Item No. 1

File Code No. 640.10

CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: May 24, 2016

TO: Mayor and Councilmembers

FROM: City Attorney's Office

SUBJECT: Revised Waterfront Hotel Development Agreement

RECOMMENDATION:

That Council: (re)-introduce and subsequently 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.

DISCUSSION:

On April 19, 2016, the City Council introduced the two above-referenced ordinances for first reading. Council voted 4-3 (Dominguez, Hart and Murillo NOE) on Item B. (the Development Agreement) and 5-2 (Dominguez and Murillo NOE) on Item C, (the TEDR Amendment). The Development Agreement ordinance requires four votes for passage and adoption. The TEDR Amendment requires five votes for final adoption pursuant to City Charter Section 1507. On April 26, 2016, this office requested the Council to delay second reading of both ordinances due to certain legal concerns. We have, in conjunction with the Parker family, revised the proposed Development Agreement to address our legal concerns.

Our principal Development Agreement concern had to do with the legal remedies available if the Agreement is not complied with by either party. Recent case law has made it clear that a developer can obtain money damages from the City if the City does not comply with a development agreement. While there is little risk that this City Council would fail to comply with the Agreement, there is an unknown risk that the voters through the initiative process or a future Council might enact restrictions that would make it difficult or impossible for the City to comply with the Agreement. Accordingly, we have added language, highlighted in revised Section 25, which precludes money damages as an enforcement remedy. The developer or the City may enforce the Agreement by requiring the other party to fulfill the promises exchanged in the Agreement, but money damages are not available. We believe the revised language better protects the City from unexpected liability risks.

We also had concerns with language in Sections 2 and 10.1 which appeared to acknowledge the indefinite existence of a vested right to develop the previously approved 150 room hotel. The intent of the parties was to protect the right to develop the 150 room hotel only during the five year term of the Development Agreement. Accordingly, we have added language to Recital P., and Sections 2 and 10.1, which limits the City's acknowledgement of the right to develop the 150 room hotel to the term of the Development Agreement. If, after the Development Agreement expires, the 150 room hotel has not been developed, any right to do so will also expire.

On May 17, Council voted 5-2 (Hart and Murillo NOE) to introduce the ordinance approving the Development Agreement and directed the City Attorney's Office to revise the Development Agreement to reflect the following understandings:

1. Any transfer of existing development rights would occur on a square footage basis and not a room-for-room basis;

2. The Parker Family would have five (5) years in which to obtain a building permit for a hotel on the Hotel Parcel;

3. An additional two (2) years would be added to the term of the Agreement during which time the Parker Family could apply for a transfer existing development rights; and

4. Any transfer of existing development rights from the Hotel Parcel to the Fess Parker Resort would include the transfer of credit for the prior environmental mitigations.

PREPARED BY: Ariel Pierre Calonne, City Attorney

SUBMITTED BY: Ariel Pierre Calonne, City Attorney

APPROVED BY: City Administrator's Office

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, Division13):

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~~ Section 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 in Sections 2 and 10.1; 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~~~~for the Termwithin five (5) years of the Effective Date~~during the Term of this Agreement (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 floor area ~~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. Notwithstanding the foregoing, the provisions of Section 11 shall extend for an additional period of two (2) years after the Term of this Agreement ("Section 11 Term").

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~~during the Term of this Agreement, 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~~during the Term of this Agreement (as may be extended pursuant to this Agreement), the Parker Family shall be deemed to have terminated its vested rights to develop or ~~'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. However, if the Parker Family does not obtain the New Building Permits and Public Works Permits ~~within five (5) years of the Effective Date~~during the Term of this Agreement (as may be extended pursuant to this Agreement), the Parker Family shall be deemed to have terminated its vested rights to develop or construct the improvements on the Parking Lot Parcel pursuant to the Parking Lot Approvals.

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~~

footagenonresidential floor area on the Hotel Parcel ("Approved Floor AreaSquare 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 Section 11.The Parker Family may apply to transfer the Approved Floor Area from the Hotel Parcel in accordance with Chapter 28.95 of the Santa Barbara Municipal Code subject to the limitations and allowances provided in this Section 11. In the case of any conflict between the terms of Chapter 28.95 and the provisions of this Section 11, the provisions of this Section 11 shall control.

In calculating the amount of undeveloped Approved Floor Area 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 no more than 66,834 square feet of Approved Floor Area (collectively, "Initial TEDR") from the Hotel Parcel to one or more receiving sites, pursuant to this Agreement. Prior to the transfer of any Approved Floor AreaHotel 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 Section 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 Section 11 shall control. During the term of this Agreement and the Section 11 Term, any transfer of Approved Floor Area Hotel Rooms from the Hotel Parcel shall be subject to this Paragraph Section 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.~~ The Parker Family's ability to transfer Approved Floor Area from the Hotel Parcel to one or more receiving sites shall exist during the Term of this Agreement and the Section 11 Term. Upon the expiration of the Term of this Agreement and the Section 11 Term, or upon any other termination of this Agreement, the Parker Family's ability to apply for a transfer of Approved Floor Area from the Hotel Parcel to any other receiving site shall expire by operation of law pursuant to Chapter 28.95; provided, however, the Parker Family shall be entitled to continue to process any application for the transfer of Approved Floor Area from the Hotel Parcel that is filed before such expiration or termination of this Agreement.

11.1 Process for Transfer of Existing Development Rights. If the Parker Family submits an application to the City to transfer any Approved Floor Area~~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 Floor Area Hotel Rooms shall be measured only in square feet of floor area. available for transfer on a "room for room" basis or measured by square feet of floor area, which for purposes of this Paragraph Section 11.1 is deemed to be 397 square feet per Approved Hotel Room.~~

~~2~~1. The City hereby acknowledges and agrees that any transfer of Approved Floor Area ~~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~~2. 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~~3. 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~~4. Except as otherwise expressly stated herein, any application for a transfer of Approved Floor Area~~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.

11.3 No Effect if Amendments to Chapter 28.95 are Not Approved. In conjunction with this Agreement, the City Council of City is considering amendments to Chapter 28.95 of the Santa Barbara Municipal Code which, if they become effective, will authorize this Agreement to supersede the requirements of Chapter 28.95. If those amendments do not for any reason become effective, including without limitation a successful referendum, then the provisions of this Section 11 shall have no force or effect.

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 or 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~~ Section 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. Limitation of Remedies. It is acknowledged by the parties that neither party would have entered into this Agreement if doing so would subject it to the risk of incurring liability in money damages, either for breach of this Agreement, anticipatory breach, repudiation of the Agreement, or for any actions with respect to its implementation or application. The parties intend by the provisions of this Section 25 that neither of the parties shall have any liability for money damages arising out of a breach or repudiation of this Agreement, and no liability in money damages for any claims arising out of the application process, negotiation, execution and adoption, or the implementation or application of this Agreement. Each of the parties to this Agreement may pursue any remedy at law or equity available for the breach of any provision of this Agreement, including but not limited to specific performance, temporary or permanent injunctive relief, declaratory relief, or restraining orders, except that the parties shall have no liability in money damages for any acts which are alleged to have arisen out of or relate to this Agreement.

The parties further acknowledge that money damages and remedies at law generally are inadequate, and specific performance is the most appropriate remedy for the enforcement of this Agreement and should be available to all parties for the following reasons:

(a) Money damages are excluded as provided above.

(b) Due to the size, nature, and scope of development of the Hotel Parcel and Parking Lot Parcel, it may not be practical or possible to restore the Hotel Parcel or the Parking Lot Parcel to their original condition once implementation of this Agreement has begun. After such implementation, the Parker Family may be foreclosed from other choices they may have had to utilize the Hotel Parcel or the Parking Lot Parcel or portions thereof. The Parker Family have invested significant time and resources and performed extensive planning and processing of the Development Approvals in agreeing to the terms of this Agreement and will be investing even more significant time and resources in implementing the Development Approvals in reliance upon the terms of this Agreement, and it is not possible to determine the sum of money which would adequately compensate the Parker Family for such efforts.

Except for claims, demands, actions, or suits in which non-money damages is the sole remedy sought, including without limitation the remedy of specific performance, temporary or permanent injunctive relief, declaratory relief, or restraining orders, the Parker Family, on the one hand, and the City, on the other hand, for themselves, their successors and assignees, hereby release one another's officers, trustees, directors, partners, agents and employees from any and all claims, demands, actions, or suits of any kind or nature arising out of any liability, known or unknown, present or future, including, but not limited to, any claim or liability, based or asserted, pursuant to Article I, Section 19 of the California Constitution, the Fifth and Fourteenth Amendments of the United States Constitution, or any other law or ordinance which seeks to impose any money damages, whatsoever, upon the parties because the parties entered into this Agreement, because of the terms of this Agreement, or because of the manner of implementation or performance of this Agreement.

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.

Approved Floor Area. Existing development rights as defined in Section 28.95.020.A.2 of the Santa Barbara Municipal Code.

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

By: _____
City Administrator

ATTEST:

_____
City Clerk

APPROVED AS TO CONTENT:

_____
Community Development Director

PARKER FAMILY

American Tradition, LLC
a California limited liability company

By: _____

Its: _____

APPROVED AS TO FORM

_____

Public Works Director

APPROVED AS TO FORM

_____

City Attorney

ORDINANCE NO._____

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SANTA BARBARA APPROVING AND AUTHORIZING THE CITY ADMINISTRATOR TO EXECUTE AN ENCROACHMENT AGREEMENT TO VIRGINIA CASTAGNOLA-HUNTER, AS TRUSTEE OF THE VIRGINIA CASTAGNOLA-HUNTER TRUST CREATED U/D/T DATED FEBRUARY 20, 2002; SCOTT HOLLISTER; GEORGE C. HOLLISTER AND CATHLEEN W. HOLLISTER, TRUSTEES OF THE GCH AND CWH TRUST; CATHERINE WALLENFELS; FRANCESCA HUNTER; AND ALEXIS HUNTER CHERNOW, AS TRUSTEE OF THE ALEXIS HUNTER CHERNOW TRUST CREATED U/D/T DATED JANUARY 15, 2014, FOR BUILDING IMPROVEMENTS ON A PORTION OF 6 STATE STREET (SANTA BARBARA COUNTY ASSESSOR'S PARCEL NUMBER 033-111-011) AND 13 EAST CABRILLO BOULEVARD (SANTA BARBARA COUNTY ASSESSOR'S PARCEL NUMBER 033-111-012) THAT WILL ENCROACH INTO THE PUBLIC FLOOD CONTROL EASEMENT

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

SECTION 1. That the Encroachment Agreement, approved as to form by the City Attorney, to Virginia Castagnola-Hunter, as trustee of the Virginia Castagnola-Hunter Trust created u/d/t dated February 20, 2002; Scott Hollister; George C. Hollister and Cathleen W. Hollister, Trustees of the GCH and CWH Trust; Catherine Wallenfels; Francesca Hunter; and Alexis Hunter Chernow, as Trustee of the Alexis Hunter Chernow Trust created u/d/t dated January 15, 2014 (hereinafter collectively referred to as "Owners"), for a portion of the property known as 6 State Street, Santa Barbara County Assessor's Parcel Number 033-111-011, and 13 (aka 15) East Cabrillo Boulevard, Santa Barbara County Assessor's Parcel Number 033-111-012 (hereinafter collectively referred to as "Real Property"), for building improvements that will encroach into the public flood control easement, is approved pursuant to the City Charter, and the City Administrator is authorized to execute the same.

SECTION 2. Said encroachments shall include a new roof overhang, a faux balcony, a real balcony, and a stormwater retention trench within City's public flood control easement within a portion of 6 State Street and 13 (aka 15) East Cabrillo Boulevard (as is illustrated in Council Report Attachments 1 through 3).

SECTION 3. That this Ordinance shall be subject to a thirty-day referendum from the date of its adoption.

SECTION 4. That upon the effective date of this Ordinance, the City Clerk is authorized to record the Encroachment Agreement in the Official Records, in the Office of the County Recorder, Santa Barbara County.

ORDINANCE NO. _____

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SANTA BARBARA AUTHORIZING THE CITY ADMINISTRATOR TO EXECUTE A QUITCLAIM DEED RELEASING THE 1983 FLOOD CONTROL EASEMENT ON 13 EAST CABRILLO BOULEVARD, AND TO RECORD SAME IN THE OFFICE OF THE SANTA BARBARA COUNTY RECORDER UPON RECORDATION OF THE FINAL ORDER OF CONDEMNATION IN SANTA BARBARA SUPERIOR COURT CASE NUMBER 1469840, CITY OF SANTA BARBARA V. VIRGINIA CASTAGNOLA-HUNTER, ET AL

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

SECTION 1. Approve and authorize the City Administrator to execute the Quitclaim Deed, approved as to form by the City Attorney, to Virginia Castagnola Hunter, as trustee of the Virginia Castagnola-Hunter Trust, created u/d/t dated February 20, 2002; Scott Hollister; George C. Hollister and Cathleen W. Hollister, Trustees of the GCH and CWH Trust; Catherine Wallenfels; Francesca Hunter; and Alexis Hunter Chernow, as Trustee of the Alexis Hunter Chernow Trust, created u/d/t dated January 15, 2014, as heirs, successors and assigns to George V. Castagnola and Rena G. Castagnola, Husband And Wife, releasing an easement at 13 (a.k.a. 15) East Cabrillo Boulevard.

SETION 2. The City will acquire a new flood control easement under the condemnation case Santa Barbara Superior Court Case No. 1469840, *City of Santa Barbara v. Virginia Castagnola-Hunter, et al*., that encompasses the entire public flood control easement lying over the same southwesterly portion of 13 (aka 15) East Cabrillo Boulevard (Assessor Parcel Number 033-111-012), that was granted to the City by grant deed recorded February 14, 1983, Instrument Number 83-7191 (hereinafter referred to as the "1983 Easement Deed").

SECTION 3. Upon recordation of the Final Order for Condemnation in Santa Barbara Superior Court Case No. 1469840, the City will receive title to the new 745 square foot flood control easement, and will no longer need the 1983 Easement Deed.

SECTION 4. That this Ordinance shall be subject to a thirty-day referendum from the date of its adoption.

SECTION 5. That upon the effective date of this Ordinance, and upon recordation of the Final Order of Condemnation in Santa Barbara Superior Court Case No. 1469840, the City Clerk is authorized to record the Quitclaim Deed in the Official Records, in the Office of the County Recorder, Santa Barbara County.

Agenda Item No. 4

File Code No. 160.06

CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: May 24, 2016

TO: Mayor and Councilmembers

FROM: Division, Department

SUBJECT: Records Destruction For Administrative Services Department

RECOMMENDATION:

That Council adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara Relating to the Destruction of Records Held by the Administrative Services Department in the City Clerk's Office and Human Resources Division.

DISCUSSION:

The City Council adopted Resolution No. 16-005 on February 9, 2016, approving the City of Santa Barbara Records Management Policies and Procedures Manual. The Manual contains the records retention and disposition schedules for all City departments. The schedules are a comprehensive listing of records created or maintained by the City, the length of time each record should be retained, and the legal retention authority. If no legal retention authority is cited, the retention period is based on standard records management practice.

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

The Administrative Services Director requests the City Council to approve the destruction of the Administrative Services Department records in the City Clerk's Office and Human Resources Division listed on Exhibit A of the proposed Resolution, without retaining a copy.

SUSTAINABILITY IMPACT:

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

PREPARED BY: Susan Tschech, CMC, Deputy City Clerk

SUBMITTED BY: Kristine Schmidt, Administrative Services Director

APPROVED BY: City Administrator's Office

RESOLUTION NO.

A RESOLUTION OF THE COUNCIL OF THE CITY OF SANTA BARBARA RELATING TO THE DESTRUCTION OF RECORDS HELD BY THE ADMINISTRATIVE SERVICES DEPARTMENT IN THE CITY CLERK'S OFFICE AND HUMAN RESOURCES DIVISION

WHEREAS, the City Council adopted Resolution No. 16-005 on February 9, 2016, approving the City of Santa Barbara Records Management Policies and Procedures Manual;

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

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

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

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

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

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

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

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

EXHIBIT A

ADMINISTRATIVE SERVICES DEPARTMENT

CITY CLERK'S OFFICE

Records Series	Date(s)
Advisory Group Member Information	2013
City Council Meeting Audio or Video Recordings	2005
Contracts, Agreements, and Leases	1979-82
Correspondence, Routine	2013
Election Records	
November 3, 2015, General Municipal Election	2015
(Records include: Ballots, Vote by Mail Voter Identification Envelopes, Vote by Mail Challenge List, Precinct Official material, Ballot Processing Logs, Ballot Counter Printouts; Logic & Accuracy Certifications, Ballot Counter Program Cards, Ballot Statements from Precincts, Street Indexes, Daily Summary Reports, Manual Tally Sheets, Voter ID and Polling Place Location Reports, Log of Observers of Vote by Mail Ballot Board, working copy of Precinct Map of Santa Barbara area, and Report: "Voter Listing with Comments.")	
Nomination Documents	2007
Campaign Statements	2008
Ethics Training Logs, Certificates	2010
Reports and Studies	2013
Statements of Economic Interest	2007

HUMAN RESOURCES DIVISION

Records Series	Date(s)
Closed Eligibility and Examination Files	Prior to April 2014
Employment Eligibility Forms (I-9)	Prior to April 2013
Personnel Folders	Prior to 1991

Agenda Item No. 5

File Code No. 330.04

CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: May 24, 2016

TO: Mayor and Councilmembers

FROM: Golf Division, Parks and Recreation Department

SUBJECT: Introduction Of Ordinance For Lease Agreement With Mulligan's Café Inc. at Santa Barbara Golf Club

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 Parks and Recreation Director to Execute a Ten-Year Concession Lease Agreement, with Mulligan's Café Inc., a California Corporation, for the 3,480 Square Feet of Interior Space, and approximately 3,200 Square Feet of Exterior Patio Space at Santa Barbara Golf Club, 3500 McCaw Avenue, Santa Barbara.

DISCUSSION:

In July 2015, City Council directed the Parks and Recreation Department (Department) to negotiate contractual terms with the existing operators of Mulligan's Café and Bar (Mulligan's) to provide food and beverage services at the Santa Barbara Golf Club (Golf Club).

Mulligan's has provided food and beverage services at the Golf Club under a concession lease for more than 23 years, building a loyal and growing customer base and financial returns for the City. The current lease expires on June 30, 2016.

The proposed lease modernizes insurance provisions and brings the lease into compliance with current City of Santa Barbara practices. The lease includes clear maintenance obligations, tenant-funded building enhancements, the introduction of minimum beverage cart hours, an annual marketing financial contribution, and commitments to work collaboratively with the City and CourseCo, the City's golf management company, to provide seamless service for golfers and customers of Mulligan's.

The business terms of the lease included:

- **Term:** Ten (10) year term.
- **Base Rent:** $130,000 annually.
- **Annual Rent Adjustment:** Cost of Living increases based on the Consumer Price Index (CPI).
- **Percentage Rent**: 10% of All Gross Revenues.
- **Tenant Improvements**: $50,000 in first six months.

Tenant Improvements

The lease sets out the tenant obligations to spend no less than $50,000 within the first six months on improvements that will provide patrons an enhanced experience, including:

- New flooring in the Restaurant and Banquet Facilities
- Interior painting of the Restaurant and Banquet Facilities
- Refurbishment of both Men's and Women's restrooms
- Installation of transparent Plexi-glass to outdoor patio
- Purchase of new tables and chairs for the interior of the Restaurant

Key aspects of the new lease include the commitment to working with the golf management company in the marketing and delivery of tournaments and events, as well as an annual financial commitment toward the development and implementation of marketing plans. Minimum cart service hours are now included in the new lease in response to golfer feedback.

Mulligan's is considered a tenant-in-good-standing by the Department as they have no outstanding default notices on file and have been prompt with rent payments. A copy of the lease is available for public review in the City Clerk's Office.

BUDGET/FINANCIAL INFORMATION:

The Fiscal Year 2017 Budget includes Concession Revenue at $158,555, in line with the financial terms of the proposed contract.

PREPARED BY: Mark D. Sewell, Parks and Recreation Business Manager

SUBMITTED BY: Jill E. Zachary, Parks and Recreation Director

APPROVED BY: City Administrator's Office

ORDINANCE NO._____

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SANTA BARBARA APPROVING AND AUTHORIZING THE PARKS AND RECREATION DIRECTOR TO EXECUTE A TEN-YEAR CONCESSION LEASE AGREEMENT, WITH MULLIGAN'S CAFÉ INC., A CALIFORNIA CORPORATION, FOR THE 3,480 SQUARE FEET OF INTERIOR SPACE, AND APPROXIMATELY 3,200 SQUARE FEET OF EXTERIOR PATIO SPACE AT SANTA BARBARA GOLF CLUB, 3500 MCCAW AVENUE, SANTA BARBARA.

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

SECTION 1. In accordance with the provisions of Section 521 of the Charter of the City of Santa Barbara, the Council of the City of Santa Barbara approves and authorizes the Parks and Recreation Director to execute a concession lease agreement with Mulligan's Café Inc., a California corporation, for the property located at 3500 McCaw Avenue, effective July 1, 2016 for a term of ten years.

Agenda Item No. 6

File Code No. 260.02

CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: May 24, 2016

TO: Mayor and Councilmembers

FROM: Treasury Division, Finance Department

SUBJECT: April 2016 Investment Report

RECOMMENDATION:

That Council accept the April 2016 Investment Report.

DISCUSSION:

The attached investment report includes Investment Activity, Interest Revenue, a Summary of Cash and Investments, and Investment Portfolio detail as of April 30, 2016.

ATTACHMENT: April 2016 Investment 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
April 30, 2016

INVESTMENT ACTIVITY

PURCHASES OR DEPOSITS

4/26	LAIF Deposit - City	$	8,000,000
	Total	**$**	**8,000,000**

SALES, MATURITIES, CALLS OR WITHDRAWALS

4/29	Federal Home Loan Mortgage Corp (FHLMC) - Call	$	(2,000,000)
	Total	**$**	**(2,000,000)**

ACTIVITY TOTAL	**$**	**6,000,000**

INVESTMENT INCOME

POOLED INVESTMENTS

Interest Earned on Investments	$	138,797
Amortization		(9,595)
Total	**$**	**129,202**

INCOME TOTAL	**$**	**129,202**

ATTACHMENT

CITY OF SANTA BARBARA

Summary of Cash and Investments

April 30, 2016

ENDING BALANCE AS OF MARCH 31, 2016

Description	Book Value	Yield to Maturity (365 days)	Percent of Portfolio	Average Days to Maturity
MUFG Union Bank NA Checking Account	$ 19,131,955	0.400%	13.37%	1
State of California LAIF	32,000,000	0.506%	22.36%	1
Certificates of Deposit	7,000,000	1.644%	4.89%	794
Treasury Securities	6,020,117	0.517%	4.21%	176
Federal Agency Issues - Coupon	66,001,201	1.461%	46.13%	975
Corporate/Medium Term Notes	8,010,684	1.752%	5.60%	674
	138,163,957	1.078%	96.56%	553
SB Airport Promissory Note	4,919,388	4.195%	3.44%	4,838
Totals and Averages	**$ 143,083,346**	**1.185%**	**100.00%**	**700**
Total Cash and Investments	**$ 143,083,346**			

NET CASH AND INVESTMENT ACTIVITY FOR APRIL 2016 **$ 6,681,368**

ENDING BALANCE AS OF APRIL 30, 2016

Description	Book Value	Yield to Maturity (365 days)	Percent of Portfolio	Average Days to Maturity	
MUFG Union Bank NA Checking Account	$ 19,822,917	0.400%	13.24%	1	(1)
State of California LAIF	40,000,000	0.525%	26.71%	1	(2)
Certificates of Deposit	7,000,000	1.644%	4.67%	764	
Treasury Securities	6,011,241	0.517%	4.01%	146	
Federal Agency Issues - Coupon	64,001,108	1.430%	42.73%	921	
Corporate/Medium Term Notes	8,010,058	1.752%	5.35%	644	
	144,845,325	1.029%	96.72%	486	
SB Airport Promissory Note	4,919,388	4.195%	3.28%	4,808	
Totals and Averages	**$ 149,764,713**	**1.133%**	**100.00%**	**628**	
Total Cash and Investments	**$ 149,764,713**				

Note: (1) Interest earnings allowance is provided at the rate of 0.400% by MUFG Union Bank, N.A. to help offset banking fees.

(2) The average life of the LAIF portfolio as of April 30, 2016 is 164 days.

CITY OF SANTA BARBARA
Investment Portfolio
April 30, 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
LOCAL AGENCY INVESTMENT FUNDS											
LOCAL AGENCY INVESTMENT FUND	-	-	-	-	0.525	0.525	40,000,000.00	40,000,000.00	40,000,000.00	0.00	
Subtotal, LAIF							40,000,000.00	40,000,000.00	40,000,000.00	0.00	
CERTIFICATES OF DEPOSIT											
ALLY BANK	09/24/15	09/25/17	-	-	1.250	1.250	250,000.00	250,000.00	250,992.50	992.50	FDIC Certificate 57803
AMERICAN EXPRESS BANK FSB	10/23/14	10/23/19	-	-	2.200	2.200	250,000.00	250,000.00	254,990.00	4,990.00	FDIC Certificate 35328
AMERICAN EXPRESS CENTURION BK	09/30/15	09/30/20	-	-	2.250	2.250	250,000.00	250,000.00	256,207.50	6,207.50	FDIC Certificate 27471
BMO HARRIS BANK NA	09/30/15	09/29/17	-	-	1.100	1.100	250,000.00	250,000.00	250,952.50	952.50	FDIC Certificate 16571
BMW BK NORTH AMERICA	09/30/15	09/30/20	-	-	2.200	2.200	250,000.00	250,000.00	256,215.00	6,215.00	FDIC Certificate 35141
CAPITAL ONE BANK USA NA	10/29/14	10/29/19	-	-	1.900	1.900	250,000.00	250,000.00	255,015.00	5,015.00	FDIC Certificate 33954
CAPITAL ONE NA	09/30/15	09/30/20	-	-	2.250	2.250	250,000.00	250,000.00	256,207.50	6,207.50	FDIC Certificate 4297
DISCOVER BANK	09/30/15	09/30/20	-	-	2.300	2.300	250,000.00	250,000.00	257,275.00	7,275.00	FDIC Certificate 5649
EVERBANK	09/30/15	09/29/17	-	-	1.100	1.100	250,000.00	250,000.00	250,952.50	952.50	FDIC Certificate 34775
GE CAPITAL BANK	10/17/14	10/17/19	-	-	2.000	2.000	250,000.00	250,000.00	254,927.50	4,927.50	FDIC Certificate 33778
GOLDMAN SACHS BANK USA	10/29/14	10/29/19	-	-	2.150	2.150	250,000.00	250,000.00	254,990.00	4,990.00	FDIC Certificate 33124
KEY BANK NA	09/30/15	10/02/17	-	-	1.150	1.150	250,000.00	250,000.00	250,980.00	980.00	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	7,049,705.00	49,705.00	
TREASURY SECURITIES - COUPON											
U S TREASURY NOTE	02/22/13	05/15/16	Aaa	AA+	5.125	0.442	2,000,000.00	2,003,561.65	2,003,540.00	(21.65)	
U S TREASURY NOTE	02/22/13	08/31/16	Aaa	AA+	1.000	0.502	2,000,000.00	2,003,290.73	2,004,160.00	869.27	
U S TREASURY NOTE	02/22/13	02/28/17	Aaa	AA+	0.875	0.607	2,000,000.00	2,004,389.06	2,004,540.00	150.94	
Subtotal, Treasury Securities							6,000,000.00	6,011,241.44	6,012,240.00	998.56	
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	2,031,960.00	31,960.00	
FED AGRICULTURAL MTG CORP	12/12/13	12/12/18	-	-	1.705	1.705	2,000,000.00	2,000,000.00	2,038,560.00	38,560.00	
FEDERAL FARM CREDIT BANK	09/18/13	09/18/17	Aaa	AA+	1.550	1.550	2,000,000.00	2,000,000.00	2,020,220.00	20,220.00	
FEDERAL FARM CREDIT BANK	07/17/13	07/17/17	Aaa	AA+	1.300	1.300	2,000,000.00	2,000,000.00	2,013,640.00	13,640.00	
FEDERAL FARM CREDIT BANK	06/24/15	06/24/19	Aaa	AA+	1.520	1.520	2,000,000.00	2,000,000.00	2,030,540.00	30,540.00	
FEDERAL HOME LOAN BANK	09/13/13	09/14/18	Aaa	AA+	2.000	1.910	2,000,000.00	2,004,044.76	2,050,300.00	46,255.24	
FEDERAL HOME LOAN BANK	01/17/14	04/17/18	Aaa	AA+	1.480	1.480	2,000,000.00	2,000,000.00	2,022,220.00	22,220.00	
FEDERAL HOME LOAN BANK	06/29/15	06/29/18	Aaa	AA+	1.170	1.170	2,000,000.00	2,000,000.00	2,001,560.00	1,560.00	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	2,005,680.00	5,680.00	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	2,005,003.46	2,039,640.00	34,636.54	
FEDERAL HOME LOAN BANK	06/18/14	06/09/17	Aaa	AA+	1.000	1.003	2,000,000.00	1,999,925.68	2,006,720.00	6,794.32	
FEDERAL HOME LOAN BANK	10/22/14	11/18/16	Aaa	AA+	0.750	0.500	2,000,000.00	2,002,714.69	2,002,340.00	(374.69)	
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	2,000,040.00	40.00	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	2,000,480.00	480.00	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	2,000,500.00	500.00	SU 1.5%-5.5% Call 07/29/16, 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	2,006,540.00	6,540.00	Callable 08/24/16, then qtrly

CITY OF SANTA BARBARA
Investment Portfolio
April 30, 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	2,000,600.00	600.00	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	999,583.07	1,003,380.00	3,796.93	
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	2,001,100.00	1,100.00	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	2,994,510.00	(5,490.00)	Callable 07/30/16, 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	2,000,040.00	40.00	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	1,994,570.94	2,003,300.00	8,729.06	
FEDERAL NATL MORTGAGE ASSN	12/11/13	11/27/18	Aaa	AA+	1.625	1.606	2,000,000.00	2,000,933.26	2,034,220.00	33,286.74	
FEDERAL NATL MORTGAGE ASSN	12/26/12	12/26/17	Aaa	AA+	1.000	1.000	4,000,000.00	4,000,000.00	4,004,480.00	4,480.00	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	2,000,900.00	900.00	SU 1.5%-3% Call 07/29/16, 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	1,998,840.00	(1,160.00)	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	1,994,332.63	2,003,300.00	8,967.37	
FEDERAL NATL MORTGAGE ASSN	06/30/15	06/30/20	Aaa	AA+	2.000	2.000	2,000,000.00	2,000,000.00	2,004,020.00	4,020.00	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	2,003,200.00	3,200.00	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	2,009,860.00	9,860.00	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	1,999,360.00	(640.00)	SU 1%-2.2% Call 08/25/16, once
Subtotal, Federal Agencies							64,000,000.00	64,001,108.49	64,332,050.00	330,941.51	
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	2,020,240.00	20,240.00	
GENERAL ELECTRIC CAPITAL CORP	01/14/14	01/14/19	A1	AA+	2.300	2.250	2,000,000.00	2,002,540.61	2,059,360.00	56,819.39	
TOYOTA MOTOR CREDIT	09/26/11	09/15/16	Aa3	AA-	2.000	1.800	2,000,000.00	2,001,417.15	2,009,660.00	8,242.85	
TOYOTA MOTOR CREDIT	11/20/15	07/13/18	Aa3	AA-	1.550	1.408	2,000,000.00	2,006,099.98	2,018,600.00	12,500.02	
Subtotal, Corporate Securities							8,000,000.00	8,010,057.74	8,107,860.00	97,802.26	
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	19,822,917.28	19,822,917.28	19,822,917.28	0.00	
Subtotal, Checking Account							19,822,917.28	19,822,917.28	19,822,917.28	0.00	
TOTALS							149,742,305.62	149,764,713.29	150,244,160.62	479,447.33	

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.

Agenda Item No. 7

File Code No. 330.01

CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: May 24, 2016

TO: Mayor and Councilmembers

FROM: Parks Division, Parks and Recreation Department

SUBJECT: Integrated Pest Management 2015 Annual Report

RECOMMENDATION:

That Council accept the Integrated Pest Management (IPM) 2015 Annual Report that addresses the use of pesticides and alternatives to control weeds or eliminate pests on City property.

DISCUSSION:

Background

The City of Santa Barbara adopted an IPM Strategy on January 26, 2004, to provide an ongoing specific program to further reduce the amount and toxicity of pesticides used on City property and, where feasible, to eliminate pesticide use in public areas using alternative methods. The City had been informally identifying and employing the least toxic alternatives since the 1990s. The City's IPM Strategy formalized this effort, and requires an annual program report to be presented to the IPM Advisory Committee, Parks and Recreation Commission, Airport Commission, and City Council.

In addition to reviewing annual program implementation, the 2014 Report discusses the Pesticide Hazard And Exposure Reduction (PHAER) Zone Model adopted by the City Council on February 14, 2006, and improvements to City facilities to reduce pesticide use. The IPM Strategy required the development of a "Zone System" tied to the IPM Approved Materials List to limit pesticide use based on potential human exposure.

The PHAER Zone model assigns Green, Yellow, or Red/Special Circumstances Zone designations to sites, or portions of sites, based upon the potential for exposure by humans and sensitive habitat to hazardous pesticides and allows use of carefully screened materials by zone designation. For example, Green Zones are areas of high human exposure potential and only pesticides designated as "Green", which show very limited human and environmental impacts may be used. Yellow Zones are areas with moderate human or environmental hazard. Red/Special Circumstances Zones are areas where high hazard pesticides for highly challenging pest management problems are

needed to control pests. Overall, the Zone Model provides for incremental and measurable expansion of risk-reduction efforts, along with communicating clearly to the public the general potential for pesticide exposure.

2015 Annual Report

The IPM 2015 Annual Report (Attachment 1) addresses the following:

- Types of pest problems encountered by each department
- Types and quantities of pesticides used by each department
- Exemptions currently in place and granted the past year
- Alternative pest management practices
- Effectiveness of alternative practices
- Proposed changes to pest management practices

IPM 2015 Program Highlights

The table below provides a summary of total units of pesticide use for 2015, including any increase or decrease in use from 2014. City-wide pesticide use overall decreased 52% in 2015, primarily due to another low water year that has resulted in fewer pests. The use of Green materials decreased 52% from 867 units to 418.43 units and the use of Yellow materials decreased 57% from 1,896.5 units to 807.28 units. Red materials increased 1,216% from 8.51 units in 2014 to 112 units in 2015. This was due to the one-time application of 96 pounds of Zythor insecticide by the Airport Department for termite control. Similar to prior years, the Golf Division applied five different “Red” fungicides to control fungus on the greens.

At the Department level, the Airport Department reduced use of pesticides overall by 50%. This is predominantly due to low rainfall leading to lower mosquito management. In the Parks and Recreation Department, the Golf Division increased its pesticide use by 35% from 2014, while the Parks Division decreased its pesticide use by 9%. The Public Works Department decreased use of pesticides by 59% from 2014.

Department / Division	**Material Use**				**Change from 2014**
	Green	**Yellow**	**Red**	**Total**	
Airport Department	172.5	732.65	96	1001.2	-50%
Parks & Recreation, Golf Division	0.93	1.125	16	18.055	35%
Parks & Recreation, Parks Division	0	11.5	0	11.5	-9%
Public Works Department	245	62	0	307	-59%
City-wide Total	**418.43**	**807.28**	**112**	**1337.7**	-52%
Change from 2014	-52%	-57%	1,216 %	-52%	

IPM Advisory Committee

At a special meeting held April 6, 2016, the IPM Advisory Committee reviewed and approved the IPM 2015 Annual Report and recommended that the report be forwarded to the Parks and Recreation Commission, Airport Commission, and City Council for review and approval. A memo from Greg Chittick, Chair, on behalf of the IPM Advisory Committee is attached (Attachment 2).

Airport Commission

On April 20, 2016, the Airport Commission accepted the IPM 2015 Annual Report.

Parks and Recreation Commission

On April 27, 2016, the Parks and Recreation Commission accepted the IPM 2015 Annual Report and recommended it be forwarded to the City Council.

SUSTAINABILITY IMPACT:

Under the City's sustainability program, the City's goals of Source Reduction and Toxics Reduction are met through the IPM Program. The Parks and Recreation Department uses recycler mowers to reduce green waste and reduce the need for fertilizer. Additionally, all City staff continues to use IPM methods at City parks and facilities in lieu of pesticide use.

ATTACHMENT(S):
1. IPM 2015 Annual Report
2. Memo from IPM Advisory Committee

PREPARED BY: Santos Escobar, Parks Manager

SUBMITTED BY: Jill E. Zachary, Parks and Recreation Director

APPROVED BY: City Administrator's Office

ATTACHMENT 2

City of Santa Barbara
Parks and Recreation Department

Memorandum

DATE: April 27, 2016

TO: City Council
Parks and Recreation Commission
Airport Commission

FROM: City IPM Advisory Committee

SUBJECT: IPM Advisory Committee Review of IPM Program in 2015 and 2015 Annual Report

---

The City of Santa Barbara's Integrated Pest Management (IPM) program is in its 13th year. The Committee agrees with the analysis presented in the 2015 annual report and supports the direction and programs described therein.

This letter is very similar to the ones we have previously provided, and that is a measure of how the IPM program has stabilized and continues to provide very low exposure to the City's residents on City properties. Some areas have been reclassified as yellow, thereby allowing more toxic material use (such as at the Airport), but the emphasis continues to remain on eliminating exposure of the public, and these areas that have been reclassified have very little to no public exposure.

It is also important to note that, even though there is variability between years, pesticide use has decreased substantially from its pre-strategy period before 2004, with the use of the most toxic materials decreasing by over 90% and green practices developed in a number of areas. Some use of toxic pesticides continues, however, due to a number of challenges, including control of fungus on golf greens, control of rodents on airport runways, mosquito control during critical periods, and control of invasive weeds. Although there is sometimes apparent trending upwards, it is important to keep in mind the general overall substantial downward trend since before the start of the program.

The committee takes public health very seriously, and the use of more toxic materials for the control of mosquitoes (related to west nile virus) or other public health issues receive top priority. These challenges will always be present. We will continue to pursue Green materials, but also protect the public's health and resources as part of this committee's mission and goals.

With the associated need for increased labor related to least toxic methods, we continue to believe that a well coordinated volunteer program helps the long term effectiveness of the IPM program. The Parks Department has implemented a number of volunteer days and volunteer activities appear to be at a peak for the management to handle. The Advisory Committee will continue to work with staff, elected officials, and members of the public to ensure a quality program that protects the City's assets while not compromising human and environmental health.

Agenda Item No. 8

File Code No. 210.01

CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: May 24, 2016

TO: Mayor and Councilmembers

FROM: Accounting Division, Finance Department

SUBJECT: Fiscal Year 2016 Third Quarter Review

RECOMMENDATION: That Council:

A. Receive a report from staff on the status of revenues and expenditures in relation to budget for the nine months ended March 31, 2016;

B. Accept the Fiscal Year 2016 Interim Financial Statements for the Nine Months Ended March 31, 2016; and

C. Approve the proposed third quarter adjustments to Fiscal Year 2016 appropriations and estimated revenues as detailed in the attached schedule of Proposed Third Quarter Adjustments.

DISCUSSION:

Each month, staff presents the interim financial statements (Attachment 1) showing the status of revenues and expenditures in relation to budget for each of the City's Funds. Each quarter, the interim financial statements are expanded to include a detailed narrative analysis of the General Fund and Enterprise Funds. This narrative analysis is included in Attachment 2.

In addition to the third quarter budget analysis, staff brings forward recommended adjustments for City Council approval. These adjustments are the result of new information and/or unanticipated events that occurred since the adoption of the budget in June 2015. A listing and description of each proposed adjustment to the current year budget is provided in Attachment 3.

ATTACHMENTS:

1. Summary by Fund Statement of Revenues and Expenditures for the Nine Months Ended March 31, 2016
2. Interim Financial Statements for the Nine Months Ended March 31, 2016 (Narrative Analysis)
3. Schedule of Proposed Third Quarter Adjustments

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 Nine Months Ended March 31, 2016 (75% of Fiscal Year)

	Annual Budget	YTD Actual	Encum-brances	Remaining Balance	Percent of Budget
GENERAL FUND					
Revenue	125,067,259	81,950,691	-	43,116,568	65.5%
Expenditures	126,736,509	90,712,418	2,411,485	33,612,606	73.5%
Addition to / (use of) reserves	(1,669,250)	(8,761,727)	(2,411,485)		
SOLID WASTE FUND					
Revenue	20,952,792	15,517,280	-	5,435,512	74.1%
Expenditures	20,999,104	15,165,545	233,785	5,599,775	73.3%
Addition to / (use of) reserves	(46,312)	351,736	(233,785)		
WATER OPERATING FUND					
Revenue	48,401,895	35,621,381	-	12,780,514	73.6%
Expenditures	52,606,438	35,729,597	2,004,717	14,872,124	71.7%
Addition to / (use of) reserves	(4,204,543)	(108,215)	(2,004,717)		
WASTEWATER OPERATING FUND					
Revenue	19,077,948	14,565,230	-	4,512,718	76.3%
Expenditures	21,182,457	13,584,827	1,590,295	6,007,336	71.6%
Addition to / (use of) reserves	(2,104,509)	980,403	(1,590,295)		
DOWNTOWN PARKING					
Revenue	8,714,958	6,675,169	-	2,039,789	76.6%
Expenditures	8,894,872	6,412,509	288,962	2,193,402	75.3%
Addition to / (use of) reserves	(179,914)	262,661	(288,962)		
AIRPORT OPERATING FUND					
Revenue	16,338,411	11,873,774	-	4,464,637	72.7%
Expenditures	17,726,517	12,121,862	902,662	4,701,993	73.5%
Addition to / (use of) reserves	(1,388,106)	(248,088)	(902,662)		
GOLF COURSE FUND					
Revenue	2,266,957	1,414,700	-	852,257	62.4%
Expenditures	2,329,493	1,654,473	11,264	663,756	71.5%
Addition to / (use of) reserves	(62,536)	(239,773)	(11,264)		
INTRA-CITY SERVICE FUND					
Revenue	7,416,651	5,611,896	-	1,804,754	75.7%
Expenditures	7,297,972	5,362,899	235,667	1,699,407	76.7%
Addition to / (use of) reserves	118,679	248,997	(235,667)		

CITY OF SANTA BARBARA
Interim Statement of Revenues and Expenditures
Summary by Fund
For the Nine Months Ended March 31, 2016 (75% of Fiscal Year)

	Annual Budget	YTD Actual	Encum-brances	Remaining Balance	Percent of Budget
FLEET REPLACEMENT FUND					
Revenue	3,245,667	2,583,233	-	662,434	79.6%
Expenditures	6,598,649	2,116,691	1,131,260	3,350,699	49.2%
Addition to / (use of) reserves	(3,352,982)	466,543	(1,131,260)		
FLEET MAINTENANCE FUND					
Revenue	2,722,761	2,059,736	-	663,025	75.6%
Expenditures	2,849,686	2,024,068	201,991	623,626	78.1%
Addition to / (use of) reserves	(126,925)	35,668	(201,991)		
SELF INSURANCE TRUST FUND					
Revenue	7,068,083	5,392,958	-	1,675,125	76.3%
Expenditures	6,920,675	4,932,947	55,686	1,932,041	72.1%
Addition to / (use of) reserves	147,408	460,011	(55,686)		
INFORMATION SYSTEMS ICS FUND					
Revenue	3,204,557	2,403,764	-	800,793	75.0%
Expenditures	3,682,136	2,696,058	37,975	948,103	74.3%
Addition to / (use of) reserves	(477,579)	(292,294)	(37,975)		
WATERFRONT FUND					
Revenue	13,458,598	10,984,096	-	2,474,502	81.6%
Expenditures	14,233,529	9,958,785	509,944	3,764,800	73.5%
Addition to / (use of) reserves	(774,931)	1,025,311	(509,944)		
TOTAL FOR ALL FUNDS					
Revenue	277,936,537	196,653,909	-	81,282,627	70.8%
Expenditures	292,058,038	202,472,677	9,615,693	79,969,668	72.6%
Addition to / (use of) reserves	(14,121,502)	(5,818,768)	(9,615,693)		

*** 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 Nine Months Ended March 31, 2016 (75% of Fiscal Year)

	Annual Budget	YTD Actual	Remaining Balance	Percent Received	Previous YTD
TAXES					
Sales and Use	23,367,961	13,720,112	9,647,849	58.7%	15,303,616
Property Taxes	28,742,300	15,686,488	13,055,812	54.6%	14,673,340
Utility Users Tax	7,219,700	5,488,170	1,731,530	76.0%	5,262,367
Transient Occupancy Tax	19,707,100	14,189,114	5,517,986	72.0%	14,173,102
Business License	2,624,400	2,092,511	531,889	79.7%	2,065,824
Real Property Transfer Tax	659,100	539,469	119,631	81.8%	457,033
Total	82,320,561	51,715,864	30,604,697	62.8%	51,935,282
LICENSES & PERMITS					
Licenses & Permits	219,700	107,517	112,183	48.9%	145,435
Total	219,700	107,517	112,183	48.9%	145,435
FINES & FORFEITURES					
Parking Violations	2,701,987	1,600,367	1,101,620	59.2%	1,952,072
Library Fines	89,500	45,503	43,997	50.8%	73,324
Municipal Court Fines	100,000	48,010	51,990	48.0%	48,135
Other Fines & Forfeitures	310,000	251,313	58,687	81.1%	258,871
Total	3,201,487	1,945,193	1,256,294	60.8%	2,332,402
USE OF MONEY & PROPERTY					
Investment Income	633,743	402,989	230,754	63.6%	415,559
Rents & Concessions	419,316	286,652	132,664	68.4%	288,851
Total	1,053,059	689,641	363,418	65.5%	704,410
INTERGOVERNMENTAL					
Grants	260,568	172,690	87,878	66.3%	184,848
Vehicle License Fees	35,000	36,752	(1,752)	105.0%	38,585
Reimbursements	437,900	1,356,161	(918,261)	309.7%	350,183
Total	733,468	1,565,604	(832,136)	213.5%	573,616
FEES & SERVICE CHARGES					
Finance	961,454	728,668	232,786	75.8%	726,082
Community Development	4,887,843	3,978,194	909,649	81.4%	3,291,666
Recreation	3,229,480	2,398,457	831,023	74.3%	2,136,812
Public Safety	611,342	343,749	267,593	56.2%	400,970
Public Works	6,357,295	4,468,404	1,888,891	70.3%	4,410,827
Library	873,320	815,299	58,021	93.4%	704,957
Reimbursements	4,760,907	3,408,754	1,352,153	71.6%	3,533,667
Total	21,681,641	16,141,525	5,540,116	74.4%	15,204,981
OTHER REVENUES					
Miscellaneous	1,944,918	1,216,360	728,558	62.5%	1,327,976
Franchise Fees	3,219,400	2,136,248	1,083,152	66.4%	2,739,815
Indirect Allocations	7,180,832	5,393,166	1,787,666	75.1%	4,808,366
Operating Transfers-In	1,512,193	1,039,572	472,621	68.7%	938,195
Anticipated Year-End Variance	2,000,000	-	2,000,000	0.0%	-
Total	15,857,343	9,785,347	6,071,996	61.7%	9,814,352
TOTAL REVENUES	125,067,259	81,950,691	43,116,568	65.5%	80,710,478

CITY OF SANTA BARBARA
General Fund
Interim Statement of Appropriations, Expenditures and Encumbrances
For the Nine Months Ended March 31, 2016 (75% of Fiscal Year)

	Annual Budget	YTD Actual	Encum-brances	Remaining Balance	YTD Expended and Encumbered	Previous YTD
GENERAL GOVERNMENT						
Mayor & City Council						
MAYOR & CITY COUNCIL	803,842	624,376	7,504	171,961	78.6%	
ARTS AND COMMUNITY PROMOTIONS	2,638,967	2,414,979	217,619	6,369	99.8%	
Total	3,442,809	3,039,356	225,123	178,330	94.8%	3,021,506
City Attorney						
CITY ATTORNEY-ADMINISTRATION	634,395	486,507.39	42,500	105,388	83.4%	
CITY ATTORNEY-ADVISORY	932,302	670,387	-	261,915	71.9%	
CITY ATTORNEY-CIVIL LITIGATION	738,668	560,014	-	178,654	75.8%	
CITY ATTORNEY-CODE ENFORCEMENT	228,540	109,680	-	118,860	48.0%	
Total	2,533,905	1,826,589	42,500	664,816	73.8%	2,384,523
Administration						
CITY ADMINISTRATOR	1,606,155	1,138,901	23,893	443,361	72.4%	
CITY TV	642,794	471,507	36,045	135,242	79.0%	
Total	2,248,949	1,610,408	59,938	578,603	74.3%	1,439,536
Administrative Services						
ADMINISTRATION	384,471	239,855	8,239	136,377	64.5%	
CITY CLERK	545,235	368,759	10,407	166,069	69.5%	
ELECTIONS	301,479	156,940	89,579	54,960	81.8%	
HUMAN RESOURCES	1,537,040	1,052,111	19,383	465,546	69.7%	
EMPLOYEE DEVELOPMENT	49,447	27,628	3,850	17,969	63.7%	
Total	2,817,672	1,845,293	131,457	840,921	70.2%	1,321,536
Finance						
ADMINISTRATION	253,839	194,250	9,796	49,794	80.4%	
REVENUE & CASH MANAGEMENT	508,976	346,814	35,855	126,306	75.2%	
CASHIERING & COLLECTION	513,575	375,273	-	138,302	73.1%	
LICENSES & PERMITS	528,331	379,207	7,211	141,913	73.1%	
BUDGET MANAGEMENT	480,869	351,095	-	129,774	73.0%	
ACCOUNTING	866,677	578,497	8,181	280,000	67.7%	
PAYROLL	374,443	281,749	-	92,694	75.2%	
ACCOUNTS PAYABLE	280,816	206,391	-	74,425	73.5%	
CITY BILLING & CUSTOMER SERVICE	696,488	475,091	75,335	146,062	79.0%	
PURCHASING	727,260	542,226	1,215	183,819	74.7%	
CENTRAL WAREHOUSE	203,235	158,208	370	44,658	78.0%	
MAIL SERVICES	120,721	87,438	46	33,237	72.5%	
Total	5,555,231	3,976,237	138,009	1,440,984	74.1%	3,494,036
TOTAL GENERAL GOVERNMENT	16,598,565	12,297,883	597,028	3,703,655	77.7%	11,661,137

CITY OF SANTA BARBARA
General Fund
Interim Statement of Appropriations, Expenditures and Encumbrances
For the Nine Months Ended March 31, 2016 (75% of Fiscal Year)

	Annual Budget	YTD Actual	Encum-brances	Remaining Balance	YTD Expended and Encumbered	Previous YTD
PUBLIC SAFETY						
Police						
CHIEF'S STAFF	1,181,521	920,818	20,282	240,421	79.7%	
SUPPORT SERVICES	723,816	492,407	81,965	149,445	79.4%	
RECORDS BUREAU	1,497,490	1,103,283	13,377	380,830	74.6%	
ADMIN SERVICES	1,154,526	1,071,284	10,786	72,455	93.7%	
PROPERTY ROOM	229,172	126,784	52	102,336	55.3%	
TRAINING/RECRUITMENT	617,615	401,268	30,779	185,568	70.0%	
RANGE	1,487,388	1,065,239	42,117	380,032	74.4%	
COMMUNITY & MEDIA RELATIONS	854,936	554,679	-	300,257	64.9%	
INFORMATION TECHNOLOGY	1,337,136	1,083,682	3,930	249,523	81.3%	
INVESTIGATIVE DIVISION	5,119,083	3,348,867	9,123	1,761,094	65.6%	
CRIME LAB	169,633	78,196	-	91,437	46.1%	
PATROL DIVISION	16,015,045	11,981,081	68,224	3,965,739	75.2%	
TRAFFIC	1,399,012	840,418	550	558,044	60.1%	
SPECIAL EVENTS	884,414	838,497	200	45,717	94.8%	
TACTICAL PATROL FORCE	1,683,590	1,425,667	-	257,923	84.7%	
STREET SWEEPING ENFORCEMENT	360,574	272,224	-	88,350	75.5%	
NIGHT LIFE ENFORCEMENT	315,189	244,095	-	71,094	77.4%	
PARKING ENFORCEMENT	1,016,030	654,649	-	361,381	64.4%	
COMBINED COMMAND CENTER	2,741,873	1,837,783	-	904,090	67.0%	
ANIMAL CONTROL	754,588	530,186	6,782	217,620	71.2%	
Total	39,542,631	28,871,108	288,167	10,383,357	73.7%	27,515,201
Fire						
ADMINISTRATION	946,445	735,098	987	210,360	77.8%	
EMERGENCY SERVICES AND PUBLIC ED	317,867	237,763	-	80,104	74.8%	
PREVENTION	1,287,740	966,838	-	320,902	75.1%	
WILDLAND FIRE MITIGATION PROGRAM	209,358	145,878	1,956	61,524	70.6%	
OPERATIONS	19,394,663	15,470,000	31,997	3,892,666	79.9%	
TRAINING AND RECRUITMENT	722,633	519,962	-	202,671	72.0%	
ARFF	2,013,700	1,665,178	-	348,522	82.7%	
Total	24,892,406	19,740,717	34,940	5,116,749	79.4%	17,199,110
TOTAL PUBLIC SAFETY	64,435,037	48,611,825	323,107	15,500,106	75.9%	44,714,311
PUBLIC WORKS						
Public Works						
ADMINISTRATION	1,136,473	754,896	2,820	378,757	66.7%	
ENGINEERING SVCS	5,638,960	4,055,497	52,534	1,530,929	72.9%	
PUBLIC RT OF WAY MGMT	1,196,091	847,930	41,616	306,544	74.4%	
ENVIRONMENTAL PROGRAMS	571,383	232,928	203,475	134,980	76.4%	
Total	8,542,907	5,891,250	300,446	2,351,210	72.5%	5,318,192
TOTAL PUBLIC WORKS	8,542,907	5,891,250	300,446	2,351,210	72.5%	5,318,192

CITY OF SANTA BARBARA
General Fund
Interim Statement of Appropriations, Expenditures and Encumbrances
For the Nine Months Ended March 31, 2016 (75% of Fiscal Year)

	Annual Budget	YTD Actual	Encum-brances	Remaining Balance	YTD Expended and Encumbered	Previous YTD
COMMUNITY SERVICES						
Parks & Recreation						
REC PROGRAM MGMT	764,222	537,055	13,400	213,766	72.0%	
FACILITIES & SPECIAL EVENTS	799,651	592,876	720	206,055	74.2%	
YOUTH ACTIVITIES	1,156,433	820,943	5,156	330,334	71.4%	
ACTIVE ADULTS	808,358	533,378	934	274,046	66.1%	
AQUATICS	1,427,010	1,063,733	43,201	320,076	77.6%	
SPORTS	591,967	421,316	8,084	162,567	72.5%	
TENNIS	268,345	194,540	-	73,805	72.5%	
NEIGHBORHOOD & OUTREACH SERV	1,328,751	1,003,038	-	325,713	75.5%	
ADMINISTRATION	846,741	511,421	478	334,841	60.5%	
PROJECT MANAGEMENT TEAM	556,412	354,077	-	202,335	63.6%	
PARK OPERATIONS MANAGEMENT	692,576	468,998	21,749	201,829	70.9%	
GROUNDS & FACILITIES MAINTENANCE	4,835,187	3,328,771	150,812	1,355,605	72.0%	
FORESTRY	1,327,068	978,803	44,023	304,241	77.1%	
BEACH MAINTENANCE	162,124	106,063	14,703	41,358	74.5%	
MEDIANS PARKWAYS & CONTRACTS	1,272,162	784,838	277,230	210,094	83.5%	
Total	16,837,006	11,699,849	580,491	4,556,666	72.9%	10,587,817
Library						
ADMINISTRATION	557,882	340,977	-	216,905	61.1%	
PUBLIC SERVICES	3,143,303	1,993,228	-	1,150,075	63.4%	
SUPPORT SERVICES	1,762,940	1,280,081	21,374	461,485	73.8%	
Total	5,464,124	3,614,285	21,374	1,828,465	66.5%	3,544,912
TOTAL COMMUNITY SERVICES	22,301,131	15,314,134	601,865	6,385,132	71.4%	14,132,729
COMMUNITY DEVELOPMENT						
Community Development						
ADMINISTRATION	1,450,284	748,460	543	701,281	51.6%	
RENTAL HOUSING MEDIATION	220,324	172,198	-	48,126	78.2%	
HUMAN SERVICES	1,098,760	642,736	378,931	77,093	93.0%	
HOUSING PRESERVATION AND DEV	25,152	4,955	17,256	2,941	88.3%	
LONG RANGE PLAN & SPEC STUDY	890,739	628,876	4,494	257,369	71.1%	
DEVEL & ENVIRONMENTAL REVIEW	1,479,691	998,820	60,880	419,991	71.6%	
ZONING INFO & ENFORCEMENT	1,521,429	1,038,469	1,874	481,086	68.4%	
DESIGN REV & HIST PRESERVATION	1,176,685	838,258	21,294	317,133	73.0%	
BLDG INSP & CODE ENFORCEMENT	1,218,282	917,696	290	300,296	75.4%	
RECORDS ARCHIVES & CLER SVCS	588,810	407,166	2,740	178,904	69.6%	
BLDG COUNTER & PLAN REV SVCS	1,747,579	1,196,096	100,740	450,743	74.2%	
Total	11,417,735	7,593,729	589,040	3,234,965	71.7%	6,900,647
TOTAL COMMUNITY DEVELOPMENT	11,417,735	7,593,729	589,040	3,234,965	71.7%	6,900,647

CITY OF SANTA BARBARA
General Fund
Interim Statement of Appropriations, Expenditures and Encumbrances
For the Nine Months Ended March 31, 2016 (75% of Fiscal Year)

	Annual Budget	YTD Actual	Encum-brances	Remaining Balance	YTD Expended and Encumbered	Previous YTD
NON-DEPARTMENTAL						
Non-Departmental						
OTHER	-	1,749	-	(1,749)	100.0%	
TRANSFERS OUT	239,991	49,116	-	190,875	20.5%	
DEBT SERVICE TRANSFERS	344,402	311,481	-	32,921	90.4%	
CAPITAL OUTLAY TRANSFER	855,000	641,250	-	213,750	75.0%	
APPROP.RESERVE	2,001,742	-	-	2,001,742	0.0%	
Total	3,441,135	1,003,596	-	2,437,539	29.2%	1,772,775
TOTAL NON-DEPARTMENTAL	3,441,135	1,003,596	-	2,437,539	29.2%	1,772,775
TOTAL EXPENDITURES	126,736,509	90,712,418	2,411,485	33,612,606	73.5%	84,499,791

*** 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 Nine Months Ended March 31, 2016 (75% of Fiscal Year)

	Annual Budget	YTD Actual	Encum-brances	Remaining Balance	Percent of Budget
TRAFFIC SAFETY FUND					
Revenue	525,000	278,668	-	246,332	53.1%
Expenditures	525,000	278,668	-	246,332	53.1%
Revenue Less Expenditures	-	-	-	-	
CREEK RESTORATION/WATER QUALITY IMPRVMT					
Revenue	4,070,672	2,946,591	-	1,124,081	72.4%
Expenditures	6,974,912	5,539,308	429,344	1,006,260	85.6%
Revenue Less Expenditures	(2,904,240)	(2,592,717)	(429,344)	117,822	
COMMUNITY DEVELOPMENT BLOCK GRANT					
Revenue	1,833,936	232,805	-	1,601,131	12.7%
Expenditures	2,109,112	455,271	476,037	1,177,804	44.2%
Revenue Less Expenditures	(275,176)	(222,466)	(476,037)	423,327	
COUNTY LIBRARY					
Revenue	2,123,550	1,477,398	-	646,152	69.6%
Expenditures	2,317,824	1,616,465	12,090	689,269	70.3%
Revenue Less Expenditures	(194,273)	(139,067)	(12,090)	(43,116)	
STREETS FUND					
Revenue	9,989,620	7,843,020	-	2,146,600	78.5%
Expenditures	10,675,916	7,803,254	255,864	2,616,798	75.5%
Revenue Less Expenditures	(686,296)	39,766	(255,864)	(470,198)	
MEASURE A					
Revenue	3,669,665	2,487,736	-	1,181,929	67.8%
Expenditures	4,061,904	2,966,341	286,514	809,049	80.1%
Revenue Less Expenditures	(392,239)	(478,605)	(286,514)	372,880	

CITY OF SANTA BARBARA
Interim Statement of Revenues and Expenditures
For the Nine Months Ended March 31, 2016 (75% of Fiscal Year)

SOLID WASTE FUND

	Annual Budget	YTD Actual	Encum-brances	Remaining Balance	Percent of Budget	Previous YTD
REVENUES						
Service charges	20,341,706	15,280,384	-	5,061,322	75.1%	15,134,054
Other Fees & Charges	361,642	191,642	-	170,000	53.0%	183,325
Investment Income	12,200	16,964	-	(4,764)	139.0%	9,927
Grants	-	23,979	-	(23,979)	100.0%	-
Miscellaneous	237,244	4,311	-	232,933	1.8%	233,759
TOTAL REVENUES	20,952,792	15,517,280	-	5,435,512	74.1%	15,561,065
EXPENSES						
Salaries & Benefits	998,573	661,197	-	337,376	66.2%	671,186
Materials, Supplies & Services	19,131,521	14,153,459	158,134	4,819,927	74.8%	14,030,879
Special Projects	597,261	284,622	2,440	310,199	48.1%	269,026
Transfers-Out	50,000	37,500	-	12,500	75.0%	37,500
Equipment	156,749	28,766	73,211	54,772	65.1%	20,598
Other	40,000	-	-	40,000	0.0%	-
Appropriated Reserve	25,000	-	-	25,000	0.0%	-
TOTAL EXPENSES	20,999,104	15,165,545	233,785	5,599,775	73.3%	15,029,189

CITY OF SANTA BARBARA
Interim Statement of Revenues and Expenditures
For the Nine Months Ended March 31, 2016 (75% of Fiscal Year)

WATER OPERATING FUND

	Annual Budget	YTD Actual	Encum-brances	Remaining Balance	Percent of Budget	Previous YTD
REVENUES						
Water Sales- Metered	41,800,000	30,100,259	-	11,699,741	72.0%	24,153,515
Service Charges	651,100	832,633	-	(181,533)	127.9%	588,019
Cater JPA Treatment Charges	1,680,000	1,055,689	-	624,311	62.8%	852,738
Investment Income	437,950	133,996	-	303,954	30.6%	323,315
Rents & Concessions	22,872	13,342	-	9,530	58.3%	17,154
Reimbursements	745,740	400,932	-	344,808	53.8%	345,021
Miscellaneous	111,000	131,297	-	(20,297)	118.3%	59,197
Operating Transfers-In	2,953,233	2,953,233	-	-	100.0%	1,949,833
TOTAL REVENUES	48,401,895	35,621,381	-	12,780,514	73.6%	28,288,792
EXPENSES						
Salaries & Benefits	9,311,184	6,644,526	-	2,666,658	71.4%	6,018,803
Materials, Supplies & Services	11,568,990	6,417,663	1,881,487	3,269,841	71.7%	5,920,517
Special Projects	1,080,948	343,899	61,086	675,963	37.5%	123,578
Water Purchases	8,644,749	5,669,110	30,046	2,945,593	65.9%	6,306,216
Debt Service	4,692,620	3,848,626	-	843,994	82.0%	3,084,397
Transfer-Out	9,586,101	7,189,576	-	2,396,525	75.0%	1,012,502
Capital Outlay Transfers	7,220,795	5,489,545	-	1,731,250	76.0%	9,351,921
Equipment	167,576	18,285	18,769	130,522	22.1%	87,231
Capitalized Fixed Assets	154,475	81,610	12,330	60,535	60.8%	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	52,606,438	35,729,597	2,004,717	14,872,124	71.7%	31,937,948

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 Nine Months Ended March 31, 2016 (75% of Fiscal Year)

WASTEWATER OPERATING FUND

	Annual Budget	YTD Actual	Encum-brances	Remaining Balance	Percent of Budget	Previous YTD
REVENUES						
Service Charges	17,844,201	13,177,355	-	4,666,846	73.8%	12,667,940
Fees	533,668	696,937	-	(163,269)	130.6%	752,153
Investment Income	162,700	123,690	-	39,010	76.0%	123,092
Rents & Concessions	34,358	26,252	-	8,106	76.4%	25,768
Miscellaneous	6,000	43,974	-	(37,974)	732.9%	1,615
Operating Transfers-In	497,021	497,021	-	-	100.0%	-
TOTAL REVENUES	19,077,948	14,565,230	-	4,512,718	76.3%	13,570,568
EXPENSES						
Salaries & Benefits	5,917,398	4,299,059	-	1,618,339	72.7%	3,913,587
Materials, Supplies & Services	7,492,288	4,495,798	1,262,841	1,733,649	76.9%	4,766,923
Special Projects	635,271	104,011	317,950	213,310	66.4%	132,303
Transfer-Out	900,000	900,000	-	-	100.0%	-
Debt Service	1,794,917	619,896	-	1,175,021	34.5%	633,541
Capital Outlay Transfers	4,150,000	3,112,500	-	1,037,500	75.0%	3,449,316
Equipment	71,610	22,929	8,004	40,676	43.2%	36,971
Capitalized Fixed Assets	67,973	27,913	1,500	38,560	43.3%	1,386
Other	3,000	2,720	-	280	90.7%	2,750
Appropriated Reserve	150,000	-	-	150,000	0.0%	-
TOTAL EXPENSES	21,182,457	13,584,827	1,590,295	6,007,336	71.6%	12,936,777

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 Nine Months Ended March 31, 2016 (75% of Fiscal Year)

DOWNTOWN PARKING FUND

	Annual Budget	YTD Actual	Encum-brances	Remaining Balance	Percent of Budget	Previous YTD
REVENUES						
Improvement Tax	1,080,000	758,443	-	321,557	70.2%	809,803
Parking Fees	7,034,826	5,354,734	-	1,680,092	76.1%	5,234,560
Other Fees & Charges	6,918	8,180	-	(1,262)	118.2%	4,349
Investment Income	104,200	87,911	-	16,289	84.4%	78,809
Rents & Concessions	107,000	80,250	-	26,750	75.0%	79,345
Miscellaneous	7,500	22,013	-	(14,513)	293.5%	51,238
Operating Transfers-In	374,514	363,639	-	10,875	97.1%	132,625
TOTAL REVENUES	8,714,958	6,675,169	-	2,039,789	76.6%	6,390,729
EXPENSES						
Salaries & Benefits	4,352,940	3,271,076	-	1,081,864	75.1%	3,022,687
Materials, Supplies & Services	2,371,221	1,625,077	117,823	628,320	73.5%	1,471,891
Special Projects	469,656	292,039	170,468	7,149	98.5%	345,806
Transfer-Out	318,399	238,799	-	79,600	75.0%	381,844
Capital Outlay Transfers	1,305,000	978,750	-	326,250	75.0%	727,500
Equipment	24,854	6,768	670	17,416	29.9%	15,594
Capitalized Fixed Assets	2,146	-	-	2,146	0.0%	-
Appropriated Reserve	50,657	-	-	50,657	0.0%	-
TOTAL EXPENSES	8,894,872	6,412,509	288,962	2,193,402	75.3%	5,965,322

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 Nine Months Ended March 31, 2016 (75% of Fiscal Year)

AIRPORT OPERATING FUND

	Annual Budget	YTD Actual	Encum-brances	Remaining Balance	Percent of Budget	Previous YTD
REVENUES						
Leases-Commercial/Industrial	4,488,390	3,264,929	-	1,223,461	72.7%	3,143,453
Leases-Terminal	4,884,637	3,592,990	-	1,291,647	73.6%	3,537,079
Leases-Non-Commercial Aviation	2,093,650	1,544,057	-	549,593	73.7%	1,461,553
Leases-Commercial Aviation	4,544,034	3,326,461	-	1,217,573	73.2%	3,316,624
Investment Income	106,600	81,969	-	24,631	76.9%	80,553
Miscellaneous	216,300	58,569	-	157,731	27.1%	149,156
Operating Transfers-In	4,800	4,800	-	-	100.0%	-
TOTAL REVENUES	16,338,411	11,873,774	-	4,464,637	72.7%	11,688,418
EXPENSES						
Salaries & Benefits	6,006,251	4,170,548	-	1,835,703	69.4%	3,821,280
Materials, Supplies & Services	8,305,343	5,405,765	892,703	2,006,875	75.8%	5,485,222
Special Projects	48,415	1,585	35	46,795	3.3%	3,414
Transfer-Out	12,662	9,497	-	3,165	75.0%	15,266
Debt Service	1,816,586	1,362,440	-	454,146	75.0%	1,361,788
Capital Outlay Transfers	1,313,733	1,063,248	-	250,485	80.9%	-
Equipment	138,902	108,779	9,925	20,198	85.5%	50,160
Appropriated Reserve	84,626	-	-	84,626	0.0%	-
TOTAL EXPENSES	17,726,517	12,121,862	902,662	4,701,993	73.5%	10,737,130

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 Nine Months Ended March 31, 2016 (75% of Fiscal Year)

GOLF COURSE FUND

	Annual Budget	YTD Actual	Encum-brances	Remaining Balance	Percent of Budget	Previous YTD
REVENUES						
Fees & Card Sales	1,753,034	1,182,873	-	570,161	67.5%	1,180,540
Investment Income	7,900	6,080	-	1,820	77.0%	5,975
Rents & Concessions	325,523	224,100	-	101,423	68.8%	204,286
Miscellaneous	500	1,646	-	(1,146)	329.3%	2,077
Operating Transfers-In	180,000	-	-	180,000	0.0%	-
TOTAL REVENUES	2,266,957	1,414,700	-	852,257	62.4%	1,392,878
EXPENSES						
Salaries & Benefits	1,081,239	800,471	-	280,767	74.0%	809,077
Materials, Supplies & Services	720,175	476,895	11,255	232,025	67.8%	407,532
Special Projects	9	-	9	-	100.0%	-
Debt Service	262,122	177,419	-	84,703	67.7%	180,961
Capital Outlay Transfers	265,048	198,786	-	66,262	75.0%	60,545
Other	900	901	-	(1)	100.1%	901
TOTAL EXPENSES	2,329,493	1,654,473	11,264	663,756	71.5%	1,459,016

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 Nine Months Ended March 31, 2016 (75% of Fiscal Year)

INTRA-CITY SERVICE FUND

	Annual Budget	YTD Actual	Encum-brances	Remaining Balance	Percent of Budget	Previous YTD
REVENUES						
Service Charges	3,787,803	2,840,852	-	946,951	75.0%	1,978,777
Work Orders - Bldg Maint.	3,401,421	2,572,270	-	829,151	75.6%	1,932,839
Miscellaneous	94,946	66,294	-	28,652	69.8%	42,201
Operating Transfers-In	132,481	132,481	-	-	100.0%	3,750
TOTAL REVENUES	7,416,651	5,611,896	-	1,804,754	75.7%	3,957,567
EXPENSES						
Salaries & Benefits	3,801,207	2,880,918	-	920,289	75.8%	2,578,156
Materials, Supplies & Services	2,480,732	1,727,947	140,295	612,490	75.3%	1,187,090
Special Projects	545,379	437,895	95,251	12,233	97.8%	416,525
Capital Outlay Transfers	410,612	307,959	-	102,653	75.0%	1,267,070
Equipment	12,854	3,110	-	9,744	24.2%	5,642
Capitalized Fixed Assets	13,347	5,070	120	8,156	38.9%	3,556
Appropriated Reserve	33,841	-	-	33,841	0.0%	-
TOTAL EXPENSES	7,297,972	5,362,899	235,667	1,699,407	76.7%	5,458,039

CITY OF SANTA BARBARA
Interim Statement of Revenues and Expenditures
For the Nine Months Ended March 31, 2016 (75% of Fiscal Year)

FLEET REPLACEMENT FUND

	Annual Budget	YTD Actual	Encum-brances	Remaining Balance	Percent of Budget	Previous YTD
REVENUES						
Vehicle Rental Charges	2,809,765	2,233,666	-	576,099	79.5%	1,683,103
Investment Income	116,700	94,548	-	22,152	81.0%	87,920
Rents & Concessions	146,084	109,563	-	36,521	75.0%	175,475
Miscellaneous	173,118	145,457	-	27,661	84.0%	150,323
Operating Transfers-In	-	-	-	-	0.0%	26,156
TOTAL REVENUES	3,245,667	2,583,233	-	662,434	79.6%	2,122,977
EXPENSES						
Salaries & Benefits	207,466	148,181	-	59,285	71.4%	135,648
Materials, Supplies & Services	1,243	1,697	-	(454)	136.5%	1,981
Special Projects	698,567	35,426	39,513	623,628	10.7%	1,623
Capitalized Fixed Assets	5,691,373	1,931,386	1,091,747	2,668,241	53.1%	1,858,146
TOTAL EXPENSES	6,598,649	2,116,691	1,131,260	3,350,699	49.2%	1,997,398

CITY OF SANTA BARBARA
Interim Statement of Revenues and Expenditures
For the Nine Months Ended March 31, 2016 (75% of Fiscal Year)

FLEET MAINTENANCE FUND

	Annual Budget	YTD Actual	Encum-brances	Remaining Balance	Percent of Budget	Previous YTD
REVENUES						
Vehicle Maintenance Charges	2,609,691	1,968,573	-	641,118	75.4%	1,895,720
Reimbursements	10,000	7,500	-	2,500	75.0%	7,500
Miscellaneous	103,070	83,663	-	19,407	81.2%	93,148
TOTAL REVENUES	2,722,761	2,059,736	-	663,025	75.6%	1,996,368
EXPENSES						
Salaries & Benefits	1,339,285	973,363	-	365,922	72.7%	880,132
Materials, Supplies & Services	1,247,377	919,756	193,962	133,659	89.3%	841,779
Special Projects	81,308	20,193	8,029	53,086	34.7%	17,840
Debt Service	43,070	32,303	-	10,767	75.0%	32,303
Equipment	89,307	48,970	-	40,338	54.8%	7,951
Capitalized Fixed Assets	35,338	29,484	-	5,854	83.4%	336,026
Appropriated Reserve	14,000	-	-	14,000	0.0%	-
TOTAL EXPENSES	2,849,686	2,024,068	201,991	623,626	78.1%	2,116,031

CITY OF SANTA BARBARA
Interim Statement of Revenues and Expenditures
For the Nine Months Ended March 31, 2016 (75% of Fiscal Year)

SELF INSURANCE TRUST FUND

	Annual Budget	YTD Actual	Encum-brances	Remaining Balance	Percent of Budget	Previous YTD
REVENUES						
Insurance Premiums	3,156,625	2,367,469	-	789,156	75.0%	2,088,767
Workers' Compensation Premiums	3,342,571	2,508,084	-	834,487	75.0%	2,541,124
OSH Charges	231,057	173,293	-	57,764	75.0%	152,597
Unemployment Insurance Premium	221,805	166,354	-	55,451	75.0%	-
Investment Income	40,200	33,117	-	7,083	82.4%	30,769
Miscellaneous	-	87,773	-	(87,773)	100.0%	29,805
Operating Transfers-In	75,825	56,869	-	18,956	75.0%	56,869
TOTAL REVENUES	7,068,083	5,392,958	-	1,675,125	76.3%	4,899,931
EXPENSES						
Salaries & Benefits	597,085	432,635	-	164,450	72.5%	340,642
Materials, Supplies & Services	6,323,587	4,500,312	55,683	1,767,591	72.0%	5,072,467
Special Projects	3	-	3	-	100.0%	-
Equipment	-	-	-	-	0.0%	3,354
TOTAL EXPENSES	6,920,675	4,932,947	55,686	1,932,041	72.1%	5,416,463

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 Nine Months Ended March 31, 2016 (75% of Fiscal Year)

INFORMATION SYSTEMS ICS FUND

	Annual Budget	YTD Actual	Encum-brances	Remaining Balance	Percent of Budget	Previous YTD
REVENUES						
Service charges	3,204,557	2,403,764	-	800,793	75.0%	2,340,441
TOTAL REVENUES	3,204,557	2,403,764	-	800,793	75.0%	2,340,441
EXPENSES						
Salaries & Benefits	1,953,525	1,420,069	-	533,456	72.7%	1,205,107
Materials, Supplies & Services	1,087,157	815,407	37,393	234,356	78.4%	693,158
Special Projects	18,481	2,764	581	15,136	18.1%	129
Capital Outlay Transfers	604,000	453,000	-	151,000	75.0%	258,000
Equipment	2,750	4,818	-	(2,068)	175.2%	3,302
Capital Fixed Assets	-	-	-	-	0.0%	14
Appropriated Reserve	16,223	-	-	16,223	0.0%	-
TOTAL EXPENSES	3,682,136	2,696,058	37,975	948,103	74.3%	2,159,710

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 Nine Months Ended March 31, 2016 (75% of Fiscal Year)

WATERFRONT FUND

	Annual Budget	YTD Actual	Encum-brances	Remaining Balance	Percent of Budget	Previous YTD
REVENUES						
Leases - Commercial	1,428,787	1,204,479	-	224,308	84.3%	1,222,659
Leases - Food Service	2,844,333	2,391,111	-	453,222	84.1%	2,511,713
Slip Rental Fees	4,288,834	3,237,899	-	1,050,935	75.5%	3,142,905
Visitors Fees	500,000	361,190	-	138,810	72.2%	368,475
Slip Transfer Fees	575,000	517,875	-	57,125	90.1%	873,900
Parking Revenue	2,385,820	2,092,541	-	293,279	87.7%	1,941,649
Wharf Parking	262,258	120,971	-	141,288	46.1%	202,366
Grants	10,000	-	-	10,000	0.0%	-
Other Fees & Charges	242,304	208,697	-	33,607	86.1%	193,130
Investment Income	95,700	89,378	-	6,322	93.4%	104,963
Rents & Concessions	310,770	260,323	-	50,447	83.8%	243,522
Reimbursements	-	1,777	-	(1,777)	100.0%	-
Miscellaneous	514,792	497,856	-	16,936	96.7%	413,426
TOTAL REVENUES	13,458,598	10,984,096	-	2,474,502	81.6%	11,218,708
EXPENSES						
Salaries & Benefits	6,272,587	4,561,135	-	1,711,452	72.7%	4,257,824
Materials, Supplies & Services	4,151,182	3,039,893	401,576	709,713	82.9%	2,836,778
Special Projects	265,629	145,821	32,165	87,643	67.0%	148,101
Debt Service	1,841,620	1,093,705	-	747,915	59.4%	1,095,838
Capital Outlay Transfers	1,453,144	1,089,858	72,244	291,042	80.0%	1,038,750
Equipment	112,262	25,998	3,959	82,305	26.7%	26,219
Capital Fixed Assets	37,104	-	-	37,104	0.0%	-
Other	-	2,375	-	(2,375)	100.0%	1,375
Appropriated Reserve	100,000	-	-	100,000	0.0%	-
TOTAL EXPENSES	14,233,529	9,958,785	509,944	3,764,800	73.5%	9,404,885

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.

Fiscal Year 2016 Interim Financial Statements
For the Nine Months Ended March 31, 2016 (75% of Year Elapsed)

General Fund Revenues

The table below summarizes General Fund revenues for the nine months ended March 31, 2016. For interim financial statement purposes, revenues are reported on a cash basis (i.e. when the funds are received). The table below includes the budgeted totals as well as the year-to-date (YTD) budget, which for tax revenues and franchise fees have been seasonally adjusted based on a 3-year average of collections through the same period. Because tax revenues are not collected evenly throughout the year, adjusting the year-to-date budget to reflect the unique collection pattern for each type of tax allows for a more meaningful comparison to year-to-date results. For all other revenues, the Year-to-Date Budget column represents 75% (9 months out of the 12 elapsed) of the annual budget column. Unlike tax revenues, these revenues tend to be collected more evenly throughout the year.

Summary of Revenues
For the Nine Months Ended March 31, 2016
GENERAL FUND

	Current Year Analysis						Prior Year Analysis	
	Annual Budget	YTD Budget *	YTD Actual	YTD Variance	YTD Percent Rec'd	3-Year Average Bench-mark	Prior Year YTD Actual	Variance Prior Yr To Current Yr
Sales & Use Tax	$ 23,367,961	$ 16,205,681	$ 13,720,112	$(2,485,569)	58.71%	69.35%	$ 15,303,616	-10.3%
Property Tax	28,742,300	14,986,235	15,686,488	700,253	54.58%	52.14%	14,673,340	6.9%
UUT	7,219,700	5,462,425	5,488,170	25,745	76.02%	75.66%	5,262,367	4.3%
TOT	19,707,100	14,802,003	14,189,114	(612,889)	72.00%	75.11%	14,173,102	0.1%
Bus License	2,624,400	2,063,566	2,092,511	28,945	79.73%	78.63%	2,065,824	1.3%
Prop Trans Tax	659,100	462,490	539,469	76,979	81.85%	70.17%	457,033	18.0%
Total Taxes	82,320,561	53,982,400	51,715,864	(2,266,536)	62.82%	65.28%	51,935,282	-0.4%
License & Permits	219,700	164,775	107,517	(57,258)	48.94%	75.00%	145,435	-26.1%
Fines & Forfeitures	3,201,487	2,401,115	1,945,193	(455,922)	60.76%	75.00%	2,332,402	-16.6%
Franchise Fee	3,219,400	2,390,083	2,136,248	(253,835)	66.36%	74.24%	2,739,815	-22.0%
Use of Money & Property	1,053,059	789,794	689,641	(100,153)	65.49%	75.00%	704,410	-2.1%
Intergovernmental	733,468	550,101	1,565,604	1,015,503	213.45%	75.00%	573,616	172.9%
Fee & Charges	21,681,641	16,261,231	16,141,525	(119,706)	74.45%	75.00%	15,204,981	6.2%
Miscellaneous	10,637,943	7,978,457	7,649,099	(329,358)	71.90%	75.00%	7,074,537	8.1%
Total Other	40,746,698	30,535,556	30,234,827	(300,729)	74.20%	74.89%	28,775,196	5.1%
Total Before Budgeted Variances	123,067,259	84,517,956	81,950,690	(2,567,265)			80,710,478	
Anticipated Year-End Var	2,000,000	1,500,000	-	(1,500,000)	0.00%	75.00%	-	0.0%
Total Revenues	$125,067,259	$ 86,017,956	$ 81,950,690	$(4,067,265)	65.53%	68.38%	$ 80,710,478	1.5%

* YTD Budget for Taxes is calculated based on a 3-year average of collections for each revenue source; for all other revenues, YTD Budget is calculated on a straight-line basis based on the number of months elapsed.

The table above summarizes General Fund revenues for the nine months ended March 31, 2016. For interim financial statement purposes, revenues are reported on a cash basis (i.e. when the funds are received). Total revenues are $2,567,265 below YTD budget before budgeted variances. Major revenues and significant variances are discussed below.

Sales Taxes

Sales tax revenue for the first nine months of the fiscal year is $2,485,569 below the YTD budget on a cash basis. While representing three quarterly sales tax payments year-to-date, the revenues

received through March 31, 2016 provide information for the growth in sales tax revenues earned for the quarters ended September 30, 2015 and December 31, 2015, which were 3.4% below and 2.1% above those from the prior year, respectively. Sales tax revenue is currently being impacted by various factors, including falling gasoline prices and low inflation. In addition, the State has changed its method of sales tax distribution in the second half of the fiscal year which affected the amount of sales tax revenues received during the third quarter and increased the negative YTD variance. This impact is only temporary and the amounts will be trued up by fiscal year-end.

Staff projects sales tax revenues to be below the original budget of $23.4 million by approximately $1,200,000 by fiscal year-end.

Property Tax

Property tax revenue is $700,253 above the YTD budget at March 31, 2016. Revenue growth for Fiscal Year 2016 is trending higher than expected based on information provided by the County of Santa Barbara relative to increases in assessed values, which exceeded 6% per county records. Property tax revenues are projected to exceed the adopted budget by approximately $665,000 at year-end.

Utility Users Tax

Utility users tax revenues are $25,745 above the year-to-date budget. These returns represent a 4.3% increase over the same nine-month period last year. Despite declines in the telephone and natural gas segments of UUT, overall UUT is exceeding both the year-to-date budget and the prior year primarily due to one-time proceeds from recent UUT audits. Two recent UUT audits performed by the City's revenue consultants resulted in approximately $181,000 of additional one-time General Fund UUT revenues. Ongoing UUT revenues have been impacted by the increasing segmentation in the telephony market, which impacts traditional landline telephone and cellular telephone service, and a decline in natural gas prices. Based on current projections, total UUT revenues, including one-time audit revenues, are expected to be more than $72,000 below budget at year-end.

Transient Occupancy Tax

Transient occupancy tax revenue is $612,889 below the YTD budget at March 31, 2016. Overall revenue growth for the first nine months of Fiscal Year 2016 is approximately 0.1%. Transient occupancy tax revenue is impacted by various factors, such as the number of available hotel and motel rooms and room rates. After 5 years of tremendous growth, it is possible the lodging industry has hit a saturation point where revenues grow at a more moderate rate. Based on current year factors and projections, revenues are expected to be more than $778,000 below budget at year-end.

License and Permits

License and permits revenue is $57,258 below the YTD budget at March 31. This variance is largely the result of a decline in taxicab permit revenue and animal licensing revenue in the first nine months of the year. Staff projects that these trends will continue through the end of the year, which could result in a revenue shortfall of up to $75,000 by fiscal year-end.

Fines and Forfeitures

Fines and forfeitures revenues are $455,922 below the year-to-date budget. This variance is primarily due to lower police parking citation revenues. Due to a delay by the City's new parking citation processing vendor, approximately $180,000 of March police parking citation revenues were recorded in April 2016. With this timing adjustment, police parking citation revenues are coming in under the year-to-date budget by approximately $250,000; however, staff anticipates increased revenues in the 4th quarter.

Franchise Fees

Franchise fee revenues are down nearly 22.0%, or $603,567, compared to the same nine-month period last year and down $253,835 compared to the year-to-date budget. The City has been setting aside moneys from the 1% electricity franchise fee surcharge in a special holding account pending the result of a lawsuit challenging the legality of the fee. The City has collected $563,484 for this fee in the first nine months. In addition, similar to the UUT trends highlighted above, a decline in local natural gas prices is affecting City franchise fee revenues. Staff projects franchise fee revenues to be below budget by approximately $246,000 by fiscal year-end.

Intergovernmental

Intergovernmental revenue is $1,015,503 above the YTD Budget. By far the largest component of intergovernmental revenue is mutual aid reimbursements received by the Fire Department for providing assistance to other agencies. The City is reimbursed for the actual costs of providing assistance plus an overhead factor. The Fire Department budgeted $423,000 in reimbursements and has received $1,347,766 in reimbursements as of March 31.

Miscellaneous

Total miscellaneous revenue is $329,358 below the year-to-date budget. The table below describes the largest components of miscellaneous revenue, which includes overhead cost recovery, transfers in, donations, administrative citations, auction revenue, City TV revenue, sale of property, insurance rebates, refunds, and other miscellaneous revenue.

Miscellaneous Revenue
General Fund
For the Nine Months Ended March 31, 2016

Type of Misc. Revenue	Annual Budget	YTD Budget	YTD Actual	Budget Variance	Percent Received YTD	Prior Year YTD	Prior Year Variance	Percent Variance
Miscellaneous	$ 1,944,918	$ 1,458,689	1,216,360	$ (242,329)	62.5%	$ 1,327,976	$ (111,616)	-8.4%
Indirect Allocations	7,180,832	5,385,624	5,393,166	7,542	75.1%	4,808,366	584,800	12.2%
Operating-Transfers In	1,512,193	1,134,145	1,039,572	(94,573)	68.7%	938,195	101,377	10.8%
Total	$ 10,637,943	$ 7,978,457	$ 7,649,099	$ (329,358)	71.9%	$ 7,074,537	$ 574,561	8.1%

Miscellaneous revenues is $242,329 below the year-to-date budget. This variance is primarily due to timing differences with Library trust donations. Revenues for library trust donations are

recognized at fiscal year-end in order to cover current year expenditures. In addition, the Library department expects to record $144,000 of trust donations by year-end to cover costs related to the automated materials handling equipment project.

Operating-transfers in is $94,573 below the year-to-date budget. The variance is due to lower traffic safety citation revenues from the County, thus impacting total transfers in to the General Fund. Staff anticipates this revenue to be near or at budget by year-end.

Fees & Service Charges

Overall, fees and service charges are $119,707 under the YTD budget. The table below provides more details on fees and service charges by department. The more significant third quarter variances are also discussed.

Fees and Service Charges
General Fund
For the Nine Months Ended March 31, 2016

Department	Annual Budget	YTD Budget	YTD Actual	Budget Variance	Percent Received YTD	Prior Year YTD	Prior Year Variance	Percent Variance
Finance	$ 961,454	$ 721,091	$ 728,668	$ 7,578	75.79%	$ 726,082	$ 2,586	0.4%
Community Development	4,887,843	3,665,882	3,978,194	312,312	81.39%	3,291,666	686,528	20.9%
Parks & Recreation	3,229,480	2,422,110	2,398,457	(23,653)	74.27%	2,136,812	261,645	12.2%
Public Safety	611,342	458,507	343,749	(114,758)	56.23%	400,970	(57,221)	-14.3%
Public Works	6,357,295	4,767,971	4,468,404	(299,567)	70.29%	4,410,827	57,577	1.3%
Library	873,320	654,990	815,299	160,309	93.36%	704,957	110,342	15.7%
Reimbursements	4,760,907	3,570,680	3,408,754	(161,926)	71.60%	3,533,667	(124,913)	-3.5%
Total	$ 21,681,641	$ 16,261,231	$ 16,141,524	$ (119,707)	74.45%	$ 15,204,981	$ 936,544	6.2%

Community Development fees are approximately $312,000 above the year-to-date budget. This variance is mostly due to large increases in building permits, development permits and other planning and zoning-type fee revenue. Staff expects revenues will exceed budget by $390,000 at fiscal year-end.

Public Safety fees are approximately $115,000 below the year-to-date budget. Most of the variance is due to lower dismissal fees and the loss of credit card convenience fees when the Police Department transitioned to a new parking citation processing vendor. Staff anticipates revenues to be below budget at year-end by approximately $100,000.

Public Works fees are approximately $300,000 below the year-to-date budget. The variance is due to lower than anticipated engineering work order revenue resulting from staff vacancies and newer staff. Staff expects Public Works fees to be under budget at fiscal year-end by approximately $300,000.

Library fees are approximately $160,000 above the year-to-date budget. This variance is primarily due to the timing of the County's per capita contributions. The County has distributed its entire contribution of $705,000 for Fiscal Year 2016 as of March 31, 2016. Staff anticipates Library fees to be at budget by fiscal year-end.

Reimbursement revenues are approximately $162,000 below the YTD budget. The variance is primarily due to lower vehicle release and document viewing fees in the Police Department and certain interdepartmental reimbursements that are not booked until the end of the fiscal year. State laws regarding the towing of vehicles have changed, thereby reducing the number of towed vehicles and impacting vehicle release fee revenues. Staff anticipates that reimbursement revenue will be below budget at year end by approximately $100,000.

Anticipated Year-End Variances and Budgeted Savings from Concessions

It is important to note that the table on page 1 includes $2,000,000 for anticipated year-end budget variances. The $2 million is roughly equal to 2.0% of budgeted operating expenditures in the General Fund and, although budgeted as revenue, represents staff's estimate of the favorable expenditure variances (i.e. expenditures *under* budget) for the year. As is the case each year, the Anticipated Year-End Variance budgeted will not reflect any actual revenues, but rather favorable variances in expenditures by year-end.

General Fund Expenditures

The table below summarizes the General Fund budget and year-to-date expenditures through March 31, 2016. The "Adjusted Annual Budget" column represents the adopted budget, appropriation carryovers from the prior year, and any supplemental appropriations approved by Council in the current year.

SUMMARY OF EXPENDITURES
GENERAL FUND
For the Nine Months Ended March 31, 2016

Department	Adjusted Annual Budget	YTD Budget	YTD Actual	YTD Variance Without Encumbrance	Encum-brance	YTD Variance With Encumb Favorable (Unfavorable) $	%
Mayor & Council	$ 3,442,809	$ 2,963,964	$ 3,039,356	$ (75,392)	$ 225,123	$ (300,515)	-8.7%
City Attorney	2,533,905	1,786,364	1,826,589	(40,225)	42,500	(82,725)	-3.3%
City Administrator	2,248,949	1,702,470	1,610,408	92,062	59,938	32,124	1.4%
Administrative Svs.	2,817,672	2,131,652	1,845,293	286,359	131,457	154,902	5.5%
Finance	5,555,231	4,165,330	3,976,237	189,093	138,009	51,084	0.9%
Police	39,542,631	29,958,683	28,871,108	1,087,575	288,167	799,408	2.0%
Fire	24,892,406	18,675,343	19,740,717	(1,065,374)	34,940	(1,100,314)	-4.4%
Public Works	8,542,907	6,323,918	5,891,250	432,668	300,446	132,222	1.5%
Parks & Recreation	16,837,006	12,277,692	11,699,849	577,843	580,491	(2,648)	0.0%
Library	5,464,124	4,046,797	3,614,285	432,512	21,374	411,138	7.5%
Community Development	11,417,735	8,706,411	7,593,729	1,112,682	589,040	523,642	4.6%
Non-Departmental	3,441,135	2,849,861	1,003,596	1,846,265	-	1,846,265	53.7%
Total	$ 126,736,510	$ 95,588,485	$ 90,712,417	$ 4,876,068	$ 2,411,485	$ 2,464,583	1.9%
% of annual budget		**75.4%**	**71.6%**	**3.8%**	**1.9%**	**1.9%**	

As shown above, a year-to-date budget (labeled "YTD Budget") column is included. This column has been developed based on a 3-year average of expenditures in order to adjust for the seasonal nature of certain expenditures, such as debt service and summer recreation programs. The table includes actual expenditures without encumbrances, and separate column for the variance after considering encumbrances. Inclusion of encumbrances can significantly distort the analysis of budgeted and actual expenditures during the year. Outstanding encumbrances include certain appropriations that were carried forward from prior year and contracts or blanket purchase orders that have been executed in the current year but are expected to be used throughout the year. The following discussion and analysis does not include the impact of encumbrances.

The year-to-date budget of $95.6 million at March 31, compared to actual expenditures of $90.7 million, resulted in a favorable variance of approximately $4.9 million. Significant variances in departments are discussed below.

Mayor and Council expenditures are above the YTD budget by approximately $75,000. The variance is mostly due to a timing difference in payments of approximately $345,000 per quarter for the annual contract with Visit Santa Barbara to promote the City as a tourist destination and location for film production. Staff anticipates expenditures to be within budget at year-end.

City Attorney expenditures are slightly above YTD budget by approximately $40,000. The majority of this is due to unbudgeted replacement benefit payments to CalPERS for liabilities for retirees, under Internal Revenue code 415(b), which is a federal provision that limits the amount of annual retirement benefit an individual can receive from a defined benefit plan, such as CalPERS. Starting in FY 2017, these costs have been built into department budgets.

Police Department expenditures are below the YTD budget by approximately $1.1 million. This is due to the effect of a high vacancy rate in the department. Overtime is higher at Third Quarter however this is more than offset by salary and benefit savings.

Fire Department expenditures are over the YTD budget by approximately $1.1 million. This variance is due to higher than anticipated mutual aid expenditures during the first nine months of Fiscal Year 2016. Mutual aid expenditures relate to the cost of providing assistance to other locations throughout the state. As of March 31, mutual aid expenditures amounted to $925,000 in comparison to budgeted mutual aid expenditures of $367,500. However, the Fire Department has received approximately $1.3 million in mutual aid reimbursement revenues as of March 31. Mutual aid revenues are projected to exceed expenditures by $370,000 for all mutual aid activities through March 31, 2015. As there is the possibility of additional mutual aid activities by year-end, staff will be monitoring mutual aid revenues and expenditures and will request an adjustment at year-end to record the total revenues and appropriations for all fiscal year 2016 mutual aid activities.

Overtime for minimum staffing in Operations and the ARFF programs were higher than budgeted as of March 31, along with vacation cash out costs; however, the ten vacant positions were filled in September with the graduates from the Fire Academy, which will greatly reduce overtime costs going forward. At this time, staff anticipates expenditures, excluding mutual aid, will be within budget by year-end.

Public Works expenditures are below YTD budget by approximately $433,000. The variance is mostly due to reduced salary and benefit costs as a result of vacant positions and retirements. The City Engineer retired and the position was vacant for 4 months before being filled. The City Surveyor and two Survey Technician positions were vacated, and will remain unfilled for the remainder of the year. A budget savings of $520,000 for the fiscal year is projected, which will offset the reduction in work order revenues referred to in Fees and Service Charges above.

Parks and Recreation expenditures are below YTD budget by approximately $578,000. The variance is mostly due to reduced salary and benefit costs as a result of vacant positions. The department is actively recruiting new staff and anticipates that all vacant positions will be filled by June 2016; budget savings of $696,000 for the fiscal year are projected.

Community Development expenditures are below YTD budget by approximately $1.1 million. Approximately $425,000 of this is due to the timing of a one-time payment for settlement of litigation that was paid in April. The remainder of this variance is largely attributed to salary savings resulting from position vacancies and hourly vacancies, and small savings in across-the-board savings in Supplies and Services. The department plans to utilize approximately $50,000 of this savings to purchase monitors and tablets needed for electronic plan check services associated with the Tidemark Advantage Replacement project, which will reduce plan preparation costs for applicants, and will also reduce plan review turn-around time. Staff also plan to utilize

approximately $15,000 to purchase equipment and enroll staff in several upcoming trainings and conferences scheduled in the last quarter of this fiscal year.

Non-Departmental expenditures are below YTD budget by approximately $1.8 million. This variance is due to the anticipated year-end surplus of $1,887,742 established as an appropriated reserve to ensure some level of funds are available at year end to increase reserve balances and provide supplemental funding for capital. The intention was that the appropriated reserve would not be spent during the year. As such, it shows no expenditures as of March 31, 2016.

This variance is also due to the programming of $400,000 of appropriated reserves to cover contingencies that arise during the course of the fiscal year. As of March 31, $286,000 appropriated reserves have been used.

Enterprise Fund Revenues and Expenses

Unlike the General Fund, which relies primarily on taxes to subsidize programs and services, Enterprise Fund operations are financed primarily from user fees and other non-tax revenues. The table below summarizes Enterprise Fund revenues and expenses through March 31, 2016, with a comparison to the current year budget and prior year expenses through the first nine months. Note that the "YTD Budget" column has been calculated based on a 3-year average collection rate through March 31st. This rate, which is shown as a percentage in the "3 Year Average" column, has been applied to the annual budget amount to arrive at the Year-to-Date Budget. This approach is used in recognition that enterprise fund revenues and certain expenses are seasonally affected and are not necessarily received or incurred evenly throughout the year.

SUMMARY OF REVENUES & EXPENSES
For The Nine Months Ended March 31, 2016
ENTERPRISE FUNDS

	Current Year Analysis						Prior Year Analysis	
	Annual Budget	YTD Budget *	YTD Actual	YTD Variance	YTD Percent	3 Year Average	YTD Actual	% Variance
Solid Waste Fund								
Revenues	$ 20,952,792	$ 15,634,973	$ 15,517,280	$ (117,693)	74.1%	74.6%	$ 15,561,065	-0.3%
Expenses	20,999,104	15,524,638	15,165,545	359,093	72.2%	73.9%	15,029,189	0.9%
Water Fund								
Revenues	48,401,895	35,827,083	35,621,381	(205,702)	73.6%	74.0%	26,338,959	35.2%
Expenses	52,606,438	37,345,310	35,729,597	1,615,713	67.9%	71.0%	31,937,948	11.9%
Wastewater Fund								
Revenues	19,077,948	14,396,220	14,565,230	169,010	76.3%	75.5%	13,570,568	7.3%
Expenses	21,182,457	14,704,862	13,584,827	1,120,035	64.1%	69.4%	12,936,777	5.0%
Downtown Parking Fund								
Revenues	8,714,958	6,301,786	6,675,169	373,383	76.6%	72.3%	6,258,104	6.7%
Expenses	8,894,872	6,681,828	6,412,509	269,319	72.1%	75.1%	5,965,322	7.5%
Airport Fund								
Revenues	16,338,411	12,222,765	11,873,774	(348,991)	72.7%	74.8%	11,688,418	1.6%
Expenses	17,726,517	13,044,944	12,121,862	923,082	68.4%	73.6%	10,737,130	12.9%
Golf Fund								
Revenues	2,266,957	1,601,832	1,414,700	(187,132)	62.4%	70.7%	1,392,878	1.6%
Expenses	2,329,493	1,728,717	1,654,473	74,244	71.0%	74.2%	1,459,016	13.4%
Waterfront Fund								
Revenues	13,458,598	9,941,866	10,984,096	1,042,230	81.6%	73.9%	11,218,708	-2.1%
Expenses	14,233,529	9,885,186	9,958,785	(73,599)	70.0%	69.5%	9,404,885	5.9%

* The YTD Budget column has been calculated based on a 3-year average of collections for revenues, and of payments made for expenses through March 31, which has been applied to the annual budget.

The expenses shown in the preceding table do not include outstanding encumbrances at March 31, 2016. Inclusion of encumbrances can significantly distort the analysis of budgeted and actual expenditures after nine months. Outstanding encumbrances include appropriations that were carried forward from prior year as part of the appropriation carryovers and contracts or blanket

purchase orders that have been added in the current year but are expected to be spent over the coming months.

The following discussion highlights some of the more significant revenue and expense variances of the enterprise funds, in relation to budget or prior year.

Water Fund

Water Fund revenues are below the year-to-date budget by approximately $206,000, primarily due to a water sales revenue shortfall. Budgeted water sales revenue were based on a 25%-30% conservation level; however during the first nine months of the fiscal year, customers achieved a 35% reduction in water usage. Staff anticipates that total revenues for Fiscal Year 2016 may be below budget by approximately $803,000, $509,000 of this from reduced water sales.

Expenses for the Water Fund are below the YTD budget by approximately $1.6 million. The savings is projected to reach $3 million by year end. Approximately $702,000 is due to savings from salaries and benefits, due to turnover and retirements. $1,037,000 is due to savings in water purchases, as a result of prior year credits received from COMB and CCWA. COMB and CCWA credits consist of reconciliation of actual expenditures compared to budget. Budgets are submitted to the City using conservative estimates, and then once actuals are realized, there is a true-up of costs. The remainder of the projected savings is spread over several services and supplies line items. For example, the current supply of chemicals purchased to date will last into Fiscal Year 2017 for the Ortega Groundwater Treatment Plant (OGWTP) resulting in an estimated $900,000 savings. Staff also anticipate savings of $325,000 in waste disposal costs, as the chemical use (water filter media) is less than expected, thus reducing disposal costs.

Wastewater Fund

Wastewater Fund revenues are in line with the YTD budget at third quarter. It is projected these revenues may be slightly above budget by $92,000 at year-end. This is due to a combination of a reduction in sewer service charges as a result of the drought, combined with an increase in Miscellaneous Revenues and Sewer Buy-In Fees, due to large projects, in particular the Rethink Project on State Street.

Wastewater Fund expenses are approximately $1.1 million below the YTD budget. Approximately $630,000 of this variance is due to the timing of debt services payments for the 2004 Sewer Revenue Bonds, which are paid in the fourth quarter each year. The remaining variance is spread over savings from salaries, services and supplies, and special projects. By year end, the estimated savings will be over $1.2 million. The projected savings is due to several vacancies throughout the year, combined with savings from several line items in services and supplies, again as a result of the drought, along with a $209,000 savings in the CMMS contract with was less expensive than originally budgeted.

Downtown Parking Fund

Downtown Parking Fund revenues are above the YTD budget by approximately $373,000. Although revenues in the Parking Business Improvement Assessment (PBIA) and Hourly Parking

are projecting to be just shy of budget, revenues in the Monthly and Commuter Permit Parking line items are expected to be over budget. Revenues are projected to be approximately $185,000 over budget by year end.

Expenses are below the YTD budget by approximately $269,000. The majority of this savings is tied to professional services, equipment repair, and non-contractual items. Staff anticipates expenditures to be slightly below budget at year-end, by $159,000.

Airport Fund

Airport Fund revenues are below the YTD budget at March 31 by approximately $349,000. Reimbursement revenues were delayed for both the TSA law enforcement officer reimbursement and RPZ analysis. The remainder of the reduction in revenues is spread across several revenue sources. Staff project revenues to be below budget by approximately 1%-2% ($160,000 - $325,000) by year end.

Expenses for the Airport Fund are below the YTD budget by approximately $923,000. The variance is mostly due salary savings. There have been substantial vacancies throughout the year, including the Airport Business Development Manager (ABDM) position and Airport Patrol Officers. A new ABDM begins work on May 9th and Patrol officer recruitment is ongoing. Approximately $44,000 of the variance is due to savings in special projects, specifically the parking shuttle operation for Long Term Parking Lot 2. The Airport parking operator transferred the leases for the parking shuttles to another entity, saving this annual amount. Staff project expenditures to be below budget at year-end by approximately $5%-6% ($890,000 - $1,065,000).

Golf Fund

Golf Fund revenues are below the YTD budget by approximately $187,000. The variance is mostly due to lower greens fee revenue. At third quarter, paid rounds are 1.8% above FY 2015 performance; however 2.4% below the FY 2016 budget. Concession revenues are in line with budget at mid-year. Overall, it is expected that revenues will end the year approximately $107,000 below budget.

Golf Fund expenses are below the YTD budget by approximately $74,000. The savings is projected to be approximately $110,000 by year end. Of this, approximately $66,000 is due to salary savings from retirements and vacancies, with the use of hourly staff to back fill positions. Despite water conservation efforts, rate increases will result in water charges over budget by year end. Staff will be closely monitoring revenues and expenses over the next few months to determine the need to make any additional cost reductions to meet budget at year-end, as efforts are underway to transfer management of Golf Operations to Santa Barbara Golf, LLC, next fiscal year.

Waterfront Fund

Waterfront Fund revenues are above the YTD budget by approximately $1 million. $580,000 of this surplus is attributable to the Property Management Program. In particular, the harbor food service, wharf food service and commercial harbor revenue, which have received 85% of the budgeted revenues at third quarter. $260,000 of this surplus is due to increases in parking

revenue across all waterfront lots, with the exception of Stearns Wharf, likely due to construction. Slip transfer fees are $93,000 above budget, as well. Continued good summer weather and warm fall and winter seasons contributed to significant increases in revenues through March 31. Cruise ships are over budgeted revenue by approximately $82,000 as a result of several additional ships visiting Santa Barbara in the first nine months. Staff anticipates revenues for Fiscal Year 2016 will be over budget by approximately $1.4 million by yearend.

Expenses for the Waterfront Fund are below the YTD budget by approximately $73,000. This variance is primarily due to the programming of $100,000 of appropriated reserves in the operating budget to cover contingencies that arise during the course of the fiscal year. As of March 31, no appropriated reserves have been used. Staff anticipate expenditures to be within budget at yearend.

Attachment 3

City of Santa Barbara
Interim Financial Statements for the Nine Months Ended March 31, 2016
Proposed Budget Adjustments

	Increase (Decrease) in Appropriations	Increase (Decrease) in Estimated Revenues	Addition to (Use of) Reserves
GENERAL FUND (1000)			
General Government			
Repayment of Waterfront loan to General Fund	$ -	$ 900,319	$ 900,319
The Waterfront Operating Fund will end Fiscal Year 2016 with surpluses exceeding expectations. These recommended entries will transfer funds to the General Fund to fully repay the outstanding loan.			
Transfer from Parks and Recreation Grant Fund for closed out grants	-	15,020	$ 15,020
Several Parks and Recreation Grant projects have been closed. These recommended entries move residual amounts back to the General Fund.			
Allocate funding from Appropriated Reserve to the City Attorney's Office	(15,696)	-	15,696
Pursuant to the provisions of the Employee Mortgage Loan Assistance Program (EMLAP), the City is forgiving 50% of the "Points Loan" for an employee in the City Attorney's Office that has achieved the 10-year mark.			
City Attorney			
Allocate funding from Appropriated Reserve for Employee Loan Forgiveness	15,696	-	(15,696)
Pursuant to the provisions of the Employee Mortgage Loan Assistance Program (EMLAP), the City is forgiving 50% of the "Points Loan" for an employee in the City Attorney's Office that has achieved the 10-year mark.			
Public Works			
Increase Estimated Revenues and Appropriations for PW Technology Maintenance	25,000	25,000	-
The City receives a 6% technology fee on building permits. 50% of this fee revenue is transferred to the Capital Outlay Fund to fund the Replacement of the City's Permit Tracking System. For Fiscal Year 2016, the City has received higher revenues than budgeted. The recommended entries will increase the estimated revenues and appropriations to transfer 50% of these fees collected to the Capital Outlay Fund.			
Fire Department			
Increase Estimated Revenues and Appropriations for Mutual Aid Activities	28,003	28,003	-
Due to a high fire season, the Fire Department experienced higher than anticipated mutual aid expenditures related to the cost of providing assistance to other locations in the state. These recommended entries increase the appropriations and estimated revenues for the additional meeting and travel costs incurred responding to these calls, which are fully reimbursable per mutual aid agreements.			
Parks and Recreation Department			
Increase Estimated Revenues and Appropriations for the Tennis Program	20,000	20,000	-
The Tennis program is seeing a resurgence in popularity, in particular the group lessons for youth and adults. These lessons are revenue generating, and provided by Tennis professionals under contract to the Parks and Recreation Department. These recommended entries will increase estimated revenues and appropriations in the Tennis program by $20,000.			

	Increase (Decrease) in Appropriations	Increase (Decrease) in Estimated Revenues	Addition to (Use of) Reserves
GENERAL FUND cont'd			
Library			
Increase Estimated Revenues and Appropriations for the Santa Barbara Library Public Service Program	8,000	8,000	-
The Library received funding from the Association of Library Service to Children in the amount of $2,000, and from the Santa Barbara Foundation in the amount of $2,500, for the Arbuthnot lecture that was hosted by the Library. In addition, the Santa Barbara Public Library Foundation has given the Library extra funding of $3,500 for the 1,000 books before Kindergarten. These recommended entries will increase estimated revenues and appropriations by $8,000 allowing the department to utilize the additional funding.			
Total General Fund	$ 81,003	$ 996,342	$ 915,339
SPECIAL REVENUE FUNDS			
Streets Sweeping Fund (2405)			
Increase Appropriations for Services and Supplies	$ 36,000	$ -	$ (36,000)
In Fiscal Year 2016 the Streets Sweeping Fund paid for an item relating to the prior year, that took a large portion ($30,000) of the services and supplies budget. In addition, the program had increased postage costs from a bi-annual newsletter. There are sufficient reserves available to offset the increased costs. The recommended entries will use available reserves in the Street Sweeping Fund to fund operating costs through the remainder of the year.			
Total Streets Sweeping Fund	$ 36,000	$ -	$ (36,000)
Streets Capital Fund (3400)			
Decrease Appropriations - Overlays Resurface Program	$ (50,000)	$ -	$ 50,000
Increase Appropriations - Street Light Installation-Citywide	50,000	-	(50,000)
Staff request moving $50,000 from the Resurface Program to the Street Lights Installation Program for unplanned emergencies that have occurred this fiscal year. Staff identified available funding from a closed overlay contract with remaining budget. Overlay needs still exist, and will be addressed at a later date, however the recommended entries will provide the funding for the emergencies that occurred in the Street Light Installation Program.			
Total Streets Capital Fund	$ -	$ -	$ -

	Increase (Decrease) in Appropriations	Increase (Decrease) in Estimated Revenues	Addition to (Use of) Reserves
SPECIAL REVENUE FUNDS cont'd			
Police Asset Forfeiture Fund (2310)			
Increase Estimated Revenues and Appropriations to Auto Anti-Theft Program	$ 8,000	$ 8,000	$ -
Anti-Theft program revenue comes from a $1 fee which is included in vehicle registrations. This revenue will fluctuate based on the number of vehicles registered. Fiscal Year 2016 revenue is higher than budgeted which indicates that there are more registered vehicles in the City of Santa Barbara. These recommended entries increase the estimated revenue and appropriations allowing the department the ability to utilize the additional funding.			
Total Police Asset Forfeiture Fund	$ 8,000	$ 8,000	$ -
Police SLESF Fund (2320)			
Increase Estimated Revenues and Appropriations to Supplemental Law Enforcement Fund COPS Program	$ 55,812	$ 55,812	$ -
The Police Department receives federal revenue to pay for expenses related to an officer position. Fiscal Year 2016 revenues are higher than budget due to carryover credits from Fiscal Year 2015 and an adjustment made by the federal government. The revenues will be used to pay for the expenses relating to a police officer position. The recommended entries increase estimated revenues and expenditures allowing the department the ability to utilize the additional funding.			
Total Police SLESF Fund	$ 55,812	$ 55,812	$ -
Police Grants Fund (2830)			
Increase Estimated Revenues and Appropriations to Domestic Violence Program	$ 5,800	$ 5,800	$ -
The Police Department received $5,800 from Domestic Violence Solutions to be used to offset the cost of officer time spent working with Domestic Violence Solutions in the creation of domestic violence protocols, trainings and outreach materials. The recommended entries increase estimated revenues and expenditures allowing the department the ability to utilize the additional funding.			
Total Police Grants Fund	$ 5,800	$ 5,800	$ -
Parks and Recreation Grants Fund (2860)			
Decrease Estimated Revenues for Sports Field Project	$ -	$ (3,961)	$ (3,961)
Decrease Appropriations for Joint Use Project	(5,881)	-	5,881
Decrease Appropriations for Family Economic Success Program	(63)	-	63
Decrease Appropriations for Cal Fire UFMP Grant	(13,037)	-	13,037
Transfer to General Fund Reserves from Misc Parks Grants	15,020	-	(15,020)
Several Parks and Recreation Grant projects have been closed. These recommended entries move residual amounts back to the General Fund.			
Total Parks and Recreation Grants Fund	$ (3,961)	$ (3,961)	$ -

	Increase (Decrease) in Appropriations	Increase (Decrease) in Estimated Revenues	Addition to (Use of) Reserves
CAPITAL OUTLAY FUND (3000)			
Decrease Appropriations - Dwight Murphy Field Irrigation Renovation Project	$ (80,000)	-	80,000
Increase Appropriations - Dwight Murphy Field Renovation Project	80,000	-	(80,000)
The Dwight Murphy Field Irrigation Renovation Project scope has been broadened, and it is no longer specific to irrigation. As such, the name of the project has been changed to Dwight Murphy Field Renovation Project.			
Increase Estimated Revenues and Appropriations for Children's Library Project	38,014	38,014	-
The Children's Library Project scope has been increased to include signage. Additional donations have been identified to fund the increase for the signage costs. The recommended entries will increase the estimated revenues and appropriations to fund the additional scope of the project.			
Transfer from General Fund - PW Technology Maintenance	-	25,000	25,000
The City receives a 6% technology fee on building permits. 50% of this fee revenue is transferred to the Capital Outlay Fund to fund the Replacement of the City's Permit Tracking System. For Fiscal Year 2016, the City has received higher revenues than budgeted. The recommended entries will increase the estimated revenues and appropriations to transfer 50% of these fees collected to the Capital Outlay Fund.			
Total Capital Outlay Fund	$ 38,014	$ 63,014	$ 25,000
ENTERPRISE FUNDS			
Airport Operating Fund (5700)			
Transfer from Airport Grants Fund	$ -	$ 107,987	$ 107,987
The Runway 15L-33R Rehabilitation grant project was completed under budget; therefore, the Airport was able to bill the FAA AIP Grant 47 for engineering and staff time associated with the grant project, that occurred in the Operating Fund. These recommended entries will reimburse the Operating Fund for engineering charges and staff time associated with the project.			
Total Airport Operating Fund	$ -	$ 107,987	$ 107,987
Airport Capital Fund (5710)			
Increase Appropriations for Improvements	$ 196,989	$ -	$ (196,989)
At the second quarter, staff presented a budget adjustment to reimburse the Airport Capital Fund from the Airport Grants Fund, for costs paid before the grant was awarded for the Airfield Electrical and Safety Project. This is a clean up item to also add the appropriation that should have been included in that budget adjustment request.			
Transfer from Airport Grants Fund	-	8,177	8,177
The Runway 15L-33R Rehabilitation project was completed under budget. These recommended entries will reimburse Airport's unused FAA AIP grant match to the Capital Fund.			
Total Airport Capital Fund	$ 196,989	$ 8,177	$ (188,812)

	Increase (Decrease) in Appropriations	Increase (Decrease) in Estimated Revenues	Addition to (Use of) Reserves
ENTERPRISE FUNDS cont'd			
Airport Grants Fund (5720)			
Decrease Appropriations for Non-Building Improvements	$ (107,987)	$ -	$ 107,987
Transfer to Airport Operating Fund	107,987	-	(107,987)
The Runway 15L-33R Rehabilitation grant project was completed under budget; therefore, the Airport was able to bill the FAA AIP Grant 47 for engineering and staff time associated with the grant project, that occurred in the Operating Fund. These recommended entries will reimburse the Operating Fund for engineering charges and staff time associated with the project.			
Decrease Appropriations for Non-Building Improvements	8,177	-	(8,177)
Transfer to Airport Capital Fund	(8,177)	-	8,177
The Runway 15L-33R Rehabilitation project was completed under budget. These recommended entries will reimburse Airport's unused FAA AIP grant match to the Capital Fund.			
Total Airport Grants Fund	$ -	$ -	$ -
Water Capital Fund (5010)			
Increase Appropriations for Recycled Water Plant	$ 225,000	$ -	$ (225,000)
Transfer from Water Drought Fund for Recycled Water Plant	-	225,000	225,000
Additional funding is necessary for the support and technical studies required to operate the El Estero Recycled Water Plant at its fully designed capacity. Ground Water Development Project has savings due to reduction in the project scope. The recommended entries will transfer the funding from the Ground Water Development Project to the Recycled Water Plant.			
Total Water Capital Fund	$ 225,000	$ 225,000	$ -
Water Drought Fund (5011)			
Decrease Appropriations for Ground Water Development Project	$ (225,000)	$ -	$ 225,000
Transfer to Water Capital Fund for Recycled Water Plant	225,000	-	(225,000)
Additional funding is necessary for the support and technical studies required to operate the El Estero Recycled Water Plant at its fully designed capacity. Ground Water Development Project has savings due to reduction in the project scope. The recommended entries will transfer the funding from the Ground Water Development Project to the Recycled Water Plant.			
Decrease Appropriations - Ground Water Development Project	(193,000)	-	193,000
Increase Appropriations - Desalination Facility	193,000	-	(193,000)
The Desalination Facility Project has received several change orders on the Engineering contract that were not budgeted. Ground Water Development Project has savings due to reduction in the project scope. The recommended entries will transfer the funding from the Ground Water Development Project to the Desalination Facility Project.			
Total Water Drought Fund	$ -	$ -	$ -

	Increase (Decrease) in Appropriations	Increase (Decrease) in Estimated Revenues	Addition to (Use of) Reserves
ENTERPRISE FUNDS cont'd			
Wastewater Capital Fund (5110)			
Adjust Capital Project Budgets:			
Decrease Appropriations - EEWTP Drain Restoration Project	$ (300,000)	$ -	$ 300,000
Decrease Appropriations - Storm Water Facilities Improvement	(200,000)	-	200,000
Decrease Appropriations - Biosolids Improvement Project	(225,000)	-	225,000
Increase Appropriations - WW Lift Station Rehabilitation	725,000	-	(725,000)
The WW Lift Station Project (Braemer Force Main No 2 Lift Station) has portions of construction located within the Las Positas Roundabout project area and construction on the Las Positas Roundabout project will start this fall. Therefore, as a coordination effort, The WW Lift Station project will need to occur sooner than planned. To accommodate this earlier construction schedule, staff recommends transferring funding from three projects: 1) The EEWTP Drain Restoration Project is fully funded with an estimated surplus of $300,000, 2) The Storm Water Facilities Improvement Project was completed with a savings of $200,000, and 3) Staff is in the process of applying for an SRF loan for the Biosolids Improvement Project, therefore the $225,000 currently budgeted, along with the savings from the other two other projects are recommended to be transferred to the WW Lift Station Rehabilitation Project. The recommended entries will transfer available appropriations, as requested.			
Total Wastewater Capital Fund	$ -	$ -	$ -
Waterfront Operating Fund (5800)			
Repayment to General Fund for Waterfront loan	$ 900,319	$ -	$ (900,319)
The Waterfront Operating Fund will end Fiscal Year 2016 with surpluses exceeding expectations. These recommended entries will transfer funds to the General Fund to fully repay the outstanding loan.			
Total Waterfront Operating Fund	$ 900,319	$ -	$ (900,319)
Waterfront Capital Fund (5810)			
Transfer from Harbor Preservation Fund for the Seawall ADA Handrail and Sidewalk Project	$ -	$ 40,000	$ 40,000
Increase Appropriations for the Seawall ADA Handrail and Sidewalk Project	40,000	-	(40,000)
The Seawall ADA Handrail and Sidewalk Project replaces the existing handrail along the Marina 2 – 4 seawall with a code compliant handrail. The project was originally budgeted for $50,000. However, bids received were $85,000 due to the increased length of the sections to be replaced in Fiscal Year 2016 and again in Fiscal Year 2017. The recommended entries transfer reserves from the Harbor Preservation Fund to fund the increased costs for the project.			
Transfer from Harbor Preservation Fund for the Repower Harbor Patrol Vessels Project	-	45,000	45,000
Increase Appropriations for the Repower Harbor Patrol Vessels Project	45,000	-	(45,000)
The Repower Harbor Patrol Vessels Project replaces Harbor Patrol Boat 1 (PB1). The project was originally budgeted for $110,000 to repower PB1. Staff recommended adding the annual Vessel Reserve Fund allocation of $75,000 to the budget for a total of $185,000, to replace PB1 instead of repowering the vessel, with the approval of the Harbor Commission; however, bids received were $214,055. The recommended entries transfer reserves from the Harbor Preservation Fund to fund the increased costs for the project.			
Total Waterfront Capital Fund	$ 85,000	$ 85,000	$ -

	Increase (Decrease) in Appropriations	Increase (Decrease) in Estimated Revenues	Addition to (Use of) Reserves
Harbor Preservation Fund (5820)			
Transfer to Waterfront Capital Fund for the Seawall ADA Handrail and Sidewalk Project	$ 40,000	$ -	$ (40,000)
The Seawall ADA Handrail and Sidewalk Project replaces the existing handrail along the Marina 2 – 4 seawall with a code compliant handrail. The project was originally budgeted for $50,000. However, bids received were $85,000 due to the increased length of the sections to be replaced in Fiscal Year 2016 and again in Fiscal Year 2017. The recommended entries transfer reserves from the Harbor Preservation Fund to fund the increased costs for the project.			
Transfer to Waterfront Capital Fund for the Repower Harbor Patrol Vessels Project	45,000	-	(45,000)
The Repower Harbor Patrol Vessels Project replaces Harbor Patrol Boat 1 (PB1). The project was originally budgeted for $110,000 to repower PB1. Staff recommended adding the annual Vessel Reserve Fund allocation of $75,000 to the budget for a total of $185,000, to replace PB1 instead of repowering the vessel, with the approval of the Harbor Commission; however, bids received were $214,055. The recommended entries transfer reserves from the Harbor Preservation Fund to fund the increased costs for the project.			
Total Harbor Preservation Fund	$ 85,000	$ -	$ (85,000)
INTERNAL SERVICE FUNDS			
Facilities Capital Fund (6310)			
Adjust Capital Project Budgets:			
Decrease Appropriations - PD HVAC	$ (99,396)	$ -	$ 99,396
Decrease Appropriations - Central Library Gutter/Eave Repair	(65,770)	-	65,770
Increase Appropriations - Library Exterior Paint	165,166	-	(165,166)
The Library Exterior Paint (LEP) Project bids came in much higher than budgeted. The PD HVAC Project is complete and resulted in a savings from budget, and the LEP project was prioritized higher than the Central Library Gutter/Eave Repair. These recommended entries will transfer available appropriations from the completed and lower priority projects to the LEP project, as recommended by staff.			-
Total Facilities Capital Fund	$ -	$ -	$ -
Fleet Replacement Fund (6410)			
Transfer to Fire Equipment Fund and PD Equipment Fund	$ 400,511	$ -	$ (400,511)
In past years, the Fleet Replacement Fund maintained the reserves for Mobile Data Computer (MDC) equipment purchases for the Fire Department and the Police Department. It has been difficult for Fire and PD staff to track reserve balances, as Fire and PD staff make the purchases, and Fleet has no involvement. Therefore, staff recommend that Fire and PD maintain individual reserves for their own individual tracking. The recommended entries move reserves from the Fleet Replacement Fund to the Fire Equipment Fund and the PD Equipment Fund.			-
Total Fleet Replacement Fund	$ 400,511	$ -	$ (400,511)

Agenda Item No. 9

File Code No. 540.10

CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: May 24, 2016

TO: Mayor and Councilmembers

FROM: Water Resources Division, Public Works Department

SUBJECT: Professional Services Contract For Cater Valve Replacement Project

RECOMMENDATION: That Council:

A. Approve and authorize the Public Works Director to execute a Professional Services contract with Pacific Rim Automation, Inc., in the amount of $369,188 for the Cater Valve Replacement Project; and

B. Authorize the Public Works Director to approve expenditures of up to $36,919 for extra services of Pacific Rim Automation, Inc., that may result from necessary changes in the scope of work.

DISCUSSION:

Background

The City's William B. Cater Water Treatment Plant (Cater) provides regional water treatment to the City of Santa Barbara, as well as the Montecito and Carpinteria Valley Water Districts. Cater is operated primarily via Supervisory Control and Data Acquisition (SCADA) technology. SCADA is a sophisticated computer technology that has become the water and wastewater industry standard for operating, collecting and monitoring system data and information in real time. SCADA systems are comprised of specialized computer hardware and software equipment that is operated through Programmable Logic Control (PLC) via computer networks which allow for computer automation and remote control of Cater's many water treatment processes. SCADA is also a mandatory technology required for the continuous monitoring of Cater's water quality and treatment.

Project Description

The Cater Water Treatment Plant Valve Replacement Project consists of providing SCADA programming and integration services to develop, test, and install new valve actuators within Cater's existing SCADA system. The existing valve actuators are nearing

the end of their useful life spans. The technology is antiquated and needs to be upgraded as a part of Cater's Capital Improvement Program. The work will be performed in three phases:

- Phase 1: Development and testing the new valve actuators.
- Phase 2: Implementation of the new actuators within Cater's existing SCADA system.
- Phase 3: Fine-tuning the programming, modifying the SCADA Human/Machine Interface (HMI) computer screens, creating as-built drawings and updating the new dialer alarms.

Consultant Selection

Pacific Rim Automation, Inc., (Pacific Rim) was selected from the City's pre-qualified list of SCADA programming and integration service providers, which Council approved on July 16, 2013.

Pacific Rim has submitted an acceptable proposal in the amount of $369,188 to complete the Project work. Staff recommends that Council authorize the Public Works Director to approve expenditures of up to $36,919 for extra services of Pacific Rim that may result from necessary changes in the scope of work, for a total contract amount of $406,107. Pacific Rim has successfully performed previous similar services at Cater.

BUDGET/FINANCIAL INFORMATION

The total contract amount requested is $406,107. There are sufficient appropriated funds in the Water Capital Fund to cover these costs. This project was presented to the Board of Water Commissioners on May 19, 2016, where it received the Board's support.

PREPARED BY: Catherine Taylor, Water System Manager/mh

SUBMITTED BY: Rebecca J. Bjork, Public Works Director

APPROVED BY: City Administrator's Office

Agenda Item No. 11

File Code No. 150.02

CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: May 24, 2016

TO: Mayor and Councilmembers

FROM: City Attorney's Office

SUBJECT: Medical Marijuana Regulations: Report On Legislative Issues And Options Relating To Cultivation, Transportation, Delivery, Manufacturing, Fees And Taxes

RECOMMENDATION: That Council:

A. Receive a report and presentation on the effects of the City's medical marijuana regulations and the regulatory options presented by new state marijuana laws; and

B. Provide direction regarding potential regulation of storefront marijuana dispensaries, taxes, fees, manufacturing, mobile delivery, and other marijuana related issues.

EXECUTIVE SUMMARY:

Last year's Medical Marijuana Regulation and Safety Act (MMRSA) threatened local control over marijuana cultivation by imposing a March 1, 2016 deadline for local cultivation zoning laws. In response, the City Council introduced an ordinance on January 12, 2016 adding section 28.87.300 to the Santa Barbara Municipal Code to regulate cultivation of marijuana. The ordinance limits cultivation to 100 square feet by a qualified patient cultivating for his or her personal use at the qualified patient's lawful residence.

Council raised several concerns and questions at the time the cultivation ordinance was enacted. The City Attorney's Office and the Community Development Department were requested to return to Council with a report on what action other jurisdictions in the Tri-Counties area had taken with respect to cultivation, and the impact those regulations may have on the City's current marijuana storefront dispensary ordinance. Council also requested information on licensing, transportation, delivery, fees, taxes, testing, and manufacture of by-products related to medical marijuana.

DISCUSSION:

Update on Marijuana Storefront Dispensary Applications

The City's medical marijuana storefront dispensary ordinance (Dispensary Ordinance) allows three permitted storefront dispensaries within the City. No more than one dispensary may exist within any of five areas in which dispensaries may be permitted. As of May 1, 2016, there is one City permitted dispensary, but it has not yet begun operating. It will be located at 3617 State Street. This dispensary has identified a cultivation site within the County of Santa Barbara.

The Planning Commission's decision to approve a dispensary permit for 118 N. Milpas is on appeal to the City Council. It was heard on May 10, 2016. This dispensary has also identified a cultivation site within the County of Santa Barbara.

On April 19, 2016, a dispensary application was received for a location at 2609 De La Vina Street. It is currently under review by Community Development Department staff.

Impact of Local Cultivation Regulation on the City's Storefront Dispensary Ordinance

In August 2008, then-California Attorney General Jerry Brown issued guidelines for the security and non-diversion of medical marijuana. At that time under California law, medical marijuana patients and primary caregivers could only "associate within the State of California in order [sic] collectively or cooperatively cultivate marijuana for medical purposes." (Health & Saf. Code, § 11362.775.) This meant that a dispensary could obtain marijuana only from its members, and could not sell the marijuana to its members for profit. The City's 2008-2010 Storefront Dispensary Ordinance, therefore, likewise required that a permitted storefront dispensary operate under a cooperative or collective model.

In January 2016, some members of the public questioned whether the City's proposed limits on personal cultivation were consistent with the City's Storefront Dispensary Ordinance. We have examined that assertion and disagree. The Dispensary Ordinance allows cultivation at sites within the Tri-Counties region. Although commercial or cooperative cultivation may not take place within the City, that restriction will not prevent lawful dispensaries from obtaining marijuana from within the Tri-Counties area and operating in Santa Barbara.

Because the City's Cultivation Ordinance limits cultivation strictly to personal medical use, and prohibits the transfer, exchange, or sale of marijuana, members of a storefront dispensary may not cultivate the marijuana within the City. The collective cultivation of the dispensary's marijuana must occur in a jurisdiction within the Tri-Counties area that allows for commercial cultivation. Based on a review of ordinances throughout the Tri-

Counties area it appears that, at this time, collective cultivation may be able to occur within the cities of Ojai and San Luis Obispo, and limited cultivation may occur within the County of Santa Barbara. The County of San Luis Obispo is in the process of drafting regulations, and it is uncertain whether collective cultivation will be allowed. We have attached, as Attachment 1, a summary of the marijuana regulations within the Tri-Counties by jurisdiction.

New state law has shifted away from the cooperative and collective model. But until the State begins issuing cultivation licenses, perhaps in 2018, dispensaries and their members, may collectively or cooperatively cultivate and distribute marijuana for medical purposes in jurisdictions permitting commercial cultivation without the threat of criminal penalty. One year after the state begins issuing cultivation licenses, however, anyone who cultivates marijuana without a state license, even if cultivated for a collective or cooperative, will face civil and/or criminal penalties. This is because MMRSA provides that any qualified patient or primary caregiver who cultivates marijuana for other than his or her own personal medical use will be deemed to be engaging in commercial cultivation requiring a state license. Once the state begins issuing licenses, a dispensary that wishes to continue to cultivate its own marijuana must submit a license application. Under MMRSA, dispensaries will only be able to obtain a license for a small indoor or outdoor cultivation operation. A small indoor or outdoor cultivation is, for the most part, limited to a canopy size of 10,000 square feet on one premise.

We have attached a summary of the City's Storefront Dispensary Ordinance and Cultivation Ordinance as Attachment 2.

<u>City's Storefront Dispensary Inspection Program & Fees</u>

The City's Storefront Dispensary Ordinance authorizes the Community Development Department and Police Department to conduct annual inspections of permitted dispensaries in order to ensure compliance with the ordinance and conditions of approval. The ordinance allows the City to impose a fee on the dispensary to recover the cost of annual inspections. Staff from the City Attorney's Office, Community Development Department, Police Department, and Finance Department have prepared a work program for storefront dispensary inspections and completed a time study to establish full-cost recovery through the permitted fee. These fees will be included in the recommended fee resolution for Fiscal Year 2017.

The Storefront Dispensary Ordinance also allows the City to conduct inspections more frequently than once a year if warranted or necessary. The ordinance, however, currently does not provide any means for cost recovery for these more frequent inspections. Staff believes more frequent inspections should be pursued, especially when the permitted dispensaries first begin operations.

Mobile Delivery by Dispensaries

Under MMRSA, any state licensed marijuana dispensary may deliver marijuana to a qualified patient or primary caregiver. The Health and Safety Code specifically defines "delivery" as the commercial transfer of medical cannabis or medical cannabis products from a *dispensary*, up to an amount determined by the Bureau of Medical Marijuana Regulation (Bureau) to a primary caregiver, qualified patient, or testing laboratory. Therefore, unless otherwise regulated by a local jurisdiction, any state licensed dispensary may make deliveries anywhere within the state.

The City may enact regulations banning or restricting delivery within its boundaries. For example, the City could enact an ordinance allowing only locally permitted dispensaries to deliver marijuana. Presently, the City's Storefront Dispensary Ordinance prevents a permitted storefront dispensary from engaging in mobile delivery, but does not prevent dispensaries permitted by other jurisdictions from delivery to qualified patients or primary caregivers within the City. This creates a somewhat perverse result, allowing dispensaries which are not locally regulated to deliver, while prohibiting locally regulated dispensaries from doing the same.

Impact of State Licensing on Transportation, Manufacture, Distribution, and Testing

State licenses are required by any person or company that wishes to engage in the sale (dispensing), transportation, manufacture, cultivation, and testing of marijuana. With the exception of testing, a licensee may hold a license in only one other category. A testing licensee may not hold a license in any other category and may not have a financial interest in any business operating under another licensing category.

It is important to note the distinction between the definition of "delivery" and the definition of "transport or transporter" under MMRSA. As stated above, *delivery* of marijuana is limited to state licensed dispensaries taking marijuana from the dispensary and delivering it to a qualified patient or primary caregiver. On the other hand, *transport* of marijuana refers to an individual or company that has been licensed by the state to transfer marijuana between marijuana facilities that have been issued a state license. For example, a licensed transporter could take the marijuana from the cultivator to the manufacturer, and then from the manufacturer to the testing facility, but could not take the marijuana from the dispensary and deliver it to a member of the dispensary. Conversely, while the dispensary may, under its state license, deliver to its customers, it is precluded from holding a transportation license. Therefore, even if the dispensary had a cultivation license it would still be required to hire a transporter to take the cultivated marijuana from the grow site to the dispensary if they were not at the same location. Due to the possible need for a transporter to cross through the City's limits in order to get to marijuana facilities in other jurisdictions, the City is most likely preempted by state law from regulating transportation through its zoning ordinance.

Under the State licensing scheme, a licensed transporter may only hold an additional license for distribution of medical marijuana. Similarly, a distributor may only hold an additional license for transportation. A "distributor" is a person or company licensed to purchase marijuana from a licensed cultivator or manufacturer for sale to a licensed dispensary.

Under state law, a licensed manufacturer of marijuana is any person who holds a state license for production, preparation, propagation, or compounding of marijuana to turn it into a concentrate, an edible product, or topical product directly or indirectly by extraction methods, by means of chemical synthesis, or by a combination of extraction and chemical syntheses. A marijuana dispensary may apply for a license to manufacture marijuana, however, the dispensary generally may not hold a license for manufacture, if it also holds a cultivation license. Because the manufacture of marijuana at a particular property and location would be considered a "commercial use" of the property, the City may be able to regulate the manufacture of marijuana through its zoning code.

Prior to sale or distribution of marijuana to the public, a batch of the marijuana that has been cultivated and/or manufactured must be sent to a licensed testing facility for quality assurance.

As Attachment 3, we have included a chart that summarizes the medical marijuana state licensing categories.

Marijuana Taxation

Under current law, the City has the legal authority to impose a business or excise tax upon the gross receipts of marijuana sales, services and transactions, provided the tax is approved by the voters as required by the California Constitution. If the proceeds of such a tax are dedicated to general governmental purposes, a simple majority may pass the tax. However, general taxes may be proposed only on a regularly scheduled City Council election ballot, "except in cases of emergency declared by a unanimous vote of the governing body." (Cal. Const., art. 13C, § 2.) Council will need to provide immediate direction should it wish to place a tax measure on the November 2016 ballot.

Several cities in California have implemented a voter-approved tax on the proceeds from the sale of medical marijuana by an authorized dispensary. The tax varies by jurisdiction, ranging from 4%-15%.

The City has the option of proposing an excise tax or a unique business license tax on the sale of medical marijuana. Excise taxes are taxes paid when purchases are made on a specific good, such as gasoline. Excise taxes are often included in the price of the product. Alternatively, the City could amend its existing Business License Tax Ordinance through a voter-approved measure to create a separate licensing category

for medical marijuana dispensaries, with provisions to determine the amount of taxes to be paid and the method of calculation.

The City could also consider establishing a business license tax for other businesses associated with medical marijuana activity, including manufacture, transportation and distribution. All of these activities also require state licensing and can, therefore, be locally regulated. The only caveat is that imposing a tax on multiple business activities increases the complexity and costs of administering the tax. It may be easier to impose and administer a tax only on storefront medical marijuana dispensaries, but to include language in a proposed ordinance that allows for the imposition of business license taxes on other business activities in the future as the industry matures.

The following summary provides some information on several cities that have implemented a tax on medical marijuana. This information was compiled by the City's revenue audit consultants. Based on their initial analysis, they found it difficult to quantify how much in revenues were generated because the cities do not generally segregate medical marijuana tax revenue in the financial reports.

- Palm Springs – 10% Excise Tax on proceeds from collectives with a valid City Council-issued permit. 15% tax on proceeds from collectives that do not have a City Council-issued permit (December 2013). As of December 2015, six dispensaries have been permitted by the City of Palm Springs. A media article indicates that the city received $1,034,346 in 2014. However, the article also states that the city expects revenues to dip when dispensaries open in other cities.

- San Jose – 10% Business Tax on gross receipts from dispensaries. As of December 18, 2015, sixteen (16) dispensaries received a Notice of Completed Registration from the City of San Jose. The most recent General Fund forecast document stated for Fiscal Year 2013, indicates that revenues are anticipated to reach $3.9 million. A media report indicates that over the past 5 years the City has collected $19 million.

- Santa Cruz – 7%-10% Business Tax on gross receipts from dispensaries. The City of Santa Cruz projected revenues of $66,000 to $93,000. There are one to two dispensaries operating within the city.

- Sacramento – 4% Business Tax on gross receipts from dispensaries. Media reports indicate that for Fiscal Year 2015 the City collected $2.86 million from the 4% tax. This year the City of Sacramento voted to approve commercial grow facilities and tax cultivated marijuana at 4%. There are also discussions to increase the tax on retail sales to 10%. Currently, 30 dispensaries are operating in the city.

- Cathedral City – Up to 15% Excise Tax on proceeds on marijuana collectives and dispensaries. Revenue information was not readily available.

- Desert Hot Springs – 10% Excise Tax on selling or providing medical marijuana in the City of Desert Hot Springs. There is no information to specify the tax applies to only retail sales. Cultivation tax of $25.00 per square foot for the first 3,000 square feet, and then $10.00 per square foot for any additional square foot use to grow marijuana. Revenue information was not readily available.

- Shasta Lake City – 6%-10% Business Tax on the retail sale. Tax started at 6% but can be increased to 10% at the city council's discretion. The Shasta Lake City estimated revenues at $20,000 to $200,000 annually.

Note that revenue estimates are very subjective. Initial revenue estimates generally do not account for low compliance levels due to black-market sales. Competition from other cities and counties will eventually reduce the price of marijuana and reduce the amount of tax.

State Marijuana Initiatives

There are some 69 statewide initiatives and referenda currently cleared for circulation. In order to reach the November 2016 general election ballot, qualified initiatives must be certified by the Secretary of State no later than 131 days before the election, which this year is June 30, 2016. (Elec. Code, §9016.) As a result of low voter turnout in the last gubernatorial election, initiatives need only 365,880 valid signatures to qualify. California is currently home to more than 39 million people. This means that an initiative measure can qualify for the ballot with the signatures of less than 1% of the state's population.

Thus far, none of the 13 marijuana legalization initiatives which are currently eligible for circulation has been qualified for the November 2016 ballot. Ten of those measures have circulation deadlines falling before the June 30 cutoff. It is difficult to assess which of these measures may ultimately qualify for the November ballot. However, the "Adult Use of Marijuana Act," discussed below, appears likely to qualify.

The "Adult Use of Marijuana Act," listed on page vi of Attachment 4 (1762 (15-0103)), has the political support of Lt. Governor Gavin Newsom and the California Medical Association, along with substantial financial backing from Sean Parker of Facebook and Napster fame. As of February 2016, this measure had over $2,000,000 in campaign funding. It received a relatively favorable ballot summary from the Attorney General, who stated that it would prohibit marijuana sales to persons under the age of 21, impose a 15% statewide excise tax and allow some degree of local regulation and taxation of marijuana. Medical marijuana would be exempt from state sales and use taxes. As of this writing, about 600,000 signatures have been submitted to the Secretary of State.

Examining the details of each possible initiative is beyond the scope of this report. However, we have provided the California Attorney General's title and summary for each of these ten potential measures, along with the proponent, as Attachment 4. The measures are listed in order of the date they qualified for circulation, with the oldest first. We have also included the proponents' common name for the measure.

SUMMARY & ACTION ITEMS

In light of the MMRSA, which will effectively legalize and commercialize the medical marijuana industry through state licensing and taxation, the City's local regulatory approach based upon the collective or cooperative model of cultivation and distribution will no longer fit within the state regulatory scheme.

Staff requests direction from Council on potential ordinance amendments to address the following marijuana related issues:

- Mobile delivery of marijuana within the City by dispensaries located both within and outside the City;
- The requirement that City permitted dispensaries operate using a collective cultivation model once the state begins issuing licenses;
- Allowing the City to assess a fee to recover costs for compliance inspections more frequently than once per year;
- Examining the City's existing Dispensary Ordinance for possible amendments should recreational marijuana be legalized in November 2016;
- Amending the current zoning ordinance to address the local impacts associated with MMRSA;
- Marijuana taxation; and
- Possible zoning restrictions pertaining to other commercial marijuana related activities such as manufacture and testing.

ATTACHMENTS:

1. Tri-Counties Marijuana Regulation Summary
2. Dispensary and Cultivation Ordinance Summary
3. Medical Marijuana State Licensing Chart
4. Summary of Pending Marijuana Legalization Initiatives

PREPARED BY: Tava Ostrenger, Assistant City Attorney
Ariel Pierre Calonne, City Attorney

SUBMITTED BY: Ariel Pierre Calonne, City Attorney

APPROVED BY: City Administrator's Office

TRI-COUNTIES MARIJUANA REGULATIONS

Disclaimer: Ordinances are subject to change. This table is for general reference and should not be relied upon for any legal purpose.

Jurisdiction	Commercial Cultivation	Personal Cultivation	Delivery	Dispensary
Santa Barbara County	Prohibited for all new grows but allows exception for preexisting cultivation operations	Qualified Patient & Primary Caregiver may cultivate up to 100 sq. feet. at primary residence	Not regulated	Prohibited
City of Santa Barbara	Prohibited	Qualified Patient may cultivate up to 100 sq. feet. at legal residence	Not regulated	3 permitted (SBMC Chap. 28.80)
Goleta	Prohibited	Qualified Patient & Primary Caregiver may cultivate 6 mature or 12 immature plants at primary residence	Regulated	Prohibited with the exception of two preexisting
Carpinteria	Prohibited	Qualified Patient or Primary Caregiver may cultivate pursuant to H&S Code §§11362.77 & 11362.777	Prohibited	Prohibited

Jurisdiction	Commercial Cultivation	Personal Cultivation	Delivery	Dispensary
Santa Maria	Prohibited	Prohibited	Not regulated?	Prohibited
Lompoc	Prohibited	Prohibited	Prohibited	Prohibited
Guadalupe	Prohibited	Prohibited	Prohibited	Prohibited
Solvang	Prohibited	Qualified Patient or Primary Caregiver may cultivate pursuant to H&S Code §§11362.77	Prohibited	Prohibited
Buellton	Prohibited	Prohibited	Prohibited	Prohibited
Ventura County	Prohibited	Qualified Patient or Primary Caregiver may cultivate pursuant to H&S Code §11362.777	Permitted	Prohibited
City of Ventura	Prohibited	Qualified Patient or Primary Caregiver may cultivate pursuant to H&S Code §11362.777	Prohibited	Prohibited
Oxnard	Prohibited	Prohibited	Prohibited	Prohibited
Port Hueneme	Prohibited	Prohibited	Prohibited	Prohibited

Jurisdiction	Commercial Cultivation	Personal Cultivation	Delivery	Dispensary
Camarillo	Prohibited	Qualified Patient or Primary Caregiver may cultivate pursuant to H&S Code §11362.777	Prohibited	Prohibited
Simi Valley	Prohibited	Prohibited	Prohibited	Prohibited
Thousand Oaks	Prohibited	Prohibited	Prohibited	Prohibited
Ojai	Not regulated. Permitted under H&S Code §§11362.77 & 11362.777	Not regulated. Permitted under H&S Code §§11362.77 & 11362.777	Not regulated	Not regulated
Santa Paula	Prohibited	Prohibited	Prohibited	Prohibited
Fillmore	Prohibited	Prohibited	Prohibited	Prohibited
Moorpark	Prohibited	Prohibited	Prohibited	Prohibited
San Luis Obispo County	In the process of regulating	In the process of regulating	In the process of regulating	In the process of regulating
City of San Luis Obispo	Not regulated	Not regulated	Not regulated	Not regulated
Arroyo Grande	Prohibited	Prohibited	Prohibited	Prohibited

Jurisdiction	Commercial Cultivation	Personal Cultivation	Delivery	Dispensary
Atascadero	Prohibited	Prohibited?	Prohibited	Prohibited
Paso Robles	Prohibited	Prohibited	Prohibited	Prohibited
Grover Beach	Prohibited	Not regulated? Permitted under H&S Code §§11362.77 & 11362.777	Prohibited	Prohibited
Morro Bay	Prohibited	Permitted under H&S Code §§11362.77 & 11362.777	Prohibited	Prohibited
Pismo Beach	Prohibited	Prohibited	Prohibited	Prohibited

SANTA BARBARA MARIJUANA DISPENSARY ORDINANCE SUMMARY

SBMC 28.80

I. Limitations on Permitted Locations

- Only 3 dispensary permits may be issued within the City of Santa Barbara
- 5 Geographic Locations
  - Outer State Street Area
  - Upper De La Vina Area
  - Mission Street Area
  - Milpas Area
  - West Pueblo Medical Facility Area
- Only one dispensary per geographic location
- May only occur on parcels zoned for commercial uses
- Must occur on a ground floor unit (except in the West Pueblo Medical Area) with good public view of the entrance and window from the street

II. Operations Plan

- Permit application must provide a detailed operations plan and dispensary must operate pursuant to that plan once permitted
- Operation Plan must include:
  - Site Plan & Floor Plan. Show that primary entrance be located and free of obstructions so that it is clearly visible from public street and sidewalk.
  - Secure Storage. Suitable locked storage for marijuana
  - Security Plan. Provisions for adequate lighting & alarms. Security guards must have a security guard card issued by Dept. of Consumer Affairs
  - Security Cameras & Alarms. Premises monitored at all times and the video retained for not less than 30 days. Alarms must be professionally monitored
  - Emergency Contact Info of Managing Member
  - Public Nuisance. How dispensary will address any public nuisance issues occurring on or around the premises
  - Loitering. Explain plan to prevent loitering by collective members
  - Trash & Graffiti. How to clean trash and graffiti.

SANTA BARBARA MARIJUANA DISPENSARY ORDINANCE SUMMARY

III. Ongoing Management Requirements

- Only qualified patients or primary caregivers only may be permitted in the dispensing area (so must have separate area).
- Operational hours limited from 8 to 6 Mon – Saturday
- Parking. Will be considered a commercial use relative to parking requirements imposed by SBMC 28.90.100(I)
  - One space for every 250 sq. ft. (absent an exception)
- Signage limited to window or wall sign not over 6 sq. ft. or 10% of window area, whichever is less.
- Not for Profit. All cash or in-kind reimbursement shall only cover reasonable compensation for services provide for actual expenses to grow, process, and provide marijuana to members. Must comply with Health & Safety Code (11362.765 requires that collectives operate on a not for profit basis). Proposed legislation (AB 1575 would allow for profit operation).
- Dispensary Collective Members must reside in SB County
- Cultivation.
  - Marijuana must be cultivated by and provided to dispensary by a collective member
  - Application must identify where it is being cultivated and cultivation may only occur in the tri-county area
  - Cultivation may occur at dispensary if in locked facility (conflict but more recent will apply)
- No Mobile Dispensing. Distribution may only occur at the actual dispensary.

IV. Criteria for Review of Permit Application

- 12 Criteria that for the most part are fairly subjective
- Fall into 3 Categories
  - Not Violate CUA or MMPA or City Ordinances
  - Operation Will Not Create a Nuisance.
    9. No adverse effect to health, peace or safety
  - Applicant has Not or Is not Likely to Engaged in Criminal Activity
    1. Operation will not Violate CUA or MMPA, or City Codes
    2. Location not an area of increased or high crime
    3. No significant number of calls for police service (if previously operate

4. Adequate to meet the needs of the community
5. Adequate to serve the needs of the residents within proximity
6. Location is not prohibited by this chapter and no significant nuisance issues are anticipated
7. Operation Plan and site plan has addressed ways to reduce nuisance and illegal activity
8. Security plan will control patron's conduct
9. Will have no potentially adverse effect on health, peace, or safety, of persons living or working in the surrounding areas, or contribute to a public Nuisance.
10. No State or Local Law will be violated by issuance of the permit
11. No false statement or omission of material fact
12. Not engaged in fraudulent or unlawful acts with regards to operation of another business in the city.

V. Code Compliance

- Police or CDD staff may inspect the premises or the financial records (collective member records require a warrant)
- Annual compliance review subject to fee
- SHO suspend or revoke

SBMC 28.87.300

I. Introduction and Adoption

- Introduced on January 12, 2016
- Adopted on January 26, 2016
- Effective on February 26, 2016

Cultivation ordinance regulates the who, where, and how much

II. Who May Cultivate

- Limited to Qualified Patient (no primary caregiver exception) cultivating exclusively for personal use
- Commercial cultivation prohibited

SANTA BARBARA MARIJUANA DISPENSARY ORDINANCE SUMMARY

III. How Much May be Cultivated

- Limited to a single contiguous horizontal plane of 100 sq. ft.

IV. Where Cultivation May Occur

- Any permitted dwelling unit in the city were a Qualified Patient lives
- Limited to 100 sq. ft. regardless of the number of QP's in a residence

V. Potential Impacts to Permitted Marijuana Dispensaries

- Prohibition on commercial cultivation (which prohibits any exchange of marijuana other than for personal use) means that Dispensaries must cultivate outside the City limit

MEDICAL MARIJUANA STATE LICENSING CHART

•	Dispensary	Cultivation	Manufacture	Distribution	Transportation
Dispensary		X	X		
Cultivation	X		X		
Manufacture	X				
Distribution					X
Transportation				X	

This chart indicates by way of an “x,” which activities a licensee may apply to the State for an additional license pertaining to another medical marijuana activity. A licensee may only hold up to two State licenses at any given time.

SUMMARY OF PENDING MARIJUANA LEGALIZATION INITIATIVES

"COMMUNITY ACT TO REGULATE, CONTROL AND TAX CANNABIS 2016"

1711 (15-0049, Amdt. #1)
Marijuana Legalization. Initiative Statute.
Summary Date: 10/26/2015 | Circulation Deadline: 04/25/16
|Alice A. Huffman (916) 498-1898

Legalizes marijuana under state law. Designates the State Board of Equalization to regulate and license the marijuana industry, including medical marijuana. Provides certain exemptions for medical marijuana patients and caregivers. Imposes 10% taxes on transactions at each of the producer, processor, and retailer stages, including for medical marijuana. Allows 25 square feet of cultivation and one ounce of possession for personal consumption by persons 21 and over. Permits local regulation and taxation of marijuana businesses. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Reduced costs ranging from tens of millions of dollars to potentially exceeding $100 million annually to state and local governments related to enforcing certain marijuana-related offenses, handling the related criminal cases in the court system, and incarcerating and supervising certain marijuana offenders. Additional state and local tax revenues of potentially up to several hundred million dollars annually from taxes on the production and sale of marijuana, a portion of which is required to be spent on substance abuse education, prevention, research, and healthcare, and regulation of commercial marijuana activities.

"CALIFORNIA CANNABIS HEMP INITIATIVE 2016"

1712 (15-0050)
Marijuana Legalization. Initiative Statute.
Summary Date: 10/28/2015 | Circulation Deadline: 04/25/16
Berton Duzy and Michael Jolson (805) 402-1212 or (831) 252-4637

Legalizes marijuana and hemp under state law. Requires case-by-case review of charges or convictions for nonviolent marijuana offenses for possible sentence modification, amnesty, or immediate release from prison, jail, parole, or probation, and for possible clearance of criminal records. Requires Legislature to adopt laws to license and tax commercial marijuana sales. Allows doctors to approve or recommend marijuana for patients, regardless of age. Allows medical marijuana patients to designate collectives or dispensaries as primary caregivers. Limits testing for marijuana for employment or insurance purposes. Bars state or local aid to enforce federal marijuana laws. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Reduced costs ranging from tens of millions of dollars to potentially exceeding $100 million annually to state and local governments related to enforcing certain marijuana-related offenses, handling the related criminal cases in the court system, and incarcerating and supervising certain marijuana offenders. Net additional tax revenues of potentially up to several hundred million dollars annually related to the production and sale of marijuana and industrial

hemp, a portion of which is required to be spent on marijuana-related research and other activities.

"THE SAFE COMMUNITIES, PARKS, AND SCHOOLS ACT OF 2016"

1714 (15-0052A2)
Marijuana Legalization. Initiative Statute.
Summary Date: 10/29/2015* | *Circulation Deadline: 04/26/16
Chad M. Hines and Marinda D. Hanes (415) 915-5420

Legalizes marijuana under state law. Creates commission to license and regulate marijuana industry. Establishes procedures for resentencing of persons convicted of nonviolent marijuana offenses. Imposes state excise tax on marijuana of $.42 per gram of dried marijuana and $2.00 per gram of concentrated marijuana. Imposes temporary additional state excise tax of 2.5% on marijuana retail sales. Permits local taxes of up to 10% on marijuana sales, with voter approval. Provides for collection of marijuana taxes by Board of Equalization. Exempts medical marijuana from some taxation. Limits local regulation of marijuana. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Reduced costs ranging from tens of millions of dollars to potentially exceeding $100 million annually to state and local governments related to enforcing certain marijuana-related offenses, handling the related criminal cases in the court system, and incarcerating and supervising certain marijuana offenders. Net additional state and local tax revenues of potentially up to several hundred million dollars annually related to the production and sale of marijuana, most of which is designated to be spent on drug education and counseling services, state parks, research related to the medical use of marijuana, and regulation of commercial marijuana activities.

"THE CALIFORNIA CANNABIS LEGALIZATION ACT OF 2016"

1720 (15-0058)
Marijuana Legalization. Initiative Statute.
Summary Date: 11/09/2015* | *Circulation Deadline: 05/09/16
Sam H. Clauder II (707) 656-4367 ccuc2016@gmail.com

Legalizes marijuana and hemp under state law. Imposes sales and use taxes on marijuana, including some medical marijuana. Allows Legislature to adopt laws to license and tax commercial marijuana activities. Creates commission to make recommendations to the Legislature. Permits some local regulation of marijuana possession, cultivation, or consumption. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Reduced costs ranging from tens of millions of dollars to potentially exceeding $100 million annually to state and local governments related to enforcing certain marijuana-related offenses, handling the related criminal cases in the court system, and incarcerating and supervising certain marijuana offenders. Net additional state and local tax revenues of

potentially up to the low hundreds of millions of dollars annually related to the production and sale of marijuana, some of which would be required to be spent for specific purposes including regulating the marijuana industry and education, research, and substance abuse counseling and education services.

"THE CANNABIS LEGALIZATION ACT OF 2016"

1722 (15-0060)
Marijuana Legalization. Initiative Statute.
Summary Date: 11/10/2015 | Circulation Deadline: 05/09/16
Sam H. Clauder II (707) 656-4367 ccuc2016@gmail.com

Legalizes marijuana and hemp under state law. Imposes sales and use taxes on marijuana, including some medical marijuana. Allows Legislature to adopt laws to license and tax commercial marijuana activities. Creates commission to make recommendations to the Legislature. Permits some local regulation of marijuana possession, cultivation, or consumption. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Reduced costs ranging from tens of millions of dollars to potentially exceeding $100 million annually to state and local governments related to enforcing certain marijuana-related offenses, handling the related criminal cases in the court system, and incarcerating and supervising certain marijuana offenders. Net additional state and local tax revenues of potentially up to the low hundreds of millions of dollars annually related to the production and sale of marijuana, some of which would be required to be spent for specific purposes including regulating the marijuana industry and education, research, and substance abuse counseling and education services.

"CALIFORNIA SAFE AND DRUG-FREE COMMUNITY ACT"

1730 (15-0069)
Medical Marijuana. Initiative Statute.
Summary Date: 11/25/2015 | Circulation Deadline: 05/23/16
Roger D. Morgan, Scott Chipman, Carla Lowe, and Ron Allen (916) 434-5629
rogermorgan339@gmail.com

Bans all privately owned medical marijuana cultivation sites and dispensaries. Creates state-owned/operated dispensaries, and a single state-owned/operated site for medical marijuana cultivation, testing, and processing. Allows local governments to ban or restrict the number and location of state-owned dispensaries. Establishes packaging, lab testing, and potency standards for medical marijuana. Sets minimum age for medical marijuana use, at 21. Requires adoption of strict standards to govern physician medical marijuana recommendations for their patients. Specifies marijuana blood-content levels that establish driving under the influence. Retains current prohibition on recreational use of marijuana. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Unknown change in state and

local revenues related to sales of medical marijuana depending on how the measure is implemented by the state. Increased state costs of millions to tens of millions of dollars annually to implement a program to educate K-12 students and their teachers and parents regarding marijuana use.

"CONTROL, REGULATE, AND TAX CANNABIS ACT OF 2016"

1735 (15-0075A1)
Marijuana Legalization. Initiative Statute.
Summary Date: 12/09/2015 | Circulation Deadline: 06/06/16
Dale Sky Jones and Alice A. Huffman (510) 251-1544

Legalizes marijuana under state law. Creates office and commission to license and regulate marijuana industry. Imposes state taxes of $2 per square foot of marijuana cultivation, $1 to $15 per ounce of marijuana production, 10% of retail sales price for edible marijuana products and concentrated extracts, and 5% for other retail sales. Imposes additional 5% local tax on retail sales. Exempts medical marijuana from some taxation. Provides for collection of taxes by State Board of Equalization. Authorizes resentencing and destruction of records for prior marijuana convictions. Allows limited local regulation of marijuana. Eases state restrictions on industrial hemp farming. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Net reduced costs ranging from tens of millions of dollars to potentially exceeding $100 million annually to state and local governments related to enforcing certain marijuana-related offenses, handling the related criminal cases in the court system, and incarcerating and supervising certain marijuana offenders. Additional state and local tax revenues potentially ranging from the high hundreds of millions of dollars to over $1 billion annually related to the production and sale of marijuana, most of which would be required to be spent for specific purposes such as education, environmental protection, marijuana-related research, and substance use treatment.

"THE MARIJUANA CONTROL, LEGALIZATION AND REVENUE ACT OF 2016 VERSION 3A"

1744 (15-0085A1)
Marijuana Legalization. Initiative Statute.
Summary Date: 12/22/2015 | Circulation Deadline: 06/20/16
Editte Dalya Lerman, David Nick, Omar Figueroa, Dave Hodges, John W. Lee, Michael Grafton, Archie Hinkle, Degé Coutee, Elihu Hernandez, Steve Kubby, A. Jon Martinelli, Lanette M. Davies, Craig Beresh, Deborah Tharp, Dona Frank, Jason W. Bennett, Gilbert E. Canedo, Denise Dorey, Russell Goodrow, Gregory Charles Ledbetter, Gregory F. Fuentes, Sandra Bacon Tercero, Shona Levana Gochenaur, Richard Miller, Jason Browne, Ron E. Mullins, c/o John Lee john@afpr.us

SUMMARY OF PENDING MARIJUANA LEGALIZATION INITIATIVES

Legalizes marijuana under state law. Creates commission to regulate and license marijuana industry. Applies general retail sales taxes to marijuana, unless medical or dietary exemptions apply. Permits excise taxes on certain marijuana sales, up to 15% of retail price, and storage, up to 10% of wholesale price. Prohibits discrimination based on marijuana use. Restricts marijuana testing for job applicants and employees, or penalizing employees for off-duty use, unless they are in safety-sensitive occupations. Permits local regulation of marijuana businesses, including ban or limit on number with voter approval. Exempts medical marijuana collectives from licensing requirements. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Net reduced costs ranging from tens of millions of dollars to potentially exceeding $100 million annually to state and local governments related to enforcing certain marijuana-related offenses, handling the related criminal cases in the court system, and incarcerating and supervising certain marijuana offenders. Net additional state and local tax revenues of potentially up to several hundred million dollars annually related to the production and sale of marijuana, most of which would be required to be spent for specific purposes such as education, public safety, and drug abuse education and treatment.

"THE MARIJUANA CONTROL, LEGALIZATION AND REVENUE ACT OF 2016 VERSION 4A"

1745 (15-0086A1)
Marijuana Legalization. Initiative Statute.
Summary Date: 12/22/2015* | *Circulation Deadline: 06/20/16
Editte Dalya Lerman, Dave Hodges, Michael Grafton, Steve Kubby, Ron E. Mullins, David Nick, John W. Lee, Russell Goodrow, Richard Miller, c/o John Lee
john@afpr.us

Legalizes marijuana under state law. Creates commission to regulate and license marijuana industry. Applies general retail sales taxes to marijuana, unless medical or dietary exemptions apply. Permits excise tax on marijuana, up to 12% of retail price. Permits local governments to ban or limit the number of marijuana businesses within their boundaries if their voters approve. Requires each county sheriff to establish marijuana-specific diversion programs for marijuana offenders. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Net reduced costs ranging from tens of millions of dollars to potentially exceeding $100 million annually to state and local governments related to enforcing certain marijuana-related offenses, handling the related criminal cases in the court system, and incarcerating and supervising certain marijuana offenders. Net additional state and local tax revenues of potentially up to several hundred million dollars annually related to the production and sale of marijuana, a portion of which would be required to be spent for specific purposes such as education, public safety, and drug abuse education and treatment.

SUMMARY OF PENDING MARIJUANA LEGALIZATION INITIATIVES

"THE MARIJUANA CONTROL, LEGALIZATION AND REVENUE ACT OF 2016 VERSION 5"

1746 (15-0087)
Marijuana Legalization. Initiative Statute.
Summary Date: 12/22/2015 | Circulation Deadline: 06/20/16
Editte Dalya Lerman, Dave Hodges, Michael Grafton, Steve Kubby, Ron E. Mullins, David Nick, Russell Goodrow, Richard Miller, c/o John Lee john@afpr.us

Legalizes marijuana under state law. Applies general retail sales taxes to non-medical marijuana. Permits Legislature to place additional excise tax on non-medical marijuana sales, up to 15% of retail price. Permits local governments to ban or limit the number of marijuana businesses within their boundaries if their voters approve. Requires State to create and fund diversion programs in each county exclusively for marijuana offenders. Requires Legislature to pass laws implementing the initiative by January 1, 2018. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Reduced costs ranging from tens of millions of dollars to potentially exceeding $100 million annually to state and local governments related to enforcing certain marijuana-related offenses, handling the related criminal cases in the court system, and incarcerating and supervising certain marijuana offenders. Net additional state and local tax revenues of potentially up to several hundred million dollars annually related to the production and sale of marijuana.

"CONTROL, REGULATE AND TAX ADULT USE OF MARIJUANA ACT"

("THE ADULT USE OF MARIJUANA ACT")

1762 (15-0103)
Marijuana Legalization. Initiative Statute.
*Summary Date: 01/06/2016 | Circulation Deadline: 07/05/16 | Signatures Required: 365,880 - (**25% of Signatures Reached 02/04/2016**),*
Donald Lyman and Michael Sutton, c/o Lance H. Olson (916) 442-2952
Legalizes marijuana and hemp under state law. Designates state agencies to license and regulate marijuana industry. Imposes state excise tax on retail sales of marijuana equal to 15% of sales price, and state cultivation taxes on marijuana of $9.25 per ounce of flowers and $2.75 per ounce of leaves. Exempts medical marijuana from some taxation. Establishes packaging, labeling, advertising, and marketing standards and restrictions for marijuana products. Allows local regulation and taxation of marijuana. Prohibits marketing and advertising marijuana to minors. Authorizes resentencing and destruction of records for prior marijuana convictions. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Net reduced costs ranging from tens of millions of dollars to potentially exceeding $100 million annually to state and local governments related to enforcing certain marijuana-related offenses, handling the related criminal cases in the court

system, and incarcerating and supervising certain marijuana offenders. Net additional state and local tax revenues potentially ranging from the high hundreds of millions of dollars to over $1 billion annually related to the production and sale of marijuana. Most of these funds would be required to be spent for specific purposes such as substance use disorder education, prevention, and treatment.

Agenda Item No. 12

File Code No. 540.05

CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: May 24, 2016

TO: Mayor and Councilmembers

FROM: Water Resources Division, Public Works Department

SUBJECT: Stage Three Drought Update

RECOMMENDATION:

That Council receive an update on the status of the current drought, drought-response capital projects, and continuing conservation efforts.

DISCUSSION:

Council declared a Stage One, and subsequently a Stage Two Drought Condition on February 11, 2014 and May 20, 2014, respectively, as a result of unprecedented drought conditions. On May 5, 2015, in response to the driest consecutive four-year period on record, Council declared a Stage Three Drought Emergency, increasing the community's water conservation target to 25 percent, and adopting additional water use regulations by Resolution on May 12, 2015. This was followed by a fifth consecutive year of minimal rainfall with virtually no runoff to local reservoirs, which resulted in Council increasing the community's drought target to 35 percent on April 26, 2016.

This drought update will cover the following items:

- Water Supply Outlook/Weather Forecast
- Drought Response Capital Projects
- Conservation Efforts

<u>Water Supply Outlook</u>

Rainfall for the last five years has averaged less than half of the long term average. In accordance with the City's Long Term Water Supply Plan, depleted surface water supplies have been replaced with increased groundwater production and purchases of supplemental water. This strategy has been successful in securing supplies sufficient to meet demand through 2016, assuming the community's continued water conservation of 35 percent or more.

Staff has successfully purchased supplemental water supplies, and state water deliveries have been reinstated to 60 percent of allotments. While water is available to the City, there are conveyance capacity constraints that limit the amount of water than can be delivered in a particular month. During peak water demand times in the summer, the City uses available stored water in Cachuma to augment deliveries. However, there is a concern over how much storage buffer will remain next fall after the peak demand months and evaporative losses that are expected to occur. In order to increase the storage buffer, staff is currently maximizing delivery of imported water to the lake, including use of unused capacity by other agencies, when possible. In addition, the Central Coast Water Authority is evaluating options to increase the operational capacity of the pipeline so that more water can be delivered to the lake in peak summer months.

Should there be conveyance limitations that cause a short-term additional deficit in supply, the City would consider use of Gibraltar water and/or potential further short-term water use restrictions, such as prohibiting outdoor watering for a short period of time, if necessary. Our community's ability to sustain the 35 percent conservation goal will be critical to the City's ability to meet water demands.

Given the status of water supplies into the fifth year of a historic drought, staff is concerned about the need to use potable water to meet the demands in the recycled water system. The upgraded recycled water plant was designed to produce 2.5 million gallons per day (MGD). It is currently producing approximately 0.75 MGD at a sustainable rate, and can produce up to 1 MGD but this rate cannot be sustained. This is insufficient for peak summer demands. The City continues to work to increase production levels which would need to . reach approximately 1.5 MGD to meet peak summer demands. When demands exceed plant production, the City will use non-potable groundwater from Valle Verde Well (producing .2 MGD on average) to supplement the supply to the system. This amount, however, is not enough to meet demands. Staff is considering a request that recycled water customers voluntarily cut back on water use by up to 35 percent in the peak-demand months of July, August, and September, in order to avoid use of potable water within the recycled water system and help preserve a storage buffer at Cachuma. Recycled water customers were successful at reaching 35% conservation last year. There are approximately 80 customers on the recycled water system, and City staff works closely with the customers on timing of water use in order to optimize recycled system operations. Staff will return to Council in June for consideration of a request for a reduction in recycled water demands during the peak summer months.

National Oceanic and Atmospheric Administration weather forecasts a weakening El Niño condition through June 2016, with an increasing chance of a La Niña condition developing during the second half of the year. La Niña events are typically associated with drier, colder weather for Southern California. Based on historical rain information for Santa Barbara, a La Niña event could actually be a slight improvement over what we have seen over the last five years. Given the unpredictable nature of El Niño and La Niña events, and the unprecedented nature of the current drought situation, the City is planning for continued drought conditions.

Drought Response Capital Projects

Work continues to progress on schedule for the reactivation of the City's Desalination Plant. Offsite work on the treatment units is on schedule, with delivery to the site anticipated this month. Onsite work in preparation for the installation of the treatment units continues. As a recap, the current plant reactivation will produce 3,125 acre feet per year for City water customers, and startup is anticipated for October 2016.

All but one of the City's wells are operational. The Vera Cruz Well is offline and in need of mechanical repairs. However, the other wells are performing and providing the community with much needed groundwater supplies.

Conservation Efforts

The City's water conservation numbers for April 2016 show a 41 percent reduction in water usage compared to 2013. The overall running average since the Stage Three Drought was declared in May 2015 is 35 percent reduction in water use. The amended Stage Three Drought Emergency requires a citywide 35 percent water reduction to ensure the City has adequate supplies for the 2016 water year. The state-mandated water use reduction for the City is 12 percent below the 2013 water usage. The City has been one of the few water providers statewide that has consistently met and exceeded the state's water use reduction targets and mandated conservation standard.

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, especially during the months of August and September. Staff will monitor the cumulative water savings for May and June 2016, and will use the information as a basis for determining whether or not to recommend additional restrictions for Council consideration in July 2016.

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

SUBMITTED BY: Rebecca J. Bjork, Public Works Director

APPROVED BY: City Administrator's Office

Agenda Item No. 13

File Code No. 540.13

CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: May 24, 2016

TO: Mayor and Councilmembers

FROM: Water Resources Division, Public Works Department

SUBJECT: Annual Wastewater Collection System Report

RECOMMENDATION:

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

DISCUSSION:

The City operates 257 miles of wastewater collection system pipelines, the majority of which are six or eight inches in diameter and convey wastewater to the City's El Estero Wastewater Treatment Plant. The operation of the wastewater collection system is regulated by the State Water Resources Control Board under a Waste Discharge Requirement Permit.

In April 2011, Santa Barbara Channelkeeper (Channelkeeper) filed a lawsuit against the City in Federal District Court, alleging violations of the Clean Water Act caused by spills from the wastewater collection system pipelines. The City and Channelkeeper agreed to the terms of a Consent Decree in March 2012. By the time the Consent Decree was negotiated, the City had already committed over $400,000 and substantial staff resources to the development and implementation of management practices to improve collection system operations, with the ultimate external outcome of spill reduction. This work was incorporated into the Consent Decree and is the basis for most of the requirements of the Consent Decree. In addition to developing and implementing the management practices, the City agreed to repair, rehabilitate and/or replace an additional two miles of collection system pipes each year beyond the one percent per year that has historically comprised the Capital Improvement Plan for the collection system.

The City has committed to report by March 31st of each year, during the term of the Consent Decree, on the previous year's activities and to project the current year's work, particularly as it relates to the rehabilitation, replacement, and/or repair of wastewater collection system pipes, and subsequently to provide an oral report to Council. Channelkeeper is also invited to make a 20-minute presentation to Council. This report

is available for review by the City Council in Council Reading File and by the public in the City Clerk's Office, and will be summarized in the staff presentation.

In 2015, the City was successful in meeting or exceeding the maintenance practices and Capital Improvement work objectives required by the Consent Decree. However, the City did not achieve the Consent Decree Sewer System Overflow (SSO) Reduction Performance Standard (SSO Standard) for collection system spills. The SSO Standard for 2015 was 10 spills. The City had 16 spills, plus a release of wastewater from a vactor truck. None of the spills, however, caused a beach closure, and the volume spilled to public waterways was approximately 5,880 gallons.

Exceeding the SSO Standard does not put the City in violation of the Consent Decree, but it does require that the City identify and implement additional measures designed to reduce spills to within the SSO Standard. These additional measures must be developed in an SSO Reduction Action Plan (Plan), submitted by March 31st of the year following the year that the SSO Standard was exceeded. Additional measures to reduce SSOs in 2016 and beyond include both new programs and the continuation of successful programs that had begun in prior years. New programs include a proposal to negotiate a contract with Brown & Caldwell to assist and provide staff training on SSO reporting and analysis of sewer cleaning data. This also includes training to evaluate the sewer pipe cleaning frequency after an SSO event. The Acoustic Sounding Program, which began in 2014, will continue in 2016 as staff finds this program a successful means to quickly identify potentially blocked pipes. These additional measures may take time to fully implement and achieve the desired results. A copy of the Plan is available in the Council Reading File, and in the City Clerk's Office.

BUDGET/FINANCIAL INFORMATION:

Funding for the implementation of the Consent Decree, along with all wastewater system costs, is provided through the Wastewater rates. In Fiscal Year 2013, the rates were increased by 10 percent to provide sufficient revenue to fund increased costs of compliance with the Consent Decree and to meet other Wastewater Fund needs. In Fiscal Year 2014, the rates were increased by 4 percent and in Fiscal Years 2015 and 2016, the rates were increased by 5.5 percent, respectively, to continue sufficient revenue funding requirements.

The Consent Decree caps the amount the City must expend to comply with its terms. The cap is increased by one percent each year. Because the City failed to meet the SSO Standard this year, the cap will be increased by an additional one percent of the wastewater collection system operating budget, or approximately $100,000. To ensure adequate funding for collection system and treatment plant operations, staff is recommending a 5.5 percent wastewater increase for Fiscal Year 2017.

PREPARED BY: Lisa Arroyo, Wastewater System Manager/mh

SUBMITTED BY: Rebecca J. Bjork, Public Works Director

APPROVED BY: City Administrator's Office

Agenda Item No. 14

File Code No. 610.01

CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: May 24, 2016

TO: Mayor and Councilmembers

FROM: City Administrator's Office

SUBJECT: Request From Councilmembers White And Dominguez Regarding Growth Management Ordinance And Development Mitigation Fees

RECOMMENDATION:

That Council consider the request from Councilmembers White and Dominguez to consider adoption of a growth management ordinance on multi-family units and development mitigation fees.

DISCUSSION:

Attached is a memorandum from Councilmembers White and Dominguez requesting that Council discuss a review of multi-family residential development in the planning stages, fees charged by the City for new multi-family units, and a summary of such fees charged by Santa Barbara County and the City of Goleta.

ATTACHMENT: Memorandum From Councilmembers White And Dominguez

PREPARED BY: Nicole Grisanti, Administrator's Office Supervisor

SUBMITTED BY: Paul Casey, City Administrator

APPROVED BY: City Administrator's Office

Attachment

RECEIVED

MAY - 2 2016

CITY ADMINISTRATOR'S OFFICE
SANTA BARBARA

City of Santa Barbara
Mayor and Council Office

Memorandum

DATE: April 29, 2016
TO: Paul Casey, City Administrator

FROM: Bendy White and Jason Dominguez

SUBJECT: Growth Management Ordinance and Development Mitigation Fees

---

- Summary of Information to be Presented to the City Council

A review of multifamily residential development that is in the planning and building pipeline
A summary of fees charged by the City for new multifamily units
A summary of such fees charged by Santa Barbara County and City of Goleta

- Statement of Specific Action the Council will be asked to take

- Consider adoption of a growth management ordinance on multifamily units

- Consider adoption of development mitigation fees
-
-
- Statement of the Reasons Why it is Appropriate and Within the Jurisdiction of the Council to Consider this Subject Matter and to Take the Requested Action

Applications for multifamily residential development have exceeded all expectations envisioned in developing the AUD Ordinance as part of Plan Santa Barbara.

Development Mitigation fees can help with the City's current financial issues associated with infrastructure.

Please see memo attached.

Bendy White Jason Dominguez

RECEIVED

MAY - 2 2016

CITY ADMINISTRATOR'S OFFICE
SANTA BARBARA

PLAN SANTA BARBARA: The Need for a Growth Management Ordinance and Development Impact Fees

After a decade of strenuous debate Santa Barbara City Council approved PLAN SANTA BARBARA (PLANSB). PLANSB's over-arching goal is sustainability, and its introduction calls out the need to cope with "growth management, environmental stewardship, affordable housing, historic preservation and design compatibility".

A cornerstone of the Plan's housing affordability policy is the Average Unit Density Ordinance, (AUD). AUD encourages development of moderate cost housing in the central city, replacing the recent policy that fostered upscale condominiums. The AUD ordinance allows a higher number of smaller units on a given site and reduces parking requirements.

As a navigation aid to sustainability, PLANSB includes an Adaptive Management Strategy---a feedback loop which requires decision-makers to constantly assess consequences of policy actions. As the old saying goes, measure twice and cut once.

The AUD Ordinance requires that development stop when 250 units are ready for occupancy. No new applications can proceed until assessment of existing development is complete. However, projects in the pipeline could still proceed.

Developers' use of the AUD has exceeded all expectations. Our normal rate of growth is around 100 units a year. But with AUD, over 1,300 units have entered the development pipeline since its inception in August, 2013.

Under current regulations, all thirteen hundred units could be built in one fell swoop. A building surge of this magnitude is likely to cause outsized traffic, noise, and parking impacts. Water consumption is another concern during this terrible drought.

To cope with the surge, the City can benefit from a Growth Management Ordinance. The Ordinance could limit the number of new building permits

issued each year to our normal growth rate. The City could then better manage the impacts that accompany development.

A second set of development requirements is also needed to help fund Santa Barbara's infrastructure. Our streets, sidewalks, buildings and parks are suffering from inadequate investment. New development should contribute its fair share towards developing the infrastructure necessary to support it. Santa Barbara has until now allowed development to proceed without imposing mitigation fees, in effect forcing taxpayers to subsidize the impacts of new development. In contrast, our neighboring jurisdictions charge developers $10-20,000 per unit to offset projects' demands on infrastructure.

A growth management ordinance and development mitigation fees would reduce the impacts which new development will impose on our City. They are useful tools consistent with PLAN SANTA BARBARA's Adaptive Management Strategy that would help the City forge a more sustainable future. We have found a way to encourage moderate cost housing. That housing needs to blend in with our neighborhoods and to pay its fair share toward essential facilities.

Bendy White

Councilmember, City of Santa Barbara

Agenda Item No. 15

File Code No. 160.03

CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: May 24, 2016

TO: Mayor and Councilmembers

FROM: City Attorney's Office

SUBJECT: Conference With City Attorney – Pending Litigation

RECOMMENDATION:
That Council hold a closed session to consider pending litigation pursuant to subsection (d)(1) of section 54956.9 of the Government Code and take appropriate action as needed.

The pending litigation is *Rolland Jacks, et al., v. City Of Santa Barbara;* Supreme Court Case No. S225589.

SCHEDULING: Duration, 15 minutes; anytime

REPORT: None anticipated

SUBMITTED BY: Ariel Calonne, City Attorney

APPROVED BY: City Administrator's Office

Agenda Item No. 16

File Code No. 140.05

CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: May 24, 2016

TO: Mayor and Councilmembers

FROM: City Clerk's Office, Administrative Services Department

SUBJECT: Interviews For City Advisory Groups

RECOMMENDATION: That Council:

A. Hold interviews of applicants for various City Advisory Groups; and
B. Continue interviews of applicants to June 14, 2016.

DISCUSSION:

Interviews of applicants for various positions on City Advisory Groups are to be held on May 17, 2016, at an estimated time of 4:00 p.m. Applicants will also have the option to be interviewed on May 24, 2016, at 6:00 p.m. and June 14, 2016, at an estimated time of 2:00 p.m.

For the current 41 vacancies, 54 individuals submitted 68 applications. A list of eligible applicants and pertinent information about the City Advisory Groups is attached to this report.

Applicants have been notified that to be considered for appointment they must be interviewed. Applicants have been requested to prepare a two to three minute verbal presentation in response to a set of questions. Those questions are specific to the group for which they are applying. Applicants applying to more than one advisory group may have up to five minutes for their presentation.

Appointments are scheduled to take place on June 28, 2016.

ATTACHMENTS:
1. List of Applicants
2. Memorandum from Community Development Department

PREPARED BY: Deborah L. Applegate, Deputy City Clerk

SUBMITTED BY: Kristy Schmidt, Administrative Services Director

APPROVED BY: City Administrator's Office

BUILDING AND FIRE CODE BOARD OF APPEALS

- Vacancy: Open (The Municipal Code does not specify a maximum number of members on the appeals board).
- Term Expiration:
  - One term: Open
- Qualifications/Category: Resident of the City or adjoining unincorporated areas of Santa Barbara County. Appointee shall demonstrate knowledge and expertise in specialty areas governed by the construction and fire codes of the City.
- Appointees may not hold any full-time paid office or employment in City government.

CATEGORY (Number of Vacancies)	APPLICANT	Incumbent Appt. Dates (Years Served)	Applicant's Preference (1st, 2nd, 3rd)	Notes
Resident of the City (Open)	John Maloney			
	Eric Norton Pedersen			
	Paul Spieler			
	Kevin Steenberge			

CENTRAL COAST COMMISSION FOR SENIOR CITIZENS

- One vacancy.
- Term Expiration:
  - One term: June 30, 2020
- Qualifications/Category:
  - Resident of the City.
- Appointees may not hold any full-time paid office or employment in City government.

CATEGORY (Number of Vacancies)	APPLICANT	Incumbent Appt. Dates (Years Served)	Applicant's Preference (1st, 2nd, 3rd)	Notes
Resident of the City (1)	Katheryn M. Keller		1) Central Coast Commission for Senior Citizens 2) Neighborhood Advisory Council	
	Jim D. Machen		1) Downtown Parking Committee 2) Fire and Police Pension Commission 3) Central Coast Commission For Senior Citizens	

COMMUNITY DEVELOPMENT AND HUMAN SERVICES COMMITTEE

- Three vacancies.
- Term Expirations:
  - One term expires December 31, 2016 (Lower Westside Neighborhood)
  - One term expires December 31, 2018 (Latino Community)
  - One term expires December 31, 2019 (Youth Oriented Services)
- Must be residents or employees of the designated organizations, but need not be qualified electors of the City, and must represent one of the specified categories or organizations. One representative from each:
  - Lower Westside Neighborhood
  - Latino Community
  - Youth Oriented Services
- Appointees may not hold any full-time paid office or employment in City government.

CATEGORY (Number of Vacancies)	APPLICANT	Incumbent Appt. Dates (Years Served)	Applicant's Preference (1st, 2nd, 3rd)	Notes
Lower Westside Neighborhood (1)	None			
Latino Community (1)	Andria Martinez Cohen		1) Parks and Recreation Commission 2) Neighborhood Advisory Council 3) Community Development and Human Services Committee	
	Joanna Romo			
Youth Oriented Services (1)	Joanna Romo			

CREEKS ADVISORY COMMITTEE

- Two vacancies.
- Term Expirations:
  - Two terms: December 31, 2019
- Qualifications/Category:
- Member must be a resident of the City or County of Santa Barbara and shall have some experience in ocean use, business, environmental issues and provide community-at-large representation.
  - One member must represent the Hotel/Lodging Industry.
  - One member must be a resident of the City or County of Santa Barbara.
- Appointees may not hold any full-time paid office or employment in City government.

CATEGORY (Number of Vacancies)	APPLICANT	Incumbent Appt. Dates (Years Served)	Applicant's Preference (1st, 2nd, 3rd)	Notes
Representative of the Hotel/Lodging Industry (1)	Paul Bullock	6/30/2009 – 6/30/2016 (7 Years)		
Resident of the City or County of Santa Barbara (1)	Paul Bullock	6/30/2009 – 6/30/2016 (7 Years)		
	Kristie A. Klose			

DOWNTOWN PARKING COMMITTEE

- One vacancy.
- Term Expiration:
  - One term: December 31, 2019
- Qualifications/Category:
  - Appointee shall demonstrate an interest and knowledge of downtown parking issues and must be a resident of the City or County*.

    *(Five members must be residents of the City and two members may be residents of the City or County.)
- Appointees may not hold any full-time paid office or employment in City government.

CATEGORY (Number of Vacancies)	APPLICANT	Incumbent Appt. Dates (Years Served)	Applicant's Preference (1st, 2nd, 3rd)	Notes
Resident of the City or County (1)	Trish Allen			County
	Robert Janeway			City
	Tracy Pfautch			County
	Jim D. Machen			City
	James F. Scafide			City
	Ethan Shenkman			City
	John (Jack) Ucciferri			City

FIRE AND POLICE PENSION COMMISSION

- Two vacancies.
- Term Expirations:
  - One term expires December 31, 2018 (Qualified Elector)
  - One term expires December 31, 2017 (Active/Retired Police Officer)
- Qualifications/Categories:
  - One qualified elector of the City who are not an active firefighter or police officer.
  - One active or retired police officer who is a member of the Fire and Police Pension System who need not be a resident or elector of the City.
- Appointees may not hold any full-time paid office or employment in City government.

CATEGORY (Number of Vacancies)	APPLICANT	Incumbent Appt. Dates (Years Served)	Applicant's Preference (1st, 2nd, 3rd)	Notes
Qualified Elector (1)	Jim D. Machen		1) Downtown Parking Committee 2) Fire and Police Pension Commission 3) Central Coast Commission For Senior Citizens	
Active or Retired Police Officer Who is a Member of the Fire and Police Pension System (1)	None			.

HARBOR COMMISSION

- Two vacancies.
- Term Expirations:
  - One term: December 31, 2017
  - One term: December 31, 2019
- Qualifications/Categories:
  - Qualified elector of the City.
- Appointees may not hold any full-time paid office or employment in City government.

CATEGORY (Number of Vacancies)	APPLICANT	Incumbent Appt. Dates (Years Served)	Applicant's Preference (1st, 2nd, 3rd)	Notes
Qualified Elector of the City (2)	Ken Baxter		1) Housing Authority Commission 2) Harbor Commission 3) Neighborhood Advisory Council	
	Laurie Dalton			
	Jeff Escola			
	Merit McCrea			
	Lang Sligh		1) Harbor Commission 2) Housing Authority Commission 3) Community Development & Human Services Commission	
	Carey Villasenor			

HOUSING AUTHORITY COMMISSION

- Three vacancies.
- Term Expirations:
  - One term: June 30, 2020 (Tenant)
  - One term: September 14, 2020 (Public at Large)
  - One term: February 15, 2020 (Senior Tenant)
- Qualifications/Categories:

  Members must be qualified electors* of the City and should have some interest and background in housing development, management or other comparable experience.
  - One member must be a tenant who is receiving housing assistance from the City Housing Authority.
  - One member must be a tenant who is receiving housing assistance from the City Housing Authority and be 62 years of age or older.
  - One member shall represent the Public at Large.
- Appointees may not hold any full-time paid office or employment in City government.

(Please see next page.)

CATEGORY (Number of Vacancies)	APPLICANT	Incumbent Appt. Dates (Years Served)	Applicant's Preference (1st, 2nd, 3rd)	Notes
Tenant Who Is Receiving Housing Assistance From The City Housing Authority (1)	Dianna J. Cibrian			
	Lawrence G. Larsson			
	Victor Suhr	12/13/2011 – 2/15/2016 5 years, 2 months		
Tenant Who Is Receiving Housing Assistance From The City Housing Authority and Is 62 Years of Age or Older (1)	Victor Suhr	12/13/2011 – 2/15/2016 5 years, 2 months		
	Lawrence G. Larsson			
Public at Large (1)	Ken Baxter		1) Housing Authority Commission 2) Harbor Commission 3) Neighborhood Advisory Council	
	Dianna J. Cibrian			
	Geoff Green	7/1/2008 – 9/14/2016 8 years, 2 months		
	Svetlana Mancic-Johnson			
	Lawrence G. Larsson			
	Lang Sligh		1) Harbor Commission 2) Housing Authority Commission 3) Community Development & Human Services Commission	
	Victor Suhr	12/13/2011 – 2/15/2016 5 years, 2 months		

COUNTY OF SANTA BARBARA LIBRARY ADVISORY COMMITTEE
CITY OF SANTA BARBARA REPRESENTATIVE

- One vacancy.

  One member from each County District (5), 8 City Nominees (Carpinteria, Santa Barbara, Lompoc, Santa Maria, Solvang, Guadalupe, Goleta, and Buellton), and 1 County Service Area 3 representative.
- Term Expiration:
  - June 30, 2017
- Qualifications/Categories:
  - Member must be a qualified elector of the City.
- Appointees may not hold any full-time paid office or employment in City government.

CATEGORY (Number of Vacancies)	APPLICANT	Incumbent Appt. Dates (Years Served)	Applicant's Preference (1st, 2nd, 3rd)	Notes
Qualified Elector (1)	Patricia Saley	12/8/2015 – 6/30/2016 6 months		
	Joan Young		1) County Library Advisory Committee 2) Library Board	

LIBRARY BOARD

- Two vacancies.
- Term Expirations:
  - Two terms: December 31, 2019
- Qualifications/Categories:
  - Qualified elector of the City.
- Appointees may not hold any full-time paid office or employment in City government.

CATEGORY (Number of Vacancies)	APPLICANT	Incumbent Appt. Dates (Years Served)	Applicant's Preference (1st, 2nd, 3rd)	Notes
Qualified Elector (2)	Pete Dal Bello		1) Library Board 2) Neighborhood Advisory Council	
	Susan C. Kinnevy		1) Sister Cities Board 2) Library Board 3) Rental Housing Mediation Board	
	Kathleen Rust			
	Susan Ryan			
	Joan Young		1) County Library Advisory Committee 2) Library Board	

LIVING WAGE ADVISORY COMMITTEE

- Two vacancies.
- Term Expirations:
  - Two terms: June 30, 2016 (Employee of Local Santa Barbara Area Non-Profit Entity and Nominee of the Santa Barbara Chamber of Commerce or Santa Barbara Downtown Organization)
- Qualifications/Categories: Members must represent one of the specified categories:
  - One member of the Committee shall be employed by a local Santa Barbara area non-profit entity.
  - One member shall be a nominee of the Santa Barbara Chamber of Commerce or Santa Barbara Downtown Organization.
- Appointees may not hold any full-time paid office or employment in City government.

CATEGORY (Number of Vacancies)	APPLICANT	Incumbent Appt. Dates (Years Served)	Applicant's Preference (1st, 2nd, 3rd)	Notes
Employed by a Local Santa Barbara Area Non-Profit Entity (1)	Adrianna Marroquin			
Nominee of the Santa Barbara Chamber of Commerce or Santa Barbara Downtown Organization (1)	Kenneth Oplinger	12/17/2013 – 6/30/2016 2 years, 6 months		

MEASURE P COMMITTEE

- Four vacancies.
- Term Expirations:
  - One term expires December 31, 2016 (Criminal Defense Attorney)
  - One term expires December 31, 2016 (Civil Liberties Advocate)
  - One term expires December 31, 2018 (Resident of the City)
  - One term expires December 31, 2018 (Drug Abuse, Treatment & Prevention Counselor)
- Qualifications/Categories:
  - Criminal Defense Attorney
  - Civil Liberties Advocate
  - Resident of the City
  - Drug Abuse, Treatment & Prevention Counselor
- Appointees may not hold any full-time paid office or employment in City government.

CATEGORY (Number of Vacancies)	APPLICANT	Incumbent Appt. Dates (Years Served)	Applicant's Preference (1st, 2nd, 3rd)	Notes
Criminal Defense Attorney (1)	None			
Civil Liberties Advocate (1)	None			
Resident of the City (1)	None			
Drug Abuse, Treatment & Prevention Counselor (1)	None			

NEIGHBORHOOD ADVISORY COUNCIL

- Four vacancies.
- Term Expirations:
  - One term: December 31, 2018 (Lower Westside Neighborhood)
  - One term: December 31, 2019 (Eastside Neighborhood)
  - Two terms: December 31, 2019 (Public at Large)
- Qualifications/Categories: Members must be residents of the City and represent one of the specified categories:
  - Two members shall represent the Public at Large.
  - One representative must be from the Eastside Neighborhood.
  - One representative must be from the Lower Westside Neighborhood.
- Appointees may not hold any full-time paid office or employment in City government.

CATEGORY (Number of Vacancies)	APPLICANT	Incumbent Appt. Dates (Years Served)	Applicant's Preference (1st, 2nd, 3rd)	Notes
Public at Large (2)	Ken Baxter		1) Housing Authority Commission 2) Harbor Commission 3) Neighborhood Advisory Council	
	Andria Martinez-Cohen		1) Parks and Recreation Commission 2) Neighborhood Advisory Council 3) Community Development and Human Services Committee	
	Pete Dal Bello		1) Library Board 2) Neighborhood Advisory Council	
	Brad Hardison (?)		1) Neighborhood Advisory Council 2) Parks and Recreation Commission	
	Katheryn Keller		1) Central Coast Commission for Senior Citizens 2) Neighborhood Advisory Council	
	Stacey Lydon			

(See next page)

Eastside Neighborhood Representative (1)	Brad Hardison		1) Neighborhood Advisory Council 2) Parks and Recreation Commission	
	Andria Martinez-Cohen		1) Parks and Recreation Commission 2) Neighborhood Advisory Council 3) Community Development & Human Services Committee	
Lower Westside Neighborhood Representative (1)	Stacey Lydon			

PARKS AND RECREATION COMMISSION

- Two vacancies.
- Term Expirations:
  - One term: December 31, 2016
  - One term: December 31, 2019
- Qualifications/Categories:
  - Qualified elector of the City.
- Appointees may not hold any full-time paid office or employment in City government.

CATEGORY (Number of Vacancies)	APPLICANT	Incumbent Appt. Dates (Years Served)	Applicant's Preference (1st, 2nd, 3rd)	Notes
Qualified Elector of the City (2)	John Abrami			
	Jacob Lesner-Buxton			
	Andria Martinez Cohen		1) Parks and Recreation Commission 2) Neighborhood Advisory Council 3) Community Development & Human Services Committee	
	Brad Hardison		1) Neighborhood Advisory Council 2) Parks and Recreation Commission	
	John Thomas		Rental Housing and Mediation Board	

RENTAL HOUSING MEDIATION BOARD

- Four vacancies.
- Term Expirations:
  - One term: 12/31/2018 (Landlord)
  - One term: 12/31/2019 (Tenant)
  - One term: 12/31/2019 (Landlord)
  - One term: 12/31/2019 (Homeowner)
- Qualifications/Categories: The majority of members must be residents of the City of Santa Barbara. Non-City resident members must reside in a jurisdiction which contracts with the Rental Housing Mediation Program for services. (City of Goleta, City of Carpinteria, and Unincorporated Areas of Santa Barbara County) Members must represent one of the specific categories:
  - One Tenant (City or County)

    Tenant: A Tenant Mediator must rent or lease his or her residence. A Tenant Mediator may not own residential property.
  - Two Landlords (City or County)

    Landlord: A Landlord Mediator must own or manage residential properties for consideration or compensation, whether single or multiple units.
  - One Homeowner (City or County)

    Homeowner: A Homeowner Mediator must own his or her residence. A Homeowner Mediator may not own any other residential property.
- Appointees may not hold any full-time paid office or employment in City government.

(See next page)

CATEGORY (Number of Vacancies)	APPLICANT	Incumbent Appt. Dates (Years Served)	Applicant's Preference (1st, 2nd, 3rd)	Notes
Tenant - City or County (1)	David Brainard	6/28/2011 – 6/1/2016 5 years		City
	Susan C. Kinnevy		1) Sister Cities Board 2) Library Board 3) Rental Housing Mediation Board	City
	John Thomas		Parks and Recreation Commission	City
	Jayme Turla			City
Landlord – City or County (2)	None			
Homeowner – City or County (1)	None			

SANTA BARBARA YOUTH COUNCIL

- Seven vacancies.
- Term Expirations:
  - One term: June 30, 2017 (Santa Barbara High School)
  - One term: June 30, 2018 (At Large)
  - One term: June 30, 2018 (Local Private High School)
  - One term: June 30, 2018 (Dos Pueblos High School)
  - Two terms: June 30, 2018 (Local Alternative, Community, or Continuation High School)
  - One term: June 30, 2018 (San Marcos High School)
- Qualifications/Categories: Members must be between the ages of 13-19 years.
  - Two members from Local Alternative, Community, or Continuation High School (City or County).
  - One member must be from a Local Private High School (City or County).
  - One member must be from Dos Pueblos High School (City or County).
  - One member must be from San Marcos High School (City or County).
  - One member must be from Santa Barbara High School (City or County).
  - One member may represent the Public at Large (City or County).

    *Applicants must appear for an interview before the Santa Barbara Youth Council and City Council.

(See next page)

CATEGORY (Number of Vacancies)	APPLICANT	Incumbent Appt. Dates (Years Served)	Applicant's Preference (1st, 2nd, 3rd)	Notes
Members From Local Alternative, Community, or Continuation High School (2)	None			
Member From A Local Private High School (1)	Sullivan Montogomery Israel			
Member From Dos Pueblos High School (1)	Michelle Qin			
	Alexandra Xochil			
Member From San Marcos High School (1)	Michael Carrillo			
	Camille Cosio	6/24/2014 – 6/30/2016 2 years		
	Alexandria Marx			
	Logan Oas			
Member From Santa Barbara High School (1)	Quincy Ruggieri			
Member Representing Public At Large (1)	Michael Carrillo			
	Camille Cosio	6/24/2014 – 6/30/2016 2 years		
	Alexandria Marx			
	Sullivan Montogomery Israel			
	Logan Oas			
	Michelle Qin			
	Quincy Ruggieri			
	Alexandra Xochil			

SINGLE FAMILY DESIGN BOARD

- One vacancy.
  Term Expiration:
  One term: June 30, 2020
- Members shall reside within Santa Barbara County.
- Member shall be a licensed landscape architect and posses professional qualifications in the fields related to architecture, including, but not limited to, building design, structural engineering, industrial design, or landscape contracting.
- Members may serve on the Architectural Board of Review or the Historic Landmarks Commission and the Single Family Design Board.

CATEGORY (Number of Vacancies)	APPLICANT	Incumbent Appt. Dates (Years Served)	Applicant's Preference (1st, 2nd, 3rd)	Notes
Licensed Landscape Architect (1)	None			

ATTACHMENT 2

City of Santa Barbara
Community Development

Memorandum

DATE: May 4, 2016

TO: Santa Barbara City Council

VIA: Paul Casey, City Administrator
Ariel Calonne, City Attorney
Sarah Gorman, City Clerk
George Buell, Community Development Director
Pat McElroy, Fire Chief

FROM: Andrew Stuffler, Chief Building Official
Joe Poire, Fire Marshal

SUBJECT: Building & Fire Code Board of Appeals – Additional Board Members

As you are aware, the City has been accepting applications for vacancies within the City's Boards and Commissions.

The Fire Marshal and I are offering this reminder that the City's Building & Fire Code Board of Appeals is a unique Board, in that our City Municipal Code does not limit the number of members appointed to the eligibility list for this Board. Instead, City Council can appoint as many local construction professionals as is necessary to give the City Fire Chief and City Community Development Director access to Board members with technical expertise needed for the hearing item(s) brought forward. Board hearing items can involve the following regulations:

- Building & Site Accessibility (Disabled Access)
- Fire Alarm/Sprinkler Systems
- Structural Building Design
- Electrical, Mechanical, and Plumbing Systems
- Substandard Housing & Dangerous Buildings
- Stormwater Pollution Prevention Systems

We understand that there are 3 applications filed with the City Clerk for prospective appointment to this Board and that those 3 applicants meet the above needs. We recommend that City Council appoint all 3 applicants to the eligibility list for this Board.

B101.2 Membership of the Board. The City Council shall appoint individuals to an eligibility list. Appeals shall be scheduled before five members selected from the eligibility list by the Community Development Director or the Fire Chief as may be appropriate based on the subject matter.