

**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>

**SEPTEMBER 20, 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

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

FINANCE COMMITTEE MEETING - 12:30 P.M. IN THE DAVID GEBHARD PUBLIC MEETING ROOM, 630 GARDEN STREET (120.03)

1. Subject: Statement Of Investment Policy And Delegation Of Investment Authority For Fiscal Year 2017

Recommendation: That the Finance Committee recommend that Council adopt, by reading of title only, a Resolution of the Council of the City of Santa Barbara Adopting the Investment Policy for the City and Rescinding Resolution No. 15-075.

(See Council Agenda Item No. 3)

2. Subject: Report On The City's Retirement System

Recommendation: That the Finance Committee hear a report from staff in response to a request from the Committee for certain information regarding the City's retirement system.

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

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

CHANGES TO THE AGENDA

PUBLIC COMMENT

CONSENT CALENDAR

1. Subject: Minutes

Recommendation: That Council waive further reading and approve the minutes of the regular meeting of September 6, 2016.

2. Subject: Adoption of Ordinance For Advertising Concession Agreement With Clear Channel Airports (330.04)

Recommendation: That Council adopt, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Approving and Authorizing the Airport Director to Execute a Concession Agreement With Interspace Services Inc., dba Clear Channel Airports, Effective Upon the Adoption of the Enabling Ordinance, to Manage Advertising Sales at Santa Barbara Airport.

3. Subject: Statement Of Investment Policy And Delegation Of Investment Authority For Fiscal Year 2017 (260.01)

Recommendation: That Council adopt, by reading of title only, a Resolution of the Council of the City of Santa Barbara Adopting the Investment Policy for the City and Rescinding Resolution No. 15-075.

CONSENT CALENDAR (CONT'D)

4. Subject: Funding Recommendations For Community Events And Festivals And Annual Contract With The Santa Barbara County Arts Commission (230.02)

Recommendation: That Council:

- A. Review and approve the City of Santa Barbara Arts Advisory Committee and Community Events and Festivals Committee funding recommendations for Fiscal Year 2017; and
- B. Authorize the City Administrator to execute an agreement with the Santa Barbara County Arts Commission in the amount of \$475,000 as approved in the Fiscal Year 2017 budget.

5. Subject: Mills Act Historic Property Contracts For The Charles Pressley House, The Olives House, And The Anderson House (640.06)

Recommendation: That Council:

- A. Grant exceptions to Mills Act contract limits for assessed property valuation, pursuant to Santa Barbara Municipal Code §22.22.160.C.4.m. for a designated City Landmark at 2210 Hudson Drive (APN 041-316-006), a designated City Landmark at 2121 Garden Street (APN 025-252-003), and a designated Structure of Merit at 1919 Santa Barbara Street (APN 025-381-007); and
- B. Authorize the Community Development Director to execute the three Mills Act historic property contracts.

6. Subject: Contract For Design Of Light Industrial Buildings On 6100 Hollister Avenue (560.04)

Recommendation: That Council:

- A. Authorize the Public Works Director to execute a City Professional Services contract with Kupiec Architects PC in the amount of \$266,025 for final design services of the 6100 Hollister Avenue Development Project, and authorize the Public Works Director to approve expenditures of up to \$27,000 for extra services of Kupiec Architects PC that may result from necessary changes in the scope of work;
- B. Increase revenues and appropriations by \$8,683,341 in the Airport Development Fund for Commercial/Industrial Area Development to be funded from the net proceeds of the sale of 7.99 acres of Airport property to Direct Relief; and

(Cont'd)

CONSENT CALENDAR (CONT'D)

6. (Cont'd)

C. Transfer \$691,505 from the Airport Development Fund to the Airport Operating Fund, and authorize the necessary budget adjustments necessary for this transfer, for reimbursement of Commercial/Industrial Area Development expenditures incurred prior to the sale of Airport property.

7. **Subject: Contract For Design Of El Estero Wastewater Treatment Plant Solids Handling Process Improvements Project (540.13)**

Recommendation: That Council authorize the Public Works Director to execute a City Professional Services contract with Carollo Engineers, Inc., in the amount of \$299,940 for design services of the El Estero Wastewater Treatment Plant Solids Handling Process Improvements Project, and authorize the Public Works Director to approve expenditures of up to \$29,994 for extra services of Carollo Engineers, Inc., that may result from necessary changes in the scope of work.

8. **Subject: Resolution To Formally Dedicate A Public Street Easement For La Vista Del Oceano Drive (530.04)**

Recommendation: That Council adopt, by reading of title only, a Resolution of the Council of the City of Santa Barbara Dedicating an Easement for Public Street Purposes Covering Portions of City-Owned Real Property Underlying the Improved Street Known as "La Vista Del Oceano Drive" Northerly of Cliff Drive and Northerly and Easterly of Ricardo Avenue.

9. **Subject: Amendment To Professional Service Agreements Associated With El Estero Wastewater Tertiary Filtration Plant (540.13)**

Recommendation: That Council:

- A. Authorize the Public Works Director to execute an amendment to Professional Service Agreement No. 21600223 with Trussell Technologies, Inc., to increase services for operational support for recycled water facility modifications, and increase the contract by \$149,524, for a total not to exceed amount of \$184,480;
- B. Authorize the City Attorney to execute an amendment to Legal Services Agreement No. 21600241 with Morris Polich & Purdy, LLP, to increase the contract amount by \$165,000 for a total not to exceed amount of \$200,000, for provision of legal services for potential litigation associated with the El Estero Wastewater Tertiary Filtration Project; and

CONSENT CALENDAR (CONT'D)

9. (Cont'd)

- C. Approve a transfer of funds from Water Fund reserves to the Water Capital Fund in the amount of \$314,524, and amend the budgets in each funds accordingly, to cover the additional costs associated with the amended professional service agreements for the El Estero Wastewater Tertiary Filtration Plant.

10. Subject: Funding For The Chase Palm Park Restroom Renovation Project (570.05)

Recommendation: That Council allocate \$48,647 from the Park Infrastructure and Safety Capital Improvement Program (CIP) Project to the Park Restroom Renovation Program in the Capital Outlay Fund.

NOTICES

- 11. The City Clerk has on Thursday, September 15, 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.
- 12. Receipt of communication advising of vacancies created on the Neighborhood Advisory Council with the resignation of Abbey Fragosa and on the Community Development and Human Services Committee with the resignation of Zahra Nahar-Moore. These vacancies will be part of the current recruitment.

This concludes the Consent Calendar.

REPORT FROM THE FINANCE COMMITTEE

CITY COUNCIL ADMINISTRATIVE AND ATTORNEY REPORTS

PUBLIC WORKS DEPARTMENT

13. Subject: Stage Three Drought Update And Council Input On Potential New Regulations And Development Restrictions (540.05)

Recommendation: That Council receive an update on the status of the current drought, ongoing drought-response Capital Improvement Projects, projected supply shortages, and provide input on potential additional water use and development restrictions.

COUNCIL AND STAFF COMMUNICATIONS

COUNCILMEMBER COMMITTEE ASSIGNMENT REPORTS

PUBLIC COMMENT (IF NECESSARY)

CLOSED SESSIONS

14. 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 *Herrera, Jesus Reyes v. COSB, et al.*, USDC Case No. 2:15-CV-08402 DMG(PLAx)

Scheduling: Duration, 15 minutes; anytime

Report: None anticipated

ADJOURNMENT

CITY OF SANTA BARBARA

FINANCE COMMITTEE

MEETING AGENDA

DATE: September 20, 2016

Gregg Hart, Chair

TIME: 12:30 P.M.

Bendy White

PLACE: David Gebhard Public Meeting Room
630 Garden Street

Jason Dominguez

Paul Casey
City Administrator

Robert Samario
Finance Director

ITEMS TO BE CONSIDERED:

1. Subject: Statement Of Investment Policy And Delegation Of Investment Authority For Fiscal Year 2017

Recommendation: That the Finance Committee recommend that Council adopt, by reading of title only, a Resolution of the Council of the City of Santa Barbara Adopting the Investment Policy for the City and Rescinding Resolution No. 15-075.
(See Council Agenda Item No. 3)

2. Subject: Report On The City's Retirement System

Recommendation: That the Finance Committee hear a report from staff in response to a request from the Committee for certain information regarding the City's retirement system.



CITY OF SANTA BARBARA

FINANCE COMMITTEE AGENDA REPORT

AGENDA DATE: September 20, 2016

TO: Finance Committee

FROM: Administration Division, Finance Department

SUBJECT: Report On The City's Retirement System

RECOMMENDATION:

That the Finance Committee hear a report from staff in response to a request from the Committee for certain information regarding the City's retirement system.

EXECUTIVE SUMMARY

In connection with the development of the Fiscal Year 2017 budget, the Finance Committee requested staff to present certain information regarding the City's retirement system. The presentation was originally scheduled for May 24th, 2016; however, due to time constraints, the presentation was deferred.

The presentation now scheduled for September 20, 2016 will provide the same information that was intended for May 24th.

DISCUSSION:

The City of Santa Barbara offers a retirement plan to all permanent employees through the California Public Employee's Retirement System (CalPERS). The retirement program provides a defined benefit plan whereby employees receive a pension upon retirement for life based on three factors: (1) number of years of service and participation in CalPERS; (2) either single highest salary or highest three years salary; and (3) a prescribed percentage based on the appropriate retirement plan (Police, Fire, or Miscellaneous Plan) and when the employee was hired.

Both the City and its employees make contributions to the plan each payperiod to prefund the benefit while the employee is actively working so that, ideally, the benefit is fully funded by the time the employee retires. The annual contributions are determined a year in advance by CalPERS based on an actuarial study, which evaluates actual results of the prior year and current trends. The employee pays the statutorily determined employee portion, with the larger share paid by the City.

The annual contribution rates are also calculated in a manner that will amortize any unfunded liabilities. As a result of several factors, the largest being the significant investment losses affecting the monies held by CalPERS during the recession of 2008-2009, participating agencies are facing a relatively large funding gap between the monies actually held by CalPERS for active employees and how much should be on hand. CalPERS has taken action recently to ensure the unfunded liabilities created by the investment losses of 2008-2009 are recovered by 2020 by implementing rate increases over a five-year period starting in 2016 and ending in 2020. They have also implemented new funding policies that reduce the amortization period for any actuarial gains or losses (e.g., lower rate of returns than the 7.5% target) from fifteen years to three years. While this will help ensure losses do not "stack up", it will translate into more rate volatility.

In Fiscal Year 2016, the City paid approximately \$24.3 million to CalPERS to fund employee pensions. This represents approximately 8% of total operating expenses citywide. The General Fund portion of the \$24.3 million was approximately \$16.9 million, which represents approximately 16% of total General Fund operating expenses.

As of June 30, 2014 (the last valuation date), there were 999 active City employees who are members of CalPERS and 1,182 retirees receiving benefits.

During Fiscal Year 2015, a total of 45 employees retired from the City. Their combined salaries averaged \$89,065. A breakdown by plan is shown below.

<u>Plan</u>	<u>Count</u>	<u>Average Salary</u>
Non-Safety	35	\$ 80,354
Fire Sworn	3	112,651
Police Sworn	7	122,510
Totals	45	89,065

More details of the information provided in this report will be presented at the September 20, 2016 meeting.

PREPARED BY: Robert Samario, Finance Director

SUBMITTED BY: Robert Samario, Finance Director

APPROVED BY: City Administrator's Office



CITY OF SANTA BARBARA CITY COUNCIL MINUTES

REGULAR MEETING September 6, 2016 COUNCIL CHAMBER, 735 ANACAPA STREET

CALL TO ORDER

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

PLEDGE OF ALLEGIANCE

Mayor Schneider.

ROLL CALL

Councilmembers present: Jason Dominguez, Gregg Hart, Frank Hotchkiss, Cathy Murillo, Randy Rowse, Mayor Schneider.

Councilmembers absent: Bendy White.

Staff present: City Administrator Paul Casey, City Attorney Ariel Pierre Calonne, City Clerk Services Manager Sarah Gorman.

CEREMONIAL ITEMS

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

Recommendation: That Council authorize the City Administrator to express the City's appreciation to employees who are eligible to receive service award pins for their years of service through September 30, 2016.

Documents:

September 9, 2016, report from the Administrative Services Director.

Speakers:

Staff: City Administrator Paul Casey, Award Recipients Fire Chief Pat McElroy and Police Sergeant Riley Harwood.

(Cont'd)

1. (Cont'd)

By consensus, the Council approved the recommendation and the following employees were recognized:

5 Years

Norma Cervantes, Administrative Analyst I, Library Department

Melisa "Lisa" Clendenen, Litigation Paralegal, City Attorney Office

Aaron Denbrook, Police Officer, Police Department

Martha "Alicia" Guzman, Police Records Specialist, Police Department

Katie Houseknecht, Public Safety Dispatcher III, Police Department

Marisa Lopez, Police Services Specialist, Police Department

10 Years

Nuvia Alvarez, Library Technician, Library Department

Artemio Aranda, Grounds Maintenance Worker II, Parks and Recreation Department

Caroline Dosa, Accounting Coordinator, Finance Department

Antoine "Marlowe" Drousseau, Geographic Information Systems Technician,
Administrative Services Department

Ryan Kelly, Harbor Patrol Officer, Waterfront Department

Holly Perea, Executive Assistant, Mayor and Council Office

Timothy "Tim" Petter, Waterfront Maintenance Crew Leader, Waterfront Department

John Velasco, Park Ranger, Parks and Recreation Department

15 Years

Oscar Gonzalez, Police Officer, Police Department

Shawn Hill, Police Sergeant, Police Department

Nicole Lvoff, Library Assistant I, Library Department

Joshua Morton, Police Sergeant, Police Department

Jon Palka, Police Officer, Police Department

Charles "Charlie" Venable, Police Officer, Police Department

Brian Walsh, Fire Captain, Fire Department

20 Years

Catherine "Cathy" Taylor, Water Systems Manager, Public Works Department

25 Years

Riley Harwood, Police Sergeant, Police Department

David "Dave" Henderson, Police Sergeant, Police Department

30 Years

Terri Yamada, Administrative Assistant, Parks and Recreation Department

1. (Cont'd)

35 Years

Patrick "Pat" McElroy, Fire Chief, Fire Department

2. Subject: Proclamation Declaring September 2016 Suicide Prevention Month

Action: Proclamation presented to Jina Carvalho, representing the Santa Barbara Response Network.

CHANGES TO AGENDA

PUBLIC COMMENT

Speaker: Jose Gonzalez

ITEM REMOVED FROM CONSENT CALENDAR

Councilmember Rowse removed Item #7 from the Consent Calendar. Councilmember Rowse stated that he would abstain from voting on the following item due to a conflict of interest related to his slip ownership.

7. Subject: Introduction Of An Ordinance Amending Municipal Code Provisions Pertaining to Harbor Slip Assignments (570.03)

Recommendation: That Council introduce and subsequently adopt, by reading of title only, an Ordinance of the Council of the City of Santa Barbara Amending the Municipal Code by Amending Section 17.20.005 of Chapter 17.20 of Title 17 Pertaining to Harbor Slip Assignments.

Documents:

- September 6, 2016 report from the Waterfront Director.
- Proposed ordinance.

The title of the ordinance was read.

Motion:

Councilmembers Murillo/Hotchkiss to approve the recommendation.

Vote:

Unanimous roll call vote (Abstention: Councilmember Rowse; Absent: Councilmember White)

CONSENT CALENDAR (Items Nos. 3-6, 8-21)

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

Motion:

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

Vote:

Unanimous roll call vote (Absent: Councilmember White)

3. Subject: Minutes

Recommendation: That Council waive further reading and approve the minutes of the regular meetings of May 3, May 11, May 24, June 21, July 5, July 19, August 2, August 9, August 16, August 23, and August 30, 2016 and the special meeting of June 15, 2016.

Action: Approved the recommendation.

4. Subject: Introduction Of Ordinance Approving Supervisors Memorandum of Understanding (440.02)

Recommendation: That Council ratify the labor agreement with the Supervisory Employees bargaining unit through introduction and subsequent adoption of, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Amending The 2012-2016 Memorandum of Understanding between the City of Santa Barbara and the Santa Barbara City Supervisory Employees' Bargaining Unit, adopted by Ordinance No. 5587 and previously amended by Ordinance Nos. 5623 and 5704, and extending the term through June 30, 2017.

Action: Approved the recommendation (September 6, 2016, report from Administrative Services Director, proposed ordinance).

CONSENT CALENDAR (CONT'D)

5. Subject: Introduction Of Ordinance Granting Easements To County Flood Control District As Part Of The Mason Street Bridge Replacement (330.03)

Recommendation: That Council introduce and subsequently adopt, by reading of title only, an Ordinance of the Council of the City of Santa Barbara Approving the Granting of Easements on City Owned Properties to the County of Santa Barbara Flood Control and Water Conservation District for Flood Control and All Related Purposes, and Authorizing the City Administrator to Execute the Grant Deeds in a Form Approved by the City Attorney.

Action: Approved the recommendation (September 6, 2016, report from Public Works Director, proposed ordinance).

6. Subject: Introduction Of Ordinance Establishing Speed Limits (530.05)

Recommendation: That Council introduce and subsequently adopt, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Amending Chapter 10.60 of the Municipal Code by Revising Section 10.60.015 and Establishing Prima Facie Speed Limits on Certain Portions of Anacapa Street, De La Vina Street, La Colina Road, Loma Alta Drive, Verano Drive, and Yanonali Street.

Action: Approved the recommendation (September 6, 2016, report from Public Works Director, proposed ordinance).

8. Subject: Introduction Of Ordinance For Advertising Concession Agreement With Clear Channel Airports (330.04)

Recommendation: That Council introduce and subsequently adopt, by reading of title only, an Ordinance of the Council of the City of Santa Barbara Approving and Authorizing the Airport Director to Execute a Five Year Concession Agreement with One Five-Year Option with Interspace Services, Inc. dba Clear Channel Airports to Manage Advertising Sales at Santa Barbara Airport (SBA).

Action: Approved the recommendation (September 6, 2016, report from Administrative Services Director, proposed ordinance).

CONSENT CALENDAR (CONT'D)

9. Subject: Introduction Of Ordinance Approving Memorandum Of Understanding With Police Unit (440.02)

Recommendation: That Council Ratify the Memorandum of Understanding between the City and the Santa Barbara Police Officers' Association by introduction and subsequent adoption of, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Adopting A Memorandum of Understanding Between the City of Santa Barbara and the Santa Barbara Police Officers Association for the Period of July 1, 2016 through June 30, 2019.

Action: Approved the recommendation (September 6, 2016, report from Public Works Director, proposed ordinance).

10. Subject: Resolution For Acceptance Of Easements For The Gutierrez And De La Guerra Streets Bridge Replacement Projects (330.03)

Recommendation: That Council adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara to Acquire and Accept Permanent and Temporary Construction Easement Interests Located at 123 West Gutierrez Street, and 317 and 326 West De La Guerra Street, and Authorizing the City Administrator to Execute all Agreements and Related Documents as Necessary in a Form Approved by the City Attorney.

Action: Approved the recommendation; Resolution No. 16-055; Agreement No. 25,691, Deed No. 61-472, Deed No. 61-473, Agreement No. 25,692, Deed No. 61-474, Deed No. 61,475, Agreement No. 25,693, Deed No. 61-476, Deed No. 61-477 (September 6, 2016, report from Finance Director, proposed resolution).

11. Subject: July 2016 Investment Report (260.02)

Recommendation: That Council accept the July 2016 Investment Report.

Action: Approved the recommendation (September 6, 2016 report, from the Finance Director).

12. Subject: Rejection Of The Westside Neighborhood Pavement Maintenance Project Bid (530.04)

Recommendation: That Council reject the bid for the construction of the Westside Neighborhood Pavement Maintenance Project and direct staff to re-bid the project.

Action: Approved the recommendation (September 6, 2016, report from Public Works Director).

CONSENT CALENDAR (CONT'D)

13. **Subject: Contract For On-Call Survey Services (230.01)**

Recommendation: That Council authorize the Public Works Director to execute a City Professional Services contract with Cardenas and Associates Surveying, Inc., in the amount not to exceed \$100,000, for on-call services of various Capital Improvement Program projects.

Action: Approved the recommendation; Agreement No. 25,680 (September 6, 2016, report from Public Works Director).

14. **Subject: Agreement For Sanitary Sewer Chemical Root Control Services (570.05)**

Recommendation: That Council find that, pursuant to Santa Barbara Municipal Code Section 4.52.070(L), it is in the best interest of the City to authorize the Public Works Director to execute an agreement with Duke's Root Control, Inc., in the amount \$138,477.85 for sanitary sewer chemical root cleaning services, and authorize the Public Works Director to approve expenditures of up to \$13,847.00 for extra services that may result from necessary changes in the scope of work.

Action: Approved the recommendation; Agreement No. 25,681 (September 6, 2016, report from Public Works Director).

15. **Subject: Approval Of Parcel Map And Execution Of Agreements For 2334 De La Vina Street (640.08)**

Recommendation: That Council approve and authorize the City Administrator to execute and record Parcel Map Number 20,821 and standard agreements relating to the approved subdivision at 2334 De La Vina Street, and authorize the City Engineer to record, upon completion of any required public improvements, a recital document stating that the public improvements have been completed and that the previously recorded Land Development Agreement may be removed from the title document.

Action: Approved the recommendation; Deed No. 61-478; Agreement No. 25,682 (September 6, 2016, report from Public Works Director).

16. Subject: Agreement With Santa Barbara Community College District For Student Neighborhood Assistance Program Funding (150.05)

Recommendation: That Council:

- A. Approve a grant agreement with the Santa Barbara Community College District for one-half of the initial start-up costs needed to implement the Police Department's Student Neighborhood Assistance Program (SNAP); and
- B. Increase the estimated revenues and appropriations in the Miscellaneous Grants Fund by \$103,308.53 in Fiscal Year 2017 for the implementation of SNAP.

Action: Approved the recommendations; Agreement No. 25,683 (September 6, 2016, report from Police Chief).

17. Subject: Office of Traffic Safety Grant (530.01)

Recommendation: That Council:

- A. Accept a grant from the State of California, Office of Traffic Safety in the amount of \$250,000 and authorize the Chief of Police to execute the grant agreement; and
- B. Increase estimated revenues and appropriations by \$250,000 in the Miscellaneous Grants Fund for Fiscal Year 2017 for the Selective Traffic Enforcement Program.

Action: Approved the recommendations (September 6, 2016, report from Police Chief).

18. Subject: Approval Of Dooley Enterprises As Sole Source Vendor To Provide Duty And Practice Ammunition For The Police Department (520.04)

Recommendation: That Council waive the formal bid process as authorized by Municipal Code Section 4.52.070(K) and authorize the City General Services Manager to issue a purchase order to Dooley Enterprises, as the single and most favorable source for providing the City with its authorized ammunition needs, in an amount not to exceed \$60,000 for Fiscal Year 2017.

Action: Approved the recommendation; Agreement No. 25,684 (September 6, 2016, report from Public Works Director).

CONSENT CALENDAR (CONT'D)

NOTICES

19. The City Clerk has on Thursday, September 1, 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.
20. Recruitment For City Advisory Groups:
 - A. The City Clerk's Office will accept applications through Tuesday, October 11, 2016, at 5:30 p.m. to fill scheduled vacancies on various City Advisory Groups and the unscheduled vacancies resulting from resignations received in the City Clerk's Office through Tuesday, September 20, 2016;
 - B. The City Council will conduct interviews of applicants for vacancies on various City Advisory Groups on Tuesday, October 25, 2016, at 4:00 p.m. (Estimated Time), Tuesday, November 1, 2016, at 4:00 p.m. (Estimated Time), and Tuesday, November 15, 2016, at 6:00 p.m.; and
 - C. The City Council will make appointments to fill the vacancies on various City Advisory Groups on Tuesday, December 6, 2016.
21. Receipt of communication advising of vacancy created on the Community Development and Human Services Committee with the resignation of Amy Winslow. This vacancy will be part of the current recruitment.

This concluded the Consent Calendar.

PUBLIC HEARINGS

22. **Subject: Public Hearing And Expansion Of Residential Permit Parking Near Santa Barbara City College (550.01)**

Recommendation: That Council:

- A. Conduct a public hearing to expand Permit Parking Area M; and
- B. Adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara Expanding Resident Permit Parking Area M in the Mesa Area to include the 400 and 500 Blocks of La Marina.

Documents:

- September 6, 2016 report from the Public Works Director.
- Proposed resolution.
- PowerPoint presentation prepared and made by Staff.
- September 6, 2016 letter from Ronald Godar
- September 6, 2016 undated letter from Gareth Richard.

Public Comment Opened: 2:01

Speakers:

- Staff: Principal Transportation Planner Rob Dayton, Parking Resources Specialist Sarah Clarke
- Members of the Public: Kim Fryslie, Joan Price

Public Comment Closed:

2:54 p.m.

Motion:

Councilmembers Murillo/Hart to approve the recommendation; Resolution No. 16-056.

Vote:

Unanimous vote (Absent: Councilmember White)

23. **Subject: Interim Emergency Ordinance Prohibiting Non-Medical Marijuana-Related Businesses (800.07)**

Recommendation: That Council of the City of Santa Barbara adopt by reading in full, and by four-fifths vote, An Interim Emergency Zoning Ordinance of the Council of the City of Santa Barbara Prohibiting Non-Medical Marijuana-Related Businesses.

Documents:

- September 6, 2016, report from the Community Development Director.
- Proposed ordinance.
- PowerPoint presentation prepared and made by Staff.

23. Cont'd.

Public comment opened: 3:00 p.m.

The ordinance related to the item was read in full.

Speakers:

- Staff: Project Planner Andrew Bermond; Assistant City Attorney Tava Ostrenger

Public Comment Closed:

3:25 p.m.

Motion:

Councilmembers Hotchkiss/Rowse to approve the recommendation; Ordinance No. 5763.

Vote:

Unanimous vote (Absent: Councilmember White)

COUNCILMEMBER COMMITTEE ASSIGNMENT REPORTS

Information:

- Councilmember Rowse reported on his attendance on a ribbon cutting at the new Vons on the Mesa.
- Councilmember Murillo reported on her attendance at the meetings of or events with the Neighborhood Advisory Council, Living Wage Ordinance Committee, New Zoning Ordinance Committee, the Santa Barbara Metropolitan Transit District board meeting, the Library Board meeting, visit from Weihei representatives, Pride Festival, Pro Youth Movement, and the Westside Community Group.

ADJOURNMENT

Mayor Schneider adjourned the meeting at 3:32 p.m in the memory of Larry Crandell.

SANTA BARBARA CITY COUNCIL

SANTA BARBARA
CITY CLERK'S OFFICE

_____ ATTEST: _____
 HELENE SCHNEIDER MAYOR SARAH GORMAN, CMC CITY CLERK SERVICES MANAGER

ORDINANCE NO. _____

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SANTA BARBARA APPROVING AND AUTHORIZING THE AIRPORT DIRECTOR TO EXECUTE A CONCESSION AGREEMENT WITH INTERSPACE SERVICES INC. DBA CLEAR CHANNEL AIRPORTS, EFFECTIVE UPON THE ADOPTION OF THE ENABLING ORDINANCE, TO MANAGE ADVERTISING SALES AT SANTA BARBARA AIRPORT.

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

SECTION 1. In accordance with the provisions of Section 521 of the Charter of the City of Santa Barbara, that a concession agreement for management of advertising in the Airline Terminal with Interspace Services Inc. dba Clear Channel Airports for a term of five years and one five year option at mutual discretion, is hereby approved.



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: September 20, 2016

TO: Mayor and Councilmembers

FROM: Administration Division, Finance Department

SUBJECT: Statement Of Investment Policy And Delegation Of Investment Authority For Fiscal Year 2017

RECOMMENDATION:

That Council adopt, by reading of title only, a Resolution of the Council of the City of Santa Barbara Adopting the Investment Policy for the City and Rescinding Resolution No. 15-075.

DISCUSSION:

California Government Code (State Code) Section 53600 establishes legally permitted investments for local governments statewide. While not required by the State Code, each year the City Council adopts a Statement of Investment Policy, which further defines the suitable and authorized investments specifically for the City. In some cases, the City's policy is more restrictive than the State Code. Moreover, the policy serves as a guide for setting and achieving the City's own investment objectives and defines guidelines for the management of the portfolio.

Except for County governments, the State Code does not contain any provisions specifying what must be included in the investment policy of a local agency. The City has developed a comprehensive investment policy that includes all critical components recommended by various professional agencies and organizations, and the policy has been awarded several certifications. Therefore, staff recommends that the policy be updated annually to incorporate any statutory and/or internal policy changes, thereby maintaining this standard of excellence.

If a local agency's policy is submitted to the legislative body, it must be an agenda item at a public meeting and should be approved by a vote of the legislative body no later than the end of the first quarter of the year to which it applies.

Revisions to the annual investment policy are made each year, as needed, to incorporate policy or statutory changes affecting the City's investment program and daily investing activities. Policy revisions are generally technical in nature, such as process changes or language clarifications. Statutory changes are changes in state law affecting allowable investments or procedures related to investing activities.

Statutory Change Not Recommended

The passing of Assembly Bill 283 amended Government Code Sections 53601.8 and 53635.8 by extending the authority of local agencies to use a private sector deposit placement service to January 1, 2021. On September 6, 2013, these Government Code sections were amended, repealed and added to authorize local agencies to invest up to 30% of their surplus funds in deposits at a commercial or savings bank, saving and loan or credit union using a private sector deposit placement service. The changes broadened the use of placement services to deposits, while previously only the placement of certificates of deposit was authorized. The changes were scheduled to expire on January 1, 2017; however, with the passing of Assembly Bill 283, the sunset clause has been extended until January 1, 2021. Upon the sunset date, a public agency may no longer use a placement service provider to place deposits; however, the private entity would be able to assist a local agency with the placement of CDs.

The primary example of a private placement service is called the Certificate of Deposit Account Registry Service or "CDARS." CDARS consists of a network of banks around the country. Through a local CDARS member bank, the City could purchase certificates of deposit from other banks around the country. Each of the certificates of deposit would be for less than \$250,000, thus ensuring that all principal and interest is fully covered by federal deposit insurance.

In Fiscal Year 2015, staff did not recommend including the use of private placement services in the City's Investment Policy. Staff again does not recommend the addition of private placement services to the City's Fiscal Year 2017 Investment Policy. In Fiscal Year 2016, staff recommended and Council adopted an Investment Policy change whereby Section VII (A) 8. Negotiable Certificates of Deposit was revised to allow purchases of negotiable certificates of deposits, deposit notes and bank notes up to \$250,000 in any institution that insures its deposits with the Federal Deposit Insurance Corporation, regardless of Moody's Investors Service or Standard and Poor's Corporation ratings. As these funds are federally insured up to \$250,000, a category "A" rating is unnecessary. Due to this change in the investment policy, the City is able to pursue the same deposits offered by the private placement service, without the additional administrative costs. During Fiscal Year 2016, the City purchased numerous CDs for \$250,000 each from various banks and financial institutions.

Staff Recommended Changes

The policy, as submitted, contains one statutory change since adoption by Council in September 2015. Section VII (A) 13. Local Agency Investment Fund (LAIF) has been revised to allow the City to invest in LAIF up to the \$65,000,000 maximum. Effective January 1, 2016, the State Treasurer, in accordance with State law, increased the LAIF deposit limit from \$50,000,000 to \$65,000,000. This limit is periodically increased based on the needs of local government participants and recommendations from the Local Investment Advisory Board and was previously increased on November 16, 2009, from \$40,000,000. The increased LAIF deposit limit will provide the City with additional liquidity options at a higher interest rate as compared to the City's bank account earnings credit rate.

There is sufficiently broad language in the policy to allow for any changes that may occur during the year to be accommodated on an administrative basis rather than a formal revision to the policy. The policy, as submitted, contains no administrative changes that were made since the policy was adopted by Council in September 2015.

By separate action, Council formally delegates authority to the City Treasurer to invest and reinvest funds and to sell or exchange securities for a one-year period, as specified on page 3 of the proposed Investment Policy. Management and oversight of the investment program is delegated to the Finance Director. The Treasury Manager is authorized to conduct daily investment activities under supervision of the Finance Director per the terms of the Investment policy and the written investment procedures manual established by the Finance Director. All investment purchases and sales require signature approval from the Treasurer and Finance Director or their designee by the close of business on the next business day following the purchase or sale.

ATTACHMENT: Annual Statement of Investment Policy – Fiscal Year 2017

PREPARED BY: Julie Nemes, Treasury Manager

SUBMITTED BY: Robert Samario, Finance Director

APPROVED BY: City Administrator's Office



**City of Santa Barbara
Finance Department**

Statement of Investment Policy

Fiscal Year 2017

City of Santa Barbara
ANNUAL STATEMENT OF INVESTMENT POLICY
 Fiscal Year 2017

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I. MISSION STATEMENT

It is the policy of the City to invest public funds in a manner that will provide maximum security, adequate liquidity and sufficient yield, while meeting the daily cash flow demands of the City and conforming to all statutes and regulations governing the investment of public funds.

II. SCOPE

This investment policy applies to all the financial assets of City of Santa Barbara. These funds are accounted for in the City's audited Comprehensive Annual Financial Report. If the City invests funds on behalf of another agency and, if that agency does not have its own policy, the City's investment policy shall govern the agency's investments.

A. Pooling of Funds

Except for cash in certain restricted and special funds, the City shall consolidate cash balances from all funds to maximize investment earnings. Investment income shall be allocated to various funds as identified in the investment procedures manual in accordance with generally accepted accounting principles.

B. Funds Included by this Policy

General Fund

Special Revenue Funds

Capital Project Funds

Enterprise Funds

Internal Service Funds

Trust and Agency Funds

Any new fund created by City Council unless specifically exempted

C. Funds Excluded from this Policy

1. City's Service Retirement System Fund. This fund is managed separately under Article XVA of the 1926 Charter.

2. Bond Proceeds. Investment of bond proceeds shall be subject to the conditions and restrictions of bond documents and are not governed by this policy. Bond investment conditions and restrictions shall be reviewed by the Finance Committee and forwarded to City Council for approval.

III. GENERAL OBJECTIVES

The primary objectives, in priority order, of the City's investment activities are safety, liquidity and yield.

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A. Safety

Preservation of principal is the foremost objective of the investment program. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective shall be to mitigate credit risk and interest rate risk. To attain this objective, the City shall diversify its investments by investing funds among several financial institutions and a variety of securities offering independent returns.

1. Credit Risk

The City shall minimize credit risk, the risk of loss due to the failure of the security issuer or backer, by:

- Limiting investments to the safest types of securities
- Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the City will do business
- Diversifying the investment portfolio so as to minimize the impact any single industry/investment class can have on the portfolio

2. Interest Rate Risk

To minimize the negative impact of material changes in the market value of securities in the portfolio, the City shall:

- Structure the investment portfolio so that securities mature concurrent with cash needs to meet anticipated demands, thereby avoiding the need to sell securities on the open market prior to maturity
- Invest operating funds primarily in shorter-term securities, money market mutual funds, and the State of California's Local Agency Investment Fund (LAIF)

B. Liquidity

The City's investment portfolio shall remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated without requiring a sale of securities. Since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets. A portion of the portfolio also may be placed in money market mutual funds or LAIF which offer same-day liquidity for short-term funds.

C. Yield (Return on Investment)

The City's investment portfolio shall be designed with the objective of attaining a benchmark rate of return throughout budgetary and economic cycles, commensurate with the City's investment risk constraints and the liquidity characteristics of the portfolio. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed.

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IV. STANDARDS OF CARE

A. Prudence

The standard of prudence to be used by City investment officials shall be the “Prudent Investor Standard” in that a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the City, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of an enterprise of a like character and with like aims. This standard shall be applied in the context of managing the overall portfolio. City investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

B. Ethics and Conflicts of Interest

Officers and employees involved in the City investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or that could impair their ability to make impartial investment decisions. City employees and investment officials shall disclose any material financial interests in financial institutions that conduct business within their jurisdiction, and they shall further disclose any personal financial/investment positions that could be related to the performance of the City immediately to the City of Santa Barbara Treasurer and annually to the Fair Political Practices Commission. City employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the City.

C. Delegation of Authority

Authority to manage the City’s investment program is derived from the Charter of the City of Santa Barbara. City Council shall delegate to the Treasurer, for a 1-year period, the authority to invest or to reinvest funds, or to sell or exchange securities. The Treasurer shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires.

Management responsibility for the investment program is delegated to the Finance Director who shall establish a separate written investment procedures manual. The operation of the investment program shall be consistent with this policy and the investment procedures manual. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Finance Director. The Treasury Manager is authorized to conduct investment related activities, under the supervision of the Director of Finance, on behalf of the City. All investment purchases and sales require signature approval from the Treasurer and Finance Director or their designee, by the close of business on the next business day following the purchase or sale.

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The following documents are by reference incorporated in the investment procedures manual:

1. Listing of authorized personnel
2. Relevant investment statutes and ordinances
3. Repurchase agreements and tri-party agreements
4. Listing of authorized broker/dealers and financial institutions
5. Credit ratings and/or reports for securities purchased and financial institutions used
6. Safekeeping agreements
7. Sample investment reports
8. Investment accounting documents
9. Methodology for calculating rate of return
10. Banking services contracts
11. Cash flow forecasting
12. Collateral/depository agreements

D. Internal Controls

The Finance Director is responsible for establishing and maintaining a system of written internal controls. These controls shall be reviewed annually with an independent external auditor who will notify the City Council if there is a material non-compliance with its policies and procedures. The internal controls shall be designed to prevent losses of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent action by City employees and officers. The internal structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

The internal controls shall address the following points:

1. Control of collusion
2. Separation of transaction authority from accounting and record-keeping
3. Custodial safekeeping
4. Delivery versus payment (DVP)
5. Clear delegation of authority to subordinate staff members
6. Written confirmation of transactions for investments and wire transfers
7. Wire transfer agreements

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V. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

The Finance Director shall establish selection criteria for pre-approval of financial institutions and security broker/dealers to do business with the City of Santa Barbara. The Finance Director shall maintain a list of City approved financial institutions and security broker/dealers who are authorized to provide investment services to the City. These may include primary dealers, or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (uniform net capital rule). To qualify for consideration, a financial institution or a security broker/dealer must also have an office in California and that office must perform the transactions with the City.

All financial institutions and broker/dealers who desire to become qualified for investment transactions must supply the following to the Finance Director as appropriate:

- Current audited financial statements
- Proof of Financial Industry Regulatory Authority (FINRA), formerly National Association of Security Dealers (NASD), certification
- Trading resolution
- Complete broker/dealer questionnaire
- Proof of State of California registration
- For banking institutions, a statement of compliance with the Federal Reserve Bank of New York's capital guideline
- Statement of having read, understood and agreeing to comply with the City's investment policy and depository contracts

The Finance Director shall annually review each of the approved financial institutions and security broker/dealers selected for current State of California registrations and financial condition.

VI. SAFEKEEPING AND CUSTODY

All security transactions, including collateral for repurchase agreements, entered into by the City shall be conducted on a delivery-versus-payment (DVP) basis which will ensure that securities are deposited in an eligible financial institution prior to the release of funds. Securities shall be held by a third-party custodian designated by the Finance Director and evidenced by safekeeping receipts with a written custodial agreement. The only exception to the foregoing shall be depository accounts and securities purchases made with: LAIF, time certificates of deposit, and money market mutual funds, since the purchased securities are not deliverable. Settlement instructions sent to the safekeeping agent shall require dual authorization. The Treasurer and the Finance Director shall be bonded to protect the public against possible embezzlement and malfeasance. Safekeeping procedures shall be reviewed annually by an independent external auditor and any irregularities noted should be reported promptly to the Treasurer and City Council.

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VII. SUITABLE AND AUTHORIZED INVESTMENTS

The City shall be governed by the California Government Code, Sections 53600 et seq. If the Code is amended to allow additional investments or is changed regarding the limits on certain categories of investments, the City is authorized to conform to the changes in the revised Code, provided that the changes are not specifically prohibited by the City's policy. The City shall be required to present those changes in the annual review of the policy and to incorporate the new legislation within the policy. Surplus funds are defined as funds not required for the immediate necessities of the City and include investments in individually managed portfolio(s), money market fund(s) and/or State LAIF, and all portfolio limitations and restrictions shall apply to this aggregate amount. For purposes of compliance with the California Government Code and the City's Investment Policy, the credit rating requirement for medium-term notes, deposit notes, bank notes and commercial paper shall be based on the quality ratings at the time of purchase. If the quality rating of the issuer is downgraded, subsequent to purchase, by any of the Nationally Recognized Statistical-Rating Organizations below "A", or its equivalent, it shall be reported to the Finance Committee and City Council with a recommendation, and ongoing information shall be provided if the bond is not sold. Percentage limitations of surplus funds invested are noted for the various investment instruments. Where there is a specified percentage limitation for a particular category of investments, that percentage is applicable only at the date of purchase. A later increase or decrease in a percentage resulting from a change in values or assets shall not constitute a violation of that restriction.

The City is empowered by statute to invest in the following types of securities and are those that the investment managers are trained and competent to handle.

A. Investment Types

1. Bonds, notes, or other forms of indebtedness issued by the City, including bonds payable solely out of the revenues from a revenue producing property owned, controlled, or operated by the City or by a department, board, agency, or authority of the local agency.
2. United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.
3. Federal Agency or United States government-sponsored enterprise obligations (GSE), participations, or other instruments.
4. State of California and Local Agency Obligations. Registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state; and bonds, notes, warrants, or other evidence of indebtedness of any local agency within this state including bonds payable solely out of the revenues from revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency. Notes eligible for investment, other than those issued by the City or operated by a department, board, agency, or authority of the local agency, shall be rated in a category of "A" or its equivalent or better by two Nationally Recognized Statistical-Rating Organizations.

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5. Medium-Term Notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of 5 years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Purchases of medium-term notes may not exceed 30 percent of the City's surplus funds. Notes eligible for investment shall be rated in a category of "A" or its equivalent or better by two Nationally Recognized Statistical-Rating Organizations. Investments in medium-term notes for any single non-government issuer shall be limited to no more than 5 percent of surplus funds for issuers rated "AA" or its equivalent or better by two Nationally Recognized Statistical-Rating Organizations, and to no more than 3 percent for issuers rated "A" or its equivalent or better by two Nationally Recognized Statistical-Rating Organizations.
6. Bankers Acceptances otherwise known as bills of exchange or time drafts, drawn on and accepted by a commercial bank, which are eligible for purchase by the Federal Reserve System. Purchased bankers acceptances may not exceed 180 days maturity or 40 percent of the City's surplus funds, and no more than 10 percent of the City's surplus funds may be invested in the bankers' acceptances of any single commercial bank.
7. Commercial Paper of "prime" quality of the highest ranking or the highest letter and number rating as provided for by a Nationally Recognized Statistical-Rating Organization. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (a) or paragraph (b):
 - a. The entity is organized and operating in the United States as a general corporation and has total assets in excess of \$500,000,000. In addition, its debt other than commercial paper, if any, must be rated "A" or higher by a Nationally Recognized Statistical-Rating Organization.
 - b. The entity is organized within the United States as a special purpose corporation, trust, or limited liability company and has a program wide credit enhancement including, but not limited to, over collateralization, letters of credit, or surety bond. In addition, the entity has commercial paper that is rated "A-1" or higher, or the equivalent, by a Nationally Recognized Statistical-Rating Organization.

Eligible commercial paper shall have a maximum maturity of 270 days or less. The City may not invest more than 25 percent of its surplus funds in commercial paper, and the City may purchase no more than 10 percent of the outstanding eligible commercial paper of any single issuer.
8. Negotiable Certificates of Deposit issued by a nationally or state-chartered bank or savings association or federal association or a state or federal credit union or by a state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit shall not exceed 15 percent of the City's surplus money invested and shall be limited to no more than 3 percent of any single issuer. Deposit notes and bank notes purchased through a broker or dealer shall be included with negotiable certificates of deposit in calculating allowable maximum percentages. Purchases of negotiable certificates of deposit, deposit notes and bank notes of up to

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\$250,000 are allowable in any institution that insures its deposits with the Federal Deposit Insurance Corporation, while purchases greater than \$250,000 shall be rated in a category of "A" or its equivalent or better by two Nationally Recognized Statistical-Rating Organizations.

9. Time Deposits. The City may invest in non-negotiable Certificates of Deposit at commercial banks and savings and loan associations that are collateralized in accordance with the California Government Code. To be eligible to receive City funds, the depository institution shall have received an overall rating of not less than "satisfactory" in its most recent evaluation of its record of meeting the credit needs of California's communities, including low and moderate-income neighborhoods. In selecting depositories, the credit worthiness of institutions shall be considered. Banks and Savings and Loan Associations seeking to establish an investment relationship with the City shall submit an audited financial report that shall be reviewed for compliance with the City's investment standards. Any institution not providing an audited annual financial report shall be removed from the approved list and all funds maturing will be withdrawn. A list of eligible institutions shall be maintained in the investment procedures manual. Qualification shall be determined by the following criteria:
 - a. Tangible capital must equal or exceed 1.5 percent; core capital must equal or exceed 4 percent; and, risk-based capital must equal 8 percent of assets adjusted for assigned risk-weightings.
 - b. Return on Assets of a minimum of 0.5 percent; a Return on Equity of a minimum of 8 percent; an Equity to Assets Ratio of a minimum of 5 percent; and, City investments shall be no greater than 0.5 percent of the total assets of the depository.
 - c. Independent auditor's statement must have a clean opinion.
10. Savings accounts. Savings accounts when used in conjunction with the City's checking accounts at a qualified bank where funds are collateralized in accordance with the California Government Code.
11. U. S. Government money market funds registered with the Securities and Exchange Commission and which comply with rule 2a7 of the Investment Company Act of 1940. The fund must be comprised of only U.S. Treasury bills, notes and bonds, repurchase agreements and obligations issued or guaranteed as to principal and interest by the U.S. Government or its agencies or instrumentalities. The percentage of repurchase agreements in the fund shall be reviewed and approved based on the fund's policy limits. The dollar weighted average maturity of the portfolio shall be less than 90 days and the portfolio is managed to maintain a \$1.00 share price. Also, the fund shall meet either of the following criteria: (a) attained the highest ranking or the highest letter and numerical rating provided by not less than two Nationally Recognized Statistical-Rating Organizations; (b) retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than 5 years' experience managing money market mutual funds with assets under management in excess of \$500,000,000. Purchase of securities

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authorized by this section shall not exceed 20 percent of the City's surplus money invested and no more than 10 percent may be invested in any single money market fund.

12. Repurchase Agreements. Investments in repurchase agreements or reverse repurchase agreements or securities lending agreements of any securities authorized by the Code, so long as the proceeds of the repurchase agreement are invested solely to supplement the income normally received from these securities. The City shall adopt as a standard the Bond Market Association Master Repurchase Agreement and shall maintain a list of approved counterparts and limit counter parties to primary dealers rated "A" or better by two Nationally Recognized Statistical-Rating Organizations. Reverse repurchase agreements and securities lending agreements shall require City Council authorization separate from City Council approval of this policy. Securities lending agreements shall include the following safeguard measures: terms of lending agreements, indemnification provisions, reinvestment guidelines, liquidity provisions, credit risks and monitoring requirements. Additionally, any securities lending agreement shall be reviewed by the City Attorney to ensure the City's interests are properly protected.
 - a. Investments in repurchase agreements may be made, on any authorized investment, when the term of the agreement does not exceed 1 year.
 - b. Reverse repurchase agreements or securities lending agreements may be utilized when the security to be sold on the reverse repurchase agreement or securities lending agreement has been owned and fully paid for by the City for a minimum of 30 days prior to sale; the total of all reverse repurchase agreements on investments owned by the City does not exceed 20 percent of the base value of the portfolio; and the agreement does not exceed a term of 92 days, unless the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between sale of a security using a reverse repurchase agreement and the final maturity date of the same security.
13. Local Agency Investment Fund (LAIF). The City may invest in LAIF up to the \$65,000,000 maximum established by the California State Treasurer on January 1, 2016 in accordance with State law; therefore, there is a \$65,000,000 deposit limit for the City of Santa Barbara. The City's investment in LAIF is based on, among other criteria, the following information provided by LAIF: a written statement of portfolio management goals, objectives and policies, including a description of eligible investment securities; a disclosure of LAIF's safekeeping practices; eligible LAIF participants, the monthly transaction limit, and minimum and maximum deposit and withdrawal amounts permitted; calculation of quarterly earnings and apportionment, including gains and losses; disclosure of administrative costs and the assessment process; monthly statements of the City's transaction activity and balances; monthly summaries of LAIF investment data, including market valuation and accrued interest; and a description of the audit process. At least quarterly, the Finance

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Director shall report to the Finance Committee on the composition of the LAIF portfolio.

The California Government Code states that moneys placed for deposit in LAIF are in trust in the custody of the State Treasurer and cannot be borrowed or be withheld from the City. Further, the right of the City to withdraw its deposited money from the LAIF upon demand may not be altered, impaired, or denied in any way by any state official or agency based upon the State's failure to adopt a budget by July 1 of each new fiscal year.

B. Collateralization

Collateralization shall be required on two types of investments: certificates of deposit and repurchase (and reverse) agreements. A collateral agreement must be current and on file before any funds can be transferred for collateralized certificates of deposit. Collateral shall be held by an independent third party with whom the City has a current written custodial agreement. A clearly marked evidence of ownership (*safekeeping receipt*) must be supplied to the City and retained. The right of collateral substitution is granted.

1. Certificates of Deposit

- a. Government Securities used as collateral require 102 percent of market value to the face amount of the deposit
- b. Promissory Notes secured by first trust deeds used as collateral require 150 percent of market value to the face amount of the deposit
- c. Irrevocable Letters of Credit issued by the Federal Home Loan Bank of San Francisco require 105 percent of market value to the face amount of the deposit

2. Repurchase and Reverse Repurchase Agreements

- a. Only U.S. Treasury securities or Federal Agency securities are acceptable collateral. All securities underlying repurchase agreements must be delivered to the City's custodian bank versus payment or be handled under a properly executed tri-party repurchase agreement. The total market value of all collateral for each repurchase agreement must equal or exceed 102 percent of the total dollar value of the money invested by the City for the term of the investment. For any repurchase agreement with a term of more than 1 day, the value of the underlying securities must be reviewed on an ongoing basis according to market conditions. Market value must be calculated each time there is a substitution of collateral.
- b. The City or its trustee shall have a perfected first security interest under the Uniform Commercial Code in all securities subject to the repurchase agreement.

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C. Investments Not Approved

Any security type or structure not specifically approved by this policy is hereby prohibited. Security types, which are thereby prohibited include, but are not limited to: investment pools (except State LAIF), shares of beneficial interest issued by diversified management companies (except U. S. Government money market funds), collateralized mortgage obligations (CMO's), mortgage pass-through securities, reverse repurchase agreements used as a leveraging vehicle, "exotic" derivatives structures such as range notes, dual index notes, inverse floating-rate notes, leveraged or de-leveraged floating-rate notes, interest-only strips that are derived from a pool of mortgages and any security that could result in zero interest accrual if held to maturity, or any other complex variable or structured note with an unusually high degree of volatility or risk.

D. Exceptions to Prohibited and Restricted Investments

The City shall not be required to sell securities prohibited or restricted in this policy, or any future policies, or prohibited or restricted by new State regulations, if purchased prior to their prohibition and/or restriction. Insofar as these securities provide no notable credit risk to the City, holding of these securities until maturity is approved. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

VIII. INVESTING PARAMETERS

A. Diversification

The City shall diversify its investments by security type, issuer, maturity, and financial institutions. No percentage limitations are established for United States government, United States government agencies and United States government sponsored enterprises; however percentage limitations are established for other permitted investments, as noted in Section VII of this policy. The investments shall be diversified by limiting investments to avoid over concentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities), limiting investment in securities that have higher credit risks, and investing in securities with varying maturities.

The City recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary illiquidity. Portfolio diversification is employed as a way to control risk. Investment managers are expected to display prudence in the selection of securities as a way to minimize default risk. No individual investment transaction shall be undertaken which jeopardizes the total capital position of the overall portfolio. To control market price risks, volatile investment instruments shall be avoided. To control risks of illiquidity, a minimum of 10 percent of the total portfolio shall be held in highly marketable U.S. Treasury Bills and Notes and/or the State of California Local Agency Investment Fund and/or Money Market Funds and/or securities maturing within 90 days.

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B. Maximum Maturities

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. Where there is no specified maturity limitation on an investment, no investment shall be made in any security, which, at the time of the investment, has a term remaining to maturity in excess of 5 years, unless the City Council has granted express authority to make that investment no less than 3 months prior to the investment.

In addition to the 5 year limitation on investments specified in this policy, the average maturity of the City's combined portfolio shall not exceed 2.5 years without prior approval of the City Council.

IX. REPORTING

The Treasurer shall submit investment reports to the City Council that provide a clear picture of the status of the current investment portfolio and shall contain sufficient information to permit an independent organization to evaluate the performance of the investment program. Based on the discretion of Finance Committee, an independent advisor may be contracted, from time to time to perform one or more of the following functions: confirm that the portfolio is in compliance with the Government Code of the State of California and with the Statement of Investment Policy of the City of Santa Barbara; present an evaluation of the portfolio and investment strategy recommendations; and, provide any other information that may be helpful to Finance Committee in their review of the portfolio.

A. Monthly Reporting to City Council

The Treasurer shall submit to City Council, within 30 days following the end of the month, an investment report that summarizes all securities in the portfolio and a separate listing of investment transactions occurring during the month. The report shall be prepared by the Treasury Manager and approved by the Finance Director. The report shall include:

1. Investment type
2. Purchase date
3. Maturity date
4. Credit quality
5. Coupon and yield
6. Book value
7. Market value
8. Book gain/loss
9. Market gain/loss
10. Source of valuation

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- 11. Average days to maturity
- 12. Variable rate(s) or call features

B. Quarterly Reporting to City Council

In addition to the components required in the monthly investment report, a narrative shall accompany the portfolio report addressing noteworthy items, deviations from the investment policy, comments on the fixed income markets and economic conditions, possible changes in the portfolio going forward, and thoughts on investment strategies. The quarterly report shall also include a statement of compliance with the investment policy and a statement of the ability to meet expenditures for the next 6 months (or an explanation as to why sufficient money shall, or may, not be available).

C. Performance Standards

The investment portfolio shall be managed in accordance with the parameters specified within this policy and always with consistently safe and prudent treasury management. Securities shall not be sold prior to maturity with the following exceptions:

- A security with declining credit sold early to minimize loss of principal
- A security swap that would improve the quality, yield, or target duration in the portfolio
- Unforeseen liquidity needs of the portfolio require that the security be sold

1. Market Yield (Benchmark)

The City's overall investment strategy is passive: investments are generally held to maturity. The quarter-to-date LAIF apportionment rate, the 3-month U.S. Treasury Bill and the 2-year U.S. Treasury Note shall also be considered useful benchmarks of the City's portfolio performance.

2. Marking to Market

The market value of the portfolio shall be calculated at least monthly and a statement of the market value of the portfolio shall be issued at least quarterly. This will ensure that review of the investment portfolio, in terms of value and price volatility, has been performed. In defining market value, consideration shall be given to pronouncements from the Government Accounting Standards Board (GASB) that address the reporting of investment assets and investment income for all investment portfolios held by governmental entities. The fair value of all securities reported in the City's portfolio is based on currently quoted market prices.

X. INVESTMENT POLICY COMPLIANCE AND ADOPTION

A. Policy Compliance and Changes

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Any deviation from the policy shall be reported to Finance Committee at the next scheduled meeting and to City Council as part of the monthly review of the portfolio. The Treasurer shall promptly notify Finance Committee and City Council of any material change in the policy and any modifications to the policy must be approved by Finance Committee and City Council.

B. Annual Statement of Investment Policy

The Treasurer shall render a written Statement of Investment Policy that shall be reviewed at least annually by Finance Committee and City Council to ensure its consistency with the overall objectives of preservation of principal, liquidity and return, and its relevance to current law and financial and economic trends. City Council shall consider the annual Statement of Investment Policy and any changes therein at a public meeting. The Statement of Investment Policy shall be adopted by resolution of City Council.

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GLOSSARY OF INVESTMENT TERMS

AGENCY: A debt security issued by a federal or federally sponsored agency. Federal agencies are backed by the full faith and credit of the U.S. Government (i.e. Government National Mortgage Association). Federally sponsored agencies (FSA's) are backed by each particular agency with a market perception that there is an implicit government guarantee (i.e. Federal National Mortgage Association).

ASK: The price at which securities are offered for sale; also known as offering price.

BENCHMARK: A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

BID: The price offered by a buyer of securities. (When you are selling securities, you *ask* for a bid.)

BOND PROCEEDS: The money paid to the issuer by the purchaser or underwriter of a new issue of municipal securities. These moneys are used to finance the project or purpose for which the securities were issued and to pay certain costs of issuance as may be provided in the bond contract.

BOOK VALUE: The value at which a debt security is shown on the holder's balance sheet. Book value is often acquisition cost plus/minus amortization and accretion, which may differ significantly from the security's current value in the market.

BROKER: Someone who brings buyers and sellers together and is compensated for his/her service.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a certificate. Large denomination CDs are typically negotiable.

COLLATERAL: Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The official annual financial report for a public agency. It includes combined statements for each individual fund combined statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and detailed statistical section.

CREDIT QUALITY: The measurement of the financial strength of a bond issuer. This measurement helps an investor to understand an issuer's ability to make timely interest payments and repay the loan principal upon maturity. Generally, the higher the credit quality of a bond issuer, the lower the interest rate paid by the issuer because the risk of default is lower. Credit quality ratings are provided by a Nationally Recognized Statistical-Rating Organization.

CREDIT RISK: The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

CUSTODIAN: A bank or other financial institution that keeps custody of stock certificates and other assets.

CURRENT YIELD (CURRENT RETURN): A yield calculation determined by dividing the annual interest received on a security by the current market price of that security.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, by buying and selling for his/her own account.

DELIVERY VERSUS PAYMENT: There are 2 methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment, also referred to as "cash on delivery", is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

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GLOSSARY OF INVESTMENT TERMS

DERIVATIVES: (1) financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

DIVERSIFICATION: Dividing investment funds among a variety of security types by sector, maturity and quality ratings offering independent returns.

DURATION: A measure of the timing of the cash flows, such as the interest payments and the principal repayment, to be received from a given fixed-income security. This calculation is based on three variables: term to maturity, coupon rate, and yield to maturity. The duration of a security is a useful indicator of its price volatility for given changes in interest rates.

FAIR VALUE: The amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

FEDERAL CREDIT AGENCIES: Agencies of the Federal Government set up to supply credit to various classes of institutions and individuals, e.g., savings and loan associations, small-business firms, students, farmers, farm co-operatives, and exporters.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): The federal agency that insures bank deposits up to \$250,000 per deposit at participating banking institutions. In an effort to increase consumer confidence in the banking system, the previous \$100,000 insurance limit was temporarily increased to \$250,000 in 2008, extended to 2013, and then permanently increased on July 21, 2010 with the passage of the Wall Street Reform and Consumer Protection Act.

FEDERAL HOME LOAN BANKS (FHLB): Government sponsored wholesale banks (currently 12 regional banks) that lend funds and provide correspondent banks services to member commercial banks, thrift institutions, credit unions and insurance companies.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA): FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages.

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of 7 members of the Federal Reserve Board and 5 of the 12 Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a 7 member Board of Governors in Washington, D.C., 12 Regional Banks and approximately 5,700 commercial banks that are members of the system.

GOVERNMENT ACCOUNTING STANDARDS BOARD (GASB): A standard-setting body, associated with the Financial Accounting Foundation, which prescribes standard accounting practices for governmental units.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae): Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA, or FMHA mortgages. The term "pass-throughs" is often used to describe Ginnie Maes.

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GOVERNMENT SECURITIES: An obligation of the U.S. government, backed by the full faith and credit of the government. These securities are regarded as the highest quality of investment securities available in the U.S. securities market. See "Treasury Bills, Notes, and Bonds."

INTEREST RATE RISK: The risk associated with declines or rises in interest rates which cause an investment in a fixed-income security to increase or decrease in value.

INTERNAL CONTROLS: An internal control structure designed to ensure that the assets of the entity are protected from loss, theft, or misuse. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that 1) the cost of a control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management. Internal controls should address the following points:

- **Control of collusion** - Collusion is a situation where 2 or more employees are working in conjunction to defraud their employer.
- **Separation of transaction authority from accounting and record keeping** - By separating the person who authorizes or performs the transaction from the people who record or otherwise account for the transaction, a separation of duties is achieved.
- **Custodial safekeeping** - Securities purchased from any bank or dealer including appropriate collateral (as defined by state law) shall be placed with an independent third party for custodial safekeeping.
- **Avoidance of physical delivery securities** - Book-entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with physically delivered securities.
- **Clear delegation of authority to subordinate staff members** - Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.
- **Written confirmation of transactions for investments and wire transfers** - Due to the potential for error and improprieties arising from telephone and electronic transactions, all transactions should be supported by written communications and approved by the appropriate person. Written communications may be via fax if on letterhead and if the safekeeping institution has a list of authorized signatures.
- **Development of a wire transfer agreement with the lead bank and third-party custodian** - The designated official should ensure that an agreement will be entered into and will address the following points: controls, security provisions, and responsibilities of each party making and receiving wire transfers.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL AGENCY INVESTMENT FUND (LAIF): Chapter 730, Statutes of 1976 of the State of California, established the Local Agency Investment Fund. This fund enables local governmental agencies to remit money not required for immediate needs to the State Treasurer for the purpose of investment. In order to derive the maximum rate of return possible, the State Treasurer has elected to invest these monies with State monies as a part of the Pooled Money Investment Account. Each local governmental unit has

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GLOSSARY OF INVESTMENT TERMS

the exclusive determination of the length of time its money will be on deposit with the State Treasurer. At the end of each calendar quarter, all earnings derived from investments are distributed by the State Controller to the participating government agencies in proportion to each agency's respective amounts deposited in the Fund and the length of time such amounts remained therein. Prior to the distribution, the State's costs of administering the program are deducted from the earnings.

MARK-TO-MARKET: The process whereby the book value or collateral value of a security is adjusted to reflect its current market value.

MARKET RISK: The risk that the value of a security will increase or decrease as a result of changes in market conditions.

MARKET VALUE: The current price at which a security is trading and could presumably be purchased or sold at that particular point in time.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase-reverse repurchase agreements that establish each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

MATURITY: The date upon which the principal or stated value of a financial obligation is due and payable.

MONEY MARKET MUTUAL FUND: Mutual funds that invest solely in money market instruments (short-term debt instruments, such as Treasury bills, commercial paper, bankers' acceptances, repos and federal funds).

MUTUAL FUND: An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments. Mutual funds are regulated by the Investment Company Act of 1940 and must abide by Securities and Exchange Commission (SEC) disclosure guidelines.

NATIONAL ASSOCIATION OF SECURITIES DEALERS (NASD): A self-regulatory organization (SRO) of brokers and dealers in the over-the-counter securities business. Its regulatory mandate includes authority over firms that distribute mutual fund shares as well as other securities.

NATIONALLY RECOGNIZED STATISTICAL-RATING ORGANIZATION (NRSRO): Standard and Poor's, Moody's, and Fitch Financial Services are examples of such organizations.

OFFER: An indicated price at which market participants are willing to sell a security or commodity. Also referred to as the "Ask" or "Ask Price".

PAR VALUE: The amount of principal that must be paid at maturity. Also referred to as the face amount of a bond, normally quoted in \$1,000 increments per bond.

PORTFOLIO: Combined holding of more than one stock, bond, commodity, real estate investment, cash equivalent, or other asset. The purpose of a portfolio is to reduce risk by diversification.

PRINCIPAL: The face value or par value of a debt instrument, or the amount of capital invested in a given security.

PRIMARY DEALER: A group of government securities dealers who submit daily reports of market activity and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC) registered securities broker/dealers, banks and a few unregulated firms.

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PRINCIPAL: (1) The face amount or par value of a debt instrument. (2) One who acts as a dealer buying and selling for his own account.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

REINVESTMENT RISK: The risk that a fixed-income investor will be unable to reinvest income proceeds from a security holding at the same rate of return currently generated by that holding.

REPURCHASE AGREEMENT (RP OR REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate the buyer for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money that is increasing bank reserves.

REVERSE REPURCHASE AGREEMENT: An agreement of one party (for example, a financial institution) to purchase securities at a specified price from a second party (such as a public agency) and a simultaneous agreement by the first party to resell the securities at a specified price to the second party on demand or at a specific date.

RISK: Degree of uncertainty of return on an asset.

RULE 2A-7 OF THE INVESTMENT COMPANY ACT: Applies to all money market mutual funds and mandates such funds to maintain certain standards, including a 13-month maturity limit and a 90-day average maturity on investments, to help maintain a constant net asset value of \$1.00.

SAFEKEEPING SERVICE: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vault for protection and security.

SECONDARY MARKET: A market is made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES LENDING: An agreement under which a local agency agrees to transfer securities to a borrower who, in turn, agrees to provide collateral to the local agency. During the term of the agreement, both the securities and the collateral are held by a third party. At the conclusion of the agreement, the securities are transferred back to the local agency in return for the collateral.

STRUCTURED NOTES: Notes issued by Government Sponsored Enterprises, (FLAB, FNMA, SLMA, etc.), and Corporations that have imbedded options, (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns), into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

SWAP: Trading one asset for another.

TOTAL RETURN: The sum of all investment income plus changes in the capital value of the portfolio.

TREASURY BILLS: Short-term U.S. government non-interest bearing discounted debt securities with maturities of no longer than 1 year and issued in minimum denominations of \$10,000. Auctions of 3- and 6-month bills are weekly, while auctions of 1-year bills are monthly. The yields on these bills are monitored closely in the money markets for signs of interest rate trends.

TREASURY BOND: A long-term coupon-bearing U.S. Treasury security issued as a direct obligation of the U.S. Government and having an initial maturity of more than 10 years and issued in minimum denominations of \$1,000.

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TREASURY NOTE: A medium-term coupon-bearing U.S. Treasury security issued as a direct obligation of the U.S. Government and having an initial maturity of from 1 to 10 years and issued in denominations ranging from \$1,000 to \$1 million or more.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission (SEC) Rule 15C3-1 outlining requirements that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

VOLATILITY: A degree of fluctuation in the price and valuation of securities.

YIELD: The current rate of return on an investment security generally expressed as a percentage of the security's current price. (a) **INCOME YIELD** is obtained by dividing the current dollar income by the current market price for the security. (b) **NET YIELD** or **YIELD TO MATURITY** is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF
SANTA BARBARA ADOPTING THE INVESTMENT
POLICY FOR THE CITY AND RESCINDING
RESOLUTION NO. 15-075

WHEREAS, the City Council adopted Resolution Nos. 85-065 and 85-121, establishing a policy regarding the investment of City funds;

WHEREAS, the Council last reaffirmed the policy by adopting Resolution No. 15-075;
and

WHEREAS, the City of Santa Barbara has consistently maintained a policy of due diligence and the minimizing of risk in the investment of City funds.

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

SECTION 1. The attached Exhibit, City of Santa Barbara Statement of Investment Policy, is hereby adopted and made a part of this resolution.

SECTION 2. Resolution No. 15-075 is hereby rescinded.



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: September 20, 2016

TO: Mayor and Councilmembers

FROM: Arts & Community Promotion

SUBJECT: Funding Recommendations For Community Events And Festivals And Annual Contract With The Santa Barbara County Arts Commission

RECOMMENDATION: That Council:

- A. Review and approve the City of Santa Barbara Arts Advisory Committee and Community Events and Festivals Committee funding recommendations for Fiscal Year 2017; and
- B. Authorize the City Administrator to execute an agreement with the Santa Barbara County Arts Commission in the amount of \$475,100 as approved in the Fiscal Year 2017 budget.

DISCUSSION:

In the Fiscal Year 2017 budget, Council authorized funds to the Santa Barbara County Arts Division to provide grants for Community Arts, Organizational Development, and Community Events & Festivals, and staffing to the City Arts Advisory Committee, Visual Arts in Public Places and Community Events & Festivals Committees. The annual funding amount was increased by 3% from the prior year. The funds support city arts and cultural organizations and community promotion, and continue the development of the Downtown Cultural Arts District and other special projects. Funds also provide technical assistance to artists, arts organizations, and cultural promotion groups. The individual grant categories and recommendations are listed below.

Community Events & Festivals

The Community Events & Festivals Committee met on June 29, 2016 to review applications interview organization applicants and make recommendations for the Events & Festivals Grant Program. The base amount for this program is \$106,100 in Fiscal Year 2017.

In Fiscal Year 2017, a total of \$249,000 was requested from 11 organizations, which is a significant increase from the \$165,250 requested in the previous year by 9 non-profit organizations. In both fiscal years, all applicants were awarded funding. Groups applying for Community Events & Festivals grants are not eligible to apply for Community Arts or Organizational Development grants.

Organizational Development

The Organizational Development Subcommittee met on July 12, 2016, and reviewed all of the applications submitted to the Organizational Development Grant Program. The subcommittee's recommendations were reviewed and unanimously approved on August 2, 2016 by the City Arts Advisory Committee. The grant amount available for this program is \$150,500. A total of \$443,900 was requested by 38 nonprofit organizations. Thirty-four of the applicants were awarded funding. Groups applying for Organizational Development grants are not eligible to apply for Community Arts or Community Events & Festivals grants.

Community Arts

The Community Arts Subcommittee met on July 14, 2016, and reviewed all applications submitted to the Community Arts Grant Program. The subcommittee's recommendations were reviewed and unanimously approved on August 2, 2016 by the City Arts Advisory Committee. The base amount allocated for this program is \$48,500.

A total of \$81,200 was requested by 16 nonprofit organizations. All 16 of the applicants were awarded funding. Groups applying for Community Arts grants are not eligible to apply for Organizational Development or Community Events & Festivals grants.

Special Projects

The Santa Barbara County Arts Division allocation includes \$18,100 for the following: \$8,500 for Cultural District Programs, and \$9,600 for miscellaneous art projects, such as the Annual Arts Symposium, City Poet Laureate Honorarium, Jardin de las Granadas, and City Hall Gallery Exhibitions.

BUDGET/FINANCIAL INFORMATION:

The City's Fiscal Year 2017 budget appropriated \$475,100 for this contract which includes a total of \$305,100 for grants, \$18,100 for special projects and \$151,900 for coordination and administration of the City Arts programs. This funding represents a 3% increase from the prior year.

	<u>Fiscal Year 2017 Funding</u>
Coordination and Administration of City Arts Programs	\$151,900
Arts Projects	\$9,600
Cultural District Promotions	\$8,500
Grants (see below for funding by grant category)	<u>\$305,100</u>
Total	<u>\$475,100</u>

Council Agenda Report
Funding Recommendations For Community Events
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<u>Grant Categories</u>	<u>Fiscal Year 2017 Funding</u>
Community Events and Festivals Grants	\$106,100
Organizational Development Grants	\$150,500
Community Arts Grants	<u>\$48,500</u>
Total	<u>\$305,100</u>

Attachments 1, 2 and 3 contained detailed descriptions for each applicant.

- ATTACHMENTS:**
1. Community Arts Recommendations
 2. Organizational Development Recommendations
 3. Community Events & Festivals Recommendations

PREPARED BY: Sarah Rubin, Executive Director of the County Arts Division

SUBMITTED BY: Nina Johnson, Assistant to the City Administrator

APPROVED BY: City Administrator's Office

COMMUNITY ARTS GRANTS

\$48,500 available in grant funding

Organization	Amt Requested	Recommended Award
Boys and Girls Club of Santa Barbara	\$4,600	\$3,900
<p>The Fine Arts Program at the BGCSB offers local kids ages 6-18 access to a wide range of artistic media, including painting, drawing, coloring, collage-making, sewing, crafts, pottery, ceramics, and clay. Additional classes included the performing arts - Flamenco, California Folklorico, and hip-hop classes. Funds will be used for Art Supplies for the BGCSB Fine Arts Program, a portion of a new kiln, and a Hip Hop Teacher from Everybody Dance Now!</p>		
Children's Creative Project	\$6,000	\$4,800
<p>Grant support will subsidize in part performances by professional touring artists to expand to serve all twelve school sites in the Santa Barbara Elementary School District during the 2016-17 academic year for roughly 4650 under-served students. Grant funding will subsidize Touring Artist fees for one or more performances and possible follow-up workshops expanding the program from prior year's proposed 6 schools to serve 10 schools.</p>		
Viva el Arte- Guadalupe-Nipomo Dunes Center	\$6,000	\$1,500
<p>Viva al Arte offers five extended weekend residencies, that serves local students, at-risk youth and multi-generational families with free public performances throughout Santa Barbara County (including a performance on Sunday evening at the Marjorie Luke Theater), and tailored outreach events featuring artists who honor the cultural traditions that define our region. Community Arts grant funds will support Artists' fees.</p>		
Friends of the East Side Library	\$6,000	\$4,800
<p>The Performance Series at the Eastside Branch will provide a free monthly multicultural performance series at the Eastside Branch Library. All grant funds for the performance series will be used to pay artists that here hired based on the following criteria: A) showcase a variety of cultures; B) present bilingual programs whenever possible; C) represent a variety of art forms including poetry, storytelling, crafts, dance, instrumental music, song, drama and dance programs; D) hire as many local artists as possible; and E) focus on multicultural programs emphasizing active participation.</p>		
Inner Light Choir (Beacon of Light Foundation)	\$3,200	\$3,100
<p>In honor of Black History Month, the Inner Light Community Gospel Choir organizes an annual gospel music workshop. This workshop provides an opportunity for the greater Santa Barbara community to engage in an intensive, immersive experience in traditional and contemporary gospel music. The workshop runs for 3 days (Thur., Fri. and Sat.) and culminates in a rousing Saturday evening concert performance. Grant funds will be used to hire a workshop clinician and choir director and will aslo cover musician fees for rehearsals and the concert.</p>		
Latin American Art Museum of Santa Barbara	\$6,000	\$750
<p>Grant funds will be used to present the Mexican Independence Day Festival. A day of visual arts and performing arts such as dance groups performed by children and adults and art of music also performed by children and adults. The festival day is September 17, 2016 at Ortega Park from 10:00am - 7:00 pm. This will be a day of fun family activities, organizational informational booths and food and merchandise vendors.</p>		

Organization**Amt Requested****Recommended Award****Museum of Contemporary Art, Santa Barbara****\$6,000****\$3,000**

Take Part/Make Art (TP/MA) will site a temporary pavilion in three low-income, predominantly Latino neighborhoods for one-week periods over the next two years (2016-2018), for a total of six weeks of free programming. The pavilion will house interactive contemporary art-engagement and art-making programs conceived by six contemporary artists in collaboration with community partners and residents. Funding from this grant will go towards two projects sited in the lower Westside neighborhood for one week each in June 2017 and July 2017.

Nebula Dance Lab**\$6,000****\$3,200**

Nebula Dance Lab provides a professional forum to produce new and existing works. This year's project is focused on the creation of two new original works, and a restaging of The Inquisitor. Grant funding will be used to pay 8 company members, choreographers, musicians and pay for part of the theater rental including labor. The culmination of this grant includes free performances for the community, ticket showings, and a fully produced show at Center Stage Theater, one evening performance at the Lobero, and two free matinee shows for under-served elementary students.

Pacific Pride Foundation**\$5,000****\$2,600**

We are requesting funding to support the costs of artists and entertainers for the 2017 Pacific Pride Festival to be held in July at Chase Palm Park. The importance of a pride festival to the local lesbian, gay, bisexual, and transgender (LGBT) community is significant socially and culturally. It is often the only time an LGBT community gathers in large numbers, and there is always a strong element of the arts – drag artists, music bands, comics, dancers, etc.

PARC Foundation**\$6,000****\$4,650**

PARC Foundation grant funding will go towards the payment of artists and to purchase art supplies in order to provide an art based mentoring and hands-on art skills development program from September 2016 to May 2017 to approximately 50 under-served youth between the ages of 14-21. Program activities will take place in various locations throughout the City including the Franklin Neighborhood Center and La Cuesta High School. This program includes monthly neighborhood clean-ups, graffiti abatement, art related workshops, repair of existing program murals, and the creation of up to two new murals. Participants receive units of credit in fine arts or credit for community service.

Performing and Visual Arts Camp**\$6,000****\$4,200**

Funding for the Performing and Visual Arts camp (PVAC) offsets the cost for a summer arts camp for approximately 50 underprivileged students ages 7 through 14 to experience the creative process of a musical production. The 4-week session is offered daily at Harding Elementary with professional artists and educators in fields of dance, theater, music, visual arts, and creative writing. Students will rehearse and perform a musical theater production. Students will also get to participate in many aspects of production, including music preparation, traditional theatre techniques, dance, set design and painting.

SB Vocal Jazz Foundation**\$2,800****\$2,000**

Grant funding for the Santa Barbara Vocal Jazz Foundation goes towards a Vocal Jazz Residency at one Title-1 school in the City of Santa Barbara. The program is free to students and will be administered to the 5th or 6th grade level. The SBVJF goal for the grant is to provide this program to low-income students who might not otherwise receive focused musical training. The SBVJF Vocal Jazz Residency will be a six week program with two culminating performances at the Lobero Theatre.

Organization**Amt Requested****Recommended Award****Simon Kiefer (Explore Ecology)****\$1,100****\$750**

Grant funding will go towards 3 writing workshops for residents of 2 low-income Santa Barbara housing projects on the subject of "Gratitude" and featuring the use of vintage typewriters. One workshop will be at Artisan Court for aging foster youth in residence there. Another will be at Garden Court for low-income seniors in residence. A 3rd and final workshop will be at Garden Court - a collaborative session for both groups to continue and share their writing and to provide feedback to Project Coordinator.

Solstice**\$6,000****\$3,500**

The Summer Solstice Celebration hosts a two month Community Arts Workshop where the community can come together under the guidance of an Artistic Director and build floats and ensembles for the Solstice Parade. Grant funding will be used to increase youth involvement in the Solstice Parade and Workshop and add a Children's Parade for younger children. Specifically funding will go towards paying 2 artists in residence at the Solstice Workshop, 2 children's specific workshops in partnership with Art From Scrap, and to support the children's creation station and children's festival in in the park.

VADA**\$4,500****\$4,200**

Funding will offer continued support of the VADA Artist-in-Residence program for 2016-2017, the VADA Speaker Series and other new opportunities into an aggregated program of support for inclusion of artists into the VADA curriculum. Artists will be hired for residency projects with our students, to speak about their professional creative career path, included on field trips for off-site projects, and offer studios/workspaces tours for specialized opportunities. Funding will also go to hire art professionals that can offer new opportunities such as a portfolio reviews by a gallerist or a hiring a public art specialist to offer historical context on class projects.

William Sansum Diabetes Center**\$6,000****\$1,500**

The El Pueblo Contra La Diabetes video project will unite the voices of Santa Barbara's under resourced Latino community, using art as a means to empower. It will merge participants' self-narrated experiences into a single piece of cultural expression. It will offer the opportunity for individuals to share their story of participating in a nine week educational series and will engage art and story-telling as a means towards a sense of agency and improved health. The end result will be a public screening of the documentary film in partnership with a local theatre. Grant funds will be used to hire a producer, film editor, bilingual expert, and stipends for video participants.

ORGANIZATIONAL DEVELOPMENT

\$150,500 available in grant funding

Organization	Amt Requested	Recommended Award
American Dance and Music	\$10,000	\$3,000
For six seasons, SB County Arts Commission has played a critical role in helping AD&M's Dance: Up Close and Cultural (Dance:UCC) become a vital program in our community. Short-term goals—plan and implement 2017 season of dance outreach and build on relationships with SB Seniors Activities Directors Assn. and Girls, Inc. Long-term goals—Audience Development: Increase access to dance for underserved children and seniors, and provide more performance opportunities for AD&M Performance Group.		
ArtBark	\$3,000	\$0
Funds will be used for paying dancers, rehearsal space, internet marketing, and renting low-cost studio space (Montecito School of Ballet) & production space (Towbes Dance Center) Fall '16/Spring '17 activity will build on local/national/international co-production experience to streamline sustainable		
Arts for Humanity	\$10,000	\$6,500
Arts for Humanity! services have outpaced our resources. Short-term goals for increasing our funding streams include: creating a development committee for the procurement of new funding, and increasing awareness through online presence and our YouTube channel. Longer-term goals include: working with a development associate to increase viable funding sources; building relations with local media; and developing our new Teaching Artists Programs, which supports programs and community connections.		
Arts Mentorship	\$2,000	\$2,000
This grant will help provide essential affordable rehearsal and exhibition space to local and visiting artists. Subsidy recipients receive low-cost access to the state-of-the-art facilities at our Performing Arts Center. With a growing number of local artists displaced by Santa Barbara's rising rents, funds provide access to a modern and professional space. Beneficiaries include Boxtales, Danceworks, Dream Foundation, Everybody Dance Now! Transition House, Girls Inc., UCSB Arts & Lectures.		
Art Without Limits	\$15,000	\$0
Julie McLeod Founder/Director, works full time as a volunteer. AWoL connects talented young artists to professional artists/mentors free for one-on-one for up to a year. The Art Career Day Conference is presented yearly and BizArts workshops monthly. Replacing Julie upon retirement soon is our most costly and pressing need.		
Boxtales Theatre Company	\$10,000	\$5,000
Funds would be used to support the salaries of our Executive Artistic Director and our Managing Director, the two primary positions that allowed Boxtales to perform 89 times for more than 26,474 people in 2015. In recent years, we have focused on enhancing our media materials in order to become marketable to larger theaters. This year, we are hiring a booking agent to continue this effort by connecting us with high-paying venues that will allow us to expand our earned income and visibility.		

Organization	Amt Requested	Recommended Award
<p>Camerata Pacifica</p> <p>We would like to offer at least one Senior Community an on-site concert each month for listeners who are physically or economically unable to attend in the concert hall. Senior Communities to benefit will be Friendship Manor, Wood Glen Hall, Vista del Monte, Valle Verde, Maravilla and Casa Dorinda Assisted Living residents.</p>	\$5,000	\$3,000
<p>Center Stage Theater</p> <p>The funds will support our Rental Subsidy Fund, salaries and overhead expenses. They will help us keep our rates affordable and our staff available to mentor producers. Our Rental Subsidy Fund supports new producers, new works, or productions that serve new and alternative audiences. In 2015 CST welcomed 265 performances and rehearsals with 1,582 artists and 15,452 audience members. Our goal is to keep our rates affordable while maintaining a theater with the best possible staff and equipment.</p>	\$10,000	\$7,500
<p>City at Peace</p> <p>Reviving City at Peace to its full potential, truly honoring the mission of empowering youth to build a better future for themselves and their communities. These funds will support our new artistic director, musical director, and poet laureate in addition to strengthening connection with La Cuesta High School and UC Santa Barbara. In weekly workshops these artists and institutions will assist teens in the creation of an original piece, giving voice to ignored communities.</p>	\$18,000	\$5,000
<p>Drama Dogs</p> <p>We have sought to have a powerful online presence; however, we have underutilized this potential to engage with our community: our website is lacking. It does not reach out to & engage with our community or reflect our offerings & their relevance to Santa Barbara. After 2 decades of perfecting our artistry, DD is positioned to build audience, community awareness & donor support. Our website must be easy to access & interactive. DD will use funds to engage inlineos, LLC to rebuild our website</p>	\$7,500	\$1,500
<p>Everybody Dance Now!</p> <p>We are nearing operating capacity that our current staff can handle. We will bring on 3-4 additional instructors this fall and solidifying our teacher training (\$5000). To expand into more schools and nonprofit organizations, we will be using funds (\$4000) to support our services provided to site partners whose budget does not allow them to subsidize the costs of our programming. The remaining funds will be used increase our fundraising efforts by training staff and establish a development team.</p>	\$18,000	\$9,000
<p>Explore Ecology</p> <p>Ava Ellis, Reuse Store Specialist, has been promoted to Art Coordinator to execute our strategic plan to continue our organizational focus upon reinvigorating the Art From Scrap Reuse Store, Art Gallery and Art Programs. Funding will help pay for Ava's salary increase as well as staff time for the redesign and ongoing administration of our website and program servicing needs. The new website will feature e-commerce, which will serve local artists in Santa Barbara as well as the general public.</p>	\$10,000	\$5,000

Organization	Amt Requested	Recommended Award
Fishbon Fishbon wishes to employ a Programming/Community Engagement Coordinator, who would help support and expand the range and capacity of Fishbon classes and groups, supporting the diverse Santa Barbara County community. This community is multi-generational (ages 6-75) and is interested in a range of "learning by doing" activities, including the need for career development. This grant will allow Fishbon to dedicate a person to better reach out to our community and the activities offered.	\$4,500	\$1,500
Flamenco Arts Festival General operating support is needed to sustain effective programs and build capacity and sustainability and fulfill the FAF's mission of producing educational community programming that meets the needs of those of all ages and backgrounds, such as a film presentation with speakers and a Q & A, special workshops for local flamenco students and the community. We are in discussion with Flamenco SB and Hispanic Chamber to gain support for joint ventures and to network.	\$10,000	\$2,000
Girls Rock SB In order to continue to grow our program size and provide scholarships to half our participants, we need to continue to build organizational structure and fundraising strategy. GRSB is building board fundraising capabilities through deeper structure including fundraising and financial committees. We will continue to work with our contract bookkeeper and grant writer to develop long-term financial and fundraising strategy and methods.	\$18,000	\$3,000
Lit Moon Theatre Funds from the 2016-2017 Organizational Development Grant will help subsidize a 25th anniversary festival celebration of Lit Moon, which will include two past shows from the Lit Moon repertory, two new productions with international collaborators, exhibitions, and social events, and will play in June 2017. Funds will help defray production and artistic costs. Partners include local artists, Westmont College, and artists from the Bitola National Theatre.	\$18,000	\$3,000
Marjorie Luke Theatre Grant funding is for 30% of the General Manager's salary. This support is key to the successful operation and direct service to 214+ arts and education groups that use the Luke, 3,100 SBJHS students and faculty, and 36,000 people annually. Rick oversees renters, marketing, PR, fundraising, rent subsidy grants and audiences.	\$14,400	\$4,500
Music Academy of the West Grant funding will be used to support the Music Academy of the West's Community Access Initiative (CAI) that was launched last year setting a precedent for community access to world-class performances. This initiative includes an free programming; \$10 Community Access tickets available for all Festival events; free admission for children and youth age 7-17; and live streaming and video archiving of dozens of events.	\$18,000	\$5,000
Notes for Notes Both SB N4N Studios are run by part-time quality professionals who are talented musicians and incredible mentors. To retain, it is necessary to increase their hours and wages at the cost of \$16,500. Broken down, it will cost \$8,500 to promote our Eastside Program Director to full-time. He is our only staff member that speaks Spanish in a predominantly Spanish speaking youth community. It will also cost \$8,000 to promote our Westside Program Directors who offer their own sets of valuable skills.	\$16,500	\$9,000

Organization**Amt Requested****Recommended Award****Out of the Box Theatre****\$10,000****\$2,500**

Funding will be used to support the 7th season of shows, by off-setting the operational costs, stipends, and advertising. Funding will go to offer theatre skills workshops, including one led by a cast member from the National Tour of Dirty Dancing. In addition, two local premiere musicals will be brought to the stage- LIZZIE (Nov 2016) and High Fidelity (Apr 2017). Out of the Box Theater will also expand to offer a concert of new works reading in summer 2017 as part of our Youth Summer Project.

Outrageous Film Festival**\$6,000****\$1,500**

The 2016 Outrageous Film Festival will be held Nov. 3 at UCSB's Multicultural Center (free) and Nov. 4-5 at Metro Four Theatre (tickets \$10). Passes will be \$50. Because LGBT people are so underserved, we believe deeply in the importance of our festival. Funds will be used for artist payment, marketing, and film rental. We have reduced our Festival from 4 to 3 days to save on the cost of renting the Metro Four Theatre.

PlayFest SB**\$7,000****\$0**

Funds will be used for audience development marketing of a collaborative theatre presentation January 25 - 30, 2017. Confirmed partners include DramaDogs, Prism Productions and Speaking of Stories. Additional interest has been expressed by Lit Moon and Dramatic Women. Each company will produce one or more original works and participate in educational panels and workshops. This grant supports PlayFest's master plan to expand Festival partnerships and develop/deepen audience interest for new plays.

SB Arts Collaborative**\$12,000****\$9,000**

OD funds will support our Community Outreach program, specifically to pay the stipend for our Community Outreach Coordinator as he continues to manage the use of the Community Arts Workshop (CAW). The coordinator is responsible for renter relationships at the CAW and supervising use. Our goal is to deepen and expand our relationships with users of the CAW, ensure that increasing numbers of quality arts programs find a home on the property, and to establish the CAW as a cultural resource hub.

SB Chamber Orchestra**\$5,000****\$4,500**

Funds will be used to strengthen audience development efforts (primarily through "Free Concert Seats for Families" and our new "Enrichment Series") and to fund Executive Director Kevin Marvin to attend the League of American Orchestra's 10-day "Essentials of Orchestra Management" seminar. Kevin expects that courses in strategy, community engagement, marketing, fundraising, financial sustainability and governance will help SBCO become an even more innovative, successful leader in the arts.

SB Children's Chorus**\$10,000****\$7,000**

These funds are being requested to continue to maintain and expand our after-school/on-campus program, the All Schools Chorus, into SB, Carpinteria and Goleta. The All Schools Chorus, which pilot launched in 2012, is a county-wide program that delivers Glee Club "kits" and brings together students from participating elementary schools into a single group performance in Spring. In 2016, this program included 7 local elementary and secondary schools, over 150 children and 6 local music teachers.

Organization	Amt Requested	Recommended Award
SB Choral Society	\$10,000	\$5,000
Funds will be used to implement the strategic developed over the last year. The strategic plan includes hiring a FT development director to diversify and expand the SBCS donor base, increase support from foundations, businesses, governments and individuals; and to raise funds to hire an Executive Director. The development director will also be charged with jumpstarting our planned giving/endowment efforts, and help the organization achieve the other goals laid out in the business plan.		
SB Dance Institute	\$12,000	\$9,000
SBDI will use a \$10k OD grant to assess the resources needed and develop a plan to implement and sustain programs. \$5k will be used to develop a three-year strategic plan and \$5k will be used to provide the expanded programming.		
SB Education Foundation	\$10,000	\$5,000
Funds will go to support a Programs Associate, a new part-time position that oversees Pianos on State, Instrument Drive, Summer Band Camp, Granada Theatre Access, and Keep the Beat. In addition, this person will develop The Leni Fe Bland Fund, a program that ensures every 4th, 5th, & 6th grader attends an arts performance in the theater during the school year.		
SB Festival Ballet	\$18,000	\$2,000
Grant funding will used to hire a non-profit consultant specializing in arts to develop a strategic plans. The plan would include expansion of the SBFB mission and message to underserved youth in our service area; those for whom a classical dance education, and the experience of training and performing within a diverse cohort of mutually supportive and energized fellow students would be transformative.		
SB Historical Museum	\$18,000	\$1,500
Funds will go to expand free and low-cost programming by 30% through collaboration with other institutions, and additional events that will attract a diverse audience. This will include the additon of a "Hiking Though History" program and creation of "La Noche del Museo," a free evening music/dancing series.		
SB Maritime Museum	\$5,000	\$1,500
Funds help support our lecture series featuring special guest speakers presenting on maritime experiences. Shorts-term goals are to continue to offer our unique lectures on a monthly basis and make online recordings available. Long-term goals are to develop an on-going educational enrichment series offered to local community.		
SB Master Chorale	\$3,000	\$2,000
Grant funds will be used to: 1) Advertise in new venues to increase audience numbers and diversity. 2) Advertise in additional venues to increase Chorale membership. 3) Hire a coach to tutor singers in good vocal techniques.		
SB Symphony Orchestra	\$18,000	\$2,000
Grant funding will be used to work towards The Symphony's vision to stabilize cash flows to move from survival to an era of growth. The Symphony has developed a clear vision for the organization's long-term fiscal health. The Symphony is goint to restructure capitalization strategies to build a robust annual fund providing unrestricted support.		

Organization**Amt Requested****Recommended Award****SlingShot Alpha Art Forum****\$12,000****\$4,000**

Slingshot will support artist with intellectual disabilities increase sales, and promote their work through regular gallery openings and partnerships in 2017 through the use of social media, electronic mail, postal mail, and press releases. SlingShot will enrich their online presence and sales. In addition, SlingShot will track sales, maintain inventory, and safeguard public benefits for the artists.

Speaking of Stories**\$10,000****\$8,000**

Grant funds will support Word Up workshops, staff salaries and increased marketing efforts. The goal of this grant is to reach new audiences through education programs and performance programs. Increased marketing efforts will help expand audience attendance strengthening future efforts and fundraising activities.

State Street Ballet**\$15,000****\$3,000**

Grant funding will be used to increase outreach initiatives in Santa Barbara. Specifically grant funds will be used to: deepen audience engagement, expand collaborations, and expand new outreach initiatives program such as "Library Dances" for high school students, Professional Track, and Summer Intensives for emerging dancers (13-18).

Teen Star**\$12,000****\$3,000**

Grant funding was awarded for production of the Teen Star Competition finale at the Arlington Theater and for the new Teen Dance Star Competition at the Lobero Theatre. Funds will also be used for additional arts programming, scholarships for dancers, seminars, workshops, instructive feedback, professional mentors and opportunities to perform at large events throughout the year.

The Arts Fund**\$18,000****\$4,500**

Grant funding will go towards the program director's salary and hiring a part time grant writer/administrator through mid-2017. The goal will be to improve marketing and fund raising money in order to grow awareness of our core programs in Santa Barbara, including the Funk Zone (FZ) Art Walk, FZ Public Art Program, Community Gallery, Guest Curator Program, and Teen Arts Mentorship.

TVSB**\$15,000****\$0**

Funding was requested for "The Art of Documentary Film Intensive," a new initiative launching in Fall 2016. This program guides a diverse cohort of 12 participants through an intensive program to each create a documentary on the topic of their choice.

Events and Festivals

\$106,100 available in grant funding

Organization	Amt Requested	Recommended Award
DANCEworks	\$7,500	\$5,000
<p>DANCEworks is a 4-week contemporary dance residency, produced in collaboration with the Lobero. Our mission is to build audiences for contemporary dance, provide a place for noted early and mid-career choreographers to create and share the inspiration that dance provides through performances and outreach. Each year, the selected contemporary choreographer creates a new work that is performed locally and which also goes on to be performed around the country and the world. Artists will provide two or three master classes for local college students and a community dance piece open to all community members. This program brings widespread awareness to DANCEworks, and establishes Santa Barbara as an innovative community.</p>		
Ensemble Theatre Company	\$40,000	\$14,100
<p>The first four shows of Ensemble Theatre Company's 2016-17 season fall within the time line described as the "off season" in this grant application. These productions will be Shakespeare's "Macbeth" (October 1-16, 2016), Neil Simon's "Chapter Two" (December 1-18, 2016), George Gershwin, DuBose Heyward, and Ira Gershwin's "Porgy and Bess" (February 11-26, 2017) and Tennessee William's "Baby Doll" (April 13-30, 2017).</p>		
Goleta Valley Historical Society	\$15,000	\$2,000
<p>The Old Time Fiddlers' Convention & Festival features the best in American Heritage music, workshops taught by some of the best teachers in the industry, and a great day of fun for all ages. This year we'd like to expand the festival to include two preview events in Santa Barbara at local wineries. The preview events will enhance the community feel of the event and encourage overnight stays by the more than 50% of guests who come to the event from outside Santa Barbara.</p>		
Jewish Federation of Greater Santa Barbara	\$16,250	\$7,500
<p>Following a 5-year intermission, the Santa Barbara Jewish Film Festival returned in 2016 under the auspices of the Jewish Federation. Held in major US cities, Jewish Film Festivals bring together Jews and non-Jews alike to celebrate the art and magic of cinematography with a distinctly Jewish flavor. Speaking to all ages and backgrounds, the 5-day festival in 2017 will showcase Jewish and Israeli comedy, drama, documentaries and short films. This event welcomes film buffs from Santa Barbara, San Francisco, Los Angeles, and everywhere in between.</p>		
Lobero Theatre Foundation	\$30,000	\$15,000
<p>Our 2016-17 season will feature the following live performances: An Evening With Pat Metheny, Los Angeles Guitar Quartet, Charles Lloyd & The Marvels, Windham Hill Winter Solstice 30th Anniversary concert, It's Magic!, Cracker / Camper Van Beethoven, Arlo Guthrie - Alice's Restaurant 50th Anniversary Tour, Maria Schneider Orchestra, and Capitol Steps. Many additional contracts are still under negotiation; we expect to present over 20 events.</p>		

Organization	Amt Requested	Recommended Award
<p>New Noise Festival</p> <p>Funds are being requested to assist the non profit New Noise Music Festival. In 2016, our focus is the growth of our annual "New Noise Block Party" into a (2) Day arts, culture & music event. The Block Party (located on the 100 block of Gray Ave) combines national & local artists (2015: Run The Jewels, Gardens & Villa + More) with mixed media artists (Lucidity Festival, MCA, Ethan Turpin, Jonathan Smith + more), as well as other local community arts organizations. The goal is to create something special that is uniquely "Santa Barbara" but attracts both locals and tourists alike.</p>	\$20,000	\$15,000
<p>Opera SB</p> <p>An Events & Festivals grant is being requested to support our marketing and outreach strategies to continue to broaden and expand the audience for Opera Santa Barbara's 2016/17 Season. The season will feature three fully-staged opera productions: Bizet's "Carmen" on November 4 & 6; Janacek's "The Cunning Little Vixen" on March 3 & 5; and Puccini's "La Rondine" on April 28 & 30. All three productions will be presented at the Granada Theatre, and will feature full orchestra, chorus, sets, costumes and professional singers.</p>	\$15,000	\$10,000
<p>SB Musuem of Art</p> <p>Exhibition title- David Wiesner: The Art of Wordless Storytelling. David Wiesner is one of the most highly acclaimed picture book artists in the world. This exhibition will be the first to contextualize his art through the inclusion of work by other artists who influenced Wiesner, while also foregrounding the artist's creative process. The exhibition and catalogue will include original art by Wiesner, those who influenced him, as well as the Surrealist masters Salvador Dali, Max Ernst, and Rene Magritte.</p>	\$40,000	\$10,000
<p>SB Revels</p> <p>The Christmas Revels is a unique entertainment in that each year's production changes setting and century and features a wealth of material from that different time and place while retaining traditional touchstones in song and dance that audiences eagerly anticipate. This year's 18th century Highlands Scottish show promises to be particularly popular. Although a national organization, Santa Barbara Revels is very much of our own community; we engage people in a most purposeful way by involving them in our activities both off-stage and on-stage!</p>	\$21,000	\$10,000
<p>SB Trust for Historic Preservation</p> <p>Founding Day commemorates the establishment of El Presidio Real de Santa Bárbara and the settlement which became the city of Santa Barbara on April 21, 1782. The celebration recognizes our city's birthplace and diverse cultural heritage. Founding Day reconnects local residents and introduces out-of-town guests to Santa Barbara's early beginnings as a frontier outpost. Featuring Presidio Neighborhood businesses and local entertainment on an open street in the heart of downtown.</p>	\$4,250	\$2,500
<p>UCSB ArtAbounds</p> <p>A&L attracts more patrons to downtown Santa Barbara during the Oct - May period through ArtAbounds than any other arts program in the city (btwn 30 - 40K each year) with unique presentations by world-renowned artists and lecturers. In 2016-17, 48% of our total events are downtown, including: Ken Burns, Wynton Marsalis, Yo-Yo Ma, Gloria Steinem, Fareed Zakaria, Bill T. Jones, Captain Scott Kelly, Garrison Keillor, Joshua Bell, Joan Baez, Alton Brown, Isabel Allende, George Takei, Yuja Wang, Dorrance Dance, Alonzo King, Ballet BC and others.</p>	\$20,000	\$15,000



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: September 20, 2016

TO: Mayor and Councilmembers

FROM: Planning Division, Community Development Department

SUBJECT: Mills Act Historic Property Contracts For The Charles Pressley House, The Olives House, And The Anderson House

RECOMMENDATION: That Council:

- A. Grant exceptions to Mills Act contract limits for assessed property valuation, pursuant to Santa Barbara Municipal Code §22.22.160.C.4.m. for a designated City Landmark at 2210 Hudson Drive (APN 041-316-006), a designated City Landmark at 2121 Garden Street (APN 025-252-003), and a designated Structure of Merit at 1919 Santa Barbara Street (APN 025-381-007); and
- B. Authorize the Community Development Director to execute the three Mills Act historic property contracts.

BACKGROUND:

The Mills Act is a state law enacted in 1972 that allows owners of designated historic properties to enter into a contractual, recorded agreement with the municipality within which the historic property is located to preserve, maintain, and rehabilitate the structure. The Mills Act contracts with the City require the property owner to propose and itemize a ten-year rehabilitation plan to improve, maintain, and repair the property. In exchange, property owners receive a significant reduction in local property taxes.

The City established its Mills Act program in 2009. The program sets limits on the maximum number of contracts allowed per year (8), sets a maximum threshold on assessed property valuation in order to qualify (\$1.5 million), and places a limit on the overall expected revenue loss to the City. In adopting the program, City Council agreed that the proposed Mills Act program had been crafted with sufficient mechanisms in place to limit total City tax revenue loss, with limits on the number of contracts and a cap on the amount of total tax revenue loss. The Council also concurred with staff that any reference to caps should not be included in the Municipal Code itself, but rather in the Program Rules and Procedures approved by Council Resolution No. 09-078 on September 9, 2009, in order to allow the Council to more readily modify the program caps in the future, if deemed necessary.

As specified in the Program Rules and Procedures, in order to enter into a Mills Act contract, the subject property or structure must be designated a City Landmark, Structure of Merit, or listed as a contributing resource to a Historic District. Additionally, an individual property may not exceed \$1.5 million in total tax assessed value to qualify for the tax abatement program. The assessed valuation cap limit was intended to maximize benefits to as many properties as possible, given the proposed cap in total program revenue loss. If no caps were in place, higher-assessed properties could significantly reduce the impact the overall program, given the limit on the amount of tax revenue loss allowed due to the program.

Section 22.22.160 of the Municipal Code includes provisions to allow Council to approve exceptions to these limits. The Community Development Director is authorized to execute the contracts if all standards are met, or after applicable exceptions are approved by Council (Attachment 1 – Proposed Mills Act Contracts).

DISCUSSION:

2210 Hudson Drive

Property owners Dylan and China Jones are seeking the approval of a Mills Act contract for their property at 2210 Hudson Street to allow a property tax reduction for the historically significant adobe Charles Pressley House. The assessed property value of 2210 Hudson Street is \$1,639,376 and requires an exception by Council for exceeding the \$1.5 million cap. The Historic Landmarks Commission reviewed the proposed ten-year rehabilitation plan at a public hearing on July 27, 2016 and recommended that Council grant the exception (Attachment 2 - Historic Landmarks Commission Minutes).

Named after the original owner, the Charles Pressley House was constructed out of adobe in 1924 in the Spanish Colonial Revival architectural style and was one of the first houses built on the Mesa. The house was designated a City Landmark on November 8, 1989. The current owners plan to complete extensive rehabilitation on the house that includes structural repairs to the adobe walls and repairing the terra-cotta roof tiles and original wood windows. The planned rehabilitation of this property makes this an excellent candidate for a Mills Act contract.

2121 Garden Street

Property owner Zohar Ziv is seeking approval of a Mills Act contract for his property at 2121 Garden Street to allow a property tax reduction for the historically significant Olives Residence. The assessed property value of 2121 Garden Street is \$3,505,699 and requires an exception by Council for exceeding the \$1.5 million cap. The Historic Landmarks Commission reviewed the proposed ten-year rehabilitation plan at a public hearing on July 27, 2016 and recommended that Council grant the exception.

Named for the former location of the olive orchards of the Santa Barbara Mission, the house was constructed in 1888 in the Eastlake Victorian style for the widow of Dr. Samuel Brinkerhoff, and then remodeled in 1906 in the newly popular Craftsman style. The house was designated a City Landmark on May 17, 2016. The owner plans to complete extensive rehabilitation on the house that includes repairing the deteriorating exterior shingles, repainting the exterior, and replacing the roofing of the building. The planned rehabilitation of this property makes this an excellent candidate for a Mills Act contract.

1919 Santa Barbara Street

Property owner Julia Collier Emerson is seeking approval of a Mills Act contract for her property at 1919 Santa Barbara Street to allow a property tax reduction for the historically significant Anderson House. The assessed property value of 1919 Santa Barbara Street is \$1,733,685 and requires an exception by Council for exceeding the \$1.5 million cap. The Historic Landmarks Commission reviewed the proposed ten-year rehabilitation plan at a public hearing on July 27, 2016 and recommended that Council grant the exception.

Named after the original owner, the Anderson House was constructed in 1903 in the vernacular American Foursquare architectural style. The house was designated a Structure of Merit on July 27, 2016. The current owner plans to complete extensive rehabilitation on the house that includes updating plumbing and electrical systems and restoring all exterior stucco and original wood windows. The planned rehabilitation of this property makes this an excellent candidate for a Mills Act contract.

Summary

The completion of the repairs and implementation of the rehabilitation plans for these three historic resources will ensure that the designated structures receive proper maintenance and protection so that they may continue to have an important historical and architectural influence on the heritage of the City. The houses embody elements that demonstrate an outstanding attention to design, detail, materials, and craftsmanship.

In order to approve the requested contracts, Council must grant exceptions for each property's assessed value to exceed the cap of \$1.5 million. Staff believes that little financial impact to the City will result with the execution of these historic property contracts.

BUDGET/FINANCIAL INFORMATION:

The current City tax annual revenue loss due to the twelve existing Mills Act contracts is approximately \$13,000, which is well within the total program's original \$300,000 cap. Staff originally estimated the initial years of the total City tax annual revenue loss to be in the \$6,000 to \$15,000 range. The revenue loss is variable and is expected to grow incrementally since it is based on the number of actual contracts executed, the amount of assessed property values, and the percentage of actual tax revenue the City receives from the Tax Assessor's Office for each property.

Twelve contracts have been executed since adoption of the program. City staff received eight additional applications for 2016; the other five contracts have property assessed values that are under the \$1.5 million cap and therefore do not require exceptions from Council. With a total of twenty Mills Act contracts potentially executed by January 1, 2017, staff estimates the total revenue loss of approximately \$22,000 and that financial impact to the City remains well within the target revenue loss projections with the execution of these contracts.

ENVIRONMENTAL REVIEW

The execution of a Mills Act contract establishes a property tax reduction in exchange for the property owner's commitment to rehabilitate, restore, maintain and preserve a property deemed to be historically significant for a term of at least ten (10) years. The approval of a Mills Act contract does not authorize any new development or construction of new buildings, nor does it authorize any new land uses. The terms of City Mills Act contracts require the rehabilitation work to be undertaken in a manner that is consistent with the Secretary of the Interior's Standards for the Treatment of Historic Properties with Guidelines for Preserving, Rehabilitating, Restoring, and Reconstructing Historic Buildings. Therefore, the act of approving a Mills Act contract is exempt pursuant to Section 15331 of the California Environmental Quality Act Guidelines.

ATTACHMENTS: 1. Proposed Mills Act Contracts
2. Historic Landmarks Commission Minutes dated July 27, 2016

PREPARED BY: Nicole Hernandez, Urban Historian

SUBMITTED BY: George Buell, Community Development Director

APPROVED BY: City Administrator's Office

RECORDING REQUESTED BY,)
AND WHEN RECORDED MAIL TO:)
City of Santa Barbara)
Community Development Department)
630 Garden Street)
P.O. Drawer 1990)
Santa Barbara, CA 93102
Attn: Community Development Director

SEND ANOTHER COPY TO:

Exempt from recording fees - Government Code 27383

(Space Above for Recorder's Office)

HISTORIC PROPERTY PRESERVATION AGREEMENT
("MILLS ACT CONTRACT")

between

THE CITY OF SANTA BARBARA
a municipal corporation

and

Dylan Eslin Jones and China Brett Jones, husband and wife as community property
2210 Hudson Drive, Santa Barbara, CA 93109

Owner of the property located at

2210 Hudson Drive
APN: 041-316-006

HISTORIC PROPERTY PRESERVATION AGREEMENT

("MILLS ACT CONTRACT")

THIS AGREEMENT is made this _____, 2016, by and between the City of Santa Barbara, a municipal corporation ("City") and Dylan Eslin Jones and China Brett Jones (hereinafter collectively referred to as "Owner").

RECITALS

1. California Government Code section 50280, et. seq. allow cities the discretion to enter into contracts with the owners of qualified historic properties, as that term is defined in Government Code section 50280.1, for the purpose of providing for the use, maintenance, protection, and rehabilitation of such historic property so as to retain its characteristics as property of historic significance.

2. Owner holds fee title in and to that certain real property, together with associated structures and improvements thereon, generally located at the street address 2210 Hudson Drive Santa Barbara, California ("Historic Property"). A legal description of the Historic Property is attached hereto as Exhibit "A," and incorporated herein by this reference.

3. On November 6, 1990, the Council of the City of Santa Barbara designated the Historic Property as a City Landmark pursuant to the terms and provisions of Title 22 of the Santa Barbara Municipal Code.

4. City and Owner desire to enter into this Agreement for the purpose of protecting and preserving the characteristics of historical significance of the Historic Property that help preserve and maintain the community's unique civic identity and character.

5. Owner, in consideration for abiding by the terms of this Agreement, shall be entitled to qualify for a reassessment of valuation of the Historic Property, pursuant to the provisions of Chapter 3, Part 2, of Division 1 of the California Revenue and Taxation Code, and any corresponding

adjustment in property taxes resulting therefrom.

TERMS

NOW, THEREFORE, the City and Owner in consideration of mutual covenants and conditions set forth herein, do hereby agree as follows:

1. Preservation of Historical Property. During the term of this Agreement, the Historic Property shall be subject to the following conditions, requirements, and restrictions:

A. The Rehabilitation Plan. Owner has proposed a specific list of projects, acceptable to City, that are to be undertaken and completed for the rehabilitation, repair, maintenance, or rehabilitation of the Historic Property during the term of this agreement (hereinafter the “Rehabilitation Plan.”) The proposed Rehabilitation Plan is listed in Exhibit “B,” which exhibit is incorporated herein by this reference. Owner shall conduct at least one of the projects listed in the Rehabilitation Plan during each year of this agreement. All such projects shall be undertaken and completed in accordance with the Secretary of Interior Standards for Rehabilitation and the City of Santa Barbara design guidelines.

The projects in the Rehabilitation Plan are listed in chronological order by the contract year(s) in which the projects are expected to commence. In addition, the project list provides an estimated cost of completion for each project. The project commencement dates and cost estimates are provided for purposes of illustration. A project does not have to be completed within a single contract year, nor do all of the listed projects have to be completed during the term of the agreement. However, during each year of this contract, Owner is required to spend an amount at least equal to the annual property tax savings realized by Owner on one or more of the projects listed in the Rehabilitation Plan. Without altering Owner’s obligation to invest the annual tax savings in the rehabilitation, repair, maintenance,

or rehabilitation of the Historic Property, the Rehabilitation Plan may be amended or altered from time to time by written agreement executed by the City Community Development Director or the Director's designee and Owner.

B. Maintenance Plan. In addition to the Rehabilitation Plan described in Subsection 1(A) above, Owner shall preserve and maintain the characteristics of the cultural and historical significance of the Historic Property. Attached hereto as Exhibit "C," and incorporated herein by this reference, is a listing of character defining features and the minimum standards and conditions for maintenance, use, protection, and preservation of the Historic Property, which shall apply to the Historic Property and with which Owner shall comply throughout the term of this Agreement. In addition, Owner shall comply with the terms of the City's Historic Structures Ordinance (Chapter 22.22) of the Santa Barbara Municipal Code), and shall obtain any applicable permits necessary to protect, preserve, restore, and rehabilitate the Historic Property so as to maintain its historical and cultural significance. At a minimum, during the term of this agreement Owner shall maintain the exterior of the Historic Property in a condition that is at least equal to the condition documented in Exhibit "D." The condition of the exterior of the Historic Property on the effective date of this Agreement is documented in photographs attached as Exhibit "D" and incorporated herein by this reference.

C. Public View of the Historic Property. Owner shall not construct, install, allow, or maintain any wall, fence, or landscaping along the right of way frontages of the Historic Property so as to prevent the viewing of the Historic Property from the public right-of-way.

2. Periodic Examinations. Upon reasonable advance notice, Owner shall allow reasonable periodic examinations of the interior and exterior of the Historic Property by representatives of the County Assessor, the State Department of Parks and Recreation, the State Board of Equalization and

City, as may be necessary to determine Owner's compliance with the terms and provisions of this Agreement.

3. Provision of Information of Compliance. Owner hereby agrees to furnish City with any and all information requested by City, which City deems necessary or advisable to determine eligibility of the Historic Property and compliance with the terms and provisions of this Agreement. Owner shall provide the City with photographs and receipts documenting the progress and expenditures on the required Rehabilitation Plan project(s) during each year of the agreement.

4. Effective Date and Term of Agreement. This Agreement shall be effective and commence on January 1, 2017 ("Effective Date") and shall remain in effect for a term of ten (10) years thereafter.

5. Yearly Renewal. Each year upon the anniversary of the Effective Date ("Renewal Date"), an additional one (1) year shall automatically be added to the remaining term of the Agreement unless a notice of nonrenewal is delivered as provided in Section 3 of this Agreement.

6. Nonrenewal. If either the Owner or City desires in any year not to renew this Agreement, Owner or City shall serve a written notice of nonrenewal upon the party in advance of the Renewal Date ("Notice of Nonrenewal"). The Notice of Nonrenewal shall be effective only if served by Owner upon City at least ninety (90) days prior to the Renewal Date, or if served by City upon Owner, the Notice of Nonrenewal shall be effective only if served upon Owner at least sixty (60) days prior to the Renewal Date. If either City or Owner serves a Notice of Nonrenewal in any year, this Agreement shall remain in effect for the balance of the term then remaining.

7. Owner Protest of City Nonrenewal. Within fifteen (15) days of Owner's receipt of the Notice of Nonrenewal from City, Owner may file with City a written protest of the Notice of Nonrenewal. Upon receipt of the written protest, the City Council shall set a hearing prior to the

expiration of the Renewal Date of this Agreement. Owner may furnish the City Council with any information which Owner deems relevant and shall furnish the City Council with any information it may require. The City Council may, at any time prior to the annual Renewal Date, withdraw its Notice of Nonrenewal.

8. Breach of Agreement; Remedies.

A. Notice of Breach; Opportunity to Cure. If Owner breaches any provision of this Agreement, City may give written notice to Owner by registered or certified mail detailing Owner's violations. If such violation is not corrected to the reasonable satisfaction of City within thirty (30) days after the date of notice of violation, or within such a reasonable time as may be required to cure the violation (provided the acts to cure the violation are commenced within thirty (30) days and thereafter diligently pursued to completion), the City may, without further notice, declare Owner to be in breach of this Agreement. Upon City's declaration of Owner's breach, City may pursue any remedy available under local, state, or federal law, including those specifically provided for in this section.

B. Remedy - Cancellation. City may cancel this Agreement if City determines, following a duly noticed public hearing in accordance with Government Code section 50285, that Owner breached any of the conditions of the Agreement, Owner allowed the Historic Property to deteriorate to the point that it no longer meets the standards for a qualified historic property, or Owner failed to maintain and preserve the Historic Property in accordance with the terms of this Agreement. If this Agreement is cancelled, under this paragraph, Owner shall pay a cancellation fee to the Office of the Auditor for the County of Santa Barbara as required by Government Code section 50286.

C. Alternative Remedies. As an alternative to cancellation of this Agreement for Owner's breach of any condition, City may bring an action in court necessary to enforce this Agreement

including, but not limited to, an action to enforce this Agreement by specific performance, injunction, or receivership.

9. Destruction of Property; Eminent Domain; Cancellation. If the Historic Property is destroyed by earthquake, fire, flood, or other natural disaster such that in the opinion of the City Building Official more than seventy-five percent (75%) of its market value immediately prior to the damage is lost, this Agreement shall be cancelled because the historic value of the structure will have been destroyed. If the Historic Property is acquired in whole or in part by eminent domain or other acquisition by any entity authorized to exercise the power of eminent domain, and the acquisition is determined by the City Council to frustrate the purpose of this Agreement, this Agreement shall be cancelled. No cancellation fee pursuant to Government Code section 50286 shall be imposed if the Agreement is cancelled pursuant to this Section.

10. Waiver. City does not waive any claim of default by Owner if City does not enforce or cancel this Agreement. All other remedies at law or in equity which are not otherwise provided for in this Agreement or in City's regulations governing historic properties are available to the City to pursue in the event that there is a breach of this Agreement. No waiver by City of any breach or default under this Agreement shall be deemed to be a waiver of any other subsequent breach thereof or default hereunder.

11. Binding Effect of Agreement. Owner hereby subjects the Historic Property to the covenants, conditions, and restrictions set forth in this Agreement. City and Owner hereby declare their specific intent that the covenants, conditions, and restrictions set forth herein shall be deemed covenants running with the land and shall inure to and be binding upon Owner's successors and assigns in title or interest to the Historic Property. Each and every contract, deed or other instrument herein after

executed, covering or conveying the Historic Property, or any portion thereof, shall conclusively be held to have been executed, delivered and accepted subject to the covenants, reservations and restrictions are set forth in such contract, deed or other instrument.

12. Covenants Run with the Land. City and Owner hereby declare their understanding and intent that the burden of the covenants, reservations and restrictions set forth herein touch and concern the land in that it restricts development of the Historic Property. City and Owner hereby further declare their understanding and intent that the benefit of such covenants, reservations and restrictions touch and concern the land by enhancing and maintaining the cultural and historical characteristics and significance of the Historic Property for the benefit of the public and the Owner.

13. Notice. Any notice required to be given by the terms of this Agreement shall be provided at the address of the respective parties as specified below or at any other address as may be later specified by the parties hereto:

City: City of Santa Barbara
Planning Division
630 Garden Street
Santa Barbara, CA 93101

Owner: Dylan Eslin Jones and China Brett Jones, husband and wife as
community property
2210 Hudson Drive
Santa Barbara, CA 93109

14. Effect of Agreement. None of the terms, provisions or conditions of this Agreement shall be deemed to create a partnership between the parties hereto and any of their heirs, successors or assigns, nor shall such terms, provisions or conditions cause the parties to be considered joint venturers or members of any joint enterprise.

15. Indemnity of City. Owner shall defend, indemnify, and hold harmless City and its elected

officials, officers, agents and employees from any actual or alleged claims, demands, causes of action, liability, loss, damage, or injury to property or persons, including wrongful death, whether imposed by a court of law or by administrative action of any federal, state or local governmental agency, arising out of or incident to (i) the direct or indirect use operation, or maintenance of the Historic Property by Owner or any contractor, subcontractor, employee, agent, lessee, licensee, invitee, or any other person; (ii) Owner's activities in connection with the Historic Property; and (iii) any restrictions on the use or development of the Historic Property, from application or enforcement of Title 22 of the City's Municipal Code, or from the enforcement of this Agreement. This indemnification includes, without limitation, the payment of all penalties, fines, judgments, awards, decrees, attorneys' fees, and related costs or expenses, and the reimbursement of City, its elected officials, employees, and/or agents for all legal expenses and costs incurred by each of them. Owner's obligation to indemnify shall survive the termination, cancellation, or expiration of this Agreement and shall not be restricted to insurance proceeds, if any, received by City, its elected officials, employees, or agents.

16. Binding Upon Successors. All of the agreements, rights, covenants, reservations and restrictions contained in this Agreement shall be binding upon and shall inure to the benefit of the parties herein, their heirs, successors, legal representatives, assigns and all persons acquiring any part or portion of the Historic Property, whether by operation of law or in any manner whatsoever.

17. Legal Costs. In the event legal proceedings are brought by any party or parties to enforce or restrain a violation of any of the covenants, conditions or restrictions contained herein, or to determine the rights and duties of any party hereunder, the prevailing party in such proceeding may recover all reasonable attorneys' fees to be fixed by the court, in addition to court costs and other relief ordered by the court.

18. Severability. In the event that any of the provisions of this Agreement are held to be unenforceable or invalid by any court of competent jurisdiction, or by subsequent preemptive legislation, the validity and enforceability of the remaining provisions, or portions thereof, shall not be effected thereby.

19. Recordation. No later than twenty (20) days after the Effective Date, City shall cause this Agreement to be recorded in the office of the County Recorder of the County of Santa Barbara. Owner shall provide written notice of the contract to the State Office of Historic Preservation within six (6) months of entering into the contract.

20. Amendments. This Agreement may be amended, in whole or in part, only by written recorded instrument executed by the parties hereto.

21. Governing Law and Venue. This Agreement shall be construed and governed in accordance with the laws of the State of California. Any action at law or in equity brought by either of the parties hereto for the purpose of enforcing a right or rights provided for by this Agreement shall be tried in a court of competent jurisdiction in the County of Santa Barbara, State of California, and the parties hereby waive all provisions of law providing for a change of venue in such proceedings to any other county.

IN WITNESS WHEREOF, the parties have executed this Mills Act Contract for 2012 Anacapa Street as of the date and year first written above.

CITY OF SANTA BARBARA
a Municipal Corporation

OWNERS

Paul Casey
City Administrator

(Dylan Eslin Jones)

ATTEST:

(China Brett Jones)
Husband and Wife as community property
2210 Hudson Drive
Santa Barbara, CA 93109

City Clerk Services Manager

APPROVED AS TO CONTENT:

George Buell
Community Development Director

APPROVED AS TO FORM:
Ariel Pierre Calonne
City Attorney

By _____
Assistant City Attorney

SEE NOTARY FORM ATTACHED.

Exhibit "A"
Legal Description

The legal description from the grant deed

Lot 4 in Block "D" of The Palisades Tract on The Mesa, in the City of Santa Barbara, County of Santa Barbara, State of California, as shown on a map recorded in Book 15, Pages 18 and 19 of Maps, in the Office of the County Recorder of said County.

Exhibit “B”

Projects may be interior or exterior, but must utilize all of your tax savings. All projects that affect the exterior of the residence are subject to Historic Landmarks Commission/staff review and approval before work begins as required by Title 22. Work must meet all City requirements and the *Secretary of the Interior’s Standards for the Treatment of Historic Properties*.

Retain copies of receipts and permits for submittal with the required annual reports.

The City of Santa Barbara does not make any of the Mills Act calculations and assumes no liability for the Mills Act calculations submitted by the applicant as part of the application or the Mills Act calculations of the Santa Barbara County Assessor’s Office.

MILLS ACT PROGRAM TEN-YEAR REHABILITATION PLAN

2210 Hudson Drive, The Charles Pressley House, City Landmark
City of Santa Barbara

Year/Range	Proposed Project	Estimated Cost
Year 1	Repair adobe wall on the perimeter	\$4,500
Year 2	Repair replace damaged roof tiles	\$6,000
Year 3	Restore front patio/walkway	\$10,000
Year 4	Structural adobe wall repair	\$15,000
Year 5	Re-pipe sewer to main	\$15,000
Year 6	Paint exterior of property	\$8,000
Year 7	Door and Window repair/replace to match original	\$12,000
Year 8	Restore damaged hardwood floors	\$8,000

Year 9	Repair landscape drainage and grading	\$4,000
Year 10	Repair fireplace/structural improvement	\$10,000
TOTAL		\$92,500

To be attached to the Historic Property Preservation Agreement (Mills Act Contract) as Exhibit B.

Projects may be interior or exterior, but must utilize all of your tax savings. All projects that affect the exterior of the residence are subject to Historic Landmarks Commission/Staff review and approval before work begins. Work must meet all City requirements and the *Secretary of the Interior's Standards for the Treatment of Historic Properties*. Rehabilitation Plan may be amended or altered by mutual agreement. Retain copies of all receipts and permits for submittal with the required annual reports.

Exhibit “C”

Property Maintenance Minimum Standards

During the term of this Agreement, Owners shall maintain the Historic Property in compliance with all regulations of the state Health and Safety Code including compliance with the adopted Uniform Housing Code as referenced in Chapter 22.04 of the Santa Barbara Municipal Code. In addition, during the term of this Agreement, Owner shall:

1. Comply with Santa Barbara Municipal Code Section 22.22.070, Duty to Repair and Maintain Structures of Merit consistent with maintenance plan for preservation of character defining features.
2. Not store non-operational vehicles on the Historic Property in locations that are visible from the public right of way;
3. Not maintain stagnant or standing water on the Historic Property;
4. Not suffer or maintain overgrown or decaying landscaping on the Historic Property. All landscape features should be maintained including, but not limited to grass, trees, and any planting.

Exhibit “D”

Photos of the exterior are used as Exhibit “D”



Front, South, elevation of 2210 Hudson Drive. (2016)



*Original wood windows to be restored.
(2016)*



Cracking in adobe perimeter wall to be repaired (2016)



Cracking in adobe perimeter wall to be repaired (2016)



Cracking in chimney to be repaired (2016)

RECORDING REQUESTED BY,)
AND WHEN RECORDED MAIL TO:)
City of Santa Barbara)
Community Development Department)
630 Garden Street)
P.O. Drawer 1990)
Santa Barbara, CA 93102
Attn: Community Development Director

SEND ANOTHER COPY TO:

Exempt from recording fees - Government Code 27383

(Space Above for Recorder's Office)

HISTORIC PROPERTY PRESERVATION AGREEMENT
("MILLS ACT CONTRACT")

between

THE CITY OF SANTA BARBARA
a municipal corporation

and

ZIV, ZOHAR QUALIFIED PERSONAL RESIDENCE TRUST 12/10/12
2121 Garden Street, Santa Barbara, CA 93105

Owner of the property located at

2121 Garden Street
APN: 025-252-003

HISTORIC PROPERTY PRESERVATION AGREEMENT

("MILLS ACT CONTRACT")

THIS AGREEMENT is made this _____, 2016, by and between the City of Santa Barbara, a municipal corporation ("City") and Ziv, Zohar Qualified Personal Residence Trust 12/10/12 (hereinafter collectively referred to as "Owner").

RECITALS

1. California Government Code section 50280, et. seq. allow cities the discretion to enter into contracts with the owners of qualified historic properties, as that term is defined in Government Code section 50280.1, for the purpose of providing for the use, maintenance, protection, and rehabilitation of such historic property so as to retain its characteristics as property of historic significance.

2. Owner holds fee title in and to that certain real property, together with associated structures and improvements thereon, generally located at the street address 2121 Garden Street Santa Barbara, California ("Historic Property"). A legal description of the Historic Property is attached hereto as Exhibit "A," and incorporated herein by this reference.

3. On May 17, 2016, the Council of the City of Santa Barbara designated the Historic Property as a City Landmark pursuant to the terms and provisions of Title 22 of the Santa Barbara Municipal Code.

4. City and Owner desire to enter into this Agreement for the purpose of protecting and preserving the characteristics of historical significance of the Historic Property that help preserve and maintain the community's unique civic identity and character.

5. Owner, in consideration for abiding by the terms of this Agreement, shall be entitled to qualify for a reassessment of valuation of the Historic Property, pursuant to the provisions of Chapter 3, Part 2, of Division 1 of the California Revenue and Taxation Code, and any corresponding

adjustment in property taxes resulting therefrom.

TERMS

NOW, THEREFORE, the City and Owner in consideration of mutual covenants and conditions set forth herein, do hereby agree as follows:

1. Preservation of Historical Property. During the term of this Agreement, the Historic Property shall be subject to the following conditions, requirements, and restrictions:

A. The Rehabilitation Plan. Owner has proposed a specific list of projects, acceptable to City, that are to be undertaken and completed for the rehabilitation, repair, maintenance, or rehabilitation of the Historic Property during the term of this agreement (hereinafter the “Rehabilitation Plan.”) The proposed Rehabilitation Plan is listed in Exhibit “B,” which exhibit is incorporated herein by this reference. Owner shall conduct at least one of the projects listed in the Rehabilitation Plan during each year of this agreement. All such projects shall be undertaken and completed in accordance with the Secretary of Interior Standards for Rehabilitation and the City of Santa Barbara design guidelines.

The projects in the Rehabilitation Plan are listed in chronological order by the contract year(s) in which the projects are expected to commence. In addition, the project list provides an estimated cost of completion for each project. The project commencement dates and cost estimates are provided for purposes of illustration. A project does not have to be completed within a single contract year, nor do all of the listed projects have to be completed during the term of the agreement. However, during each year of this contract, Owner is required to spend an amount at least equal to the annual property tax savings realized by Owner on one or more of the projects listed in the Rehabilitation Plan. Without altering Owner’s obligation to invest the annual tax savings in the rehabilitation, repair, maintenance,

or rehabilitation of the Historic Property, the Rehabilitation Plan may be amended or altered from time to time by written agreement executed by the City Community Development Director or the Director's designee and Owner.

B. Maintenance Plan. In addition to the Rehabilitation Plan described in Subsection 1(A) above, Owner shall preserve and maintain the characteristics of the cultural and historical significance of the Historic Property. Attached hereto as Exhibit "C," and incorporated herein by this reference, is a listing of character defining features and the minimum standards and conditions for maintenance, use, protection, and preservation of the Historic Property, which shall apply to the Historic Property and with which Owner shall comply throughout the term of this Agreement. In addition, Owner shall comply with the terms of the City's Historic Structures Ordinance (Chapter 22.22) of the Santa Barbara Municipal Code), and shall obtain any applicable permits necessary to protect, preserve, restore, and rehabilitate the Historic Property so as to maintain its historical and cultural significance. At a minimum, during the term of this agreement Owner shall maintain the exterior of the Historic Property in a condition that is at least equal to the condition documented in Exhibit "D." The condition of the exterior of the Historic Property on the effective date of this Agreement is documented in photographs attached as Exhibit "D" and incorporated herein by this reference.

C. Public View of the Historic Property. Owner shall not construct, install, allow, or maintain any wall, fence, or landscaping along the right of way frontages of the Historic Property so as to prevent the viewing of the Historic Property from the public right-of-way.

2. Periodic Examinations. Upon reasonable advance notice, Owner shall allow reasonable periodic examinations of the interior and exterior of the Historic Property by representatives of the County Assessor, the State Department of Parks and Recreation, the State Board of Equalization and

City, as may be necessary to determine Owner's compliance with the terms and provisions of this Agreement.

3. Provision of Information of Compliance. Owner hereby agrees to furnish City with any and all information requested by City, which City deems necessary or advisable to determine eligibility of the Historic Property and compliance with the terms and provisions of this Agreement. Owner shall provide the City with photographs and receipts documenting the progress and expenditures on the required Rehabilitation Plan project(s) during each year of the agreement.

4. Effective Date and Term of Agreement. This Agreement shall be effective and commence on January 1, 2017 ("Effective Date") and shall remain in effect for a term of ten (10) years thereafter.

5. Yearly Renewal. Each year upon the anniversary of the Effective Date ("Renewal Date"), an additional one (1) year shall automatically be added to the remaining term of the Agreement unless a notice of nonrenewal is delivered as provided in Section 3 of this Agreement.

6. Nonrenewal. If either the Owner or City desires in any year not to renew this Agreement, Owner or City shall serve a written notice of nonrenewal upon the party in advance of the Renewal Date ("Notice of Nonrenewal"). The Notice of Nonrenewal shall be effective only if served by Owner upon City at least ninety (90) days prior to the Renewal Date, or if served by City upon Owner, the Notice of Nonrenewal shall be effective only if served upon Owner at least sixty (60) days prior to the Renewal Date. If either City or Owner serves a Notice of Nonrenewal in any year, this Agreement shall remain in effect for the balance of the term then remaining.

7. Owner Protest of City Nonrenewal. Within fifteen (15) days of Owner's receipt of the Notice of Nonrenewal from City, Owner may file with City a written protest of the Notice of Nonrenewal. Upon receipt of the written protest, the City Council shall set a hearing prior to the

expiration of the Renewal Date of this Agreement. Owner may furnish the City Council with any information which Owner deems relevant and shall furnish the City Council with any information it may require. The City Council may, at any time prior to the annual Renewal Date, withdraw its Notice of Nonrenewal.

8. Breach of Agreement; Remedies.

A. Notice of Breach; Opportunity to Cure. If Owner breaches any provision of this Agreement, City may give written notice to Owner by registered or certified mail detailing Owner's violations. If such violation is not corrected to the reasonable satisfaction of City within thirty (30) days after the date of notice of violation, or within such a reasonable time as may be required to cure the violation (provided the acts to cure the violation are commenced within thirty (30) days and thereafter diligently pursued to completion), the City may, without further notice, declare Owner to be in breach of this Agreement. Upon City's declaration of Owner's breach, City may pursue any remedy available under local, state, or federal law, including those specifically provided for in this section.

B. Remedy - Cancellation. City may cancel this Agreement if City determines, following a duly noticed public hearing in accordance with Government Code section 50285, that Owner breached any of the conditions of the Agreement, Owner allowed the Historic Property to deteriorate to the point that it no longer meets the standards for a qualified historic property, or Owner failed to maintain and preserve the Historic Property in accordance with the terms of this Agreement. If this Agreement is cancelled, under this paragraph, Owner shall pay a cancellation fee to the Office of the Auditor for the County of Santa Barbara as required by Government Code section 50286.

C. Alternative Remedies. As an alternative to cancellation of this Agreement for Owner's breach of any condition, City may bring an action in court necessary to enforce this Agreement

including, but not limited to, an action to enforce this Agreement by specific performance, injunction, or receivership.

9. Destruction of Property; Eminent Domain; Cancellation. If the Historic Property is destroyed by earthquake, fire, flood, or other natural disaster such that in the opinion of the City Building Official more than seventy-five percent (75%) of its market value immediately prior to the damage is lost, this Agreement shall be cancelled because the historic value of the structure will have been destroyed. If the Historic Property is acquired in whole or in part by eminent domain or other acquisition by any entity authorized to exercise the power of eminent domain, and the acquisition is determined by the City Council to frustrate the purpose of this Agreement, this Agreement shall be cancelled. No cancellation fee pursuant to Government Code section 50286 shall be imposed if the Agreement is cancelled pursuant to this Section.

10. Waiver. City does not waive any claim of default by Owner if City does not enforce or cancel this Agreement. All other remedies at law or in equity which are not otherwise provided for in this Agreement or in City's regulations governing historic properties are available to the City to pursue in the event that there is a breach of this Agreement. No waiver by City of any breach or default under this Agreement shall be deemed to be a waiver of any other subsequent breach thereof or default hereunder.

11. Binding Effect of Agreement. Owner hereby subjects the Historic Property to the covenants, conditions, and restrictions set forth in this Agreement. City and Owner hereby declare their specific intent that the covenants, conditions, and restrictions set forth herein shall be deemed covenants running with the land and shall inure to and be binding upon Owner's successors and assigns in title or interest to the Historic Property. Each and every contract, deed or other instrument herein after

executed, covering or conveying the Historic Property, or any portion thereof, shall conclusively be held to have been executed, delivered and accepted subject to the covenants, reservations and restrictions are set forth in such contract, deed or other instrument.

12. Covenants Run with the Land. City and Owner hereby declare their understanding and intent that the burden of the covenants, reservations and restrictions set forth herein touch and concern the land in that it restricts development of the Historic Property. City and Owner hereby further declare their understanding and intent that the benefit of such covenants, reservations and restrictions touch and concern the land by enhancing and maintaining the cultural and historical characteristics and significance of the Historic Property for the benefit of the public and the Owner.

13. Notice. Any notice required to be given by the terms of this Agreement shall be provided at the address of the respective parties as specified below or at any other address as may be later specified by the parties hereto:

City: City of Santa Barbara
Planning Division
630 Garden Street
Santa Barbara, CA 93101

Owner: Ziv, Zohar Qualified Personal Residence Trust 12/10/12
2121 Garden Street
Santa Barbara, CA 93105

14. Effect of Agreement. None of the terms, provisions or conditions of this Agreement shall be deemed to create a partnership between the parties hereto and any of their heirs, successors or assigns, nor shall such terms, provisions or conditions cause the parties to be considered joint venturers or members of any joint enterprise.

15. Indemnity of City. Owner shall defend, indemnify, and hold harmless City and its elected

officials, officers, agents and employees from any actual or alleged claims, demands, causes of action, liability, loss, damage, or injury to property or persons, including wrongful death, whether imposed by a court of law or by administrative action of any federal, state or local governmental agency, arising out of or incident to (i) the direct or indirect use operation, or maintenance of the Historic Property by Owner or any contractor, subcontractor, employee, agent, lessee, licensee, invitee, or any other person; (ii) Owner's activities in connection with the Historic Property; and (iii) any restrictions on the use or development of the Historic Property, from application or enforcement of Title 22 of the City's Municipal Code, or from the enforcement of this Agreement. This indemnification includes, without limitation, the payment of all penalties, fines, judgments, awards, decrees, attorneys' fees, and related costs or expenses, and the reimbursement of City, its elected officials, employees, and/or agents for all legal expenses and costs incurred by each of them. Owner's obligation to indemnify shall survive the termination, cancellation, or expiration of this Agreement and shall not be restricted to insurance proceeds, if any, received by City, its elected officials, employees, or agents.

16. Binding Upon Successors. All of the agreements, rights, covenants, reservations and restrictions contained in this Agreement shall be binding upon and shall inure to the benefit of the parties herein, their heirs, successors, legal representatives, assigns and all persons acquiring any part or portion of the Historic Property, whether by operation of law or in any manner whatsoever.

17. Legal Costs. In the event legal proceedings are brought by any party or parties to enforce or restrain a violation of any of the covenants, conditions or restrictions contained herein, or to determine the rights and duties of any party hereunder, the prevailing party in such proceeding may recover all reasonable attorneys' fees to be fixed by the court, in addition to court costs and other relief ordered by the court.

18. Severability. In the event that any of the provisions of this Agreement are held to be unenforceable or invalid by any court of competent jurisdiction, or by subsequent preemptive legislation, the validity and enforceability of the remaining provisions, or portions thereof, shall not be effected thereby.

19. Recordation. No later than twenty (20) days after the Effective Date, City shall cause this Agreement to be recorded in the office of the County Recorder of the County of Santa Barbara. Owner shall provide written notice of the contract to the State Office of Historic Preservation within six (6) months of entering into the contract.

20. Amendments. This Agreement may be amended, in whole or in part, only by written recorded instrument executed by the parties hereto.

21. Governing Law and Venue. This Agreement shall be construed and governed in accordance with the laws of the State of California. Any action at law or in equity brought by either of the parties hereto for the purpose of enforcing a right or rights provided for by this Agreement shall be tried in a court of competent jurisdiction in the County of Santa Barbara, State of California, and the parties hereby waive all provisions of law providing for a change of venue in such proceedings to any other county.

IN WITNESS WHEREOF, the parties have executed this Mills Act Contract for 2012 Anacapa Street as of the date and year first written above.

CITY OF SANTA BARBARA
a Municipal Corporation

OWNERS

Paul Casey
City Administrator

(Zohar Ziv)
Ziv, Zohar Qualified Personal Residence
Trust 12/10/12
2121 Garden Street
Santa Barbara, CA 93105

ATTEST:

City Clerk Services Manager

APPROVED AS TO CONTENT:

George Buell
Community Development Director

APPROVED AS TO FORM:

Ariel Pierre Calonne
City Attorney

By _____
Assistant City Attorney

SEE NOTARY FORM ATTACHED.

Exhibit "A"
Legal Description

The legal description from the grant deed

THAT PORTION OF BLOCK "F" IN MISSION ADDITION TO THE CITY OF SANTA BARBARA, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, ACCORDING TO THE MAP THEREOF RECORDED IN BOOK 1 OF MAPS AND SURVEYS AT PAGE 26 IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTHWESTERLY LINE OF GARDEN STREET, DISTANT THEREON SOUTHEASTERLY 100 FEET FROM THE MOST NORTHERLY CORNER OF SAID BLOCK; THENCE SOUTHEASTERLY ALONG SAID LINE OF GARDEN STREET 150 FEET TO A POINT; THENCE AT RIGHT ANGLES SOUTHWESTERLY 170 FEET TO A POINT; THENCE AT RIGHT ANGLES NORTHWESTERLY 150 FEET TO A POINT; THENCE AT RIGHT ANGLES NORTHEASTERLY 170 FEET TO THE POINT OF BEGINNING.

Exhibit “B”

Projects may be interior or exterior, but must utilize all of your tax savings. All projects that affect the exterior of the residence are subject to Historic Landmarks Commission/staff review and approval before work begins as required by Title 22. Work must meet all City requirements and the *Secretary of the Interior’s Standards for the Treatment of Historic Properties*.

Retain copies of receipts and permits for submittal with the required annual reports.

The City of Santa Barbara does not make any of the Mills Act calculations and assumes no liability for the Mills Act calculations submitted by the applicant as part of the application or the Mills Act calculations of the Santa Barbara County Assessor’s Office.

MILLS ACT PROGRAM TEN-YEAR REHABILITATION PLAN
 2121 Garden Street, “The Olives” Residence, City Landmark
 City of Santa Barbara

Year/Range	Proposed Project	Estimated Cost
Year 1-2	Restore driveway access to original place	\$100,000
	Restore garage back to its original place	\$150,000
	Restore the garden to its original place	\$75,000
	Establish a new drainage system	\$100,000
	Replace electrical to meet code	\$15,000
	Original wood window repair	\$5,000
	Update four bathrooms	\$75,000
	Insulate attic	\$5,000
Year 2	Landscape rehabilitation improvements and maintenance	\$20,000
	Install roof safety railing	\$20,000
	Install A/C System	\$15,000
Year 3	Painting and exterior repairs	\$75,000
Year 4	Install marble kitchen countertops	\$20,000

Year 5	Replace Roof	\$100,000
Total		\$775,000

To be attached to the Historic Property Preservation Agreement (Mills Act Contract) as Exhibit B.

Projects may be interior or exterior, but must utilize all of your tax savings. All projects that affect the exterior of the residence are subject to Historic Landmarks Commission/Staff review and approval before work begins. Work must meet all City requirements and the *Secretary of the Interior's Standards for the Treatment of Historic Properties*. Rehabilitation Plan may be amended or altered by mutual agreement. Retain copies of all receipts and permits for submittal with the required annual reports.

Exhibit “C”

Property Maintenance Minimum Standards

During the term of this Agreement, Owners shall maintain the Historic Property in compliance with all regulations of the state Health and Safety Code including compliance with the adopted Uniform Housing Code as referenced in Chapter 22.04 of the Santa Barbara Municipal Code. In addition, during the term of this Agreement, Owner shall:

1. Comply with Santa Barbara Municipal Code Section 22.22.070, Duty to Repair and Maintain Structures of Merit consistent with maintenance plan for preservation of character defining features.
2. Not store non-operational vehicles on the Historic Property in locations that are visible from the public right of way;
3. Not maintain stagnant or standing water on the Historic Property;
4. Not suffer or maintain overgrown or decaying landscaping on the Historic Property. All landscape features should be maintained including, but not limited to grass, trees, and any planting.

Exhibit “D”

Photos of the exterior are used as Exhibit “D”



Front, South, elevation of 2121 Garden Street. (2016)



*Original wood windows to be restored.
(2016)*



*Wood shingle siding to be repaired
(2016)*



*Wood shingle siding to be repaired
(2016)*



*Railing to be installed on upper roof
and roofing to be replaced (2016)*



Siding to be re-painted (2016)

RECORDING REQUESTED BY,)
AND WHEN RECORDED MAIL TO:)
City of Santa Barbara)
Community Development Department)
630 Garden Street)
P.O. Drawer 1990)
Santa Barbara, CA 93102
Attn: Community Development Director

SEND ANOTHER COPY TO:

Exempt from recording fees - Government Code 27383

(Space Above for Recorder's Office)

HISTORIC PROPERTY PRESERVATION AGREEMENT
(“MILLS ACT CONTRACT”)

between

THE CITY OF SANTA BARBARA
a municipal corporation

and

Julia Collier Emerson, Trustee of the Julia Collier Emerson Living Trust dated August 23,
2002 as amended and restated
1919 Santa Barbara Street, Santa Barbara, CA 93101

Owner of the property located at
1919 Santa Barbara Street
APN: 025-381-007

HISTORIC PROPERTY PRESERVATION AGREEMENT

("MILLS ACT CONTRACT")

THIS AGREEMENT is made this _____, 2016, by and between the City of Santa Barbara, a municipal corporation ("City") and Julia Collier Emerson, Trustee of the Julia Collier Emerson Living Trust dated August 23, 2002 as amended and restated (hereinafter collectively referred to as "Owner").

RECITALS

1. California Government Code section 50280, et. seq. allow cities the discretion to enter into contracts with the owners of qualified historic properties, as that term is defined in Government Code section 50280.1, for the purpose of providing for the use, maintenance, protection, and rehabilitation of such historic property so as to retain its characteristics as property of historic significance.

2. Owner holds fee title in and to that certain real property, together with associated structures and improvements thereon, generally located at the street address 1919 Santa Barbara Street, Santa Barbara, California ("Historic Property"). A legal description of the Historic Property is attached hereto as Exhibit "A," and incorporated herein by this reference.

3. On July 27, 2016, the Historic Landmarks Commission of the City of Santa Barbara designated the Historic Property as a Structure of Merit pursuant to the terms and provisions of Title 22 of the Santa Barbara Municipal Code.

4. City and Owner desire to enter into this Agreement for the purpose of protecting and preserving the characteristics of historical significance of the Historic Property that help preserve and maintain the community's unique civic identity and character.

5. Owner, in consideration for abiding by the terms of this Agreement, shall be entitled to qualify for a reassessment of valuation of the Historic Property, pursuant to the provisions of Chapter 3, Part 2, of Division 1 of the California Revenue and Taxation Code, and any corresponding

adjustment in property taxes resulting therefrom.

TERMS

NOW, THEREFORE, the City and Owner in consideration of mutual covenants and conditions set forth herein, do hereby agree as follows:

1. Preservation of Historical Property. During the term of this Agreement, the Historic Property shall be subject to the following conditions, requirements, and restrictions:

A. The Rehabilitation Plan. Owner has proposed a specific list of projects, acceptable to City, that are to be undertaken and completed for the rehabilitation, repair, maintenance, or rehabilitation of the Historic Property during the term of this agreement (hereinafter the “Rehabilitation Plan.”) The proposed Rehabilitation Plan is listed in Exhibit “B,” which exhibit is incorporated herein by this reference. Owner shall conduct at least one of the projects listed in the Rehabilitation Plan during each year of this agreement. All such projects shall be undertaken and completed in accordance with the Secretary of Interior Standards for Rehabilitation and the City of Santa Barbara design guidelines.

The projects in the Rehabilitation Plan are listed in chronological order by the contract year(s) in which the projects are expected to commence. In addition, the project list provides an estimated cost of completion for each project. The project commencement dates and cost estimates are provided for purposes of illustration. A project does not have to be completed within a single contract year, nor do all of the listed projects have to be completed during the term of the agreement. However, during each year of this contract, Owner is required to spend an amount at least equal to the annual property tax savings realized by Owner on one or more of the projects listed in the Rehabilitation Plan. Without altering Owner’s obligation to invest the annual tax savings in the rehabilitation, repair, maintenance,

or rehabilitation of the Historic Property, the Rehabilitation Plan may be amended or altered from time to time by written agreement executed by the City Community Development Director or the Director's designee and Owner.

B. Maintenance Plan. In addition to the Rehabilitation Plan described in Subsection 1(A) above, Owner shall preserve and maintain the characteristics of the cultural and historical significance of the Historic Property. Attached hereto as Exhibit "C," and incorporated herein by this reference, is a listing of character defining features and the minimum standards and conditions for maintenance, use, protection, and preservation of the Historic Property, which shall apply to the Historic Property and with which Owner shall comply throughout the term of this Agreement. In addition, Owner shall comply with the terms of the City's Historic Structures Ordinance (Chapter 22.22) of the Santa Barbara Municipal Code), and shall obtain any applicable permits necessary to protect, preserve, restore, and rehabilitate the Historic Property so as to maintain its historical and cultural significance. At a minimum, during the term of this agreement Owner shall maintain the exterior of the Historic Property in a condition that is at least equal to the condition documented in Exhibit "D." The condition of the exterior of the Historic Property on the effective date of this Agreement is documented in photographs attached as Exhibit "D" and incorporated herein by this reference.

C. Public View of the Historic Property. Owner shall not construct, install, allow, or maintain any wall, fence, or landscaping along the right of way frontages of the Historic Property so as to prevent the viewing of the Historic Property from the public right-of-way.

2. Periodic Examinations. Upon reasonable advance notice, Owner shall allow reasonable periodic examinations of the interior and exterior of the Historic Property by representatives of the County Assessor, the State Department of Parks and Recreation, the State Board of Equalization and

City, as may be necessary to determine Owner's compliance with the terms and provisions of this Agreement.

3. Provision of Information of Compliance. Owner hereby agrees to furnish City with any and all information requested by City, which City deems necessary or advisable to determine eligibility of the Historic Property and compliance with the terms and provisions of this Agreement. Owner shall provide the City with photographs and receipts documenting the progress and expenditures on the required Rehabilitation Plan project(s) during each year of the agreement.

4. Effective Date and Term of Agreement. This Agreement shall be effective and commence on January 1, 2017 ("Effective Date") and shall remain in effect for a term of ten (10) years thereafter.

5. Yearly Renewal. Each year upon the anniversary of the Effective Date ("Renewal Date"), an additional one (1) year shall automatically be added to the remaining term of the Agreement unless a notice of nonrenewal is delivered as provided in Section 3 of this Agreement.

6. Nonrenewal. If either the Owner or City desires in any year not to renew this Agreement, Owner or City shall serve a written notice of nonrenewal upon the party in advance of the Renewal Date ("Notice of Nonrenewal"). The Notice of Nonrenewal shall be effective only if served by Owner upon City at least ninety (90) days prior to the Renewal Date, or if served by City upon Owner, the Notice of Nonrenewal shall be effective only if served upon Owner at least sixty (60) days prior to the Renewal Date. If either City or Owner serves a Notice of Nonrenewal in any year, this Agreement shall remain in effect for the balance of the term then remaining.

7. Owner Protest of City Nonrenewal. Within fifteen (15) days of Owner's receipt of the Notice of Nonrenewal from City, Owner may file with City a written protest of the Notice of Nonrenewal. Upon receipt of the written protest, the City Council shall set a hearing prior to the

expiration of the Renewal Date of this Agreement. Owner may furnish the City Council with any information which Owner deems relevant and shall furnish the City Council with any information it may require. The City Council may, at any time prior to the annual Renewal Date, withdraw its Notice of Nonrenewal.

8. Breach of Agreement; Remedies.

A. Notice of Breach; Opportunity to Cure. If Owner breaches any provision of this Agreement, City may give written notice to Owner by registered or certified mail detailing Owner's violations. If such violation is not corrected to the reasonable satisfaction of City within thirty (30) days after the date of notice of violation, or within such a reasonable time as may be required to cure the violation (provided the acts to cure the violation are commenced within thirty (30) days and thereafter diligently pursued to completion), the City may, without further notice, declare Owner to be in breach of this Agreement. Upon City's declaration of Owner's breach, City may pursue any remedy available under local, state, or federal law, including those specifically provided for in this section.

B. Remedy - Cancellation. City may cancel this Agreement if City determines, following a duly noticed public hearing in accordance with Government Code section 50285, that Owner breached any of the conditions of the Agreement, Owner allowed the Historic Property to deteriorate to the point that it no longer meets the standards for a qualified historic property, or Owner failed to maintain and preserve the Historic Property in accordance with the terms of this Agreement. If this Agreement is cancelled, under this paragraph, Owner shall pay a cancellation fee to the Office of the Auditor for the County of Santa Barbara as required by Government Code section 50286.

C. Alternative Remedies. As an alternative to cancellation of this Agreement for Owner's breach of any condition, City may bring an action in court necessary to enforce this Agreement

including, but not limited to, an action to enforce this Agreement by specific performance, injunction, or receivership.

9. Destruction of Property; Eminent Domain; Cancellation. If the Historic Property is destroyed by earthquake, fire, flood, or other natural disaster such that in the opinion of the City Building Official more than seventy-five percent (75%) of its market value immediately prior to the damage is lost, this Agreement shall be cancelled because the historic value of the structure will have been destroyed. If the Historic Property is acquired in whole or in part by eminent domain or other acquisition by any entity authorized to exercise the power of eminent domain, and the acquisition is determined by the City Council to frustrate the purpose of this Agreement, this Agreement shall be cancelled. No cancellation fee pursuant to Government Code section 50286 shall be imposed if the Agreement is cancelled pursuant to this Section.

10. Waiver. City does not waive any claim of default by Owner if City does not enforce or cancel this Agreement. All other remedies at law or in equity which are not otherwise provided for in this Agreement or in City's regulations governing historic properties are available to the City to pursue in the event that there is a breach of this Agreement. No waiver by City of any breach or default under this Agreement shall be deemed to be a waiver of any other subsequent breach thereof or default hereunder.

11. Binding Effect of Agreement. Owner hereby subjects the Historic Property to the covenants, conditions, and restrictions set forth in this Agreement. City and Owner hereby declare their specific intent that the covenants, conditions, and restrictions set forth herein shall be deemed covenants running with the land and shall inure to and be binding upon Owner's successors and assigns in title or interest to the Historic Property. Each and every contract, deed or other instrument herein after

executed, covering or conveying the Historic Property, or any portion thereof, shall conclusively be held to have been executed, delivered and accepted subject to the covenants, reservations and restrictions are set forth in such contract, deed or other instrument.

12. Covenants Run with the Land. City and Owner hereby declare their understanding and intent that the burden of the covenants, reservations and restrictions set forth herein touch and concern the land in that it restricts development of the Historic Property. City and Owner hereby further declare their understanding and intent that the benefit of such covenants, reservations and restrictions touch and concern the land by enhancing and maintaining the cultural and historical characteristics and significance of the Historic Property for the benefit of the public and the Owner.

13. Notice. Any notice required to be given by the terms of this Agreement shall be provided at the address of the respective parties as specified below or at any other address as may be later specified by the parties hereto:

City: City of Santa Barbara
Planning Division
630 Garden Street
Santa Barbara, CA 93101

Owner: Julia Collier Emerson, Trustee of the Julia Collier Emerson Living
Trust dated August 23, 2002 as amended and restated
1919 Santa Barbara Street
Santa Barbara, CA 93101

14. Effect of Agreement. None of the terms, provisions or conditions of this Agreement shall be deemed to create a partnership between the parties hereto and any of their heirs, successors or assigns, nor shall such terms, provisions or conditions cause the parties to be considered joint venturers or members of any joint enterprise.

15. Indemnity of City. Owner shall defend, indemnify, and hold harmless City and its elected

officials, officers, agents and employees from any actual or alleged claims, demands, causes of action, liability, loss, damage, or injury to property or persons, including wrongful death, whether imposed by a court of law or by administrative action of any federal, state or local governmental agency, arising out of or incident to (i) the direct or indirect use operation, or maintenance of the Historic Property by Owner or any contractor, subcontractor, employee, agent, lessee, licensee, invitee, or any other person; (ii) Owner's activities in connection with the Historic Property; and (iii) any restrictions on the use or development of the Historic Property, from application or enforcement of Title 22 of the City's Municipal Code, or from the enforcement of this Agreement. This indemnification includes, without limitation, the payment of all penalties, fines, judgments, awards, decrees, attorneys' fees, and related costs or expenses, and the reimbursement of City, its elected officials, employees, and/or agents for all legal expenses and costs incurred by each of them. Owner's obligation to indemnify shall survive the termination, cancellation, or expiration of this Agreement and shall not be restricted to insurance proceeds, if any, received by City, its elected officials, employees, or agents.

16. Binding Upon Successors. All of the agreements, rights, covenants, reservations and restrictions contained in this Agreement shall be binding upon and shall inure to the benefit of the parties herein, their heirs, successors, legal representatives, assigns and all persons acquiring any part or portion of the Historic Property, whether by operation of law or in any manner whatsoever.

17. Legal Costs. In the event legal proceedings are brought by any party or parties to enforce or restrain a violation of any of the covenants, conditions or restrictions contained herein, or to determine the rights and duties of any party hereunder, the prevailing party in such proceeding may recover all reasonable attorneys' fees to be fixed by the court, in addition to court costs and other relief ordered by the court.

18. Severability. In the event that any of the provisions of this Agreement are held to be unenforceable or invalid by any court of competent jurisdiction, or by subsequent preemptive legislation, the validity and enforceability of the remaining provisions, or portions thereof, shall not be effected thereby.

19. Recordation. No later than twenty (20) days after the Effective Date, City shall cause this Agreement to be recorded in the office of the County Recorder of the County of Santa Barbara. Owner shall provide written notice of the contract to the State Office of Historic Preservation within six (6) months of entering into the contract.

20. Amendments. This Agreement may be amended, in whole or in part, only by written recorded instrument executed by the parties hereto.

21. Governing Law and Venue. This Agreement shall be construed and governed in accordance with the laws of the State of California. Any action at law or in equity brought by either of the parties hereto for the purpose of enforcing a right or rights provided for by this Agreement shall be tried in a court of competent jurisdiction in the County of Santa Barbara, State of California, and the parties hereby waive all provisions of law providing for a change of venue in such proceedings to any other county.

IN WITNESS WHEREOF, the parties have executed this Mills Act Contract for 2012 Anacapa Street as of the date and year first written above.

CITY OF SANTA BARBARA
a Municipal Corporation

OWNERS

Paul Casey
City Administrator

Julia Collier Emerson, Trustee of the Julia Collier Emerson Living Trust dated August 23, 2002 as amended and restated
1919 Santa Barbara Street
Santa Barbara, CA 93101

ATTEST:

City Clerk Services Manager

APPROVED AS TO CONTENT:

George Buell
Community Development Director

APPROVED AS TO FORM:

Ariel Pierre Calonne
City Attorney

By _____
Assistant City Attorney

SEE NOTARY FORM ATTACHED.

Exhibit "A"
Legal Description

The legal description from the grant deed

THAT PORTION OF BLOCK 3, IN THE CITY OF SANTA BARBARA, ACCORDING TO THE OFFICIAL MAP THEREOF, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTHWESTERLY LINE OF SANTA BARBARA STREET, 60.00 FEET WIDE, AT THE MOST EASTERLY CORNER OF THE TRACT OF LAND CONVEYED IN THE DEED TO RUDOLF HOLZAPFEL AND MARY MONA HOLZAPFEL, HUSBAND AND WIFE, AS JOINT TENANTS, RECORDED ON JUNE 23, 1950 IN BOOK 925, PAGE 17 OF OFFICIAL RECORDS, SAID CORNER BEING DISTANT SOUTH 48 DEGREES 30' EAST 145.50 FEET, ALONG SAID STREET LINE, FROM THE MOST NORTHERLY CORNER OF SAID BLOCK 3; THEN FOR FOUR (4) COURSES AROUND THE BOUNDARY LINE OF THE TRACT OF LAND CONVEYED IN THE DEED TO JOSEPH F. LABARGE AND MINNIE F. LABARGE, HUSBAND AND WIFE, AS JOINT TENANTS, RECORDED ON SEPTEMBER 26, 1962 IN BOOK 1953, PAGE 1092 OF OFFICIAL RECORDS:

FIRST, ALONG THE SOUTHEASTERLY LINE OF SAID HOLZAPFEL TRACT AND ITS SOUTHWESTERLY PROJECTION, SOUTH 41 DEGREES 30' WEST 165.09 FEET TO A POINT IN THE NORTHEASTERLY LINE OF THE TRACT OF LAND CONVEYED IN THE DECREE OF DISTRIBUTION TO MABEL B ROSS "IN THE MATTER OF THE ESTATE OF HARRY W. T. ROSS, DECEASED", RECORDED ON MARCH 27, 1957 IN BOOK 1437, PAGE 330 OF OFFICIAL RECORDS;

SECOND, AT RIGHT ANGLES AND ALONG SAID NORTHEASTERLY LINE, SOUTH 48 DEGREES 30' EAST 77.5 FEET, MORE OR LESS, TO A POINT IN THE NORTHEASTERLY LINE OF THE TRACT OF LAND CONVEYED IN THE DEED TO ORLANDO C. HARN N AND MARY W. HARN, HUSBAND AND WIFE AS JOINT TENANTS, RECORDED ON FEBRUARY 26, 1951 IN BOOK 973, PAGE 56 OF OFFICIAL RECORDS;

THIRD, AT RIGHT ANGLES AND ALONG SAID NORTHWESTERLY LINE, NORTH 41 DEGREES 30' EAST 165.00 FEET TO THE SOUTHWESTERLY LINE OF SANTA BARBARA STREET; AND

FOURTH, AT RIGHT ANGLES AND ALONG SAID STREET LINE, NORTH 48 DEGREES 30' WEST 77.5 FEET, MORE OR LESS, TO THE TRUE POINT OF BEGINNING.

Exhibit “B”

Projects may be interior or exterior, but must utilize all of your tax savings. All projects that affect the exterior of the residence are subject to Historic Landmarks Commission/staff review and approval before work begins as required by Title 22. Work must meet all City requirements and the *Secretary of the Interior’s Standards for the Treatment of Historic Properties*.

Retain copies of receipts and permits for submittal with the required annual reports.

The City of Santa Barbara does not make any of the Mills Act calculations and assumes no liability for the Mills Act calculations submitted by the applicant as part of the application or the Mills Act calculations of the Santa Barbara County Assessor’s Office.

**1919 Santa Barbara Street
MILLS ACT PROGRAM TEN-YEAR REHABILITATION PLAN
City of Santa Barbara**

Year	Proposed Project*	Estimated Cost
Year 1 through 10	1. Repair foundation	\$15,345.00
	2. Repair sidewalks	\$6,500.00
	3. 3.Pavers for driveway	\$35,000.00
	4. Sandstone masonry repairs	\$4,500.00
	5. Finish lumber	\$1,500.00
	6. Dry rot and Misc. wood repairs	\$1168.00
	7. Misc. Carpentry and window repairs including scraping layers of deteriorated paint and making operable.	\$20,840.00
	8. Repair exterior rear porch and stairs	\$21,840.00
	9. Plumbing- All new copper supply lines and all new ABS waste lines.	\$21,761

	10. Site drainage	\$2,800.00
	11. New composition shingle roofing	\$30,935.00
	12. Patch and repair exterior plaster	\$2,500.00
	13. Patch and repair interior plaster	\$8,500.00
	14. Rough and finish hardware-3 doors/2 windows	\$3,500.00
	15. Electrical New Romex throughout the house with all new plugs, switches and lighting	\$30,000.00
	16. Heating and venting	\$17,436.00
	17. Wood doors and windows (New): Three new exterior doors, to the kitchen and exterior stairs. New windows in the kitchen (4) as required because of existing code violation. New glass in existing windows due to code violations.	\$8,545.00
	18. Cabinets	\$16,878.00
	19. Wood window screens Added to 4 new windows mentioned above.	\$1,600.00
	20. Bathroom remodel	\$23,656.00
	21. Painting: Interior and Exterior	\$68,200.00
	22. Wood floor restoration	\$10,700.49
	23. Garage doors to match style of house	\$7,000.00
	24. Insulation: Entire roof, all floors, walls in the kitchen and sunroom and bedroom 2.	\$12,000.00
	25. Construction costs and fees for all of the above	\$134,795.00
	TOTAL	\$515,660

To be attached to the Historic Property Preservation Agreement (Mills Act Contract) as Exhibit B.

Projects may be interior or exterior, but must utilize all of your tax savings. All projects that affect the exterior of the residence are subject to Historic Landmarks Commission/Staff review and approval before work begins. Work must meet all City requirements and the *Secretary of the Interior's Standards for the Treatment of Historic Properties*. Rehabilitation Plan may be amended or altered by mutual agreement. Retain copies of all receipts and permits for submittal with the required annual reports.

Exhibit “C”

Property Maintenance Minimum Standards

During the term of this Agreement, Owners shall maintain the Historic Property in compliance with all regulations of the state Health and Safety Code including compliance with the adopted Uniform Housing Code as referenced in Chapter 22.04 of the Santa Barbara Municipal Code. In addition, during the term of this Agreement, Owner shall:

1. Comply with Santa Barbara Municipal Code Section 22.22.070, Duty to Repair and Maintain Structures of Merit consistent with maintenance plan for preservation of character defining features.
2. Not store non-operational vehicles on the Historic Property in locations that are visible from the public right of way;
3. Not maintain stagnant or standing water on the Historic Property;
4. Not suffer or maintain overgrown or decaying landscaping on the Historic Property. All landscape features should be maintained including, but not limited to grass, trees, and any planting.

Exhibit “D”

Photos of the exterior are used as Exhibit “D”



*Front, east elevation of 1919 Santa
Barbara Street. (2016)*



*Original wood windows to be restored
and stucco to be repaired and
repainted. (2016)*



Deteriorated wood trellis to be repaired (2016)



Sandstone steps and wall to be repaired (2016)



Exterior to be repainted and roof replaced (2016)



City of Santa Barbara

Planning Division

HISTORIC LANDMARKS COMMISSION MINUTES

Wednesday, July 27, 2016 **David Gebhard Public Meeting Room: 630 Garden Street** **1:30 P.M.**

COMMISSION MEMBERS: PHILIP SUDING, *Chair*
 CRAIG SHALLANBERGER, *Vice-Chair*
 MICHAEL DRURY
 ANTHONY GRUMBINE
 WILLIAM LA VOIE
 BILL MAHAN
 FERMINA MURRAY
 JUDY ORÍAS
 JULIO JUAN VEYNA

ADVISORY MEMBER: DR. MICHAEL GLASSOW
CITY COUNCIL LIAISON: JASON DOMINGUEZ
PLANNING COMMISSION LIAISON: SHEILA LODGE

STAFF: JAIME LIMÓN, Design Review Supervisor / Historic Preservation Supervisor
 NICOLE HERNANDEZ, Urban Historian
 DAVID ENG, Planning Technician
 JENNIFER SANCHEZ, Commission Secretary

Website: www.SantaBarbaraCA.gov

An archived video copy of this regular meeting of the Historic Landmarks Commission is viewable on computers with high speed internet access at www.SantaBarbaraCA.gov/HLC by clicking on Videos under Explore.

CALL TO ORDER.

The Full Commission meeting was called to order at 1:30 p.m. by Chair Suding.

ATTENDANCE:

Members present: Grumbine (absent from 2:54 to 3:15 p.m.), La Voie (at 1:43 p.m.), Mahan, Murray, Orías, Shallanberger (at 1:32 p.m.), Suding, and Veyna
 Members absent: Drury
 Staff present: Limón (until approx. 3:00 p.m.), Hernandez (until 3:08 p.m.), Eng, and Sanchez

GENERAL BUSINESS:

A. Public Comment:

Kellam de Forest commented on the Average Unit-Size Density (AUD) program, stating that the HLC should recommend that AUD buildings not be allowed on blocks of one-story single-family units, within El Pueblo Viejo, or close to City Landmarks.

Commissioner Orías requested that an ad hoc subcommittee be formed to examine the AUD program as it relates to the Historic Resource Element in order to provide formalized input to the Planning Commission. The Committee was formed to be Commissioners Grumbine, Mahan, and Orías.

B. Approval of previous meeting minutes.

Motion: Approval of the minutes of the Historic Landmarks Commission meeting of July 13, 2016, as amended.

Action: Mahan/Murray, 6/0/1. (Grumbine abstained. Drury and La Voie absent.) Motion carried.

C. Consent Calendar.

Motion: Ratify the Consent Calendar as reviewed by Bill Mahan (Items A-F) and Philip Suding (Item E).

Action: Murray/Shallanberger, 7/0/1. (La Voie abstained. Drury absent.) Motion carried.

D. Announcements, requests by applicants for continuances and withdrawals, future agenda items, and appeals.

1. Mr. Eng announced the following:

- a. Commissioner Drury will be absent; Commissioner Grumbine will step down from Item 8, 2112 Santa Barbara Street.
- b. On July 21, the Planning Commission held a discussion about the AUD program.
- c. On July 26, the City Council Ordinance Committee received a report from staff on proposed criteria and definitions regarding Historic Districts and Special Design Districts.
- d. There will be a special meeting of the Architectural Board of Review and the HLC to discuss the draft wireless ordinance on July 28 at 3:00 p.m. in the David Gebhard Public Meeting Room.

Commissioners Orías, La Voie, and Veyna indicated they would attend; Commissioner Drury will also attend.

2. Mr. Limón summarized the discussion at the July 26 City Council Ordinance Committee meeting. The purpose of the meeting was to educate the Ordinance Committee about Special Design Districts and to outline criteria to be used in forming Historic Districts.

Mr. Limón also discussed the July 21 Sign Ordinance Review Committee meeting. The City Attorney outlined the legal rationale for changing the Sign Ordinance as it relates to sign content to prevent First Amendment issues. The Committee asked the City Attorney to provide suggestions on altering the language while retaining the intent of the regulations. The City Attorney asked the Committee for additional policy discussion about the purpose of certain regulations. Mr. Limón requested that the HLC offer input.

E. Subcommittee Reports.

1. Chair Suding reported on the Parks Sign Program, which was reviewed at the Sign Committee meeting earlier in the day. The guidelines were reviewed, and besides some suggestions regarding color and materials, they are ready to present to City Council in September.

2. Commissioner Mahan reported his and Commissioner Orías' attendance at the July 26 City Council Ordinance Committee meeting, stating that the HLC will watch the drafting of the ordinance carefully. Commissioner Mahan also reported on the July 21 Planning Commission meeting about the AUD program, during which he and Commissioner Orías commented. He reported that the public comment was predominantly negative and mostly related to parking and the intrusion of large developments in single-family neighborhoods.

Sheila Lodge, Planning Commission liaison to the HLC, remarked that she is very concerned about the AUD program, and she is preparing a memo of her suggestions.

MISCELLANEOUS ACTION ITEM: PUBLIC HEARING

1. 1116 GARDEN STREET

(1:45) Assessor's Parcel Number: 029-172-001

Owner: Kathy Spieler, Paul A. Spieler, and Cory Spieler

(Review Staff Report and designate as a Structure of Merit The Brownsill House, a Queen Anne style house constructed c. 1880 located at 1116 Garden Street.)

Actual time: 1:59 p.m.

Present: Nicole Hernandez, Urban Historian

Public comment opened at 2:04 p.m. and, as no one wished to speak, it was closed.

Motion: To adopt Resolution 2016-4 to designate as a Structure of Merit the house located at 1116 Garden Street.

Action: La Voie/Mahan, 8/0/0. (Drury absent.) Motion carried.

MISCELLANEOUS ACTION ITEM

2. 1116 GARDEN STREET

(1:50) Assessor's Parcel Number: 029-172-001

Owner: Kathy Spieler, Paul A. Spieler, and Cory Spieler

(Application for Mills Act Contract. The property was purchased in 2016 by the Spieler family, who intends to rehabilitate the house so that it can continue to contribute to Santa Barbara's cultural heritage. The proposed ten-year rehabilitation plan meets the criteria outlined in Municipal Code 22.22.160.)

(Review proposed Mills Act Program Ten-Year Rehabilitation Plan and make a recommendation to the Community Development Director to execute a historic property contract.)

Actual time: 2:05 p.m.

Present: Nicole Hernandez, Urban Historian

Public comment opened at 2:06 p.m. and, as no one wished to speak, it was closed.

Motion: To authorize the Community Development Director to execute a historic property contract for the house located at 1116 Garden Street, with appreciation to the owner for the rehabilitation work.

Action: Orías/Shallanberger, 8/0/0. (Drury absent.) Motion carried.

MISCELLANEOUS ACTION ITEM: PUBLIC HEARING

3. 1919 SANTA BARBARA STREET

(1:55) Assessor's Parcel Number: 025-381-007

Owner: Julia Collier Emerson

(Review Staff Report and designate as a Structure of Merit The Anderson House, a Vernacular American Foursquare style house constructed in 1903 located at 1919 Santa Barbara Street.)

Actual time: 2:09 p.m.

Present: Nicole Hernandez, Urban Historian

Public comment opened at 2:14 p.m. and, as no one wished to speak, it was closed.

Motion: To adopt Resolution 2016-5 to designate as a Structure of Merit the house located at 1919 Santa Barbara Street, with appreciation to the owner for the rehabilitation work.

Action: La Voie/Orías, 8/0/0. (Drury absent.) Motion carried.

MISCELLANEOUS ACTION ITEM

4. 1919 SANTA BARBARA STREET

(2:00) Assessor's Parcel Number: 025-381-007

Owner: Julia Collier Emerson

(Application for Mills Act Contract. The property was purchased in 2016 by Julia Collier Emerson, who intends to rehabilitate the house after years of neglect so that it can continue to contribute to Santa Barbara's cultural heritage. The proposed ten-year rehabilitation plan meets the criteria outlined in Municipal Code 22.22.160.)

(Review of proposed Mills Act Program Ten-Year Rehabilitation Plan, and recommend that City Council grant an exception to the Mills Act contract limits outlined in Santa Barbara Municipal Code Section 22.22.160.C.4(m) for a designated Structure of Merit property at 1919 Santa Barbara Street and authorize the Community Development Director to execute a historic property contract.)

Actual time: 2:15 p.m.

Present: Nicole Hernandez, Urban Historian

Public comment opened at 2:17 p.m.

Kellam de Forest asked if the Mills Act influenced the owner's purchase of the property.

Public comment closed at 2:17 p.m.

- Motion:** To recommend that the City Council grant an exception to the Mills Act contract limits outlined in Santa Barbara Municipal Code Section 22.22.160.C.4(m) and authorize the Community Development Director to execute a historic property contract for the house located at 1919 Santa Barbara Street.
- Action:** Mahan/Murray, 8/0/0. (Drury absent.) Motion carried.

MISCELLANEOUS ACTION ITEM

5. 2210 HUDSON STREET

(2:05) Assessor's Parcel Number: 041-316-006

Owner: Dylan and China Jones

(Application for Mills Act Contract. The house was designated a City Landmark on November 8, 1989 as the Charles Pressley House. Named after the original owner, the house is an adobe residence constructed in 1924 in the Spanish Colonial Revival style. The owners intend to complete restoration and maintenance to the house so that it can continue to contribute to Santa Barbara's cultural heritage. The proposed ten-year rehabilitation plan meets the criteria outlined in Municipal Code 22.22.160.)

(Review of proposed Mills Act Program Ten-Year Rehabilitation Plan, and recommend that City Council grant an exception to the Mills Act contract limits outlined in Santa Barbara Municipal Code Section 22.22.160.C.4(m) for a designated City Landmark property at 2210 Hudson Street and authorize the Community Development Director to execute a historic property contract.)

Actual time: 2:22 p.m.

Present: Nicole Hernandez, Urban Historian

Public comment opened at 2:26 p.m. and, as no one wished to speak, it was closed.

- Motion:** To recommend that the City Council grant an exception to the Mills Act contract limits outlined in Santa Barbara Municipal Code Section 22.22.160.C.4(m) and authorize the Community Development Director to execute a historic property contract for the house located at 2210 Hudson Street, with appreciation to the owner for the rehabilitation work.
- Action:** Veyna/Mahan, 8/0/0. (Drury absent.) Motion carried.

MISCELLANEOUS ACTION ITEM**6. 2121 GARDEN STREET**

(2:10) Assessor's Parcel Number: 025-252-003
Owner: Zohar Ziv

(Application for Mills Act Contract. The house was designated a City Landmark on May 17, 2016 as "The Olives" Residence. The owners intend to complete restoration and maintenance to the house so that it can continue to contribute to Santa Barbara's cultural heritage. The proposed ten-year rehabilitation plan meets the criteria outlined in Municipal Code 22.22.160.)

(Review of proposed Mills Act Program Ten-Year Rehabilitation Plan, and recommend that City Council grant an exception to the Mills Act contract limits outlined in Santa Barbara Municipal Code Section 22.22.160.C.4(m) for a designated City Landmark property at 2121 Garden Street and authorize the Community Development Director to execute a historic property contract.)

Actual time: 2:27 p.m.

Present: Nicole Hernandez, Urban Historian

Public comment opened at 2:34 p.m.

Kellam de Forest emphasized the house's importance and commended the owner for the restoration.

Public comment closed at 2:37 p.m.

Motion: To recommend that the City Council grant an exception to the Mills Act contract limits outlined in Santa Barbara Municipal Code Section 22.22.160.C.4(m) and authorize the Community Development Director to execute a historic property contract for the house located at 2121 Garden Street, with comments:

1. The Commission expresses appreciation to the owner for the rehabilitation work.
2. The exemption is based upon the importance of the City Landmark property and the extent of the completed and proposed rehabilitative work.

Action: Orías/Mahan, 8/0/0. (Drury absent.) Motion carried.

ARCHAEOLOGY REPORT**7. 580 RICARDO AVE****E-1 Zone**

(2:15) Assessor's Parcel Number: 035-131-008
 Application Number: MST2016-00164
 Owner: Bob Kafkis
 Architect: Chris Cottrell

(This is a revised project description. Proposal for a 597 square foot, second-story addition with a 75 square foot balcony to an existing 1,270 square foot, one-story, single-family residence with an attached 413 square foot two-car garage. The project includes a new roof cover at the front entry and a new pool, pool equipment, and spa in the rear yard. The proposed total of 2,280 square feet of development on a 9,855 square foot lot in the Hillside Design District is 63% of the required maximum floor-to-lot area ratio [FAR]. Staff Hearing Officer review is requested to allow a conforming second-story addition that changes the basic characteristics of the existing residence, which is non-conforming to front setback.)

(Review of Phase 1 Archaeological Report prepared by Heather McDaniel and David Stone, Dudek.)

Actual time: 2:49 p.m.

Present: Chris Cottrell, Architect

Staff comments: Mr. Eng stated that Dr. Glassow has reviewed the archaeological report pertaining to the above-mentioned property and concludes that the archaeological investigation supports the report's conclusions and recommendations.

Public comment opened at 2:50 p.m. and as no one wished to speak, it was closed.

Motion: To accept the report as submitted.

Action: La Voie/Shallanberger, 8/0/0. (Drury absent.) Motion carried.

CONCEPT REVIEW - NEW**8. 2112 SANTA BARBARA ST****E-1 Zone**

(2:20) Assessor's Parcel Number: 025-252-008
 Application Number: MST2016-00297
 Owner: SB Restore, LLC
 Applicant: Harrison Design Associates

(Proposal to permit two new wrought iron driveway gates at Santa Barbara Street and one new wood gate on Padre Street. This is a City Landmark: "Hodges House.")

(Action may be taken if sufficient information is provided. Applicant is requesting an exception to the fence and screen height standards per SBMC 28.87.170. Determination required for consistency with neighborhood character.)

Actual time: 2:54 p.m.

Present: Barbara Lowenthal, Harrison Design Associates

Public comment opened at 2:58 p.m.

Kellam de Forest inquired if something less imposing to the Landmark than the proposed gates had been considered.

Public comment closed at 3:00 p.m.

Motion: Project Design Approval and Final Approval as submitted with finding:

1. The Commission finds that the height of the finial is inconsequential.

Action: Mahan/Orías, 7/0/0. (Grumbine stepped down. Drury absent.) Motion carried.

The ten-day appeal period was announced.

**** THE COMMISSION RECESSED FROM 3:08 P.M. TO 3:15 P.M. ****

CONCEPT REVIEW - CONTINUED

9. 414 CHAPALA ST

C-M Zone

(2:40)

Assessor's Parcel Number: 037-211-027

Application Number: MST2016-00190

Owner: John & Martha Peterson

Architect: The Cearnal Collective, LLP

(Proposal to demolish an existing one-story, 3,200 square foot commercial building and construct a new four-story, mixed-use development with 4,002 square feet of commercial area, and 22 rental units on a 15,823 square foot parcel. The residential component is being developed under the Average Unit Density [AUD] program and proposes a unit mix comprising one studio unit, 17 1-bedroom units, and four 2-bedroom units, with an average unit size of 800 square feet. There will be a total of 26 parking spaces located within a ground-floor garage. The project requires a Concept Review by Planning Commission for the AUD development in the priority housing overlay and on a lot greater than 15,000 square feet in size.)

(Fourth Concept Review. Comments only; project requires an Environmental Assessment and Planning Commission review. Project was last reviewed on July 13, 2016.)

Actual time: 3:15 p.m.

Present: Christine Pierron and Laura Benard, The Cearnal Collective, LLP; and Brad Vernon, Developer

Public comment opened at 3:22 p.m.

1. Sheila Lodge, Planning Commission liaison to the HLC, encouraged the HLC to suggest what would make the project acceptable. She also compared the plate and ceiling heights to those of Casa De Las Fuentes, emphasizing that building heights for livability purposes do not need to be maximized.
2. Kellam de Forest stated that the project is too bulky and tall for the site and is not compatible with the neighborhood.
3. Chair Suding acknowledged e-mailed comments of concern from Daniel and Barbara Maloney.

Public comment closed at 3:27 p.m.

Motion: Continued two weeks with comments:

1. The architecture is developing nicely.
2. The awnings on the building are an improvement.
3. The fenestration still needs more variety.
4. Parking does not appear to be a major problem, especially with the proposed tandem parking.
5. The plate heights, particularly on the second, third, and fourth floors, do not appear excessive.
6. The Commission emphasizes that private views are not governed by the City or its review boards.
7. The north and west elevations are successful; the south and east elevations need more variation of roof form.
8. There should be some articulation or breakup of the wall on the north property line, specifically as it relates to the pedestrian's perspective.
9. The eyebrow/skirt roof on the northwest corner needs to be restudied as to its relationship to the wall below; perhaps set the parapet wall back from the building face below the eyebrow/skirt.

Action: La Voie/Mahan, 8/0/0. (Drury absent.) Motion carried.

**** MEETING ADJOURNED AT 3:45 P.M. ****



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: September 20, 2016

TO: Mayor and Councilmembers

FROM: Engineering Division, Public Works Department

SUBJECT: Contract For Design Of Light Industrial Buildings On 6100 Hollister Avenue

RECOMMENDATION: That Council:

- A. Authorize the Public Works Director to execute a City Professional Services contract with Kupiec Architects PC in the amount of \$266,025 for final design services of the 6100 Hollister Avenue Development Project, and authorize the Public Works Director to approve expenditures of up to \$27,000 for extra services of Kupiec Architects PC that may result from necessary changes in the scope of work;
- B. Increase revenues and appropriations by \$8,683,341 in the Airport Development Fund for Commercial/Industrial Area Development to be funded from the net proceeds of the sale of 7.99 acres of Airport property to Direct Relief; and
- C. Transfer \$691,505 from the Airport Development Fund to the Airport Operating Fund, and authorize the necessary budget adjustments necessary for this transfer, for reimbursement of Commercial/Industrial Area Development expenditures incurred prior to the sale of Airport property.

DISCUSSION:

Background

Airport Department staff has been working to develop portions of its Specific Plan Area (Airport property north of Hollister Avenue) for many years. Many solicited proposals were considered; however, none of the concepts were completed. The Airport had demonstrated a need for light industrial building space and researched feasible funding alternatives, but the debt coverage requirements for construction of new space were deemed too high risk.

Sale of Property to Direct Relief

Escrow closed on the sale of Airport Property Parcel 1 (Parcel Map 20824) on August 5, 2016, and Parcel 1 (7.99 acres) was sold to Direct Relief. Upon close of escrow the Airport received \$8,683,341, after closing costs. The proceeds from the sale provided the capital for the Airport to design and construct new light industrial facilities on Parcels 2 and 3 (6.48 acres), which will provide operating and capital funding for the Airport.

Light Industrial Development

Staff is proposing to develop 50,046 total square feet of new construction, with 42,004 square feet zoned as light industrial/R&D space, 6,032 square feet of retail, and 2,010 square feet of coffee shop over two phases of construction. The first phase of construction consists of 23,525 total square feet. Of that, 19,504 square feet are light industrial, 2,010 square feet are retail, and 2,010 square feet are zoned for a coffee shop or similar. This phase of work is expected to be bid in spring 2017. The second phase of work consists of 26,521 square feet. Of that, 22,500 square feet are light industrial and 4,021 square feet are retail. Depending on the bids the City receives in the spring of 2017, some of the square footage described in the second phase of the project may be constructed in the first phase.

Airport Development Fund

An Airport Development Fund has been established to fund the design and construction of the new buildings and their related infrastructure at the Airport. The Airport Development Fund would initially be funded from the Direct Relief sale proceeds to construct light industrial buildings at 6100 Hollister Avenue. The Airport Operating Fund will be reimbursed \$691,505 for preliminary design and engineering costs related to the light industrial building development, which were incurred prior to the sale of the property to Direct Relief.

Staff proposes to provide subsequent funding of the Airport Development Fund based upon a portion of the revenues generated by the new development. It is proposed that revenues be equally divided between the Airport Operating Fund and Airport Development Fund.

Project Description

The work consists of the final design of improvements for retail and light industrial space, consistent with the Airport's approved Specific Plan. The work will include development plans for 6100 Hollister Avenue through the building permit and construction bidding phases.

Design Phase Consultant Engineering Services

Staff recommends that Council authorize the Public Works Director to execute a contract with Kupiec Architects PC in the amount of \$266,025 for design, and \$27,000 for potential extra services, for a total amount of \$293,025. Kupiec Architects PC is experienced in this type of work and was selected as part of a Request For Proposals process that included the submittal of statement of qualifications and team interviews.

Funding

The following summarizes all estimated total project costs:

ESTIMATED TOTAL PROJECT COST

Preliminary Design (Kupiec)	\$308,000
Final Design (Kupiec)	293,025
Civil and Geotechnical Design	261,050
Subtotal	\$862,075
<hr/>	
Estimated Construction Contract w/Change Order Allowance	\$7,200,000
Estimated Construction Management/Inspection (by Contract or City)	400,000
Subtotal	\$7,600,000
<hr/>	
TOTAL PROJECT COST	\$8,462,075

There will be sufficient funds appropriated in the Airport Development Fund to cover these costs upon approval of the recommendations. The total project cost estimate is \$8,462,075, and equals the amount budgeted in the Airport Development Fund.

SUSTAINABILITY IMPACT:

This project will go through the Leadership in Energy and Environmental Design (LEED) building process with a goal of LEED Silver. Features of the project are the solar photovoltaic panels, the stormwater design, both quantity and quality control, water efficient landscaping, the optimization of energy performance, construction waste management, and having a LEED accredited Professional on the project design team throughout construction.

A copy of the contract is available for public review at the City Clerk's Office.

ATTACHMENT: Project Vicinity Map

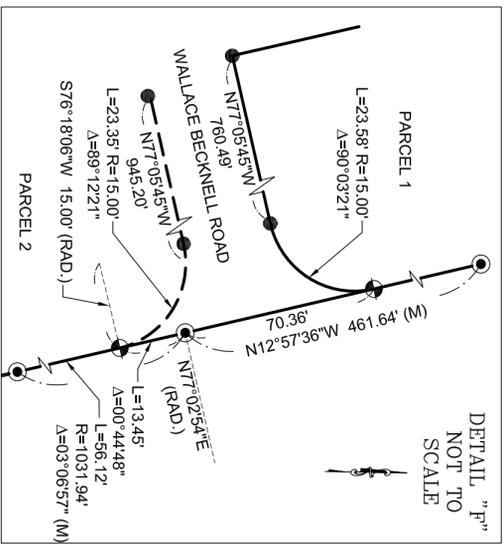
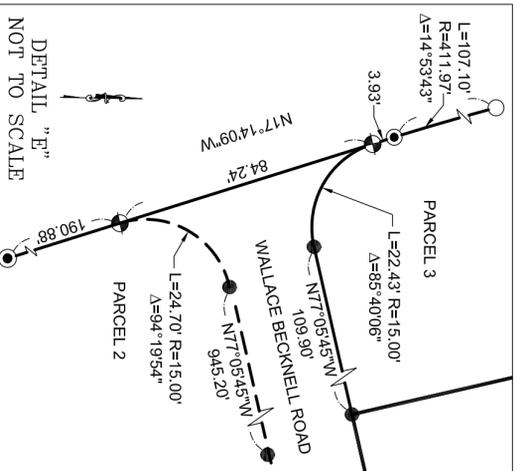
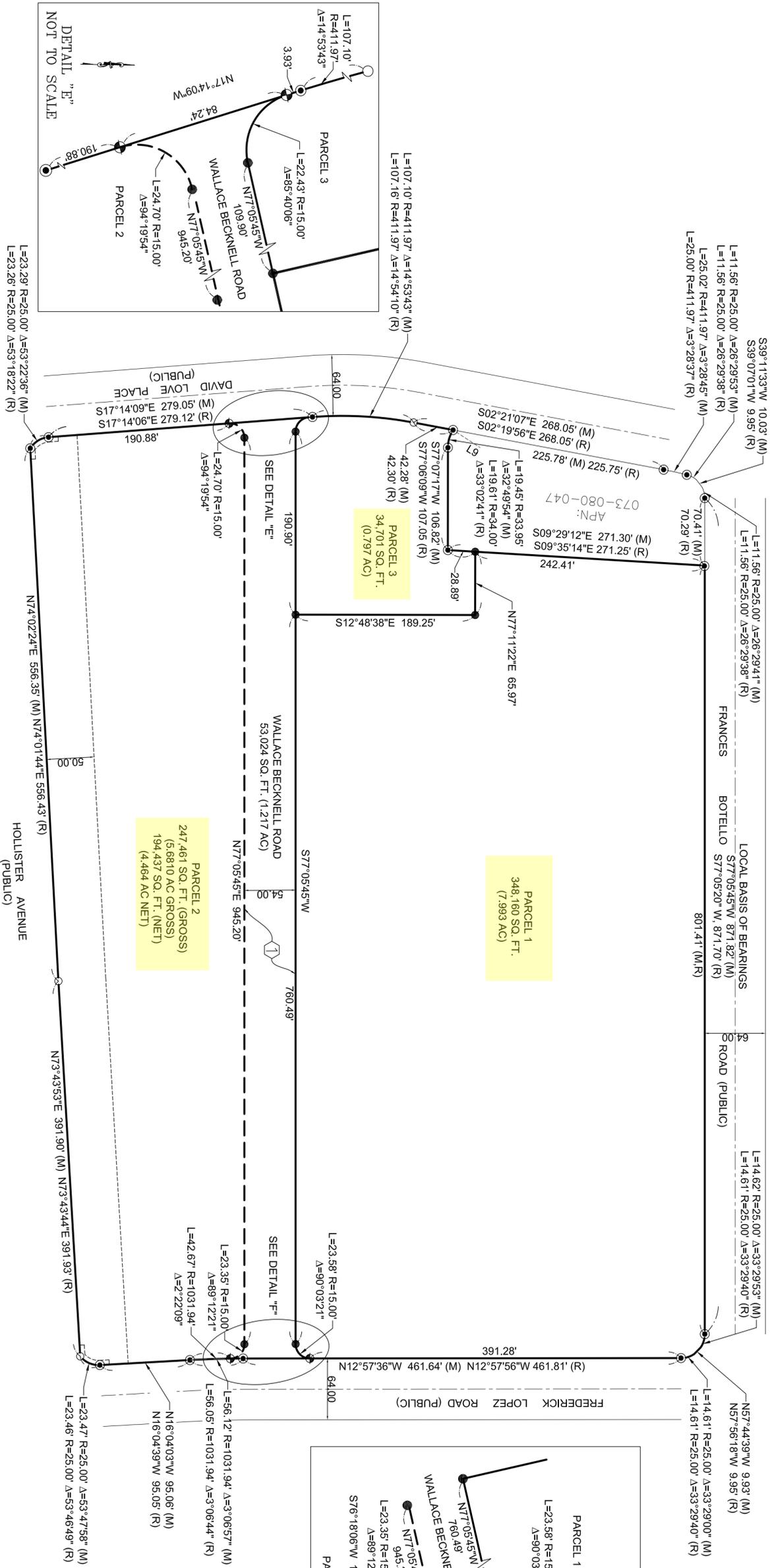
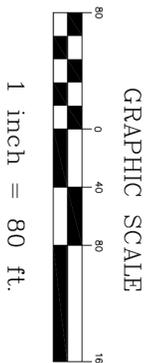
PREPARED BY: Owen Thomas, Supervising Engineer/LR/sk

SUBMITTED BY: Rebecca J. Bjork, Public Works Director

APPROVED BY: City Administrator's Office

EASEMENTS (Per this map):

1 54.00 FOOT ROAD RIGHT OF WAY EASEMENT, WALLACE BECKNELL ROAD, TO BE DEDICATED TO THE CITY OF SANTA BARBARA.



SYMBOL LEGEND:

- ⊕ = SET 2" BRASS CAP IN 1/2" IRON PIPE WITH TAG MARKED "I.S. 6491"
- ⊙ = ROUND MONUMENT AS NOTED
- ⊙ = SET 1/2" IRON PIPE WITH TAG MARKED "I.S. 6491"
- = NOTHING ROUND OR SET

MAP LEGEND:

- I.P. = IRON PIPE
- N&T = NAIL & TAG
- BC = BRASS CAP
- EST = ESTABLISHED
- (RAD) = RADIAL
- (M) = MEASURED DISTANCE REFERS TO GROUND DISTANCE UNLESS STATED OTHERWISE
- MON = MONUMENT
- (CER) = CALCULATED FROM RECORD
- CHS-X = CHISELED "X"
- (FTC) = FROM TRUE CORNER
- (R) = PARCEL MAP BOOK 54, PAGES 63-69
- (RI) = RECORD OF SURVEY BOOK 170, PAGES 34-41
- (RD) = RECORD OF SURVEY BOOK 178, PAGES 34-41
- (R3) = RECORD OF SURVEY BOOK 170, PAGES 47-49

LINE/TYPE TABLE:

- PROPOSED PROPERTY LINE: ————
- EXISTING PROPERTY LINE: - - - - -
- PROPOSED EASEMENTS: - - - - -
- EXISTING EASEMENTS: - - - - -

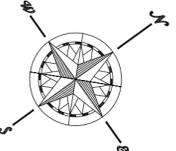
DATE: MAY 2016

PARCEL MAP No. 20,824

SHEET 3 OF 3

CARDENAS AND

ASSOCIATES SURVEYING, INC.
 201 N. CALLE CESAR CHAVEZ, STE. 100,
 SANTA BARBARA, CA 93103
 Phone: (805) 966-3713
 jcardenas@casurveying.com





CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: September 20, 2016

TO: Mayor and Councilmembers

FROM: Engineering Division, Public Works Department

SUBJECT: Contract For Design Of El Estero Wastewater Treatment Plant Solids Handling Process Improvements Project

RECOMMENDATION:

That Council authorize the Public Works Director to execute a City Professional Services contract with Carollo Engineers, Inc., in the amount of \$299,940 for design services of the El Estero Wastewater Treatment Plant Solids Handling Process Improvements Project, and authorize the Public Works Director to approve expenditures of up to \$29,994 for extra services of Carollo Engineers, Inc., that may result from necessary changes in the scope of work.

DISCUSSION:

Background

The El Estero Wastewater Treatment Plant (El Estero) provides wastewater treatment for the City of Santa Barbara and serves a population of approximately 95,000. It is a secondary treatment facility, permitted for 11 Million Gallons per Day (MGD), but currently processes approximately 6 MGD due to extraordinary water conservation efforts by the Santa Barbara community.

Recently, a conceptual plan was developed to improve the biosolids process. Staff is seeking a Clean Water State Revolving Fund Loan to finance this \$30 Million capital improvement project; however it will be several years before final design is completed and construction begins.

Project Description

Staff identified several improvements which would benefit El Estero's operation in preparation for the larger biosolids improvements project. These improvements are combined into the El Estero Wastewater Treatment Plant Fiscal Year 2017 Improvement

Project (Project). The work for this Project consists of improvements to provide pumping flexibility, creating an interim vector dump station, evaluation and rehabilitation of manholes, and installation of a containment area around the digester mixing pumps.

Design Phase Consultant Engineering Services

Staff recommends that Council authorize the Public Works Director to execute a contract with Carollo Engineers, Inc., (Carollo) in the amount of \$299,940 for design, and \$29,994 for potential extra services, for a total amount of \$329,934. Carollo was selected as part of a Request for Proposals process that included several qualified firms.

Funding

The following summarizes all estimated total Project costs:

ESTIMATED TOTAL PROJECT COST

Design (by Contract)	\$329,934
Other Design Costs - City staff (if contract), Environmental (Assessments, etc.)	\$32,723
Subtotal	\$362,657
Estimated Construction Contract w/Change Order Allowance	\$2,442,000
Estimated Construction Management/Inspection (by Contract and City)	\$118,427
Estimated Other Construction Costs (testing, contaminated soils etc.)	\$12,000
Subtotal	\$2,572,427
TOTAL PROJECT COST	\$2,935,084

There are sufficient appropriated funds in the Wastewater Capital Fund to cover design costs.

PREPARED BY: Linda Sumansky, Principal Civil Engineer/PM/mh

SUBMITTED BY: Rebecca J. Bjork, Public Works Director

APPROVED BY: City Administrator's Office



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: September 20, 2016

TO: Mayor and Councilmembers

FROM: Engineering Division, Public Works Department

SUBJECT: Resolution To Formally Dedicate A Public Street Easement For La Vista Del Oceano Drive

RECOMMENDATION:

That Council adopt, by reading of title only, a Resolution of the Council of the City of Santa Barbara Dedicating an Easement for Public Street Purposes Covering Portions of City-Owned Real Property Underlying the Improved Street Known as "La Vista Del Oceano Drive" Northerly of Cliff Drive and Northerly and Easterly of Ricardo Avenue.

DISCUSSION:

The City of Santa Barbara owns the irregular-shaped real property underlying the improved and traveled street commonly known as La Vista Del Oceano Drive (LVDO), which is located northerly of Cliff Drive, and northerly and easterly of Ricardo Avenue. The proposed Resolution is recommended in order to formally establish a public street easement for all portions of LVDO now in public use, because no street easement has been dedicated in the past.

The portions of City property underlying LVDO are referred to as Santa Barbara County Assessor's Parcel Nos. 035-170-026 (Attachment 1), 035-180-086, and 035-180-087 (Attachment 2).

For many decades, the downhill portions of LVDO have been used for public access to residential lots from Cliff Drive. That downhill portion of LVDO has been shown on the City's Official Street Map and maintained by the City since approximately 1955, although no public street easement has actually been established.

In approximately 1989, the portion of LVDO extending northerly from Ricardo Avenue was constructed by the owners of lots who had obtained City permits to construct new homes. That uphill portion of LVDO has subsequently been maintained and used as a private street for access by the owners of uphill lots within the private association known as "Oceano Property Owners, Inc." (OPOI). That portion of LVDO was permitted to be

constructed in accordance with private road and utility easements on the City's strip of land, that were originally granted to the uphill lot owners as early as 1926, long before the City's ownership.

In 2005, the City approved the recordation of a map that created an adjacent six-lot residential subdivision (Attachment 3). That subdivision map included the City's acceptance of a new public street easement required for the easterly extension, use, and maintenance by the City of a new portion of LVDO. The easterly end of that public portion of LVDO includes a vehicle turnaround.

Now that all portions of LVDO are effectively being used for public access from Cliff Drive and Ricardo Avenue, it is timely for Council to formally establish a public street easement for all portions of LVDO, including the portion previously maintained by OPOI. The private portion of LVDO has been well maintained by OPOI, it is presently in good condition, and it should be included on the City's Official Street Map. In 2015, an asphalt pavement overlay was completed on LVDO from Ricardo Avenue to the end, using funds from the six-lot residential subdivision as a Condition of Approval. With completion of this improvement, LVDO is in a state of good repair acceptable to the City. Following Council's adoption of the proposed Resolution, as recommended, the private and public portions of LVDO will all be maintained by the City in accordance with the City's usual maintenance standards.

A memorandum has been provided by OPOI for Council's consideration (Attachment 4), which states general support for the City's establishment of a public street easement for the portion of LVDO maintained by OPOI. However, the memorandum mentions that OPOI members do not want: streetlights, above grade signs relating to parking, a painted centerline, and they requested that they be informed and allowed to give input on any other prospective changes. City staff have responded to the OPOI by stating that the need for streetlights was evaluated by staff and the Planning Commission in 2004, when the six-lot subdivision was approved. At this time no additional street lights are proposed. However, as a City street, improvements including additional streetlights, signage, and/or striping may be determined necessary at a later date in order to meet future standards.

A chronology outlining the history relating to LVDO Drive is also provided (Attachment 5), including history of ownership by the City.

BUDGET/FINANCIAL INFORMATION:

The costs associated with the proposed Resolution to dedicate easements for all portions of LVDO do not appear significant. The original portions of LVDO, located nearest to Cliff Drive, have been used and maintained by the City since approximately 1955; the private portion of LVDO, uphill of Ricardo Avenue, was constructed in approximately 1989, and has been subsequently maintained effectively by OPOI. The middle portion of LVDO, southerly of Ricardo Avenue, was constructed between 2007 and 2010 when new homes were constructed in that area, and the uppermost portion of

LVDO was finally completed in 2015 as mentioned above. All public improvements within portions of LVDO appear to be in good condition at this time and will not soon require rehabilitation.

ATTACHMENTS:

1. Assessor's Map 035-17
2. Assessor's Map 035-18
3. Assessor's Map 035-48
4. Memorandum dated May 9, 2016
5. Chronology – History of La Vista Del Oceano Drive

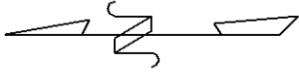
PREPARED BY: Adam Hendel, Acting Principal Civil Engineer/DI/kts

SUBMITTED BY: Rebecca J. Bjork, Public Works Director

APPROVED BY: City Administrator's Office

18

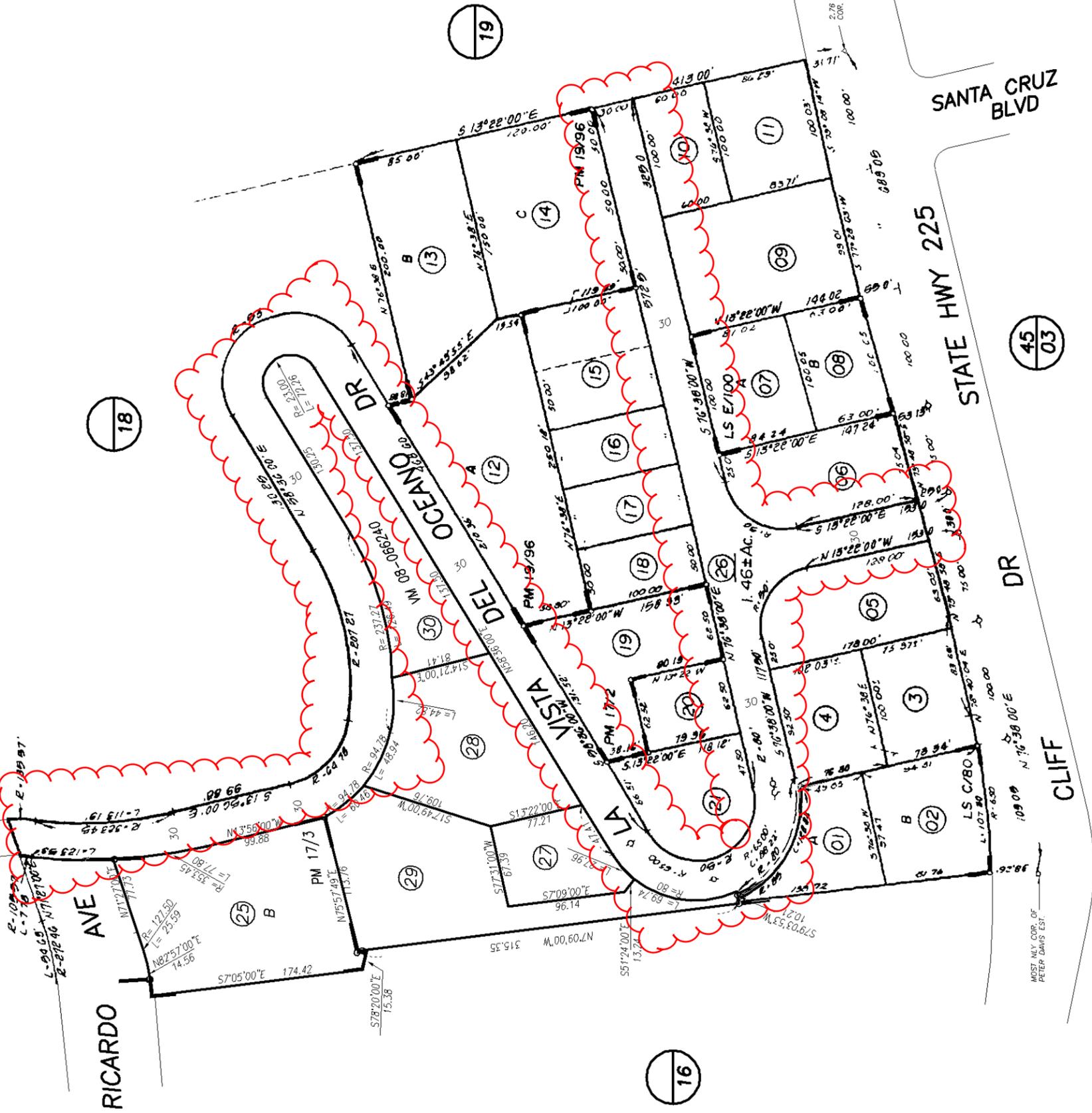
RICARDO AVE



1" = 100'
scale ±

29

18



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

2.75 ±, 682.15' FROM N.E. COR. OF PETER DAVIS EST.

MOST N.E. COR. OF PETER DAVIS EST.

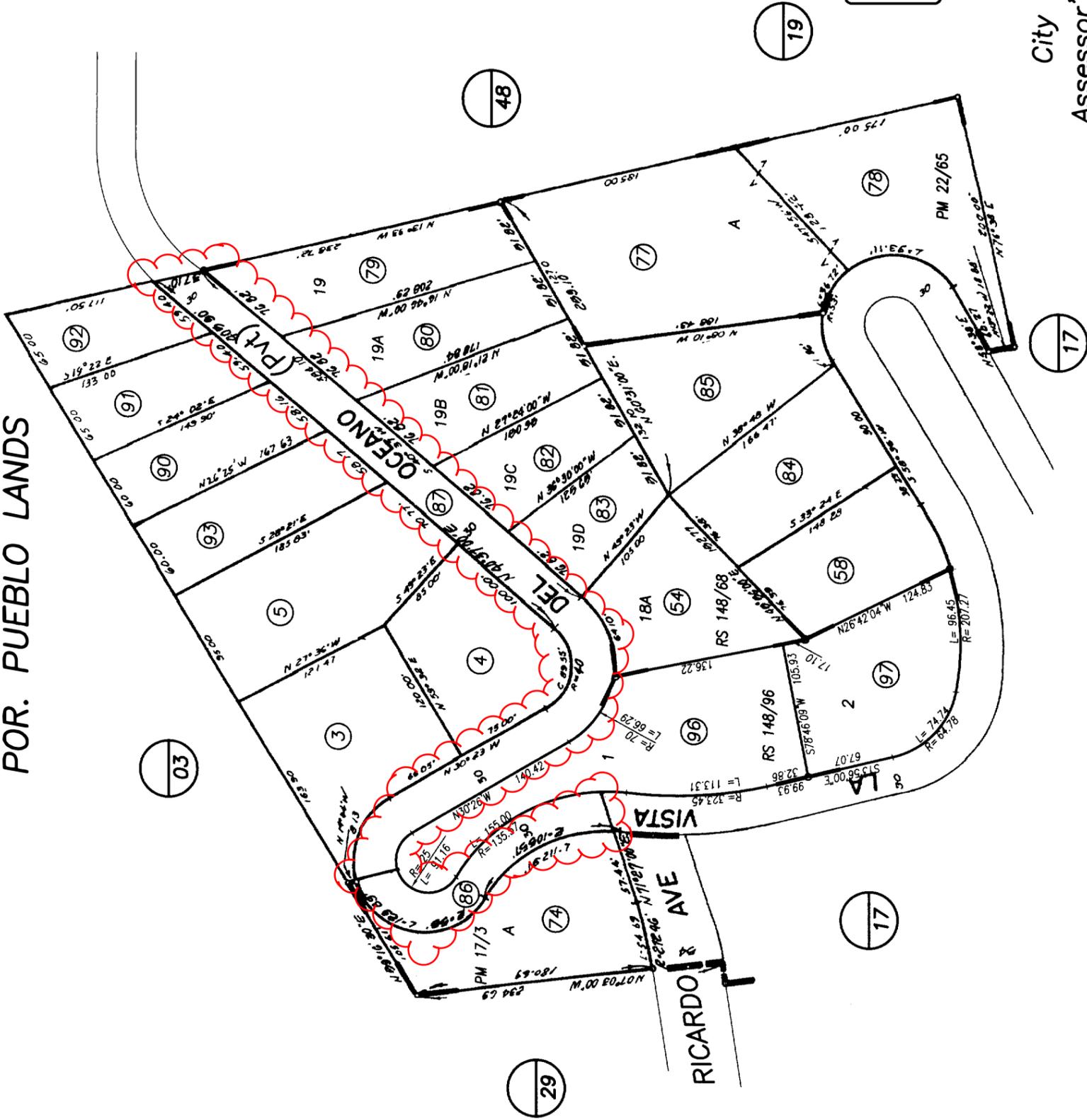
City of Santa Barbara
 Assessor's Map Bk, 035 -Pg, 17
 County of Santa Barbara, Calif.

035-18

POR. PUEBLO LANDS



1" = 100'
scale ±



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

City of Santa Barbara
 Assessor's Map Bk, 035 -Pg, 18
 County of Santa Barbara, Calif.

70 remapped into voluntary merger
 12/05 9,10,12,13,17 thru 32,35 thru 45, 47 thru 50,
 52,62,63,66,67,70 thru 73,89, and 98
 into new Pg 48

To: Santa Barbara City Council
Via: Rebecca J. Bjork, Public Works Director
From: Oceano Property Owners, Inc. ("OPOI") and the
Residents of the 1600 Block of La Vista Del Oceano
By: James C. Ruh, Co-President of OPOI
Dated: May 9, 2016

This memorandum is written on behalf of Oceano Property Owners, Inc. ("OPOI"), whose members are all of the residents of the 1600 Block of La Vista Del Oceano Drive ("LVDO").

We understand the narrow and irregular-shaped strip of land underlying all portions of LVDO is owned by the City, including the street servicing the 1600 Block of LVDO, from Ricardo Avenue to the beginning of the Rogers Tract (the "Street"). However, the residents of the 1600 Block, own the non-exclusive private road and utility easements. The private easements allowed for the original construction, maintenance and use of portions of the Street when necessary for access when homes were constructed. With respect to the 1600 Block, OPOI has maintained that uphill portion of the Street for the last 26 years and as part of that maintenance we have slurry coated the Street every 4 to 5 years, placed signage, striped the curb and kept the street clean.

We are told that City Staff plans to, or may already have, recommend adoption by the City Council of a Resolution to acknowledge and formally establish a public street easement on the City's strip of land underlying LVDO, from Cliff Drive to the uphill end of the Street, giving the general public the right to use all portions of the Street. In other words, we understand

the proposed Resolution intends to formally declare LVDO a public street, including the portion fronting our residences uphill of Ricardo Avenue. We are told that once that is done, the City will assume and have the responsibility of maintaining all portions of the Street.

We support the City Council in making this change, but we have four requests that are of paramount importance to OPOI and to the residents of the 1600 Block of LVDO:

1. We do not want any streetlights on the Street. Two surveys have been done of the residents of the 1600 Block of LVDO by the developer of the Rogers Tract (per the requirement of the City) and in each survey 100% of the residences have stated that they do not want streetlights. We all live on the Street because of the dramatic and beautiful views of the ocean. We do not want those views impaired or altered in any way by streetlights.
2. For much the same reasons we also do not want any above grade signs relating to parking or other topics.
3. We do not want a centerline painted on the Street for esthetic reasons.
4. Finally, in the future, should you consider any prospective changes to the Street in regard to the first three items, please discuss those proposed changes with us first so that we can have input on the matter.

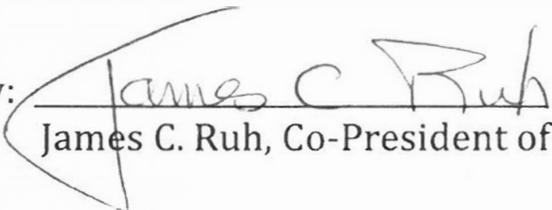
Other than the members of OPOI and the new residents of the Rogers Tract, no one else uses or travels on the Street on a

regular basis for the simple reason that it dead ends at the Rogers Tract, which is the 1700 Block of LVDO.

We feel that it is necessary to raise these issues because the City's Planning Commission required the developer of the reconfigured Rogers Tract lots shown on the 2005 subdivision map (Final Map No. 20,707) to put in two streetlights, notwithstanding that all the new residents of the Rogers Tract were vehemently opposed to it. We want to avoid a repetition of that situation.

Respecting our wishes will result in a cost savings to the City. Thank you in advance for your consideration of our wishes.

From Oceano Property Owners, Inc. and the residents of the 1600 Block of La Vista Del Oceano.

By: 
James C. Ruh, Co-President of OPOI

CHRONOLOGY
HISTORY OF LA VISTA DEL OCEANO DRIVE

In 1922, the strip of land now known as La Vista Del Oceano Drive was first depicted on an unrecorded map of “La Vista Del Oceano Property.” No public street easement was created at that time.

As early as 1926 and 1928, the owners of La Vista Del Oceano Property shown on the 1922 unrecorded map granted lots to individual owners. The new owners were also granted non-exclusive private road and utility easements for access from Cliff Drive.

In 1938, due to non-payment of taxes for the strip of land known as La Vista Del Oceano Drive, the property was conveyed to the City by “tax deed” executed by the respective Tax Collectors of the City and the County of Santa Barbara. The tax deed was recorded in Book 442, at Page 1, of Official Records. The tax deed did not contain an adequate property description.

On February 24, 1955, City Council adopted Resolution No. 2737, which declared public easements for many streets considered to be in public use. The various affected streets were shown on an “Official Map No. 1955-1 of Undedicated Streets in the City of Santa Barbara.” Among other streets, this Resolution declared a public easement for traveled and untraveled portions of La Vista Del Oceano Drive at that time.

In 1959, a “Memorandum of Agreement” between the City and County of Santa Barbara was recorded in Book 1690, at Page 43, of Official Records. This Memorandum intended to convey several tax parcels to the City because they were “devoted to public uses, to wit: public streets and alleys.” The Memorandum included the strip of land underlying La Vista Del Oceano Drive, and also intended the property to be conveyed to the City by tax deed recorded later in Book 1710, at Page 41, of Official Records. The tax deed did not contain an adequate property description.

In 1977, by map recorded in Book 17 of Parcel Maps, at Page 3, an undeveloped portion of the property known as La Vista Del Oceano Property was divided into two lots. This map also established a public easement for Ricardo Avenue to connect with La Vista Del Oceano Drive.

In 1988, following request by owners of lots fronting La Vista Del Oceano Drive northerly and easterly of Ricardo Avenue, City Council adopted Resolution No. 88-059. This Resolution ordered the vacation of the public right to use the uphill portion of La Vista Del Oceano Drive, as declared a public street in 1955 by Council Resolution No. 2737.

In 1989, the owners of lots uphill of Ricardo Avenue were allowed to construct the private portion of La Vista Del Oceano Drive within the owners’ non-exclusive private road and utility easements originally granted for access. The private portion of La Vista

Del Oceano Drive was constructed pursuant to a design plan filed at the City's Public Works Department as Plan No. C-1-3654.

In 1989, the real property underlying the original portion of La Vista Del Oceano Drive was finally conveyed by tax deed filed as Instrument No. 89-056767, of Official Records. This tax deed contained a correct description that describes the City-owned strip of land with specificity.

In 1989, the owners of residential lots who constructed the private portion of La Vista Del Oceano Drive subsequently adopted bylaws necessary to form an association as a California nonprofit mutual benefit corporation. The owners' association is now officially named "Oceano Property Owners, Inc."

In 1992, the member owners of Oceano Property Owners, Inc. executed "Landowners' Agreements Establishing Covenants and Restrictions for a Portion of La Vista Del Oceano Subdivision." This instrument was recorded as Instrument No. 92-074728, of Official Records. Among other covenants, this instrument provided for the owners' maintenance of the private portion of La Vista Del Oceano Drive.

In 2005, a subdivision map was recorded in Book 201 of Maps, at Pages 57-60. This map merged certain undeveloped lots within the "Rogers Tract," located adjacent to La Vista Del Oceano Drive, and created six residential lots. The map also dedicated an additional public easement for the easterly extension La Vista Del Oceano Drive, as depicted on a design plan filed at the City's Public Works Department as Plan No. C-1-4141.

Between 2007 and 2010, the owners of certain undeveloped lots located downhill and southerly of Ricardo Avenue obtained permits to build homes. At that time, the final unimproved portions of La Vista Del Oceano Drive were constructed and now provide access to nearby residences from Cliff Drive and Ricardo Avenue.

RECORDING REQUESTED BY
AND FOR THE BENEFIT OF

CITY OF SANTA BARBARA

NO FEE DOCUMENT
Gov't Code 27383

WHEN RECORDED MAIL TO

CITY OF SANTA BARBARA
Real Property Section/Public Works Dept.
P.O. Box 1990
Santa Barbara, California 93102-1990

NO TRANSFER TAX DUE SPACE ABOVE THIS LINE FOR RECORDER'S USE
per R&T Code 11922

La Vista Del Oceano Drive (Portions)
APN 035-170-026; APN 035-180-086; and APN 035-180-087

RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY
OF SANTA BARBARA DEDICATING AN EASEMENT
FOR PUBLIC STREET PURPOSES COVERING
PORTIONS OF CITY-OWNED REAL PROPERTY
UNDERLYING THE IMPROVED STREET KNOWN
AS "LA VISTA DEL OCEANO DRIVE" NORTHERLY
OF CLIFF DRIVE AND NORTHERLY AND
EASTERLY OF RICARDO AVENUE

WHEREAS, the City of Santa Barbara owns a certain real property underlying a significant portion of the improved and traveled street commonly known as "La Vista Del Oceano Drive", located northerly of Cliff Drive and located northerly and easterly of Ricardo Avenue, as more particularly described herein below;

WHEREAS, in 1922, the strip of land now known as La Vista Del Oceano Drive was first depicted on an unrecorded map of "La Vista Del Oceano Property," although no public street easement on said strip of land was intended at that time;

WHEREAS, beginning as early as 1926 and 1928, the original owners of La Vista Del Oceano Property shown on the unrecorded map granted individual lots to

subsequent owners, including non-exclusive private road and utility easements for access from Cliff Drive;

WHEREAS, in 1938, due to the former owners' non-payment of real property taxes for the strip of land now known as La Vista Del Oceano Drive, the underlying real property was conveyed to the City, by a "tax deed" executed by the Tax Collectors of the City and the County of Santa Barbara, in particular, by a tax deed recorded on July 11, 1938, in Book 442, at Page 1, of Official Records, although said tax deed did not contain an adequate property description;

WHEREAS, on February 24, 1955, City Council adopted Resolution No. 2737, which declared many streets then in general use by the public to be public streets, as shown on an "Official Map No. 1955-1 of Undedicated Streets in the City of Santa Barbara," including certain traveled and untraveled portions of La Vista Del Oceano Drive, although neither a copy of Resolution No. 2737 nor a copy of said Official Map No. 1955-1 were subsequently recorded to describe and give constructive notice of such public uses;

WHEREAS, in 1959, as provided by a "Memorandum of Agreement," between the City and the County of Santa Barbara, recorded on November 24, 1959, in Book 1690, at Page 43, of Official Records, several tax parcels were conveyed to the City because they were "devoted to public uses, to wit: public streets and alleys," including the real property underlying La Vista Del Oceano Drive, which was intended to be conveyed to the City by a tax deed recorded on January 28, 1960, in Book 1710, at Page 41, of Official Records, although said tax deed did not contain an adequate property description;

WHEREAS, in 1977, by map recorded in Book 17 of Parcel Maps, at Page 3, an undeveloped portion of La Vista Del Oceano Property was divided into two lots, which also established a public easement for the easterly extension of Ricardo Avenue to connect with the real property underlying La Vista Del Oceano Drive;

WHEREAS, in 1988, following a request by certain owners of lots fronting an unimproved portion of La Vista Del Oceano Drive northerly and easterly of Ricardo Avenue, City Council adopted Resolution No. 88-059, which ordered the vacation of the public right to use the uphill portion of La Vista Del Oceano Drive, as previously declared a public street in 1955 by Council Resolution No. 2737, in order for those owners subsequently to obtain permits to construct a private road within their non-exclusive private road easements for access to their proposed new residences;

WHEREAS, in 1989, as set forth in existing private road easements, the portion of La Vista Del Oceano Drive uphill of Ricardo Avenue was constructed by certain owners of lots, as depicted on a design plan filed for review at Public Works as Plan No. C-1-3654;

WHEREAS, in 1989, the real property underlying the original portion of La Vista Del Oceano Drive was finally conveyed by tax deed recorded on August 25, 1989, filed as Instrument No. 89-056767, of Official Records, which contained a correct description and describes the City-owned strip of land with specificity;

WHEREAS, in 1989, the owners of certain residential lots who constructed the uphill private portion of La Vista Del Oceano Drive adopted bylaws to form a California nonprofit mutual benefit corporation, officially named "Oceano Property Owners, Inc.";

WHEREAS, in 1992, the member owners of Oceano Property Owners, Inc. executed "Landowners' Agreements Establishing Covenants and Restrictions for a Portion of La Vista Del Oceano Subdivision," recorded on September 22, 1992, as Instrument No. 92-074728, of Official Records, to provide for the maintenance of the uphill private portion of La Vista Del Oceano Drive;

WHEREAS, by map recorded on December 30, 2005, in Book 201 of Maps, at Pages 57 through 60, certain undeveloped lots within the adjacent "Rogers Tract," located easterly of La Vista Del Oceano Property, were merged to create new lots, and to dedicate a public easement for the easterly end of La Vista Del Oceano Drive, as depicted on a design plan filed at Public Works as Plan No. C-1-4141;

WHEREAS, between 2007 and 2010, the owners of certain lots located downhill and southerly of Ricardo Avenue also obtained permits to build homes, at which time the final unimproved portions of La Vista Del Oceano Drive were constructed to provide access to residences from either Cliff Drive or Ricardo Avenue;

WHEREAS, although many private road easements have long existed on the City's strip of land underlying La Vista Del Oceano Drive, and although the City has previously declared certain portions of La Vista Del Oceano Drive to be a public street, all of which have provided access from Cliff Drive and Ricardo Avenue to various residential lots, it is desired that Council adopt this Resolution to describe, dedicate and formally establish a public street easement to provide for the public use and maintenance of all improved and traveled portions of La Vista Del Oceano Drive located on the real property owned by the City, as now existing and used by the public; and

WHEREAS, following the adoption of this proposed Resolution by Council to dedicate and establish a public street easement on the real property underlying La Vista Del Oceano Drive, the maintenance of said street shall no longer be performed by the members of Oceano Property Owners, Inc.

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

SECTION 1. That certain strip of land owned by the City of Santa Barbara underlying the improved and traveled portions of La Vista Del Oceano Drive, more particularly described below, is hereby dedicated for public street and all related purposes.

SECTION 2. That the street easement hereby dedicated is particularly described as follows:

DESCRIPTION
La Vista Del Oceano Drive

That portion of the Outside Pueblo Lands of the City of Santa Barbara, in the City of Santa Barbara, County of Santa Barbara, State of California, described in that certain deed having the heading "Tax Deed to Purchaser of Tax-Defaulted Property," executed by the Tax Collector of Santa Barbara County, to the City of Santa Barbara, a Municipal Corporation, recorded on August 25, 1989, as Instrument No. 89-056767, of Official Records of said County, which was recorded to correct the incomplete and erroneous description attached to that certain original deed by the Tax Collector of the County of Santa Barbara to the City of Santa Barbara recorded on January 28, 1960, filed as Instrument No. 2997, in Book 1710, at Page 41, of Official Records of said County, said real property now being commonly known as "La Vista Del Oceano Drive," and particularly described as follows:

Beginning at a point in the center line of Cliff Drive as now established, distant thereon North 76°38' East 284.05 feet from a cross cut in the concrete pavement at an angle point in said center line of said Cliff Drive from which another cross cut in the concrete pavement at the most northerly corner of the Peter Davis Estate property now owned by F.P. Knott as referred to in a deed made by A.J. Williams, et ux. to George Gaylord, dated February 1, 1870, and recorded in Book I, page 28 of Deeds, records of said County, bears North 78°32' West 2.76 feet; thence North 13°22' West 153 feet to the beginning of a curve to the left having a radius of 50 feet and a delta of 90°; thence along the arc of said curve to the end thereof; thence South 76°38' West 117.5 feet to the beginning of a curve to the right having a radius of 80 feet and a delta of 161°58'; thence along the arc of said curve to the end thereof; thence North 58°36' East 468.60 feet to a point and the beginning of a curve to the left having a radius of 23 feet and a delta of 180°; thence along the arc of said curve to the end thereof; thence South 58°36' West 130.25 feet to the beginning of a curve to the right having a radius of 237.27 feet and a delta of 41°22'; thence along the arc of said curve to the end thereof and the beginning of another curve to the right having a radius of 94.78 feet and a delta of 66°06'; thence along the arc of said curve to the end thereof; thence North 13°56' West 99.88 feet to a point, said point being the beginning of a curve to the right having a radius of 353.45 feet and a delta of 20°03'; thence along the arc of said curve to the end thereof and the beginning of a curve to the

left having a radius of 105.57 feet and a delta of 65°30'; thence along the arc of said curve to the end thereof and the beginning of a curve to the right having a radius of 55 feet and a delta of 209°; thence along the arc of said curve to the end thereof; thence South 30°23' East 140.05 feet to the beginning of a curve to the left having a radius of 40 feet and a delta of 109°; thence along the arc of said curve to the end thereof; thence North 40°37' East 405.90 feet to a point; thence South 13°22' East 37.10 feet to a point; thence South 40°37' West 384.10 feet to a point, said point being the beginning of a curve to the right having a radius of 70 feet and a delta of 109°; thence along the arc of said curve to the end thereof; thence North 30°23' West 140.05 feet to the beginning of a curve to the left having a radius of 25 feet and a delta of 209°; thence along the arc of said curve to the end thereof and the beginning of a curve to the right having a radius of 135.57 feet and a delta of 65°30'; thence along the arc of said curve to the end thereof and the beginning of a curve to the left having a radius of 323.45 feet and a delta of 20°03'; thence along the arc of said curve to the end thereof; thence South 13°56' East 99.88 feet to the beginning of a curve to the left having a radius of 64.78 feet and a delta of 66°06'; thence along the arc of said curve to the end thereof and the beginning of another curve to the left having a radius of 207.27 feet and a delta of 41°22'; thence along the arc of said curve to the end thereof; thence North 58°36' East 130.25 feet to the beginning of a curve to the right having a radius of 53 feet and a delta of 180°; thence along the arc of said curve to the end thereof; thence South 58°36' West 468.60 feet to a point and the beginning of a curve to the left having a radius of 50 feet and a delta of 161°58'; thence along the arc of said curve to the end thereof; thence North 76°38' East 572.5 feet to a point; thence South 13°22' East 30 feet to a point; thence South 76°38' West 325 feet to a point and the beginning of a curve to the left having a radius of 50 feet and a delta of 90°; thence along the arc of said curve to the end thereof; thence South 13°22' East 153 feet to a point in the center line of Cliff Drive; thence South 76°38' West 30 feet to the point of beginning; and merely for convenient reference, the real property described above is identified as Santa Barbara County Assessor's Parcels APN 035-170-026; APN 035-180-086; and APN 035-180-087.

SECTION 3. That, following the adoption of this Resolution, the maintenance of the formerly private portion of La Vista Del Oceano Drive shall no longer be performed by Oceano Property Owners, Inc.

SECTION 4. That the City Clerk shall record a certified copy of this Resolution in the Official Records, in the office of the County Recorder of the County of Santa Barbara, California.



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: September 20, 2016

TO: Mayor and Councilmembers

FROM: Water Resources Division, Public Works Department

SUBJECT: Amendment To Professional Service Agreements Associated With El Estero Wastewater Tertiary Filtration Plant

RECOMMENDATION: That Council:

- A. Authorize the Public Works Director to execute an amendment to Professional Service Agreement No. 21600223 with Trussell Technologies, Inc., to increase services for operational support for recycled water facility modifications, and increase the contract by \$149,524, for a total not to exceed amount of \$184,480;
- B. Authorize the City Attorney to execute an amendment to Legal Services Agreement No. 21600241 with Morris Polich & Purdy, LLP, to increase the contract amount by \$165,000 for a total not to exceed amount of \$200,000, for provision of legal services for potential litigation associated with the El Estero Wastewater Tertiary Filtration Project; and
- C. Approve a transfer of funds from Water Fund reserves to the Water Capital Fund in the amount of \$314,524, and amend the budgets in each funds accordingly, to cover the additional costs associated with the amended professional service agreements for the El Estero Wastewater Tertiary Filtration Plant.

DISCUSSION:

Background

The City's original Recycled Water Treatment Plant (Plant) was constructed in 1989 at the El Estero Wastewater Treatment Plant. It was one of the first recycled water facilities in California and was designed to produce approximately four million gallons of recycled water per day (MGD), thereby reducing the need for potable water. It was in operation for over 20 years, and was in need of significant rehabilitation to allow for the effective production of recycled water. Therefore, after a competitive Request for Proposals and selection process, Council awarded a contract to CDM Smith (CDM) on January 24, 2012, to perform engineering assessment and preliminary design services

for the Tertiary Filtration Replacement Project (Tertiary Project). Council subsequently awarded a contract to CDM on February 26, 2013, for final design services. Final design was completed and the project was competitively bid.

On April 29, 2014, Council awarded a contract to Schock Contracting Corporation (Schock) for the construction of the Tertiary Project, Bid No. 3688A. The work generally consisted of demolishing the existing Plant's media filters and constructing a new 3 MGD Ultrafiltration Complex, including ancillary facilities, for cleaning the membranes and associated chemical systems. Additional work included rehabilitation of the recycled water storage reservoir, reconfiguring the piping and existing chemical storage sites, and improvements to the storm water drainage system.

During construction, it was discovered that CDM included water quality data in the bid documents that was not representative of the feed water supplied to the Plant. Because this data was used as the basis for selecting and purchasing the filtration membranes, new membranes were needed to treat the quality of water actually supplied and produce the amount of water required by the design specifications. This design error also impacted the timing of the Tertiary Project, delaying start-up of the new Plant to late October 2015. Additionally, the specifications were revised to account for the fact that, based on the actual feed water quality, the Plant as designed and constructed would only produce 2.5 MGD of recycled water.

On June 30, 2015, Council authorized an \$879,000 increase to Schock's construction contract to cover costs associated with procuring and installing different filtration membranes that would be able to properly filter feed water to the Plant. On October 30, 2015 the City received approval from the State Water Quality Control Board to discharge water from the newly constructed 2.5 MGD recycled water facility into its distribution system; however, the facility only produced 0.7 MGD of recycled water on a reliable basis.

On June 10, 2016, staff executed a Professional Service Agreement (PSA) with Trussell Technologies, Inc. (Trussell), in an amount not to exceed \$34,956 to provide operational support for approximately eight weeks in order to optimize recycled water production to meet summer demands, and to evaluate membrane system capacity. Trussell is a leading expert in water and wastewater processes, with direct experience in assisting facilities similar to the City's, achieving ideal operating conditions, and maximizing water production. Through Trussell's assistance, operational changes were made and the Plant can now reliably produce 1.5 MGD of recycled water. The Plant, however, is still not producing at its designed capacity, and additional changes and modifications will need to be made.

Recommendation

Based on Trussell's knowledge of the Plant and their proven success in increasing recycled water capacity, staff would like to continue to utilize Trussell's expertise and services to advise the City on the design and operational changes necessary for the

Plant to reliably produce 2.5 MGD of recycled water. Staff therefore recommends that Council authorize an amendment to the Professional Service Agreement with Trussell, to allow for continued operational support services, and to increase the contract amount by \$149,524 for a total not to exceed amount of \$184,480.

Additionally, in June 2016 the City Attorney's Office entered into a Legal Services Agreement in an amount not to exceed \$35,000 with the law firm of Morris Polich & Purdy, LLP (MPP) to provide legal support associated with potential litigation resulting from design and construction of the Plant. Based on the complexity of the potential litigation, the City Attorney's Office recommends that the City continue to retain MMP as special legal counsel, and to increase the Legal Service Agreement by \$165,000, for a not to exceed amount of \$200,000.

BUDGET/FINANCIAL INFORMATION:

Staff recommends that Council authorize a transfer of \$314,524 from Water Fund reserves to the Water Capital Fund, and approve the related budget adjustments, for the amended Professional Service Agreements associated with the El Estero Wastewater Tertiary Filtration Plant.

PREPARED BY: Lisa Arroyo, Wastewater System Manager/mh

SUBMITTED BY: Rebecca J. Bjork, Public Works Director

APPROVED BY: City Administrator's Office



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: September 20, 2016

TO: Mayor and Councilmembers

FROM: Administration Division, Parks and Recreation Department

SUBJECT: Funding For The Chase Palm Park Restroom Renovation Project

RECOMMENDATION:

That Council allocate \$48,647 from the Park Infrastructure and Safety Capital Improvement Program (CIP) Project to the Park Restroom Renovation Program in the Capital Outlay Fund.

DISCUSSION:

Introduction

The Parks and Recreation Department (Department) CIP has two capital improvement projects focused on the renovation of park restrooms and upgrades to park infrastructure and safety improvements. During the development of the six-year CIP, the Department identifies priority park infrastructure and restroom renovation projects for Council consideration. In Fiscal Year 2016, the Department prioritized the Chase Palm Park Renovation Project (Project). With a CIP appropriation of \$155,348, funds were intended to support project design, permitting and construction. Renovation plans and Historic Landmarks Commission design review were complete in June 2016.

Project Description

Located in the ocean side of Chase Palm Park, the restroom was constructed in 1972 and has never undergone a major renovation. The purpose of the Project is to update the interior, improve site security, and meet the Americans with Disabilities Act requirements. The Project includes replacing all plumbing fixtures and pipes, installing an epoxy floor, replacing wall tile and partitions, improving both entryways, installing gates, updating all interior and exterior lighting, and new landscaping. Exterior improvements are focused on addressing site safety issues and reducing loitering and illegal camping.

Project Construction Bids

Bids for Project construction were solicited in August 2016. All five contractor proposals received came in higher than budgeted. Quincon Construction submitted the low bid in the amount of \$184,505. The higher than budgeted bid price can be attributed to several factors, including the discovery of lead-based paint that needs remediation and higher labor costs due to new requirements of the California Department of Industrial Relations.

BUDGET/FINANCIAL INFORMATION:

The total amount needed to complete the Project, including 10% contingency funding, is \$202,955. Funds available in the Park Restroom Renovation Program totals \$154,308. An additional \$48,647 is need to fully fund the project. The Parks and Recreation Department Fiscal Year 2017 Capital Improvement Program includes \$208,246 for the Park Infrastructure and Safety Project. These funds are intended to support a wide variety of park improvement needs including fencing, walkways, benches, and lighting, among others. The Department requests that Council allocate \$48,647 from the Park Safety and Infrastructure CIP Project to the Park Restroom Renovation Program. The Department requests use of these funds since the restroom renovation is intended to improve site safety and park infrastructure.

The Chase Palm Park Restroom is an important public amenity that provides convenient access to restroom facilities. With Council approval of project funding, the General Services Manager will issue the purchase order, and the contractor can start the Project within 10 days. The project is anticipated to take 60 days to complete.

SUSTAINABILITY IMPACT:

The Project will remediate lead-based paint and reduce energy consumption by using LED lighting.

PREPARED BY: George Thomson, Capital Projects Supervisor

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

APPROVED BY: City Administrator's Office



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: September 20, 2016

TO: Mayor and Councilmembers

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

SUBJECT: Stage Three Drought Update And Council Input On Potential New Regulations And Development Restrictions

RECOMMENDATION:

That Council receive an update on the status of the current drought, ongoing drought-response Capital Improvement Projects, projected supply shortages, and provide input on potential additional water use and development restrictions.

EXECUTIVE SUMMARY:

This report provides an update for Council on the current drought situation in relation to the water supply outlook, Capital Improvement Projects related to drought response, community-wide conservation, water use regulations, and development restrictions. The report outlines the efforts to date in response to the drought. A projected shortage in the ability of the City to meet peak demand during the summer of 2017 is discussed, as are proposed measures for addressing the shortage. A lawn watering moratorium, commencing as early as November 2016, is identified as the next available measure with sufficient savings to offset the projected supply shortage. Updated numbers on potential savings from implementing development restrictions are presented and are found to be insufficient in both quantity and timing to contribute significantly to reducing the supply shortage.

DISCUSSION:

Council declared Stage One and Stage Two Drought Conditions 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 a resolution for additional water use regulations on May 12, 2015. This was followed by a fifth consecutive year of minimal

rainfall, with virtually no runoff to local reservoirs, which caused Council to increase the community's water conservation target to 35 percent on April 26, 2016.

This drought update will cover the following items:

- Water Supply Outlook
- Drought Response Capital Projects
- Community Conservation
- Water Use Regulations
- Development Restrictions

Water Supply Outlook

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, supplemental water purchases, and reactivation of the City's Desalination Plant, now projected to supply water in January 2017.

In September 2015, Cachuma Reservoir's (Cachuma) water level dropped below the intake tower that conveys water to the South Coast by gravity. To keep water moving to the South Coast, an Emergency Pump Project (EPP) consisting of a barge-mounted emergency pump station was installed to keep water moving into the intake tower, through Tecolote Tunnel, and on to the South Coast Water Agencies. On June 29, 2016, in response to a continued decline in reservoir levels, the EPP was successfully relocated to deeper water. The current location of the barge utilizes just over 10,000 feet (~2 miles) of 24-inch pipeline to move water to the intake tower. The EPP allows the City to continue to receive its remaining Cachuma carryover and state water. The relocation work was completed just ahead of the downstream water release, which was concluded on August 29, 2016, dropped the reservoir by 10 feet, and released 11,400 Acre Feet (AF), 2,000 AF more than what was planned.

Final allocations of State Water "Table A" deliveries for the current year are 60 percent of the City's entitlement, or approximately 1,980 AF, reflecting much improved surface water supplies in northern California. In addition to State Water, the City was successful in purchasing 4,000 AF of supplemental water to help meet demands next year. This fall/winter, the City will see the return of 1,285 AF of water that had been banked with the Dudley Ridge Groundwater Bank. Despite the ability to secure 7,265 AF of additional imported water this year, there are limitations on how much can physically be delivered. In recent months, staff raised concerns about a potential need for further demand reductions during peak water usage in August and September of this year. Fortunately, strong conservation and the ability to utilize excess capacity in the State Water delivery system helped defer the need for further reductions this year. However, looking ahead, staff is projecting a shortage of approximately 300 AF from August through October 2017, assuming no additional delays in desalination deliveries or

interruptions in groundwater production. Accordingly, staff is recommending that Council consider additional actions for further demand reduction, as discussed below.

The National Oceanic and Atmospheric Administration (NOAA) forecasts an increasing chance of a La Niña developing during fall 2016. Drier, colder weather for Southern California is typically associated with La Niña events. NOAA's forecast for January - March 2017 shows a projection of below-average precipitation during our key rainfall window. 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

As reported previously, the Desalination Plant is now expected to complete testing, receive State approval, and supply water to the distribution system starting in late January 2017. The capacity of the reactivated plant will be 3,125 AF per year (AFY).

Staff has been working closely with an environmental engineering firm to make changes to the Recycled Water Treatment Plant to boost production. A combination of improved production and cooler weather this year has allowed the recycled water system to meet demands without the use of potable water. Efforts are still underway to get the plant up to its full production capacity.

All eight of the City's active wells are operational and providing much needed groundwater supplies. The Vera Cruz Well is back online, with significant improvements aimed at increasing the reliability of this 40-year old well.

Community Conservation

The City's water conservation numbers for August 2016 show a reduction of 42% percent, compared to 2013 water demands. The cumulative citywide average reduction since the Stage Three Drought declaration in May of 2015 is 36%percent.

The City's water customers continue to meet and exceed both the City's and the state's conservation targets with extraordinary conservation measures. The state-mandated water use reduction for the City is 12 percent below 2013 water usage. The state recently adopted new regulations that allow agencies to reduce conservation requirements by demonstrating they have sufficient supplies to meet full customer demands through 2019. Since the City remains in a severe drought condition, the City has not elected to seek a modification of its state requirement.

Water Use Regulations

For each successive year of continuing dry weather, Council has considered appropriate responses in the form of water use regulations and development

restrictions, coupled with drought water rates and enhanced public outreach. These steps have been guided by the City's Water Shortage Contingency Plan. With Cachuma at record low levels, groundwater basins nearing record lows, the potential for construction delays in desalination production, and a projected inability to meet peak customer demand during the coming water year, staff has been working to develop recommendations regarding changes in the City's current regulations. Attachment 1 is an updated summary of current and potential additional regulations. Staff looked for measures that would generate savings sufficient to offset the projected short-term supply deficit of approximately 300 AF with an additional 500 AF of contingency, for a total of 800 AF of additional savings over the coming water year. This would mean an increase in our conservation target from 35 percent to approximately 40 percent, relative to 2013 water usage. In development of the regulatory options, staff was focused on protection of the community's investment in trees and shrubs, and minimizing impacts to economic activity in the community.

With regard to new water use regulations, staff's conclusion is that a general ban on turfgrass (lawn) watering with potable water (with limited exemptions) is the best tool for addressing the current situation. Staff is projecting a savings of 800 AFY from this action, based on a range of assumptions yielding 500 AFY as a worst case and 1,200 AFY as the best case scenario. Coupled with likely additional demand reductions from updated community outreach and recent changes in water rates, this step should be sufficient to allow the City to continue to meet system-wide demand with an acceptable supply buffer, barring significant added setbacks. In the residential sector, the only exemptions would be watering of grass that is incidental to irrigation at the drip lines of trees and shrubs, and watering of certified water wise turf. In the institutional sector, staff proposes exemptions for open spaces and parks on publicly owned and operated lands; certified water wise turf; and areas of active recreation at schools, day care facilities, and after-school programs. In the commercial sector, staff proposes exemptions for turf areas that are directly related to the business activity, such as ceremonial event spaces, subject to an application for exemption and demonstrated ongoing compliance with the City's water conservation targets. In all sectors, staff anticipates the need for increased enforcement, much of it during likely irrigation times of midnight to 7:00 a.m.

Development Restrictions

Council previously discussed the potential for development restrictions in December 2014, April 2015, and April 2016, and the Planning Commission discussed the same in February 2015. On all occasions, decision-makers weighed the small amount of water savings gained by implementing development restrictions against the potentially negative impact on the local economy and decided to forego instituting development restrictions. In light of the projected water supply shortages and increasing community concerns that development continues to be approved and constructed during a Stage 3 Drought, potential development restrictions were explored again in detail by staff.

During a normal year, the City's water demand is 14,600 AFY. The City's current targeted water demand is 65 percent of normal, or 9,500 AFY. On average, over the last 10 years (2006 thru 2015), new development has accounted for 27 AFY, or about 0.28 percent of the drought demand (see Attachment 2 – Analysis of Water Use for Development). That average includes several years of the development boom of 2001 to 2008, and the recession that followed, and is similar to the previously calculated value. It is also well below the estimated demand of 40 AFY used in the 2011 Long-Term Water Supply Plan and the 2011 General Plan Update Environmental Impact Report.

An updated review of all pending (planning application received) and approved (planning approvals granted) development projects as of July 31, 2016, indicates new annual demand of approximately 179 AFY for these projects. However, based on past trends, staff expects that only about half of the projects will seek building permits and complete construction in the foreseeable future. It is also important to note that these projects will be staggered over a number of years. Staff's conclusion is that a moratorium on new development will not generate a significant savings relative to the demand reduction needed to address next summer's projected shortage, nor will any savings occur soon enough to impact the pending shortage.

The City's adopted Landscape Design Standards for Water Conservation prohibit the installation of new turf for exclusively commercial projects. They also limit turf to no more than 20 percent of the landscaped area for single-family and multi-family residential, and mixed-use projects. However, if Council adopts additional water use restrictions, such as a prohibition of lawn watering, those same restrictions would also apply to new development.

Schedule

Implementation of the lawn watering restrictions would be anticipated as early as November 2016, upon adoption by Council, in order to begin achieving savings as soon as possible. Furthermore, moving forward in the winter months also allows for a smoother transition for the community when the need for outdoor lawn watering should be unnecessary with rainfall similar to the past few years. Following Council adoption, staff will increase community outreach to raise public awareness, and begin to ramp up enforcement as necessary. It will be critical, if drought conditions continue, to have regulations in place that will allow the City to fully achieve the required conservation at the start of the 2017 irrigation season. Should water supply conditions improve this winter, staff would revisit rolling back these restrictions; however, if there is no improvement, the City will be well positioned to address the 6th year of a record drought.

BUDGET/FINANCIAL INFORMATION:

Additional revenue loss is anticipated as a result of the increase in water conservation. Current rates reflect the use of \$7 million in reserves, and it is not recommended at this

time to use additional reserves to balance the projected losses. With input from Council, staff proposes to implement a Drought Impact Fee, which would be assessed equally on all units of water used, to make up the loss of revenue from anticipated additional conservation. The fee would be similar to what other communities have done to address shortages. Development of the fee will require working with a rate consultant, public noticing, and a rate hearing, which will likely lag behind the implementation of the regulations by several months.

SUSTAINABILITY IMPACT:

The recommended additional drought regulations are appropriate at this time, given the need to further stretch remaining water supplies. It is estimated that additional regulations will increase cumulative water savings to 40 percent on an annual basis, with monthly savings ranging from 32 percent to 50 percent. Staff will monitor the cumulative water savings from November 2016 through April 2017, and will use the information as a basis for determining whether or not to recommend additional action for Council consideration in the spring of 2017.

ATTACHMENT(S): 1. Stage Three Drought Phased Response Options
2. Analysis of Water Demand for Development

PREPARED BY: Joshua Haggmark, Water Resources Manager/KD/mh
Renee Brooke, City Planner

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

APPROVED BY: City Administrator's Office

Stage Three Drought Phased Response Options

The following water use regulations and development restrictions can be considered for implementation in a phased approach if the water supply situation worsens or the community does not meet conservation targets. These actions could be implemented as part of a Stage 3 Drought, or could be further phased, depending on the drought condition at that time.

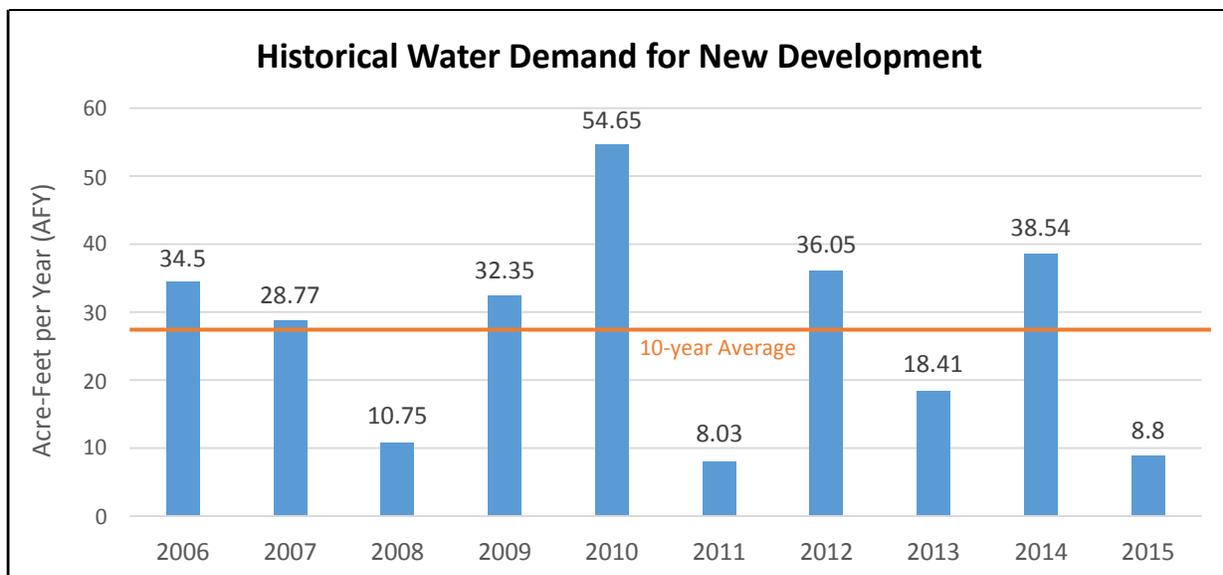
<i>Phase</i>	<i>Water Use Regulations</i>	<i>Development Restrictions</i>
Current	<p>Regulations align with statewide regulations and include:</p> <ul style="list-style-type: none"> • Restrict watering times • Nozzle required on hoses • Limited washing of hard surfaces • No irrigation during/after rain • Large commercial fountains may not operate • Pools and spa covers required • Water only served on request, drought notice required • Require towel/linen washing signage in hotels/motels • Require drought and shower limitation signage in gyms and pool facilities. 	<p>Irrigation with potable water for new homes and buildings must comply with regulations adopted by the CA Building Standards Commission and the Department of Housing and Community Development.</p> <p>No Public Works permits for groundwater wells if property is connected to the City’s water system</p>
More Strict	<p>Prohibit overhead spray irrigation in parkways</p> <p>Prohibit irrigation of turf, with limited exceptions</p> <ul style="list-style-type: none"> • Recycled water • Athletic fields at schools and child care facilities • Open spaces and parks on publicly owned and operated land • Water wise turf (must apply for exemption) • Commercial event spaces (must apply for exemption) 	<p>Mandatory deferral of installation of all approved “aesthetic” landscaping, which does <u>not</u> include:</p> <ul style="list-style-type: none"> • Storm Water Management compliance • Required mitigation • Creek/riparian restoration • Tree relocations • Erosion control <p>No Building Permits for new swimming pools.</p> <p>No Building Permits for projects with <u>net new</u> water use.* (Note: This restriction could be made less strict by allowing certain exemptions.)</p>
Catastrophic Supply Interruption	<p>Outdoor watering by hand only or No outdoor water use</p>	<p>No new water meters*</p>

*Coordinate with Santa Barbara County to apply City development restrictions to out-of-City properties served by City water

ANALYSIS OF WATER DEMAND FOR NEW DEVELOPMENT

AUGUST 2016

During a normal year, the City’s water demand is 14,600 acre feet per year (AFY). Currently, the City is in a Stage Three Drought Condition with projected annual demands of approximately 9,500 AFY (65% of normal potable demand). On average, new development represents approximately 0.28% of the City’s drought water demand projection, or an additional 27 AFY each year. This estimate is based on water demand factors used by the City for development over the last ten years (refer to the chart below). The General Plan Update Final Environmental Impact Report (FEIR) anticipated an added demand of 722 AFY for new development by the year 2030, or an average of 38 AFY each year.



Looking specifically at development projects currently submitted to the City, there is a total of approximately 179 AFY attributable to new development either pending (not yet approved) or approved (building permit not yet issued). Please refer to the table below. If all pending or approved projects were constructed next year, this would represent 1.9% of the City’s annual drought water demand projection (1.2% of normal year demand). These numbers represent projects that have been submitted over many years; some of these projects may never come to fruition, but it represents a worst-case scenario.

Potential Water Demand From All New Development (as of July 31, 2016)

	Approved Projects	Pending Projects	TOTAL
Water Demand	67.43 AFY	111.76 AFY	179.19 AFY

The following two tables break down this 179 AFY by land use, as well as magnitude of project water demand.

**Potential Water Demand From APPROVED Development
By Land Use Category (as of July 31, 2016)**

	Residential	Mixed Use	Non-Residential	TOTAL
Affordable Housing	21.47 AFY (2 projects)	-	-	21.47 AFY (2 projects)
Projects > 5 AFY	6.51 AFY (1 project)	6.88 AFY (1 project)	-	13.39 AFY (2 projects)
Projects 1-5 AFY	3.26 AFY (2 projects)	5.48 AFY (7 projects)	4.27 AFY (2 projects)	13.01 AFY (11 projects)
Projects < 1 AFY	14.13 AFY (34 projects)	3.55 AFY (6 projects)	1.88 AFY (14 projects)	19.56 AFY (54 projects)
TOTAL	45.37 AFY (39 projects)	15.91 AFY (14 projects)	6.15 AFY (16 projects)	67.43 AFY (69 Projects)

**Potential Water Demand From PENDING Development
By Land Use Category (as of July 31, 2016)**

	Residential	Mixed Use	Non-Residential	TOTAL
Affordable Housing	2.30 AFY (1 project)	-	-	2.30 AFY (1 project)
Projects > 5 AFY	-	39.80 AFY (3 projects)	23.22 AFY (2 projects)	63.02 AFY (5 projects)
Projects 1-5 AFY	7.88 AFY (5 projects)	18.17 AFY (6 projects)	6.66 AFY (4 projects)	32.71 AFY (15 projects)
Projects < 1 AFY	9.76 AFY (25 projects)	0.98 AFY (1 project)	2.99 AFY (13 projects)	13.73 AFY (39 projects)
TOTAL	19.94 AFY (31 projects)	58.95 AFY (10 projects)	32.87 AFY (19 projects)	111.76 AFY (60 Projects)

If the City Council were to restrict issuance of permits for new development, it could affect approximately 129 development projects, representing a net new water demand of 179 AFY, depending on the effective date of such a prohibition. Affordable Housing is a top priority for the City, and the General Plan includes policies supporting Affordable Housing. If development restrictions were imposed, the City Council could consider allowing a certain number/type of projects to continue moving forward, including Affordable Housing and other Community Benefit Projects. There are currently three pending or approved Affordable Housing projects with a total net new water demand of 23.77 AFY, which represents 13% of the total pending and approved development.



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: September 20, 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 *Herrera, Jesus Reyes v. COSB, et al.*, USDC Case No. 2:15-CV-08402 DMG(PLAx)

SCHEDULING: Duration, 15 minutes; anytime
REPORT: None anticipated
SUBMITTED BY: Ariel Calonne, City Attorney
APPROVED BY: City Administrator's Office