



CITY OF SANTA BARBARA

JOINT COUNCIL AND REDEVELOPMENT AGENCY AGENDA REPORT

AGENDA DATE: April 7, 2009

TO: Mayor and Councilmembers
Chairperson and Agency Boardmembers

FROM: Planning Division, Community Development Department
Housing & Redevelopment Division, Community Development
Department

SUBJECT: Children's Museum Of Santa Barbara – Request For Preliminary
Community Priority Designation And Approval Of Memorandum Of
Understanding

RECOMMENDATION:

- A. That Council make a preliminary finding that the proposed children's museum at 125 State Street meets a present need directly related to general welfare, and grant the project a Preliminary Community Priority Designation for 2,500 square feet of floor area; and
- B. That the Agency Board approve the Memorandum of Understanding with the Children's Museum of Santa Barbara regarding negotiations concerning the possible development of a children's museum at 125 State Street and authorize the Executive Director to execute the Memorandum of Understanding in a form acceptable to Agency Counsel.

EXECUTIVE SUMMARY:

Efforts to locate an appropriate site for development of a children's museum have been underway since the late 1990s. Attempts to situate the museum on Agency property at City Parking Lot #6 in 2002 were unsuccessful. In late 2007, the Redevelopment Agency Board directed staff to enter into exclusive negotiations with the Children's Museum of Santa Barbara (CMSB) for development of an approximately 13,000 square foot children's museum on Agency property at 125 State Street. Use of the 0.5 acre site for development of the proposed scope would require a Community Priority designation by Council. A Memorandum of Understanding has been prepared which establishes the conditions to be satisfied by CMSB and the Agency, to develop a project description for purposes of initiating City of Santa Barbara environmental review of the proposed development and to negotiate possible terms of a Disposition and Development Agreement and site ground lease.

BACKGROUND:

In 1999, while the Granada Garage (City Parking Lot #6) was in design development, it was recognized that there would be surplus land fronting Anapamu Street. At that time, City Council expressed a preference for the site to be developed for public benefit by a non-profit cultural organization. The Children's Discovery Museum responded with interest.

In 2002, the Redevelopment Agency provided a \$25,000 grant to the Children's Discovery Museum to provide partial funding for a Feasibility Study (Study) relating to the development of the Children's Discovery Museum in Santa Barbara. Among the conclusions reached by the Study was that the proposed 27,000 square foot development on the Anapamu Street lot would be challenged by the small lot size, thus halting further assessment.

In recent years, proposed plans for 125 State Street have been for additional parking for the Santa Barbara Railroad Depot, then as a site for the Chamber of Commerce's Visitor Information Center (VIC). In 2004, City staff determined that the VIC could be incorporated into the development formerly known as the Entrada. A condition was imposed on the Entrada development plan requiring use of 125 State Street for 10 parking spaces.

In late 2007, Agency staff began developing a Request for Proposals (RFP) for development of the parcel with a focus on options that would benefit both the community and the Agency's financial situation. In December 2007, Council directed Agency staff to negotiate exclusively with CMSB for the development of a children's museum on Agency property at 125 State Street. Staff has since removed the parking encumbrance on the site by obtaining a Substantial Conformance Determination from the Planning Commission to relocate the ten parking spaces for the VIC from 125 State Street to the Entrada de Santa Barbara site. A site survey was prepared and forwarded to CMSB. Phase I and Phase II environmental assessments of the site found low levels of hazardous materials, and a work plan is being prepared to more closely investigate the property and develop appropriate remediation measures, if necessary.

DISCUSSION:

Community Priority Designation:

The City Charter and SBMC §28.87.300 provide for City Council designations of square footage for projects of public benefit deemed *"necessary to meet present or projected needs directly related to public health, safety or general welfare."*

The Municipal Code further defines "general welfare" as *"a community priority project which has a broad public benefit (for example: museums, child care facilities, or community centers) and which is not principally operated for private profit."*

As stated in the applicant's letter (Attachment 1), CMSB is a registered 501(c)(3) non-profit organization that has identified a present need for a children's museum to provide an educational opportunity that does not currently exist in Santa Barbara. With this proposal, CMSB requests a preliminary designation of 2,500 square feet of floor area from the Community Priority Category toward the proposed 14,127 square foot building. Staff believes that the project satisfies the required finding for approval of Community Priority square footage and, therefore, recommends approval of the preliminary designation. This action does not provide or imply approval of the project. Following a formal application submittal, approvals for the proposed project would be considered by the Planning Commission and Historic Landmarks Commission. A local market needs assessment and reduced floor plans are included with Attachment 1.

Land Development Team (LDT) staff have begun a review of the project and issues to be addressed in the review process include traffic, parking – including a possible parking modification, noise from the adjacent railroad, proximity to the historic signalman's building, potential site contamination, and appropriate design for El Pueblo Viejo.

To date, 76,380 square feet is remaining in the Community Priority Category for allocation (not including this project). Please refer to Attachment 2 for a list of Community Priority projects that have received Preliminary or Final Designations. Attachment 3 provides a summary of Charter provisions for Community Priority designations.

Memorandum of Understanding:

The purpose of the MOU is to set out the mutual understanding of Agency staff and the Museum regarding the process by which the Agency Board and staff and the Museum may, if the conditions set forth herein are satisfied, develop a project description for purposes of initiating City of Santa Barbara environmental review of the proposed development of a children's museum on the Project Site and to negotiate the possible terms of a Disposition and Development Agreement (DDA) and subsequent ground lease*.

Significant components of the MOU are as follows:

- Conceptually, the 14,000 square foot museum would include the following elements:
 - Two stories
 - Indoor exhibits over 7,000 square feet
 - Lobby and store space over 6,000 square feet
 - Outdoor exhibits over 1,800 square feet
 - Landscaping and other appurtenant facilities
 - Visitor and staff parking on site and off site
- Remediation (if necessary) of the project site by the Agency
- Reconfiguration of the existing legal lots into one legal lot for ground lease

BUDGET/FINANCIAL INFORMATION:

To date, the Redevelopment Agency's Property Management account has incurred costs of approximately \$21,000 for a site survey and environmental assessment reports. It is estimated that the forthcoming focused site investigation and remediation feasibility study would be an additional outlay of approximately \$25,000. Costs of remediation, if necessary, will depend on the feasibility study findings and recommendations and cannot be estimated at this time.

SUSTAINABILITY IMPACT:

A Silver-level Leadership in Energy and Environmental Design (LEED) certification for the museum building is proposed in the CMSB business plan. For a children's museum to achieve the Silver designation, the building itself must serve as a teaching element. CMSB intends for the development to highlight the sustainable elements in an engaging fashion for children and adults and to serve as a demonstration structure that environmental sustainability is important and achievable.

CMSB has requested that any necessary site remediation be completed before execution of the ground lease. City Environmental Services Division staff is assisting the Agency to further assess the site under the supervision of County Fire Department Hazardous Materials Division. At this time, a work plan for a focused site investigation and remediation feasibility report is being developed. If necessary, site remediation would likely begin in the second half of 2009 with the duration dependent upon the feasibility report recommendations. Remediation would reduce the potential for groundwater contamination, protect the surrounding environment of this coastal property and further the City's sustainability goals.

- ATTACHMENTS:**
1. Applicant's Letter dated March 19, 2009 with reduced floor plans and needs assessment
 2. Table of Projects with Preliminary or Final Community Priority Designations
 3. Summary of Charter Provisions of Community Priority Category Designations
 4. Memorandum of Understanding

PREPARED BY: Daniel Gullett, Associate Planner
Brian Bosse, Housing and Redevelopment Manager/MEA

SUBMITTED BY: Paul Casey, Deputy Director

APPROVED BY: City Administrator's Office

S U Z A N N E  E L L E D G E
P L A N N I N G & P E R M I T T I N G S E R V I C E S , I N C .

PRINCIPAL PLANNERS
SUZANNE ELLEDGE • LAUREL F. PEREZ

19 March 2009

Santa Barbara City Council
City of Santa Barbara
630 Garden Street
Santa Barbara, CA 93101

**RE: 125 State Street – Children’s Museum of Santa Barbara - Community
Priority Request**

Dear Council Members,

On behalf of the Children’s Museum of Santa Barbara (CMSB), applicants of 125 State Street, we are pleased to submit this letter for a recommendation of Community Priority development status for your consideration.

Children’s Museums – History and Background

The first children’s museum was founded in Brooklyn in 1899. Today, there are over 340 children’s museums in 23 countries around the world. According to the American Association of Museums, children’s museums are the fastest growing type of museum, increasing ten-fold since 1975.

Children’s museums are dedicated solely to providing children with unique experiences designed to meet their specific physical, intellectual, emotional, and development needs. Participation by parents with their children is considered an essential part of the mission. Children’s museums are the place where a diverse cross-section of families can come together to learn, play, and connect in meaningful ways with other families. The museum would provide educational programs and resources for schools, offer creative programs to meet special community needs and has the potential to become a community center.

Site Development History

The subject property is developed with a small structure, known as the Signalman’s building, is located in Downtown Santa Barbara, and is currently owned by the City of Santa Barbara Redevelopment Agency. The site is adjacent to the Railroad Depot to the north, the Santa Barbara Hotel to the south and is bound by State Street to the east and Kimberly Avenue to the west. Previous project proposals that were not pursued to completion included the Visitor’s Information Center and a surface parking lot.

Proposal

The Children's Museum of Santa Barbara (CMSB) project consists of a new two-story structure with a maximum building height of 40-feet of approximately 14,127 square feet. The project includes a surface parking lot accessed off of Kimberly Avenue to provide 10 parking spaces, including one ADA accessible parking space (please refer to Attachment A, site and floor plans). A preliminary parking demand analysis has been prepared by Associated Transportation Engineers that indicates the project would generate a parking demand of 15 spaces on weekends during non-summer months and a parking demand of 22 spaces on weekends during the summer months. In order to meet the peak demand during the summer, the project would need to provide additional spaces in an off-site parking lot, perhaps in the adjacent Railroad Depot lot of other lots located in the vicinity.

Additionally, we are seeking designation as a Community Priority development project and request a preliminary allocation of approximately 2,500 square feet from the Community Priority category. The existing site development potential (applying the vacant land, minor, and small additions categories to the three legal lots involved) totals approximately 11,625 square feet. Therefore, the balance of the floor area necessitates an allocation of Community Priority floor area.

Community Priority Justification

The mission of the Children's Museum is to create extraordinary experiences with the potential to transform the lives of children and their families. The mission and goals of the CMSB are aligned with the intent and purposes of a Community Priority development as set forth in the municipal code. A Community Priority project must be found to meet a "present or projected need directly related to public health, safety or general welfare." The municipal code also defines general welfare as a community priority project which has a broad public benefit, for example, a museum, and which is not principally operated for private profit (CMSB is a registered 501(c)(3) non-profit organization). A children's museum would provide a unique educational potential for children that does not currently exist in Santa Barbara. It is clear that the general welfare of the community would benefit by providing experiences and opportunities where children, teens, parents, grandparents, and educators can come together to interact and learn in a creative and innovative environment.

Through the provisions of educational programs for schools and programs to meet special community needs, CMSB has the potential to create a vibrant community center. Based on projections and data in the 2002 Feasibility Study, the Children's Museum anticipates the first year's attendance to be 90,000 which will likely level off to 72,000 in subsequent years (please refer to Attachment B, *Local Market Needs Assessment* section of the CMSB Business Plan). The proposed museum will provide direct beneficial services to Santa Barbara's children and families consistent with the Council resolution on July 31,

City Council
Santa Barbara Children's Museum – Preliminary Community Priority
19 March 2009
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2007 adopting the National League of Cities platform for strengthening families and improving outcomes for youth.

On behalf of the applicant and project team, we thank you for your consideration of this request.

Sincerely,
SUZANNE ELLEDGE
PLANNING & PERMITTING SERVICES



Trish Allen, AICP
Senior Planner

Attachments:

- A. Site and floor plans
- B. *Local Market Needs Assessment* (CMSB Business Plan, pages 6-7)

PROJECT DESCRIPTION

THE PROJECT CONSISTS OF THE CHILDREN'S MUSEUM OF SANTA BARBARA (CMSB) PROPOSED IN A TWO-STORY (40') STRUCTURE OF APPROXIMATELY 14,000 SQUARE FEET. THE PROJECT INCLUDES A SURFACE PARKING LOT ACCESSED OFF THE MAIN AVENUE TO PROVIDE 100 PARKING SPACES, INCLUDING ONE ADA ACCESSIBLE PARKING SPACE.

PROJECT DATA

SITE ADDRESS: 125 STATE ST., SANTA BARBARA, CA
 LAND USE ZONE: HRC2/SD-3, HOTEL AND RELATED COMMERCE ZONE/COASTAL OVERLAY ZONE

GENERAL PLAN LAND USE DESIGNATION: HOTEL AND RELATED COMMERCE

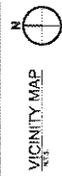
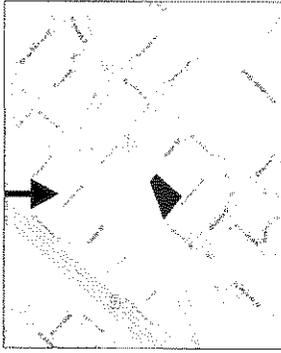
APN: 033-075-012
 AVERAGE SLOPE: 1%
 LOT AREA: 21,954 SQ. FT.

PARKING
 EXISTING: NONE
 REQUIRED: 1 SPACE/250 SQ. FT.
 PROPOSED: 10 SPACES

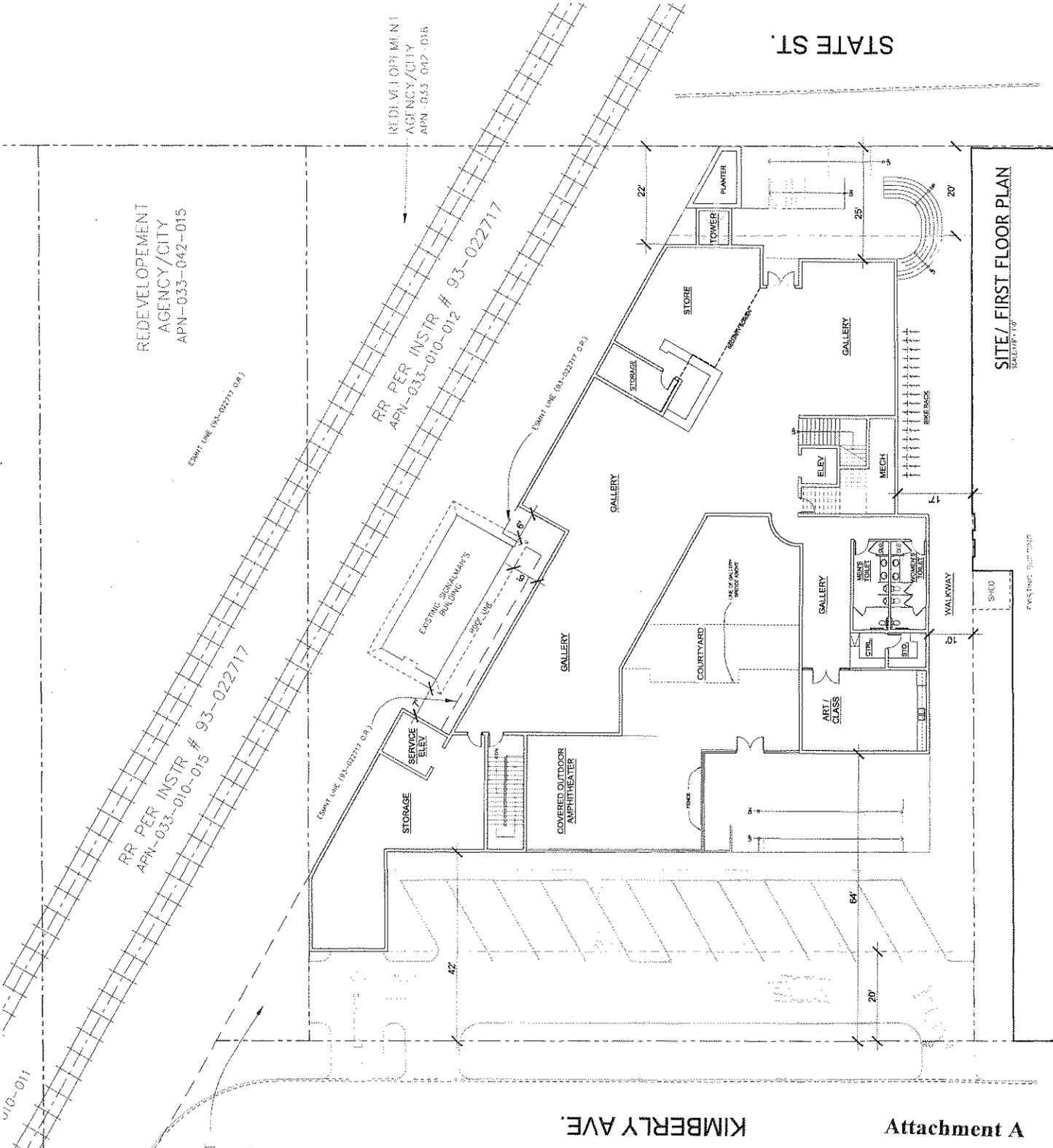
EXISTING BUILDINGS
 GROSS AND NET SQUARE FOOTAGE FOR EXISTING:
 GROSS 0 SQ. FT. / NET 0 SQ. FT.

PROPOSED BUILDINGS
 GROSS AND NET SQUARE FOOTAGE FOR PROPOSED:
 GROSS 14,886 SQ. FT. / NET 14,127 SQ. FT.

LOT COVERAGE
 BUILDING: 39.9% (8,751 SQ. FT.)
 HARDSCAPE: 52.1% (11,448 SQ. FT.)
 LANDSCAPE: 8.0% (1,769 SQ. FT.)



CHILDREN'S MUSEUM OF SANTA BARBARA
 125 STATE ST., SANTA BARBARA, CA 93101
D3 SITE / FIRST FLOOR PLAN
 SCALE: 1/8" = 1'-0"
 A-0.1

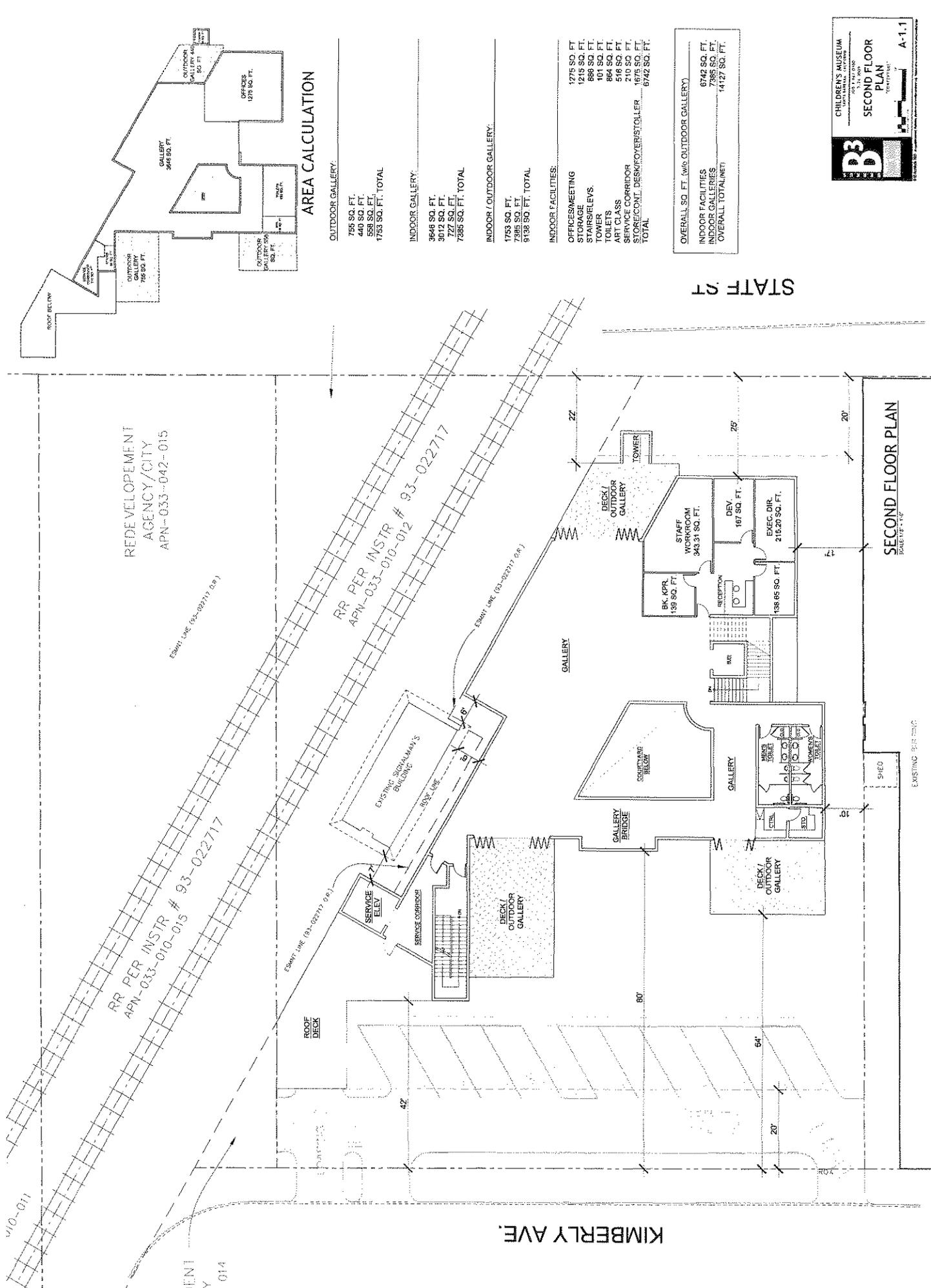


STATE ST.

SITE / FIRST FLOOR PLAN
 SCALE: 1/8" = 1'-0"

KIMBERLY AVE.

Attachment A



REDEVELOPMENT
AGENCY/CITY
APN-033-042-015

RR PER INSTR # 93-022717
APN-033-010-015

RR PER INSTR # 93-022717
APN-033-010-012

KIMBERLY AVE.

SECOND FLOOR PLAN
PAGE 10-11

AREA CALCULATION

OUTDOOR GALLERY:
756 SQ. FT.
440 SQ. FT.
558 SQ. FT.
1753 SQ. FT. TOTAL

INDOOR GALLERY:
3646 SQ. FT.
3012 SQ. FT.
727 SQ. FT.
7385 SQ. FT. TOTAL

INDOOR / OUTDOOR GALLERY:
1753 SQ. FT.
7385 SQ. FT.
9138 SQ. FT. TOTAL

INDOOR FACILITIES:
OFFICES/MEETING 1275 SQ. FT.
STORAGE 1215 SQ. FT.
STAIRS/ELEVS 689 SQ. FT.
TOWER 101 SQ. FT.
TOILETS 864 SQ. FT.
ART CLASS 516 SQ. FT.
SERVICE CORRIDOR 210 SQ. FT.
STORE/CON. DESK/FOYER/STOLLER 1676 SQ. FT.
TOTAL 6742 SQ. FT.

OVERALL SQ. FT. (W/O OUTDOOR GALLERY)
INDOOR FACILITIES 6742 SQ. FT.
INDOOR GALLERIES 7385 SQ. FT.
OVERALL TOTAL (NET) 14127 SQ. FT.



STATE ST

EXISTING 3/8" DIA. P.

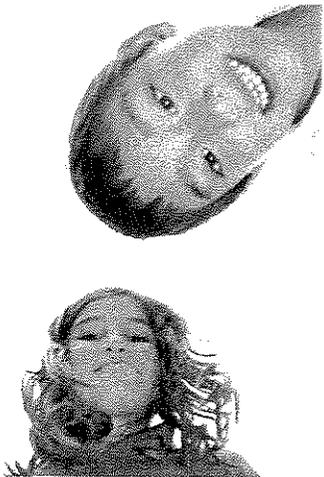
LOCAL MARKET NEEDS ASSESSMENT

The Children's Museum will serve children aged 2-10 and their families and caregivers. The resident market, including Santa Barbara, Goleta, Carpinteria, and Montecito, will be our primary customers. This market is readily accessible and available on a year-round basis, more economical to market to, most likely to be repeat visitors and eventually members and donors, and often suggests attractions to visiting friends and relatives. Our secondary market extends north to San Luis Obispo and south to Thousand Oaks. According to 2000 census figures, those markets total slightly over one million people. There are 55,000 children under the age of nine in Santa Barbara County and 120,000 in Ventura County.

Annual attendance at local cultural institutions is: Zoo (457,000), Museum of Natural History and Sea Center (149,000 combined), Museum of Art (130,000), and Botanic Garden (120,000). None of these institutions feature exhibits designed specifically for children aged 2-10. Based on projections and data in the 2002 Feasibility Study, we anticipate the first year's attendance, with the Grand Opening festivities, to be 90,000. This will most likely level off to 72,000 in subsequent years.

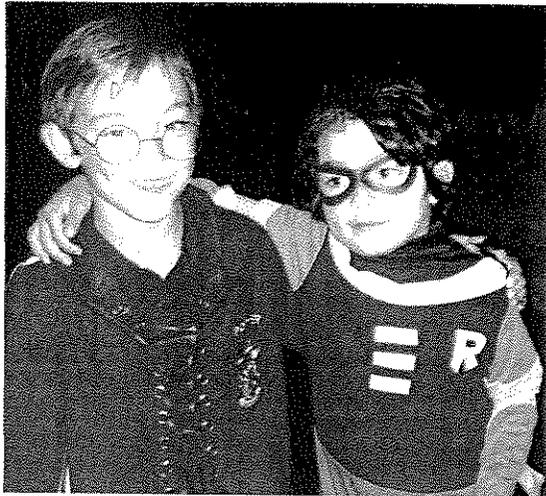
Because of CMSB's education focus, the school market is important, although not necessarily large. Typically, school groups represent 20-30% of total attendance at children's museums nationwide. The Children's Museum anticipates attracting 14,000 schoolchildren annually for focused programs linked to California State Standards. We will draw from public and private K-6 schools in Santa Barbara (21,540 students) and Ventura County (29,805 students) in addition to the rapidly increasing home school market. We also anticipate that we will attract preschool classes from throughout Santa Barbara County. According to First 5 Santa Barbara County, there are 31,546 children under the age of 5 in the county.

The Children's Museum has conducted informal meetings with preschool teachers and elementary educators in Santa Barbara. While the teachers appreciate the existing museums and cultural institutions, they have indicated that a children's museum, if its programs were linked to California State Standards, would be a prime field trip destination. Many have visited children's museums on family vacations and are fully aware of the educational potential. Because of tight school budgets, public school teachers indicated that they would need financial support for field trips so CMSB will offer scholarships to Title 1 schools.



The Children's Museum will be an important recreation destination for Southern and Central California families, increasing revenue for hotels, restaurants, businesses, and for the City of Santa Barbara. According to the Santa Barbara Conference and Visitor's Bureau, school-aged children accompany approximately 15% of the 9,000,000 annual visitors to Santa Barbara. The Santa Barbara Region Chamber of Commerce estimates that, once the large development projects in the first three blocks of State Street are completed, 8,000 visitors will walk by the Children's Museum on a daily basis and 12,000 cars will drive by. CMSB will attract tourists with children who will pay full price admission and purchase items in the store, which will contribute significantly to our earned income revenue.

Nearly 280,000 people travel annually on Amtrak to and from Santa Barbara. Our proximity to the station makes it likely that travelers with children will notice and visit the Children's Museum. Amtrak has indicated that they are pleased with our location and will work with us to establish some enticing travel packages for families and school groups that wish to use this form of alternative transportation when they visit our museum.



Latinos comprise over one third of the City's population yet they are severely underrepresented in the attendance figures for local cultural institutions. To ensure that our plans truly match the needs of the entire community, especially Latino audiences, our Board of Directors believes that we must actively engage them in the planning process. As a new institution in the early planning stages, the Children's Museum has a unique opportunity to find out exactly what will attract this important segment of the community and then design our museum's exhibits, programs, and policies to facilitate their participation. One of the conclusions of our 2002 Feasibility Study was that a children's museum would be "an

opportunity to bring the divided Santa Barbara community together." Several community leaders voiced this view during interviews conducted by Lord Cultural Resources.

In 2007, with funding from First 5 Santa Barbara County, the Children's Museum began a needs assessment study entitled Partners for Learning Success (PaLS). Over the course of six months, CMSB worked with low-income Latino parents at McKinley School on the lower west side of Santa Barbara and Franklin School on the lower east side. Both schools have more than 95% Latino enrollment. We introduced the parents to the importance of early educational enrichment, suggested local possibilities, and provided free passes to visit local museums and cultural institutions. Our intent was to introduce the practice of family outings and to use those experiences as a springboard for conversations about what is lacking in Santa Barbara for children and families. The parents were delighted to have the opportunity to visit the local institutions that most had never visited. They brought back many ideas about what they liked and did not like. They also had many useful suggestions for fun exhibits, needed programs, admission prices, and hours of operation. In the fall, CMSB hopes to expand the needs assessment beyond preschool to include low-income Latino families with children enrolled in K-3 elementary grades in Santa Barbara as well as Goleta schools.

**PROJECTS WITH PRELIMINARY OR FINAL
COMMUNITY PRIORITY DESIGNATIONS**

PROJECT/ADDRESS	PRELIM. DESIG. (SQ. FT.)	FINAL DESIG. (SQ. FT.)	STATUS/ COMMENT
Boys & Girls Club Addition 602 W Anapamu Street MST90-02931	4,800		Initial application 1990; potential – now working on revised
Housing Authority 702 Laguna Street MST92-00043		4,550	Completed
Natural History Museum 2559 Puesta Del Sol MST92-00608		2,165	Completed
Airport Fire Station 40 Hartley Place MST92-00746		5,300	Completed
Santa Barbara Zoo 500 Niños Drive MST95-00330		210	Completed
Desalination Plant 525 E. Yanonali Street MST95-00425 (MST90-00360)		528	Completed
Santa Barbara Rescue Mission 535 E. Yanonali Street MST96-00228		7,213	Completed
Airport Master Plan 601 Firestone Road MST96-00355		12,557*	Airline Terminal expansion; portion or all may be considered for Economic Development category at later date
Airport Master Plan 601 Firestone Road MST96-00355		50,000*	
Rehabilitation Institute 2405 and 2415 De la Vina Street MST97-00196		9,110	Completed
Visitor Information Center - Entrada de Santa Barbara 35 State Street MST97-00357		2,500	Approved 8/21/01
Santa Barbara Harbor Restrooms 134 Harbor Way MST97-00387		1,200	Completed
Airport Terminal Expansion (trailers) 500 Fowler Rd. MST97-00392		2,300	Completed

PROJECT/ADDRESS	PRELIM. DESIG. (SQ. FT.)	FINAL DESIG. (SQ. FT.)	STATUS/ COMMENT
Waterfront Department Offices 132 Harbor Way MST97-00503		3,240	Completed
Transitions Preschool 2121 De la Vina Street MST97-00696		723	Completed
S.B. Maritime Museum 113 Harbor Way MST97-00832		2,805	Completed
Santa Barbara Cottage Hospital (Hospitality House) 2407-2409 Bath Street MST98-00042		4,158	Completed
MacKenzie Park Lawn Bowls Clubhouse 3111 State Street MST98-00076		763	Completed
Cottage Hospital 320 West Pueblo Street MST98-00287		980	Completed
The Full Circle Preschool 509 West Los Olivos Street MST98-00231		832	Completed
Storyteller Children's Center 2115 State Street MST98-00364		2,356	Completed
Free Methodist Church 1435 Cliff Drive MST98-00877		2,544	Completed
Salvation Army 423 Chapala Street MST99-00014		2,968	Completed
Homeless Day Center and Shelter 816 Cacique Street MST99-00432		10,856	Completed
Emmanuel Lutheran Church 3721 Modoc Road MST99-00510		8,120	Completed
Marymount School 2130 Mission Ridge Road MST99-00542		4,000	Completed
Parking Lot 6 – Granada Theater 1221 Anacapa MST1999-00909/MST2003-00908		7,810	Completed

PROJECT/ADDRESS	PRELIM. DESIG. (SQ. FT.)	FINAL DESIG. (SQ. FT.)	STATUS/ COMMENT
Planned Parenthood 518 Garden Street MST1999-00916		3,565	BP Issued 2/10/06
Sea Center 211 & 213 Stearns Wharf MST2000-00324		3,212	Completed
Santa Barbara Zoo 500 Ninos Drive MST2000-00707 (& MST2002-00676)		10,000	Final Designation 4/10/2007
Clean Water and Creeks Restoration Office 620 Laguna Street MST2000-00828		480	Completed
Elings Park 1298 Las Positas Road MST2001-00007/MST2006-00509	12,190		Planning Comm. application submitted; requesting more SF
Braille Institute 2031 De la Vina Street MST2001-00048		4,000	Completed
Modular Classrooms at Boys & Girls Club 632 E. Canon Perdido Street MST2001-00150		6,502	Completed
Cater Water Treatment Plant 1150 San Roque Road MST2001-00732		6,750	Completed
Santa Barbara Neighborhood Medical Clinics 915 North Milpas Street MST2001-00774		2,518	Completed
632 E. Canon Perdido St. Boys and Girls Club MST2002-00786	7,600		Preliminary Designation 7/15/03
617 Garden St. Mental Health Assoc. MST2002-00257		2,703	BP Issued 11/17/06
4000 La Colina Rd Bishop Diego High School MST 2004-00673		9,512	Final Designation 12/20/2005
SUBTOTALS:	24,590	199,030	
ALLOCATED TO DATE: 223,620 SQ. FT. REMAINING UNALLOCATED: 76,380 SQ. FT.			

SUMMARY OF CHARTER §1508 PROVISIONS FOR NON-RESIDENTIAL DEVELOPMENT

Under City Charter Section 1508, non-residential growth has been limited until the year 2010. Charter §1508 states that new non-residential development in the City must be allocated from one or more of the following categories:

Category	Square Footage Allocated to Category
Approved Projects	900,000 SF
Pending Projects	700,000 SF
Vacant Property	500,000 SF
Small Additions	600,000 SF
Community Priority	300,000 SF
Total	3,000,000 SF

Minor Additions of 1,000 SF or less per parcel are not limited by Charter §1508.

To provide for important needs of the community to be met within the parameters of future development, the Community Priority and Economic Development Categories were established.

Community Priority: The Community Priority designation was envisioned for use by only those projects that clearly provide a public benefit. Section 28.82.300 of the Zoning Ordinance defines Community Priority as follows:

“A project which has been designated by the City Council as a community priority necessary to meet a present or projected need directly related to public health, safety or general welfare.”

“General welfare” is defined in the Ordinance as follows:

“A community priority project which has broad public benefit (for example, museums, childcare facilities, or community centers) and which is not principally operated for private profit.”

The Charter Section 1508 allocated 300,000 square feet for development under the Community Priority Category. Given the limited amount of floor area available for these projects, developments proposed for designation as a Community Priority are reviewed carefully against the criteria above.

Economic Development: The Economic Development category was envisioned as a way to provide for unanticipated future needs related to the economic health of the City by using expired, withdrawn, denied, and unallocated square footage from the Approved, Pending, and Small Addition General Plan categories.

The Economic Development Category was added to the Charter in 1995. All square footage from the Approved Projects, Pending Projects and Small Additions categories that is not used because projects are withdrawn or their approvals expire, along with square footage in the Small Addition Category left over from the annual 30,000 SF component, is moved into the Economic Development category. The 3,000,000 SF cap remains unchanged.

Section 28.87.300.B.3 of the Zoning Ordinance describes a project that is eligible to receive Economic Development square footage as:

“A project which has been designated by the City Council as a project that is consistent with the City Charter, General Plan and this Title, will enhance the standard of living for City and South Coast residents and will strengthen the local or regional economy by either creating new permanent employment opportunities or enhancing the City’s revenue base. An Economic Development Project should also accomplish one or more of the following:

- a. Support diversity and balance in the local or regional economy by establishing or expanding businesses or industries in sectors which currently do not exist on the South Coast or are present only in a limited manner; or
- b. Provide new recreational, educational, or cultural opportunities for City residents and visitors; or
- c. Provide products or services which are currently not available or are in limited supply either locally or regionally.”

"Standard of living" is defined as:

“Wages, employment, environment, resources, public safety, housing, schools, parks and recreation, social and human services, and cultural arts.”

Both Categories: If the Council grants a non-binding Preliminary Designation, the project would then proceed with Planning Commission review. In addition to the required Development Plan findings, the Planning Commission would make a recommendation to the Council regarding the appropriateness of the Final Community Priority or Economic Development Designation. The City Council would then be requested to grant a Final Designation as part of the project approval.

Generally, projects are allocated the first 3,000 square feet of project space from other categories for which they are eligible, such as Minor Addition, Small Addition, and/or Vacant, and remaining new square footage may be considered for Community Priority designation. For Economic Development, the first 1,000 square feet is usually taken from the Minor Addition category.

**MEMORANDUM OF UNDERSTANDING NO. ____
WITH RESPECT TO REAL PROPERTY LOCATED AT**

125 STATE STREET, SANTA BARBARA, CALIFORNIA

BY AND BETWEEN

**THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA
AND THE CHILDREN'S MUSEUM SANTA BARBARA 125 STATE STREET**

THIS MEMORANDUM OF UNDERSTANDING (hereinafter the "MOU") is entered into as of _____, by and between the CHILDREN'S MUSEUM SANTA BARBARA, a California non-profit corporation (hereinafter referred to as the "Museum") and THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA, a public body, corporate and politic, organized and existing under Chapter 2 of the Community Redevelopment Law of the State of California (hereinafter referred to as the "Agency.")

WHEREAS, the Museum seeks to develop and operate a children's museum within the community that will provide interactive learning experiences for children to develop an understanding of the world, inspire creativity and independence, encourage a joy in learning, and foster appreciation of unique differences; and

WHEREAS, the Agency owns real property at 125 State Street that appears to be a suitable location as a project site for Museum to develop and operate the children's museum; and

WHEREAS, the Agency Board has determined that it is in the best interest of the Community and consistent with the goals and objectives of the Agency to assist Museum in realizing the vision of a children's museum within the community by redeveloping the property it owns with the children's museum and related improvements and providing Museum a long-term lease of Agency property; and

WHEREAS, In furtherance of the objectives of the Community Redevelopment law, the Agency has undertaken a program for the redevelopment of the Santa Barbara Central City Redevelopment Project Area (the "CCRP") pursuant to the amended Redevelopment Plan for that area adopted by the City Council of the City of Santa Barbara in 1977; and

WHEREAS, The Redevelopment Plan for the Central City Redevelopment Project Area was originally approved and adopted by the City Council of the City of Santa Barbara on November 14, 1972 by Ordinance No. 3566, and was substantially amended and extended on August 30, 1977 by Ordinance No. 3923, and was further amended by City Ordinance No. 442, adopted December 16, 1986, by Ordinance No. 4894, adopted on December 6, 1994, by Ordinance No. 5805 adopted on November 11, 1998, and by Ordinance No. 5089 adopted on January 12, 1999 and finally amended on

April 27, 2004 by Ordinance No. 5314 amended June 14, 2005, by Ordinance 5363, amended June 6, 2006, by Ordinance 5388; and amended July 31, 2007 by Ordinance No. 5424." The Redevelopment Plan (as so amended) is referred to herein as the "Redevelopment Plan." This MOU and any subsequent agreement among the parties to this MOU and the Agency shall be subject to the provisions of the Redevelopment Plan which is incorporated herein by this reference and made a part hereof as though fully set forth herein; and

WHEREAS, The "Central City Redevelopment Project Area" is located in the City of Santa Barbara, California, the exact boundaries of which are specifically described in the Redevelopment Plan and in instruments recorded respectively as Document No. 48982 at Book 2435, Page No. 331 on December 14, 1972, and as Document No. 77-44507 on September 1, 1977 of the Official Records of Santa Barbara County of the State of California, which instruments are incorporated herein by reference and made a part hereof as though fully set forth herein.

NOW, THEREFORE, Agency and Museum hereby understand as follows:

1. PURPOSE OF MOU.

1.1 Purpose. This MOU sets out the mutual understanding of Agency and the Museum regarding the process by which the Agency Board and staff and the Museum hope to, if the conditions set forth herein are satisfied, develop a project description for purposes of initiating City of Santa Barbara ("City") environmental review of the proposed development of a children's museum on the Project Site and negotiate the possible terms of a Disposition and Development Agreement (DDA). In the event that the parties enter into a DDA, and all conditions contained therein are satisfied, the Agency and the Museum plan on entering into a long term lease (hereinafter the "Project Lease") of the Agency real property located at 125 State Street as the location of the Children's Museum. The Agency property that is the subject of this MOU is located in the City of Santa Barbara, County of Santa Barbara, State of California, commonly known as 125 State Street, Santa Barbara County Assessor Parcel Nos. 033-075-012 and 033-075-014 and legally described in Exhibit A (hereinafter the "Project Site") and graphically depicted on the Project Site Map attached hereto as Exhibit B.

2. CONCEPTUAL ELEMENTS OF THE CHILDREN'S MUSEUM. The Agency and the Museum agree that the fundamental concept of the Children's Museum shall be comprised of construction of an approximately 14,000 square foot, children's science museum operated by the Children's Museum of Santa Barbara. The Museum could consist of approximately 7,000 square feet of indoor exhibits, 1,800 square feet of outdoor exhibits, 2,500 square feet of lobby and store space and 3,500 square feet of classroom, office and storage space. The Museum could also include a tower, rooftop garden and outdoor amphitheatre. The development on the Project Site will also include landscaping and other appurtenant facilities. Visitor and staff parking will be accommodated both on the Project Site and off site.

The Museum development will meet the City of Santa Barbara's standards and guidelines including the City of Santa Barbara Local Coastal Plan (LCP), Zoning Ordinance, El Pueblo Viejo Landmark District (EPV) guidelines and restrictions and the City of Santa Barbara Urban Design Guidelines.

The Agency's goals for the Museum development include compatibility with the creation and continuance of an economically viable lower State Street/Waterfront area that offers an attractive environment for the local and visitor alike and is of economic benefit to the Agency and City of Santa Barbara. The development will also include sustainable elements including Leadership in Energy and Environmental Design (LEED) certification to the maximum extent feasible.

The proposed Museum development on the Project Site, as described herein, which may be developed, receive the necessary environmental review and, ultimately, which may be permitted and constructed is hereinafter referred to as the "Project Plan".

3. INTERPRETATION OF MOU.

3.1 This MOU has been prepared to aid the Agency and the Museum in developing and agreeing upon a Project Description of the Project Plan for CEQA purposes and a process to aid Agency staff and museum representatives in negotiating the terms of a possible DDA and Project Lease of the Project Site for the Agency and the Museum. At this point, it is intended merely to allow the Agency and the Museum to identify those key elements of the proposed Project Plan so that the parties understand the environmental and planning issues and concerns which will require further detailed environmental and planning review by the City, as well as to identify those questions and issues which may need to be resolved prior to the time the City reviews and permits any specific elements of the Project Plan and prior to the time the Agency and the Museum enter into any binding contractual agreements with respect to the development of the Project Site and the Project Lease.

3.2 While this MOU has been prepared, reviewed and executed by the Agency staff and by the Museum and its representatives and legal counsel so that it accurately sets forth the underlying assumptions and elements of the proposed Project Plan, this review nevertheless does not yet constitute any sort of City development approval of the Museum Plan or any of its elements.

3.3 Except as otherwise specifically indicated herein with respect to the Agency and the Museum preparing and submitting to the City the Project Description and the Museum initiating environmental review of the Project Plan and the Agency undertaking the Site preparation as identified herein, this MOU is not intended to be contractual and binding in nature. Rather, if, after the necessary environmental review, the Project Plan is approved by the City, Museum and Agency intend to negotiate a DDA and Project Lease between the Museum and the Agency.

4. PROJECT DESCRIPTION, SITE PREPARATION AND GENERAL TERMS OF DDA AND PROJECT LEASE.

4.1 The Project Description – The Agency (by and through its staff) and the Museum agree that, for the periods set forth in the Negotiation and Environmental Review Schedule (attached hereto as Exhibit C), they will meet and negotiate regularly and diligently in good faith to prepare a “Project Description” for the proposed Project Plan to be approved by the Agency and to be used by the City for the purpose of conducting the necessary environmental review of the Project Plan under CEQA.

Immediately upon the completion of the negotiation of the Project Description, the Museum will submit the Project Description to the City Council for the purpose of having it declared a “project” for the purposes of environmental review under CEQA and to initiate the process of City development and environmental review. The Agency, as owner of the Project Site, will authorize the Museum to submit a master application for development and environmental review and approval of the proposed Project Plan to the City of Santa Barbara.

The Museum understands that the environmental document will be prepared and adopted by City in accordance with procedures adopted by City in compliance with the requirements of the California Environmental Quality Act of 1970, as amended (California Public Resources Code Sections 21000 et. seq.) and all applicable state regulations and local ordinances and regulations enacted pursuant thereto.

4.2 Project Site Preparation

4.2.1 Environmental Assessment. The Agency has prepared a “Phase I” and “Phase II” assessment of the environmental condition of the Project Site. Copies of the Phase I and Phase II environmental assessment reports will be made available to the Museum upon execution of this MOU.

4.2.2 Remediation of Project Site. The Agency will undertake remediation of the Project Site under the direction of Santa Barbara County Fire Department Hazardous Materials Division. Such remediation shall be completed as evidenced by issuance of a “no further action” letter by the County to the Agency prior to the commencement date of the Project Lease.

4.2.3 Site Survey. The Agency has prepared a legal survey of the Project Site and shall make the survey available to the Museum upon execution of this MOU.

4.2.4 Parcel Reconfiguration. The Agency shall prepare an Agency parcel map to merge or reconfigure the two parcels prior to the Agency and the Museum executing the Project Lease.

4.3 DDA. Upon finalization of the Project Description and during the process of environmental review, the Agency and the Museum will continue to meet and negotiate diligently and in good faith, concerning the possible terms of a DDA which will be necessary in order to implement the initial phases of the Project Plan. Agency staff will prepare an initial draft of a DDA. Upon the completion of negotiations over the

DDA, the DDA draft shall be submitted to the Agency board for its review and possible approval. The negotiation of a DDA shall not constitute any form of development approval of the Project Plan which shall undergo all necessary City discretionary development and environmental review prior to the Agency's execution of the DDA.

Upon execution of a DDA and the Museum's successful completion of the City's development review process, the Agency and the Museum shall enter into the Project Lease.

4.4 Appointment of Designated Representatives/Negotiators. The Museum hereby appoints and empowers the Executive Director as its negotiator (the "Authorized Negotiator") which has the authority of and responsibility to the Museum organization in meeting and conducting the MOU negotiations and in implementing the requirements of this MOU. . The Authorized Negotiator shall be available for meetings and communications with the City and the Agency staff at all reasonable times. The Museum may, from time to time, change the name and identity of its Authorized Negotiators by delivery to the Agency of a written notice of such change.

5. GENERAL.

5.1 Right to Terminate. Either the Agency or the Museum may terminate their participation in this MOU at their discretion or, with respect to the negotiations over a DDA, if the other party adopts a negotiation position which substantially deviates from the proposals and scope referred to in this MOU. In the event of such termination, this MOU shall be of no further effect.

5.2 Additional Terms and Conditions. The Museum acknowledges and agrees that any proposed DDA or further agreement to negotiate that may result from these negotiations will have to be submitted to the Agency Board (and, to the extent required by law, to the City Council of the City of Santa Barbara) for their review and approval in accordance with the law (especially, with reference to a DDA, Section 33433 of the Health and Safety Code.) The Museum further acknowledges and agrees that the staff and consultants of the City and the Agency, or any individual member of the City Council or Agency Board, does not have the authority to bind the City or the Agency, and that although the City and the Agency will not be bound to any agreement nor to any course of action except after execution of the proposed DDA, or, as the case may be, a further agreement to negotiate, it is intended by both parties that these negotiations be conducted in good faith to carry out the terms set forth in this MOU without material change.

The parties also acknowledge that the final form of any proposed DDA to be negotiated may have to contain matters not contemplated by this Agreement, but which may be needed to accommodate compliance with the California Environmental Quality Act (CEQA).

5.3 Agency Disclaimer. The Agency does not have and expressly disclaims any right of supervision or control over the architects, designers, engineers or other

draft persons and professionals responsible for the drafting and formulation of the plans, specifications or drawings, or any right of supervision or control of contracts, builders, trades and other persons engaged in constructing and fabricating the improvements pursuant to the plans. The Agency shall have no responsibility for determining whether or not the plans, specifications or drawings and the manner of soil and site preparation and construction pursuant to such plans constitute a hazard or threat to the life, safety or property of any party or person.

5.4 Notices, Demands and Communications Between the Parties. All notices, requests, demands and other communications hereunder between the Agency and the Museum shall be in writing and given by (i) established express delivery service which maintains delivery records, (ii) hand delivery or (iii) United States mail, postage prepaid to the principal offices of the Agency and the Museum addressed to each party as follows:

AGENCY:

REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA
City Hall
P.O. Box 1990
735 Anacapa Street
Santa Barbara, California 93101
Attn: Executive Director

With a copy to:

Agency Counsel
City of Santa Barbara
City Hall
P.O. Box 1990
740 State Street, Suite 201
Santa Barbara, California 93102

MUSEUM:

Children's Museum Santa Barbara
P.O. Box 4808
Santa Barbara, CA 93140
Attention: Paul Selwyn, President
with a copy to:

Robert F. Egenolf
Egenolf Associates LLP
130 East Carrillo
Santa Barbara, California 93101

Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time to time designate by mail as provided in this Section.

5.5 Conflict of Interests. No member, official or employee of the Agency shall have any direct or indirect interest in this MOU, nor participate in any decision relating to the MOU which is prohibited by law.

5.6 Warranty Against Payment of Consideration for MOU. The Museum warrants that it has not paid or given, and will not pay or give, any third person any money or other consideration for obtaining this MOU, other than normal costs of conducting business and costs of professional services such as architects, engineers and attorneys.

5.7 Nonliability of Agency Officials and Employees. No member, official or employee of the Agency shall be personally liable to the Museum, or any successor in interest, in the event of any default or breach by the Agency.

5.8 Assignment by Agency. The Agency may assign or transfer this Agreement to the City without the consent of the Museum.

5.9 Relationship Between Agency and Museum. It is hereby acknowledged that the relationship between the Agency and the Museum is not that of a partnership or joint venture and that the Agency and the Museum shall not be deemed or construed for any purpose to be the agent of the other. Accordingly, except as expressly provided herein or in the Attachments hereto, the Agency shall have no rights, powers, duties or obligations with respect to the development, operation, maintenance or management of the Improvements.

5.10 Further Instruments. Each party shall execute and deliver all further instruments, documents and papers, and shall perform any and all acts necessary under the terms and provisions of this MOU.

5.11 Counterparts. This Agreement may be signed in multiple counterparts which, when signed by all parties, shall constitute this MOU.

5.12 No Third Party Beneficiaries. Except as may be expressly set forth herein, the parties hereto do not intend to confer any rights or remedies upon any person other than the parties hereto.

5.13 Incorporation of Attachments. All Attachments referred to in this MOU or attached to this MOU are hereby incorporated in this MOU as though fully set forth herein.

IN WITNESS WHEREOF, the parties have executed this MOU as of the _____ day of _____, 2009, in Santa Barbara, California.

THE REDEVELOPMENT AGENCY

CHILDREN'S MUSEUM

OF THE CITY OF SANTA BARBARA

SANTA BARBARA

By: _____
Jim Armstrong
Executive Director

Paul Selwyn, President

APPROVED AS TO CONTENT
HOUSING AND REDEVELOPMENT
MANAGER

By: _____
Brian Bosse

APPROVED AS TO FORM
AGENCY COUNSEL

By: _____
Sarah Knecht

ATTEST
AGENCY SECRETARY

By: _____
Paul Casey

Redevelopment Agency Parcel Legal Descriptions
125 State Street
Children's Museum of Santa Barbara Ground Lease

Assessor's Parcel Number: 033-075-12

All that certain real property situated in the County of Santa Barbara, State of California, described as follows:

That portion of Block 306 of the City of Santa Barbara, County of Santa Barbara, State of California, according to the official map of said City, described as follows:

Beginning at the point of intersection of the Southeasterly line of Yanonali Street with the Southwesterly line of State Street, as shown on said map, said point being the most Northerly corner of said Block 306;

thence Southeasterly along said Southwesterly line of State Street, 150.00 feet;

thence Southwesterly, parallel with said Southeasterly line of Yanonali Street, 200 feet to the Northeasterly line of Kimberly Avenue;

thence Northwesterly along said last mentioned street line, 150.000 feet to its intersection with said Southeasterly line of Yanonali Street;

thence Northeasterly along said last mentioned street line 200.00 feet to the point of beginning.

Excepting therefrom all minerals and mineral rights, interests, and royalties, including, without limiting, the generality thereof, oil, gas and other hydrocarbon substances, as well as metallic or other solid minerals, in and under said land; however, without the right for any purpose whatsoever to enter upon, into or through the surface of said land as reserved by Southern Pacific Transportation Company, a Delaware Corporation in deed recorded March 26, 1993 as Instrument No. 93-022717 of Santa Barbara County Official Records.

Assessor's Parcel Number: 033-075-14

All that certain real property situated in the County of Santa Barbara, State of California, described as follows:

All of that certain portion of Yanonali Street described as follows:

Beginning at the most Easterly corner of Block 288 in the City of Santa Barbara, according to the Official Map thereof, being the intersection of the Southwesterly line of State Street and the Northwesterly line of Yanonali Street;

Redevelopment Agency Parcel Legal Descriptions
125 State Street
Children's Museum of Santa Barbara Ground Lease

thence Southeasterly along said Southwesterly line of State Street 60 feet to its point of intersection with the Southeasterly line of Yanonali Street, said point of intersection also being the most Northerly corner of Block 306;

thence Southwesterly along said Southeasterly line of Yanonali Street a distance of 23 feet, more or less, to the Northwesterly corner of the railroad right of way in Block 306 reserved in the Corporation Grand Deed by Southern Pacific Transportation Company recorded March 26, 1993, as Instrument No. 93-022717 of Official Records, records of said County;

thence continuing Southwesterly along said Southeasterly line of Yanonali Street a distance of 140 feet, more or less, to the Southwesterly corner of the railroad right of way in Block 306 reserved in said Corporation Grant Deed by Southern Pacific Transportation Company;

thence continuing Southwesterly along said Southeasterly line of Yanonali Street a distance of 38 feet, more or less, to the most Northerly corner of the street easement for Kimberly Avenue, as shown on the map of City Block No. 306 and described in City Ordinance No. 826;

thence leaving said Southeasterly line of Yanonali Street, Northwesterly along the Northwesterly prolongation of the Northeasterly line of said Kimberly Avenue a distance of 22 feet, more or less, to its intersection with the Southwesterly prolongation of the Southerly line of said railroad right of way in Block 306 reserved in said Corporation Grant Deed;

thence Southwesterly along the Northwesterly prolongation of said Southerly line of said railroad right of way a distance of 77 feet, more or less, to its intersection with the Northwesterly line of Yanonali Street, said point of intersection being the Southeasterly corner of said railroad right of way in Block 288 reserved in said Corporation Grant Deed;

thence Northeasterly along said Northwesterly line of Yanonali Street a distance of 141 feet, more or less, to the Northeasterly corner of the railroad right of way in Block 288 reserved in said Corporation Grant Deed;

thence Northeasterly continuing along said northwesterly line of Yanonali Street a distance of 128 feet, more or less, to its point of intersection with the Southwesterly line of State Street, said point also being the most Easterly corner of Block 288 and the point of beginning.

Excepting therefrom that portion lying Northerly of the Southerly railroad right of way as reserved in Order Vacating and Abandoning certain portions of Chapala Street and Yanonali Street by Resolution No. 96-136, recorded December 4, 1996 as Instrument No. 96-072319 of Official Records.

Children's Museum Santa Barbara – Project Site / Ground Lease Area



 Project Site / Ground Lease Area

**CHILDREN'S MUSEUM
NEGOTIATION and ENVIRONMENTAL REVIEW SCHEDULE**

Exhibit C

	FUNDRAISING	PROJECT DEVELOPMENT
2008		
Q4		RDA provides site survey & prelim. title report property descriptions
2009		
Q1		PRT application; Community Priority application Review draft DDA
Q2	PHASE I: Pave the Way Campaign 50% of goal	MOU approval (Board)/Prelim. Comm. Priority (Council) Preliminary architectural designs Initial HLC concept review
Q3	PHASE I: Pave the Way Campaign 100% of goal	Schematic and design development drawings Begin remediation of site contamination (by RDA)
Q4	Planning for Goal Feasibility Study	DART application and review Application deemed complete (Planning) City undertakes environmental review pursuant to CEQA
2010		
Q1	PHASE II: Goal Feasibility Study Top 5 lead donors, top 15 prospects identified Capital Campaign Goal established	
Q2	PHASE III: Capital Campaign Cabinet formation Planning, research of prospects	Planning Commission: Development Plan, Coastal Dev. Permit, env rev approval Agency Board approves DDA, lease (after completion of environmental review) DDA signed HLC Preliminary Approval
Q3	PHASE IV: Capital Campaign Leadership Gifts 5% of goal	Council: Community Priority Designation final approval Construction Drawings
Q4	PHASE V: Capital Campaign: 25% of goal	HLC final approval
2011		
Q2	PHASE V: Capital Campaign: 50% of goal	
Q4	PHASE V: Capital Campaign: 75% of goal	Grading, building, and Public Works construction permits Lease signed/executed and Memorandum of Lease recorded by City Clerk
2012		
Q2	PHASE V: Capital Campaign: 100% of goal	Groundbreaking, site prep Construction (estimate 12 months)
2013		
Q2		Final Inspection & Certificate of Occupancy OPENING DAY!