



# CITY OF SANTA BARBARA

## JOINT COUNCIL AND REDEVELOPMENT AGENCY AGENDA REPORT

**AGENDA DATE:** June 21, 2011

**TO:** Mayor and Councilmembers  
Agency Chair and Boardmembers

**FROM:** Housing and Redevelopment Division, Community Development  
Department

**SUBJECT:** Adoption Of Resolutions To Approve The Project Cooperation  
Agreements And Promissory Notes Between The Redevelopment  
Agency And The City For The Completion Of All Redevelopment  
Agency Projects And Amending The Redevelopment Agency's  
Capital Program

### RECOMMENDATIONS:

- A. That the Agency Board adopt, by reading of title only, A Resolution of the Redevelopment Agency of the City of Santa Barbara Approving the Project Cooperation Agreements and Promissory Notes as Listed in Attachment A Hereto and Authorizing the Executive Director to Execute Said Agreements on Behalf of the Redevelopment Agency;
- B. That Council adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara Approving the Project Cooperation Agreements and Promissory Notes as Listed in Attachment A Hereto and Authorizing the City Administrator to Execute Said Agreements on Behalf of the City Council; and
- C. That the Agency Board approve the Capital Program for Fiscal Years 2012 – 2015.

### EXECUTIVE SUMMARY:

The Redevelopment Agency of the City of Santa Barbara's Central City Redevelopment Project Area ("CCRP"), by its terms, will expire in August 2015. It was anticipated that as the expiration of the CCRP approached, the Agency's real property would be transferred to the City so that the City could provide for the continued use and maintenance of the property in future years. The transfer of the Agency's real property to the City was approved on June 7, 2011.

In 2003, the Agency and City entered into the Multi-year Cooperation Agreement wherein the City agreed to fund and carry-out all redevelopment projects on behalf of the Agency. In return, the Agency agreed to reimburse the City for all of its expenditures with tax increment received by the Agency over the remaining years of the CCRP. Due to the approaching expiration of the CCRP in August 2015, it is prudent that the Agency and

Council memorialize on a project-specific basis the agreements set forth in the 2003 Multi-Year Cooperation Agreement.

The actions before the Agency Board and City Council today provide for the transfer of all Redevelopment Agency projects, along with their associated accounts, to the City and for the authorization of the Executive Director and City Administrator, respectively, to execute the necessary Project Cooperation Agreements and associated promissory notes. These agreements and notes will serve to contractually obligate the City to undertake and fund the redevelopment activities as contemplated in the 2003 Multi-Year Cooperation Agreement and for the Agency to reimburse the City for its costs from available and future tax increment revenue. After the transfer, and until 2015 when the CCRP expires, there will be no noticeable difference in how the Agency operates or achieves its goals. Future projects, programs and affordable housing projects will continue to follow the existing practices of the Redevelopment Agency as defined by the Redevelopment Agency Board and governed by California Redevelopment Law.

On June 9, 2011 the Redevelopment Agency Board held a Special Meeting to solidify the Capital Program for the four remaining fiscal years until the Central City Redevelopment Project Area expires. New project allocations are listed in Attachment 4 and are added to the Redevelopment Agency's Current capital program.

#### **BACKGROUND:**

Originally formed in 1972 and activated in 1977, the City of Santa Barbara Redevelopment Agency's (Agency) CCRP is scheduled to expire in August of 2015. Since its inception, the Agency has received more than \$275 million in tax increment revenue through Fiscal Year 2010. These funds have been used to successfully pursue redevelopment efforts and affordable housing activities in the CCRP.

Redevelopment projects have been focused on blight removal and the elimination of the influences that lead to blight. Prominent Agency-funded projects have included: Paseo Nuevo mall; Chase Palm Park Expansion; the restoration of the Rail Road Depot (now on the National Register of Historic Places); the restoration of the Carrillo Recreation Center, the Louise Lowry Davis Center, and Fire Station #1; the West Beach Pedestrian Improvement project; State Street Sidewalks Phases I through IV; and planning continues on the much-needed Police Department headquarters renovation. Additionally, the Redevelopment Agency Board has long realized the importance of a vibrant arts community as an ingredient to a successful downtown. To this end, the Agency Board has approved more than \$13 million in community grants since 1992 including grants to the Granada Theatre Restoration project, Lobero Theatre improvements, State of the Art Gallery, Alhecama Theatre improvements, Center Stage Theatre improvements and numerous others. These grants have played a key role in the continued success of the local arts community and provided the infrastructure necessary for the arts community to continue to succeed many years into the future.

Redevelopment funding is the second largest source of funding for affordable housing, behind only the federal government. Locally, the City of Santa Barbara Redevelopment

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Agency's affordable housing projects have included over \$54 million in affordable housing funding in the form of grants and loans through Fiscal Year 2010. There are approximately thirty-seven thousand housing units in Santa Barbara and approximately eight percent of the housing units in the City are affordable under long-term restrictions. Notable affordable housing projects have included St. Vincent's, Casa de las Fuentes, El Carrillo, Garden Court, Artisan Court, Mental Health Association and many others. The affordable housing funding has been able to leverage many millions more in affordable housing funds through tax credit allocations, and other Federal and State programs.

2003 Multi-Year Cooperation Agreement: On December 16, 2003, the City Council adopted Ordinance No. 5301 approving a Multi-Year Cooperation Agreement between the City and the Agency. The Multi-Year Cooperation Agreement memorializes the contractual obligation of the City to fund and undertake all redevelopment activities in the CCRP on behalf of the Agency and of the Agency to reimburse the City for those expenditures from available and future tax increment revenue. The Multi-Year Cooperation Agreement creates an Agency debt that must be repaid to the City from the tax increment proceeds received by the Agency until the Agency reaches its tax increment cap or the year 2025, whichever occurs first. The Multi-Year Cooperation Agreement includes projects and programs for which Agency funds have been appropriated in annual budgets, but which have not been completed, including generally-anticipated new projects, projects as identified in the Implementation Plan and programs that will be further defined over the term of the Multi-Year Cooperation Agreement. Also included are administrative and other costs which the Agency must reimburse the City for carrying-out the Agency projects.

The proposed actions on today's agenda have been anticipated to occur prior to the expiration of the CCRP in August 2015. Staff is recommending that the City Council and Agency Board adopt the resolutions to approve the Project Cooperation Agreements and related promissory notes in an effort to implement the provisions of the Multi-Year Cooperation Agreement and to provide for the continuing implementation and completion of many capital projects and affordable housing projects funded with Agency tax increment proceeds. In accordance with the California Redevelopment Law, and as provided in Section 420 et. seq. of the CCRP's Redevelopment Plan, in order to accomplish the goals and objectives of the Plan, it is appropriate to approve the project-specific cooperation agreements that will result in the transfer to the City the tax increment funds that are necessary in order for the City to fund the completion of the many long-planned Redevelopment projects. The proposed actions before the Council and Redevelopment Agency Board will allow the City and the Agency to carry-out and complete the Agency projects and to provide appropriate project management and prudent fiscal policy.

**DISCUSSION:**

Project Cooperation Agreements:

Staff is recommending that the City Council and the Agency Board approve the project cooperation agreements and promissory notes in an effort to meet and implement the obligations as set forth in the 2003 Multi-Year Cooperation Agreement..

Through the recommended Council and Board actions today, a cooperation agreement and promissory note will be approved for each project identified in Attachment 1: Agency General Fund Project Account. The Agreements will obligate the City to carry-out and fund to completion the described project and, correspondingly, will obligate the Agency to reimburse the City for all of its expenses to undertake the project from available and future tax increment revenue. The project agreements include all non-bond funded projects associated with the Agency's current capital program as listed in Attachment 1: Agency General Fund Project Accounts.. The transfer of each individual project will be effectuated through the individual Project Cooperation Agreement and Promissory Note in a form acceptable to the City Attorney. An example of a Project Cooperation Agreement is provided in Attachment 2 and a Promissory Note is provided in Attachment 3. The Agency's two tax allocation bond funds (2001A and 2003A) are not included in the list of projects and associated account transfers because these funds are defined and restricted under separate legal agreements. The approval of the project cooperation agreements and the transfer to the City of the associated Agency accounts (current and future) will help to carry out the goals and purposes of the Multi-Year Cooperation Agreement, accomplish and achieve the purposes of the Redevelopment Plan for the CCRP, sustain the redevelopment accomplished by the implementation of the Plan, expand and improve the City's supply of affordable housing and, enforce existing covenants, contracts and other obligations arising from the redevelopment projects.

It should be noted that there are no anticipated changes to the manner in which redevelopment projects, programs and affordable housing programs are currently carried out by the Agency Board and City staff. Moreover, the project specific cooperation agreements do not in any way affect the requirement that any of the projects which have not yet been approved by the applicable City discretionary review bodies and been issued City development permits, must fully comply with all City, state and federal requirements including review under the California Environmental Quality Act, as appropriate. Additionally, for capital projects for which findings of fact under the CRL have not yet been made because no expenses have been incurred, at the time when those projects are ready to move forward, the Council will be asked to adopt the appropriate required findings of fact.

Fiscal Year 2012- 2015 Capital Program

On June 9, 2011, the Agency Board gave staff direction to add 14 new capital projects to its existing capital program and provide additional funding for two existing capital projects, the Police Department Building construction and the Community Arts Workshop. These new projects and the new funding for the two existing capital projects can be found in Attachment 4 – Amended RDA Capital Projects.

**BUDGET/FINANCIAL INFORMATION:**

In the past, the Agency has held its own funds and transferred funds for public improvement construction and project administration (including design, construction etc.) to the City of Santa Barbara at appropriate points as necessary to reimburse the City for its project funding pursuant to the Multi-Year Cooperation Agreement. If the project specific cooperation agreements are approved, available tax increment funds would be transferred immediately to pay for City-incurred project related expenses. In the future, as tax increment revenue becomes available to the Agency, those funds would also be transferred to the City in accordance with the Multi-Year Cooperation Agreement and the project specific cooperation agreements and promissory notes. Redevelopment Agency affordable housing funds (20% of tax increment) have been managed by Agency staff and transferred to non-profit housing providers for purposes of property acquisition and construction. Any Agency housing funds not expended were invested and returned to the Agency for use in qualified housing projects. Under the proposed agreements, any unexpended housing funds and earned interest would be invested by the City and applied to assist in financing low and moderate income affordable housing projects.

- ATTACHMENTS:**
1. Agency General Fund Project Accounts
  2. Example Project Cooperation Agreement
  3. Example Promissory Note
  4. Amended RDA Capital Program

**PREPARED BY:** Brian J. Bosse, Housing and Redevelopment Manager/MEA

**SUBMITTED BY:** Paul Casey, Assistant City Administrator

**APPROVED BY:** City Administrator's Office

**EXAMPLE**

City Agreement No. \_\_\_\_\_  
Agency Agreement No. \_\_\_\_\_

**COOPERATION AGREEMENT FOR CABRILLO PAVILION/ EAST  
BEACH BATHHOUSE RENOVATION  
BETWEEN  
THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA  
AND  
THE CITY OF SANTA BARBARA**

This Cooperation Agreement is entered into this \_\_\_\_<sup>th</sup> day of June 2011, by and between:

THE REDEVELOPMENT AGENCY OF THE  
CITY OF SANTA BARBARA, hereinafter  
referred to as "Agency";

and,

THE CITY OF SANTA BARBARA, a municipal  
corporation, hereinafter referred to as "City".

A. WHEREAS, the Agency is constituted to pursue activities in the Central City Redevelopment Project Area ("Project Area") of the City, comprised of significant portions of the Downtown and the Waterfront of the City, which eliminate blight and enhance the physical and economic health of the Project Area; the Redevelopment Plan was adopted November 14, 1972 by City Ordinance No. 3566. In August 1977, the First Amended Redevelopment Plan for the Santa Barbara Central City Redevelopment Project was adopted by City Council Ordinance No. 3923. The Plan was further amended on December 16, 1986, by Ordinance No. 4438 to incorporate provisions required by amendments to the California Community Redevelopment Law. As required by the California Redevelopment Law Reform Act of 1993, the Redevelopment Plan for the CCRP was further amended by City Ordinance No. 4894 on December 6, 1994, to specify the latest dates for incurring and repaying indebtedness or receipt of tax increment. On November 12, 1998, City Ordinance No. 5085 was adopted to extend the Redevelopment Agency's authority to exercise eminent domain to August 30, 2007. The next amendment to the Plan was by Ordinance No. 5089 adopted January 12, 1999, wherein the term of the CCRP was extended to August 30, 2012 (for a total of 35 years from the adoption of the First Adopted Plan in August of 1977). Pursuant to Health and Safety Code section 33333.6(e)(2)(C), City Ordinance No. 5314 was adopted on April 27, 2004, to extend the effectiveness of the Plan for an additional one year period, from August 30, 2012 (thirty-five years), to August 30, 2013 (thirty-six years), City Ordinance No. 5363 was adopted June 14, 2005, and extended the effectiveness of the Plan for an additional one year period, from August 30, 2013 (thirty-six years), to August 30, 2014 (thirty-seven years) and City Ordinance No. 5388 was adopted June 6, 2006 and extended the effectiveness of the Plan for an additional one

year period from August 30, 2014 (thirty-seven years), to August 30, 2015 (thirty-eight years) (“Redevelopment Plan”);

B. WHEREAS, the intent of the Redevelopment Plan is, in part, to provide for the construction and installation of necessary public infrastructure and facilities and to facilitate the repair, restoration and/or replacement of existing public facilities and to perform specific actions necessary to promote the redevelopment and the economic revitalization of the Project Area; and to increase, improve and preserve the community’s supply of low and moderate income housing, some of which may be located or implemented outside the Project Area; and to take all other necessary actions to implement the Redevelopment Plan for the Project Area and to expend tax increment to accomplish the goals and objectives of the respective redevelopment projects;

C. WHEREAS, the Agency has adopted its Five-Year Implementation Plan for the Project Area, as amended from time to time with established goals to support affordable housing, economic development, community revitalization, commercial revitalization, and institutional revitalization. To implement the programs and activities associated with each goal, the Agency has made redevelopment fund commitments and budget allocations based on estimated available tax increment revenue and debt financing structures;

D. WHEREAS, pursuant to Section 33220 of the California Community redevelopment Law (Health and Safety Code Section 33000 et seq.) (the “CRL”), certain public bodies, including the City may aid and cooperate in the planning, undertaking, construction, or operation of redevelopment projects. The project associated with the Agreement is the Cabrillo Pavilion/East Beach Bathhouse Renovation (the Project). The programs and activities associated with the Project include but are not limited to acquisition and disposition of property, development of design criteria, design, planning, preparation of construction bid documents, financial analysis, financing and new construction or rehabilitation. To carry out the Project in accordance with the objectives and purposes of the redevelopment plans for the Project Area and the Implementation Plan, the Agency desires assistance and cooperation in the implementation and completion of the Project. Pursuant to the Multi-Year Agreement between the Agency and the City entered into on December 16, 2003 (City Agreement No. 21,242 and Agency Agreement No. 422), the City agrees to aid the Agency and cooperate with the Agency to expeditiously implement the Project in accordance with the Redevelopment Plan for the Project Area and the Implementation Plan and undertake and complete all actions necessary or appropriate to ensure that the objectives of the Redevelopment Plan for the Project Area and the Implementation Plan are fulfilled within the time effectiveness of the Project Area;

E. WHEREAS, in considering the Agency’s desire to ensure timely implementation and completion of the Project, the Agency wishes to enter into this Agreement with the City for the pledge of net available tax increment to finance the Project. The purpose of this Agreement is to facilitate the implementation of the Project and to provide funding necessary to effectuate the completion of the Project with net available tax increment in this current fiscal year and forthcoming fiscal years;

F. WHEREAS, net available tax increment is defined as any tax increment, net of existing debt service payments, and existing contractual obligations received by the Agency or any lawful successor of the Agency and/or to any of the powers and rights of the Agency pursuant to any applicable constitutional provision, statute or other provision of law now existing or adopted in the future as necessary to fund the Project. The pledge of net available tax increment in the amount needed to fund the Project will constitute an obligation to make payments authorized and incurred pursuant to CRL Section 33445 and other applicable statutes;

G. WHEREAS, the City Council and the Agency Board by resolution have each found that the use of Agency redevelopment funding for the Project is in accordance with Section 33445 of the CRL and other applicable law. The said City Council and Agency Board resolutions are each based on the authority of the Agency, with the consent of the City Council, to pay all or part of the cost of the installation and construction of the Project which is public owned and is contiguous to the Project Area, as defined in CRL 33445, if the City Council makes certain determinations;

H. WHEREAS, on June 29, 2010, the Council of the City of Santa Barbara adopted a Resolution approving the budget of the Redevelopment Agency of the City of Santa Barbara for Fiscal Year 2011, initiating the project and appropriating \$250,000 to the Project to undertake and complete a physical assessment of the building facility structure and the building's internal and external systems in conjunction with the preparation of business plan to guide the refurbishment project;

I. WHEREAS, approving and entering into this Agreement implements the approved Multi-Year Agreement and endorses the pledge and use of tax increment funds from the Project Area for completion of the Cabrillo Pavilion/East Beach Bathhouse Renovation Project; and

J. WHEREAS, the obligations of the Agency under this Agreement shall constitute an indebtedness of the Agency for the purpose of carrying out the Redevelopment Plan for the Project Area.

NOW, THEREFORE, IT IS MUTUALLY AGREED AS FOLLOWS:

## I. INTRODUCTORY PROVISIONS

The recitals above are an integral part of this Agreement and set forth the intentions of the parties and the premises on which the parties have decided to enter into this Agreement.

## II. AGENCY'S OBLIGATIONS

1. Project Payment. The Agency agrees to pay to the City an amount equal to the cost to the City to carry out the Project, including without limitation all costs incurred by the City for the planning, acquisition and disposition, financing, development, permitting, design, site testing, bidding, construction and construction management of



the Project. The Agency's obligations under this Agreement, including without limitation the Agency's obligation to make the payments to the City required by this Agreement, shall constitute an indebtedness of the Agency for the purpose of carrying out the redevelopment of the Project Area and is an obligation to make payments authorized and incurred pursuant to Sections 33445 of the CRL and other applicable statutes. The obligations of the Agency set forth in the Agreement are contractual obligations that, if breached, will subject the Agency to damages and other liabilities or remedies.

2. The obligations of Agency under this Agreement shall be payable out of net available tax increment, as defined in the above recitals and/or as defined or provided for in any applicable constitutional provision, statute or other provision of law now existing or adopted in the future, levied by or for the benefit of taxing agencies in the Project Area, and allocated to the Agency and/or any lawful successor entity of the Agency and/or any entity established by law to carry out any of the Redevelopment Plan for the Project Area and/or expend tax increment to pay indebtedness of the Agency to be repaid with tax increment, pursuant to Section 33670 of the CRL or any applicable constitutional provision, statute or other provision of law now existing or adopted in the future, in the amount necessary to fund the Project currently estimated to be \$6,300,000 in accordance with the schedule set forth in Exhibit "A" and incorporated herein by this reference.

3. The indebtedness of Agency under this Agreement shall be subordinate to the rights of the holder or holders of any existing bonds, notes or other instruments of indebtedness (all referred to herein as "indebtedness") of the Agency incurred or issued to finance the Project Area, including without limitation any pledge of tax increment revenues from the Project Areas to pay any portion of the principal (and otherwise comply with the obligations and covenants) of any bond or bonds issued or sold by Agency with respect to the Project Area.

4. All payments due to be made by the Agency to the City under this Agreement shall be made by the Agency in accordance with the performance schedule set forth in Exhibit "A" and as otherwise necessary to reimburse the City for the cost to the City of performing its obligations hereunder. City shall provide Agency with a quarterly report accompanied by evidence reasonably satisfactory to the Agency's Executive Director that the City has progressed in the development and construction of the Project for which payment is made by the Agency commensurate with such payments and has incurred costs or obligations to make payments equal to or greater than such amount.

### III. CITY'S OBLIGATIONS

1. The City shall accept any funds paid by the Agency pursuant to this Agreement and shall devote those funds to completion of the Project by reimbursing the City or using such funds to make City expenditures to perform the work required to carry out and complete the Project.

2. It is the responsibility of City to pay all development and construction costs

in connection with the Project from funds paid to the City by the Agency under this Agreement.

3. The City shall perform its obligations hereunder in accordance with the applicable provisions of federal, state and local laws, including the obligation to comply with environmental laws such as CEQA, and shall timely complete the work required for the Project in accordance with the performance schedule set forth in Exhibit "A".

#### IV. DEFAULT

If either party fails to perform or adequately perform an obligation required by this Agreement within thirty (30) calendar days of receiving written notice from the non-defaulting party, the party failing to perform shall be in default hereunder. In the event of default, the non-defaulting party will have all the rights and remedies available to it at law or in equity to enforce the provision of this contract, including without limitation the right to sue for damages for breach of contract. The rights and remedies of the non-defaulting party enumerated in this paragraph are cumulative and shall not limit the non-defaulting party's rights under any other provision of this Agreement, or otherwise waive or deny any right or remedy, at law or in equity, existing as of the date of the Agreement or hereinafter enacted or established, that may be available to the non-defaulting party against the defaulting party. All notices of defaults shall clearly indicate a notice of default under this Agreement.

#### V. GENERAL PROVISIONS

1. Paragraph Headings. The paragraph headings contained herein are for convenience and reference only and are not intended to define or limit the scope of this Agreement.

2. Interpretation. This Agreement shall be interpreted in accordance with and governed by the laws of the State of California. The language in all parts of this Agreement shall be, in all cases, construed according to its fair meaning and not strictly for or against City or Agency.

3. Singular and Plural. As used herein, the singular of any word includes the plural.

4. Waiver of Performance. Failure of a party to insist upon the strict performance of any of the provisions of this Agreement by the other party, or the failure of a party to exercise any right upon the default of the other party, shall not constitute a waiver of such parties rights to insist and demand strict compliance by the other party with the terms of this Agreement thereafter.

5. No third party beneficiaries. This Agreement is made and entered into for the sole protection and benefit of the parties and their successors and assigns. No other person shall have any right of action based upon any provision of this Agreement.

6. Counterparts. This Agreement may be executed by the parties in

counterparts, which counterparts shall be constructed together and have the same affect as if all the parties had entered the same instrument.

7. Corporate Authority. The person(s) executing this Agreement on behalf of each of the parties hereto represent and warrant that (i) such party, if not an individual, is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement on behalf of said party (iii) by so executing this Agreement such party is formally bound to the provisions of this Agreement, and (iv) the entering into this Agreement does not violate any provisions of any other agreement to which such party is bound.

8. Entire Agreement. This Agreement constitutes the entire agreement between the Agency and the City with respect to the subject matter hereof and supersedes all prior agreements and negotiations, oral and written. This Agreement may not be amended or modified in any respect whatsoever except by an instrument in writing, approved by Agency Board and signed by the Agency and the City.

9. Severability. If any term, provision, covenant or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall continue in full force and effect unless the rights and obligations of the parties have been materially altered or abridged by such invalidation, voiding or unenforceability.

10. Assignment. The City shall not assign this Agreement or any part thereof or any monies payable hereunder without the prior written consent of the Agency.

11. Nondiscrimination. The City agrees to comply in all respects with:

a) The Nondiscrimination certificate entitled "Employment Certificate" attached as Exhibit "B" and incorporated herein by reference; and

b) The "Handicapped Nondiscrimination Statement," attached as Exhibit "C" and incorporated herein by reference.

## VI. BINDING ON SUCCESSORS

This Agreement shall be binding on and shall inure to the benefit of all successors and assigns of the parties, whether by agreement or operation of law.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

ATTEST:  
ASST. AGENCY SECRETARY

REDEVELOPMENT AGENCY OF THE  
CITY OF SANTA BARBARA  
EXECUTIVE DIRECTOR

\_\_\_\_\_  
Paul A. Casey

\_\_\_\_\_  
James L. Armstrong

APPROVED AS TO FORM:  
AGENCY COUNSEL

APPROVED AS TO CONTENT:  
FISCAL OFFICER

\_\_\_\_\_  
Sarah J. Knecht  
Asst. Agency Counsel

\_\_\_\_\_  
Robert Samario

ATTEST:  
CITY CLERK

CITY OF SANTA BARBARA,  
A MUNICIPAL CORPORATION  
CITY ADMINISTRATOR

\_\_\_\_\_  
Cynthia M. Rodriguez, CMC  
City Clerk Services Manager

\_\_\_\_\_  
James L. Armstrong

APPROVED AS TO CONTENT:  
FINANCE DIRECTOR

APPROVED AS TO FORM:  
CITY ATTORNEY

\_\_\_\_\_  
Robert Samario

\_\_\_\_\_  
Stephen P. Wiley

**EXHIBIT A****Cabrillo Pavilion/East Beach Bathhouse Renovation Project  
Project Budget**

Project Description:	Renovation of the entire downstairs of the facility including locker rooms, showers, interior and beach serving restroom, storage rooms, weight rooms, lobby area, offices and customer service areas. New windows, mechanical ventilation in the locker rooms and exterior facility signage is needed.
Current Appropriation:	\$ 250,000 – Facility assessment and business plan
Estimated Additional Cost to Complete:	\$6,300,000 – design, construction, management
Additional RDA Commitment:	<u>\$6,300,000</u> (to be paid with future tax increment)
Performance Schedule:	City shall undertake and complete the project by July 1, 2021

**EXAMPLE****PROMISSORY NOTE  
(UNSECURED)**

\$6,300,000

Santa Barbara, California  
June 21, 2011  
Issue Date

**FOR VALUE RECEIVED**, the undersigned, Redevelopment Agency of the City of Santa Barbara (Cabrillo Pavilion/East Beach Bathhouse Renovation Project Fund) [hereinafter the "Maker"] promises to pay to the City of Santa Barbara, ["City"] as holder, [or its order] at City Hall, [Plaza de La Guerra] 735 Anacapa Street, Santa Barbara, California 93101 [or at such other place as the holder may from time to time designate by written notice to Maker], on the Maturity Date (defined below) the principal sum of \$6,300,000 and to pay interest thereon at the rate per annum of the Local Agency Investment Fund ("LAIF") investment rate earned by the City's LAIF investment portfolio for the quarter ending March 31 of each year until the principal hereof is paid or duly made available for payment. Interest payable on this Note on the Maturity Date shall include interest accrued from the Issue Date to, but excluding the Maturity Date.

Unless payable sooner, the Note will be due and payable in full in lawful money of the United States of America without set-off, deduction, or counterclaim, on August 20, 2025 ("Maturity Date").

The Maker acknowledges that its failure to pay City, in full, the amount due under this Note on or before the Maturity Date will cause the City to incur additional costs. Such costs include, without limitation, processing and accounting charges. Therefore, if City does not receive payment of the loan in full

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Redevelopment Agency of the City of Santa Barbara Cabrillo Pavilion/East Beach  
Bathhouse Renovation Project Fund  
Promissory Note  
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plus all accrued interest thereon, within 15 days of such Maturity Date, Maker will pay to City an additional sum of the City's LAIF investment portfolio rate of the overdue amount as an appropriate late charge for each month that the loan remains unpaid. The Maker and the City agree that this late charge represents a reasonable sum considering all the circumstances existing on date of this Note and it represents a fair and reasonable estimate of the costs that City will incur by reason of late payment. The City and Maker further agree that proof of actual damages incurred by the City would be costly or inconvenient. Acceptance of any late charge will not constitute a waiver of the default with respect to the overdue amount and will not prevent the City from exercising any of the other rights and remedies available to City.

In the event that the Note plus accrued interest thereon is not paid in full by the Maturity Date, Maker agrees to pay, in addition to the aforesaid City LAIF investment portfolio rate late charge, interest from the Maturity Date on the unpaid principal at the City LAIF investment portfolio rate.

The acceptance of any late charges or interest shall not constitute a waiver of any rights the City has to enforce the provisions of this Note including the right to sue for all moneys due.

Maker agrees to pay the following costs, expenses, and attorneys' fees paid or incurred by City or a subsequent holder of this Note, or as may be adjudged by a Court: 1. reasonable costs of loan collection, costs, expenses, and

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Redevelopment Agency of the City of Santa Barbara Cabrillo Pavilion/East Beach  
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attorneys' fees paid or incurred in connection with the collection or enforcement of this Note, whether or not suit is filed; and 2. costs of suit and such sum as the Court may adjudge as attorneys' fees in an action to enforce payment of this Note or any part of it.

This Promissory Note is unsecured and Maker is liable for any deficiency on this Note. City may pursue any remedies legally available to it to enforce the provisions of this Note.

The Note is payable by Maker from currently available and future tax increment proceeds to be paid by Maker in accordance with California Health & Safety Code section 33670 for purposes of funding the Cabrillo Pavilion/East Beach Bathhouse Renovation Project. Privilege is reserved by the Maker to make additional payments on the principal of this indebtedness at any time without penalty.

**IN WITNESS WHEREOF**, the Redevelopment Agency of the City of Santa Barbara (Cabrillo Pavilion/East Beach Bathhouse Renovation Project Fund) has caused this Note to be executed by signature of the Executive Director of the Redevelopment Agency of the City of Santa Barbara as of the Issue Date specified above.

DATED: \_\_\_\_\_

\_\_\_\_\_  
Maker  
Executive Director



***EXAMPLE***

Redevelopment Agency of the City of Santa Barbara Cabrillo Pavilion/East Beach  
Bathhouse Renovation Project Fund  
Promissory Note  
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Redevelopment Agency of the City of Santa Barbara

## Amended RDA Capital Program Fiscal Years 2012 - 2015

Project Name	Funding Amount
Additional Funding for PD Building Construction	13,000,000
Cabrillo Pavilion Arts Center Renovation (Des./Construction)*	6,300,000
Downtown Sidewalk Improvements (Ortega, Cota, Haley)**	2,000,000
Library Plaza - Construction Phase (scheduled for FY 2013)**	2,000,000
Laguna Pump Station/Channel Facilities Upgrades	1,300,000
RDA Unappropriated Capital Reserves	1,200,000
Lower Milpas Pedestrian Improvements	850,000
Cabrillo Ballfields Renovation	850,000
West Downtown Neighborhood Lighting Project Phase II ***	750,000
West Downtown Neighborhood Lighting Project Phase III ***	750,000
Library Renovation (Children's Section and Lower Level)	550,000
Community Arts Workshop (CAW) Additional Funding	500,000
Parking Structure No. 10 Public Restroom	450,000
Chase Palm Park Renovation	350,000
East Beach Playground Replacement	200,000
Chase Palm Park Playground Replacement	200,000
Waterfront Signage Program	25,000
<b>Total Funding</b>	<b>31,275,000</b>

\* Assessment Study Funded in FY 2011

\*\* Design Funded in FY 2010

\*\*\* Phase I Lighting Construction Funded FY 2011

**ATTACHMENT 1**

**Redevelopment Agency General Fund Accounts  
As of June 14, 2011**

(Resolutions Attachment 'A')

Project Account #	Approx. Funds Spent to Date	Name	Project Description	Current Encumbered Balance	Current Remaining Account Funds	Current Total Fund Transfer Amt	Additional Future Tax Increment & Non-Recurring FundsTransfer
311-2611-57510-7816	\$14,841 (design & const)	CHASE PALM PARK LIGHT/ELECT. UPGRADE	Upgrade of park electrical system, replacement of 40 light poles and conversion of landscape lighting to bollard lights.	\$404,135.00	\$134,641.97	\$538,776.97	\$0
311-2611-57510-7817	\$5,983 (design)	PLAZA DEL MAR RESTROOM RENOVATION	Restroom renovation with energy and water conserving fixtures.	\$0.00	\$204,102.02	\$204,102.02	\$0
311-2611-57510-7818	\$4,931 (design)	PERSHING PARK RESTROOM RENOVATION	Restroom renovation with energy and water conserving fixtures.	\$0.00	\$115,069.38	\$115,069.38	\$0
311-2611-57510-7828	\$46,060 (grant)	PANHANDLING EDU. & ALT. GIVING CPGN.	Grant to DO for "Real Change Not Spare Change" campaign.	\$28,940.44	\$0.00	\$28,940.44	\$0
311-2611-57510-7831	\$999,461 (design)	PD LOCKER ROOM UPGRADE	Police Department headquarters facility upgrades.	\$34,637.69	\$6,965,901.37	\$7,000,539.06	\$13,000,000
311-2611-57510-7832	\$113,124 (lease)	PD ANNEX LEASE COST	Temporary office lease for Police Dept. personnel prior to and during the PD headquarters facility upgrade.	\$0.00	\$164,076.21	\$164,076.21	\$0
311-2611-57510-7992	\$398,568 (lease)	Fire Station No.1 - 725 DE LA VINA RENTAL COSTS	Temporary office lease for Fire Dept. personal during Admin Offices construction.	\$0.00	\$81,432.09	\$81,432.09	\$0
311-2611-57510-7999	\$5,552,821 (design & const)	FIRE STATION #1 REMODEL	Fire Station No. 1 Renovation	\$7,179.01	\$0.00	\$7,179.01	
311-2611-57510-8488	\$1,215,353	PARKING LOT MAINT (PARKING FUND)	Funding capital improvements in Project Area parking lots.	\$36,130.00	\$31,138.87	\$67,268.87	\$0
311-2611-57510-8989	\$47,568 (design)	LIBRARY PLAZA RENOVATION	Renovation of Main Branch Library Plaza	\$0.00	\$68,478.00	\$68,478.00	\$2,000,000
311-2611-57510-8992	\$949,309 (design & const)	PARKING STRUCTS 2,9,10 CONST IMPRVMT	Structural improvements and concrete repair to downtown parking garages.	\$1,090,316.67	\$360,375.20	\$1,450,691.87	\$0
311-2611-57510-8993	\$39,010 (design & const)	LOWER WEST DOWNTOWN STREET LIGHTING PHASE I	Street and sidewalk lighting improvements to the neighborhood for increased safety and security.	\$295,907.60	\$437,018.38	\$732,925.98	\$1,500,000
311-2611-57510-8994	\$1,102	CABRILLO PAV ARTS CTR ASSESSMENT ST	Facility systems & structural assessment, and development of a business plan.	\$0.00	\$248,898.01	\$248,898.01	\$6,300,000
311-2611-57510-8995	\$6,490 (design)	STATE ST PEDESTRIAN AMENITIES PILOT	Relocation of pedestrian amenities on the 800 & 900 blocks of State Street to better serve the businesses	\$2,060.29	\$43,510.00	\$45,570.29	\$0
311-2611-58170	\$0	ARBITRAGE REBATE	ARBITRAGE REBATE	\$0.00	\$440,000.00	\$440,000.00	\$0
TBD	n/a	BOND SERVICE	Series 2001A and 2003 A Bond dept		\$0.00	\$0.00	\$60,107,165
TBD	n/a	ADMINISTRATION & PROJ MANAGEMENT (Operating Fund)	Operating Expense, Special Expense and Reserve	\$72,233.02	\$2,137,229.15	\$2,209,462.17	\$27,360,000
TBD	n/a	ADMINISTRATION & PROJ MANAGEMENT (Housing Fund)	Operating Expense, Special Expense and Reserve	\$0.00	\$4,945,202.65	\$4,945,202.65	
111-0000	n/a	OVERNIGHT ACCOMMODATION MITIGATION PROJECT FUNDS	OVERNIGHT ACCOMMODATION MITIGATION PROJECT FUNDS	\$0.00	\$1,221,428.18	\$1,221,428.18	\$0

TBD	n/a	<b>AFFORDABLE HOUSING</b>	Tax Increment Set Aside funds for Affordable Hsng	\$0.00	\$0.00	\$0.00	\$31,526,810
TBD	\$95,152 (design)	<b>DOWNTOWN SIDEWALK IMPROVEMENTS (ORTEGA, COTA, HALEY)</b>	Sidewalk infrastructure improvements between Chapala St. and Santa Barbara St.	\$0.00	\$0.00	\$0.00	\$2,000,000
TBD	\$0	<b>LAGUNA PUMP STATION/CHANNEL FACILITIES UPGRADES</b>	Repairs to the Laguna Pump Station including a new engine, building repairs and operational upgrades. Funding for design & construction.	\$0.00	\$0.00	\$0.00	\$1,300,000
TBD	\$0	<b>LOWER MILPAS PEDESTRIAN IMPROVEMENTS</b>	Sidewalk infill and pedestrian lighting on Milpas St. from the railroad tracks south to Cabrillo Blvd.	\$0.00	\$0.00	\$0.00	\$850,000
TBD	\$0	<b>CABRILLO BALLFIELDS RENOVATION</b>	Restroom renovation and roof replacement, new landscape, replacement of light poles & fixtures, renovation of Chromatic Gate, repair/replace elements of water drainage system.	\$0.00	\$0.00	\$0.00	\$850,000
TBD	\$21,959 (design)	<b>WEST DOWNTOWN LIGHTING PROJECT PHASE II</b>	Construction of streetlights within the boundary of Chapala St, Ortega St and Hwy 101.	\$0.00	\$0.00	\$0.00	\$750,000
TBD	\$21,959 (design)	<b>WEST DOWNTOWN LIGHTING PROJECT PHASE III</b>	Construction of streetlights within the boundary of Chapala St, Ortega St and Hwy 101.	\$0.00	\$0.00	\$0.00	\$750,000
TBD	\$0	<b>LIBRARY RENOVATION (CHILDREN'S SECTION AND LOWER LEVEL)</b>	Remodel the Children's section to accommodate more books, computers & conference room for Children's programming. New ADA restrooms.	\$0.00	\$0.00	\$0.00	\$550,000
TBD	\$476,309 (design)	<b>COMMUNITY ARTS WORKSHOP (CAW) ADDITIONAL FUNDING</b>	Facility renovation and conversion to artist workspace.	\$0.00	\$0.00	\$0.00	\$500,000
TBD	\$0	<b>PARKING STURCTURE NO. 10 PUBLIC RESTROOM</b>	Construct a public restroom at public parking lot No. 10 (corner of Ortega St. & Anacapa St.)	\$0.00	\$0.00	\$0.00	\$450,000
TBD	\$0	<b>CHASE PALM PARK RENOVATION</b>	Park infrastructure upgrades including park walls, walkways, fencing, landscape, lagoon circulation and replacement of the "sail structure."	\$0.00	\$0.00	\$0.00	\$350,000
TBD	\$0	<b>EAST BEACH PLAYGROUND REPLACEMENT</b>	Replace existing, damaged playground equipment at East Beach.	\$0.00	\$0.00	\$0.00	\$200,000
TBD	\$0	<b>CHASE PALM PARK PLAYGROUND REPLACEMENT</b>	Replace existing, damaged playground structure.	\$0.00	\$0.00	\$0.00	\$200,000
111-0000	\$0	<b>RDA LOAN RECEIVABLE - 617 GARDEN MENTAL HEALTH ASSOCIATION</b>	RDA LOAN RECEIVABLE - 617 GARDEN MENTAL HEALTH ASSOCIATION	\$3,500,000.00	\$0.00	\$3,500,000.00	\$0
311-0000	\$0	<b>RDA UNAPPROPRIATED CAPITAL BALANCE</b>	RDA CAPITAL PROJECT RESERVES	\$0.00	\$1,200,000.00	\$1,200,000.00	\$0
TBD	\$3,168,548 (design & const)	<b>WATERFRONT SIGNAGE PROGRAM</b>	An element of the larger West Beach Pedestrian Improvement Project. Design and installation of way-finding signage between the wharf and harbor. Litigation has primary project funds on hold.	\$0.00	\$0.00	\$0.00	\$25,000
<b>TOTALS:</b>				<b>\$5,471,539.72</b>	<b>\$18,798,501.48</b>	<b>\$24,270,041.20</b>	<b>\$150,568,975</b>