



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** April 29, 2014

**TO:** Mayor and Councilmembers

**FROM:** Planning Division, Community Development Department

**SUBJECT:** Waterfront Hotel Update

### **RECOMMENDATION:**

That Council receive an update from the Parker Family Trust and staff on a new Development Agreement Proposal and possible changes to the Waterfront Hotel project, and provide comments.

### **DISCUSSION:**

In 2007, the City issued building permits for both the 150 room Waterfront Hotel, located at the corner of Cabrillo Boulevard and Calle Cesar Chavez, and a youth hostel (required as a condition of approval for the hotel), located at 12 East Montecito Street. While construction on the hostel has proceeded, the hotel project has stalled. Over the past year the Parker Family applicant team has met with staff to discuss options for developing the Waterfront Hotel site with a smaller, boutique style hotel while still retaining the option of developing the approved 150 room hotel. The Parker family is researching the appropriate room count and design of a new project and this research requires time. In order to maintain the existing development rights to the approved hotel and establish development potential for a revised project, Staff and the Parker Family believe a new Development Agreement should be considered.

### **Background**

In 1981, the City and Coastal Commission approved Park Plaza Specific Plan #1 and a Subdivision Map creating three parcels that make up the specific plan area. These parcels included the Fess Parker DoubleTree Hotel and the Waterfront Hotel properties, as well as the Chase Palm Park expansion area. The Specific Plan allowed the development of the DoubleTree Hotel, which was constructed in the 1980's. The other two parcels were designated for retail, public parking and park development.

In 1994, the City and Coastal Commission approved an amendment to the Park Plaza Specific Plan to allow construction of a 150-room luxury hotel on the Waterfront Hotel site and development of a park on the remaining parcels. The Specific Plan area was also expanded westward to include the City property between Laguna Channel and

Santa Barbara Street. In 1994, a Coastal Development Permit, Development Plan, and Parking Modification were approved by the City for both the Chase Palm Park expansion, the Waterfront Hotel and a 75-bed hostel (now a 100-bed hostel, per a Coastal Commission requirement).

Per the conditions of approval, the park and hostel were to be completed prior to the opening of the hotel. In 1995, Mr. Parker requested a Development Agreement to extend the expiration date of his approvals because there was limited financing available for hotel development. As required by the Development Agreement, certain costs and donation of the park property would be provided immediately, in exchange for extending the approval dates for his hotel and hostel from 1997 to 2007. Since the approval of the Development Agreement, the following actions have been completed or initiated by the Parker Family:

- Both land and fees to complete the Waterfront Park (Chase Palm Park expansion) were provided by the Parker Family (American Tradition).
- Calle Cesar Chavez, formerly known as Salsipuedes Street, is completed, which now connects to Cabrillo Boulevard.
- In conjunction with the adjacent Wright project, Garden Street was connected from the 101 Freeway to Cabrillo Boulevard.
- Improvements to the area drainage on the hotel and park sites were completed and connected to a Santa Barbara County Flood Control drainage project.
- On June 25, 2007, minor changes to the hotel, including moving the underground parking to the proposed project site, were determined to substantially conform to the originally approved project plans. The number of rooms continues to remain the same. (Please note, this change is the last of several changes reviewed by the Planning Commission since 1995.)
- A building permit application for foundation and grading on the proposed hotel was issued on September 20, 2007. Work under this permit began, but is not complete and the permit is still valid.
- A building permit application for soil remediation on the hotel site was issued on September 20, 2007 and work was completed on September 4, 2008.
- A building permit application for the hotel building shell and core was issued on May 8, 2008 and is still valid.
- On September 19, 2007, a building permit to construct the youth hostel was issued and construction commenced. In 2011 the applicant revised the floor plan to create more individual rooms rather than dormitory style rooms that were more common at the time the project was approved. Estimated completion date of the hostel is summer 2014.
- Since 1995, the Parker Family contributes \$62,500 annually (indexed annually for inflation) to operate and maintain the park and will continue to do so until the hotel is constructed. Upon completion of the hotel, the contribution will be \$125,000 annually for an additional 35 years.

### Development Agreement (DA) Proposal

The new DA would incorporate much of the same information as the original 1995 DA, but would be updated to reflect the conditions that the Parkers have completed since 1995. Additionally, provisions would be included establishing development potential for a revised project should the 150 room hotel not be pursued further. While all of the details are not fully ironed out, the new DA would incorporate the following components:

- Establish a new 10 year term for the DA.
- Acknowledging the approved status of the 150-room hotel, all current Building and Public Works permits for the approved 150-room hotel would expire.
- During the first four years of the DA, the approved 150-room hotel could be constructed without further discretionary review, subject to the issuance of new building permits consistent with the current building codes. After four years, the approvals for the 150-room hotel would expire.
- If a hotel project other than the approved 150 room hotel is proposed at any time during the ten year term of the DA (a new hotel), the project would be subject to the appropriate design, permit, and environmental review, consistent with current ordinances, General Plan policies, and building codes.
- If a new hotel is approved during the term of the DA and the new hotel results in less than 150 rooms, the applicant would have the ability to propose transferring the excess rooms to another site within the downtown development area.

Staff is supportive of the key objectives of a new Development Agreement that would allow for completion of the Specific Plan as contemplated all these years. We are also interested in a revised project that could involve a reduced foot print and mass on the site. Staff and the applicant appreciate this opportunity to check in with the Council for initial thoughts and questions on the proposal. The Parker Family will continue to work with staff to refine the draft of the proposed new Development Agreement. Staff will also conduct environmental analysis of the DA. The DA is a legislative action, which under the City's procedures requires Planning Commission review of the draft DA and to provide its recommendation, and then Council action through adoption of an ordinance.

- ATTACHMENTS:**
1. Parker Family letter dated April 15, 2014
  2. Development Agreement (w/o Exhibits) dated August 9, 1996
  3. Development Agreement Map

**PREPARED BY:** Peter Lawson, Associate Planner

**SUBMITTED BY:** Bettie Weiss, City Planner/Acting Community Development Director

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



## Fespar Enterprises LLC

April 15, 2014

Hon. Mayor and City Council Members  
City of Santa Barbara  
Post Office Box 1990  
Santa Barbara, California 93102-1990

**Re: Initiation of Development Agreement for Parker Waterfront Hotel Property at 433 East Cabrillo Boulevard (“Waterfront Hotel Property”)**

Dear Hon. Mayor Schneider and Council Members:

We would like to take this opportunity to update the Council on our vision for the Waterfront Hotel Property and to propose a course of action that will result in a new hotel on the Waterfront Hotel Property and completion of the City’s waterfront area. We would also request an opportunity to discuss our plans for the Waterfront Hotel Property with you at your next available council meeting.

As a bit of background, the proposed development of the Waterfront Hotel Property dates back to 1981 when the City, in coordination with the Parker family, adopted Specific Plan No. 1 Park Plaza (“Specific Plan No.1”). Prior to Specific Plan No. 1, there had been a series of failed attempts by the City and prior property owners to revitalize the City’s waterfront. Our family’s acquisition of approximately 33 acres of waterfront property in the late 1970’s provided an opportunity for the City and the Parkers to develop a shared vision for a revitalized waterfront area.

Specific Plan No.1 provided the roadmap for the development of a large portion of waterfront property owned by our family. Specific Plan No. 1 paved the way for the development of what is now “The Fess Parker Resort” (formerly “the Fess Parker Double Tree Resort”), as well as dedication by the Parkers of public parking and open space along Cabrillo Boulevard. Today, The Fess Parker is the largest hotel in the City of Santa Barbara and continues to generate significant revenue for the City and local businesses, while the dedicated parking and open space provide continuing public benefits to the Santa Barbara community.

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After the successful development of The Fess Parker, the City Redevelopment Agency and our family agreed to continue to carry out our shared vision for the development of the waterfront on the remaining property owned by our family. To this end, in 1994 the City adopted certain amendments to Specific Plan No.1 (“Amended Specific Plan”). The Amended Specific Plan provided the necessary zoning and land use regulations to develop a luxury hotel on the Waterfront Hotel Property and to construct what is now Chase Palm Park, a large portion of which sits on land donated by the Parker family to the City. In conjunction with our family’s agreement to donate the Chase Palm Park property, we entered into a Development Agreement with the City in 1995 (“Development Agreement”).

The Development Agreement granted our family a vested right to build a 150-room luxury hotel on the Waterfront Hotel Property, subject to certain conditions. As consideration for the vested rights granted by the Development Agreement, we provided significant benefits to the City, including donating 5 acres of property for the development of Chase Palm Park, providing the land for and constructing a 100-bed hostel (which is near completion and is scheduled to open this summer), and paying significant fees to maintain and operate Chase Palm Park. Today, Chase Palm Park is one of the largest waterfront parks in the City of Santa Barbara and hosts many of the City’s most successful community events, including the annual “Concert in the Park” series, while the hostel will provide much-needed affordable lodging on the City’s waterfront. Pursuant to the Development Agreement, we obtained and continue to hold the necessary building permits to construct the new hotel.

Much has changed since we entered into the Development Agreement in 1995. While we maintain our vested right to construct the 150-room hotel, we believe there may be other design opportunities that could better meet the demand for current market conditions. Such a design would likely result in a reduced development footprint and fewer hotel rooms on the Waterfront Hotel Property. We would like the opportunity explore alternative designs.

To allow our team the opportunity to explore alternative design concepts for the hotel, we recently submitted an application for a new development agreement. A new development agreement would preserve our family’s development rights in the Waterfront Hotel Property so we can move forward and make significant financial and personnel commitments to the project, and allow the City to help shape any new hotel proposal.

Over the past year, we have met with City staff on numerous occasions to discuss the possibility of a new development agreement. As a result of these discussions, we believe City staff supports the idea of a new development agreement and the key terms we intend

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to propose. While we understand there are many terms and conditions that must be included in any new development agreement, including terms specifically required by State law and the City's own regulations, the following is an abbreviated list of the key terms we have discussed with City staff and hope to include in a new development agreement.

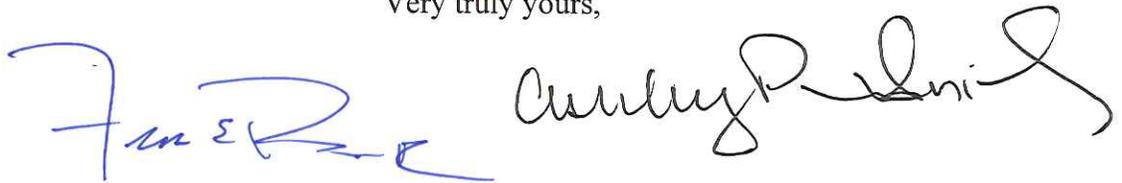
1. The Parker family would maintain its vested right to develop the already-approved 150-room hotel, subject only to the Parker family applying for a new building permit processed under current building code standards within four years of the effective date of the new development agreement.
2. The Parker family would retain its right to develop up to 150 hotel rooms on the Waterfront Hotel Property by way of a new and revised hotel project. Any new hotel proposal would be subject to the City's review process, and to the 1994 Amended Specific Plan and all ordinances and regulations in effect as of the effective date of the new development agreement. Additionally, the development agreement may include provisions that supplement certain development regulations related to the proposed hotel.
3. In the event a new hotel project on the Waterfront Hotel Property is approved during the term of the development agreement and generates fewer than 150 hotel rooms, the development agreement would address the possible transfer of remaining development rights (i.e. hotel rooms) from the Waterfront Hotel Property to an offsite location within the "Downtown Development Area".
4. The Parker family would have no less than 10 years (the actual time period will be specified in the development agreement) from the effective date of the new development agreement to process entitlements with the City for a new hotel project.

In our discussions with City staff, we understand the next steps in the development agreement process are completing the formal application for a new development agreement, followed by review of the application and proposed development agreement by the City Planning Commission, and a return to the City Council for final approval of the development agreement by adoption of an ordinance. We will continue to work with City staff and the City Attorney's office as we prepare the required application and new development agreement.

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We thank you in advance for your consideration of our request and we look forward to discussing with you our vision for completing the last piece of the City's waterfront at your next available council meeting.

Very truly yours,

Two handwritten signatures in blue ink. The signature on the left is stylized and appears to be 'Frank R...'. The signature on the right is more legible and appears to be 'Carmel P. ...'.

96-047998

Rec Fee .00  
A. R. .00

Recording requested by and when recorded, please return to:

Recorded  
Official Records  
County of  
Santa Barbara  
Kenneth A Pettit  
Recorder  
8:00am 9-Aug-96

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

CONT BB 32

RECORDING REQUESTED BY  
CONTINENTAL LAWYERS TITLE COMPANY

200458

No fee per GOVT CODE § 6103

No Documentary Transfer Tax Space above line for Recorder's use

DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT ("Agreement") is made and entered into as of this 2nd day of August, 1996, by and between THE CITY OF SANTA BARBARA, a municipal corporation (hereinafter the "City"), and AMERICAN TRADITION, a California general partnership (hereinafter the "Parker Family").

RECITALS

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

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

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

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

E. WHEREAS, on October 17, 1989, the City Council adopted Resolution No. 89-120 establishing procedures for considering statutory development agreements, which resolution sets forth in Recitals A-D thereof the City authority and public purpose of such agreements.

F. WHEREAS, On August 19, 1993, the City Planning Commission recommended that the City Council of the City approve a Specific Plan Amendment and the Planning Commission approved various permits for the real property located at 325 East Cabrillo Boulevard and 33 West Montecito (hereinafter collectively referred to as the "Site" as described in more detail in Redevelopment Parcel Map 95-20,587 as Parcels 1, 2 and 3 approved by the City and the Redevelopment Agency concurrently herewith (and recorded in the official records of Santa Barbara County on 8/9/96 BK 51 as instrument 09291-96) and zoned as HRC-2, S-D-3, SP-1 Hotel and Related Commerce 2 with Coastal Overlay Zone, Specific Plan No. 1 and General Plan designation of Open Space, Parking and Buffer/Stream for a proposed public/private project to be jointly developed by the Redevelopment Agency of the City and the Parker Family and consisting of a 150 room luxury hotel (hereinafter the "Hotel") on a 3.0 acre parcel (hereinafter referred to as the "Hotel Parcel" and more particularly described in the legal description attached hereto as Exhibit A) and an adjacent approximately 10 acre public park (hereinafter the "Park") together with the required public parking.

In addition, as a pre-condition of approval on the construction and operation of the Hotel, the Hotel Developer is required to construct a 100 bed youth hostel to be constructed at an off-site location acceptable to the City pursuant to a separate Coastal Development Permit issued for the hostel on April 20, 1995 as City CDP No. #95-0016 (hereinafter the "Hostel"). The construction of the Hotel, the adjacent Park and the required Hostel are hereinafter collectively referred to as the "Project."

G. WHEREAS, on September 21, 1993, the City Council of the City approved the Specific Plan Amendment (hereinafter the "Specific Plan No. 1) requested by the Redevelopment Agency and the Parker Family necessary for the development of the Project and, shortly thereafter, an application for a Local Coastal Program ("LCP") Amendment with respect to Specific Plan No. 1 was submitted to the California Coastal Commission in order to certify that the amendments made to the original Specific Plan were acceptable to the Coastal Commission under the Coastal Act; on January 12, 1994, the Coastal Commission certified the City's LCP amendment with the modifications which resulted in the need to impose additional conditions on the Project.

H. WHEREAS, on March 10, 1994 the City Planning Commission adopted Resolution No. 020-94 incorporating the modifications made necessary by the action of the state Coastal Commission for the

development of the Project into the Specific Plan and granting the City Development Plan approvals and making the findings required by the City's Zoning Ordinance (Title 28 of the Santa Barbara Municipal Code) and required by the California Environmental Quality Act (Public Resources Code § 21000 et seq.). The revised Specific Plan for the Project was then approved by the City Council on March 22, 1994.

I. WHEREAS, On April 20, 1995, the Planning Commission confirmed that the relocation of the required Hostel from the location originally proposed at 33 West Montecito Street to a new location at 12 East Montecito Street (the southwest corner of the intersection of Montecito and Helena Streets and hereinafter included within the definition of the term "Site") is in substantial conformance with the intent and purposes of the original hostel condition imposed on the approval of the Project and the Planning Commission issued a Coastal Development Permit, Development Plan approval and Conditions for the relocated hostel at 12 East Montecito Street.

J. WHEREAS, through the execution of a Memorandum of Understanding in November of 1990, and until late 1994, it was the desire and the intention of the Agency and the Parker Family to accomplish a joint project in such a way that the construction of the public park, the luxury hotel and the required youth hostel (as well as all the required public infrastructure improvements and mitigation measures necessary for these developments) occurred concurrently. However, recent events have demonstrated to the Agency, the Parker Family, and the City that the financing and construction of the luxury hotel and the required youth hostel are not possible in the near term and that Agency construction of the approximately 10 acre public park is currently possible with available Agency tax-exempt bond funds. As a result, the Agency, the City and the Parker Family have decided to take those steps necessary to convey the real property necessary for the construction of the Park to the Agency and to vest with the Parker Family the right to construct the luxury hotel and to construct the required youth hostel.

Pursuant to and in furtherance of this goal, the City is entering into this development agreement concurrently with and in full consideration of several other agreements by and between the Agency, the City, and the Parker Family which agreements are as follows (and hereinafter referred to as the "Project Agreements"):

1. the Escrow Agreement by and between the Agency and the Parker Family,
2. the Reimbursement Agreement by and between the Parker Family and the Agency (hereinafter the "Reimbursement Agreement"),
3. the Option Agreement by and between the Parker Family and the Agency,
4. the Declaration of Construction and Operating Covenants and Reciprocal Easements by and between the Agency and the Parker Family (hereinafter referred to as the "Declaration"),
5. the Grant Deed with Power of -----

Termination granting certain land to the Agency for use as a public park subject to an express power of termination.

As a result, City and Parker Family understand and acknowledge that the consideration for and basis of this Development Agreement is dependent upon the concurrent approval and execution of all of the Project Agreements by the Parker Family, the Redevelopment Agency of the City of Santa Barbara and the City.

K. WHEREAS, the City and the Parker Family desire to enter into this Agreement concerning the development of the Hotel and Hostel portions of the Project as described in Planning Commission Staff Report dated June 8, 1995 and as approved by the City Planning Commission on June 8, 1995 and as approved by the City Council on August 15, 1995 [as reflected in City Ordinance No. 4920], in order to allow the construction of the public park portion of the Project by the City Redevelopment Agency to move forward as soon as possible.

L. WHEREAS, a substantial amount of time and effort was expended by City officials and staff and the Redevelopment Agency staff to review the Project. All aspects of the Project have been reviewed extensively and were the subject of numerous public hearings. All environmental impacts of the development of each portion of the Project was addressed in the required Final Environmental Impact Report (ENV92-0107) issued by the City Environmental Review Committee and, with respect to which, Notices of Determination were filed with the County Clerk on August 19, 1993, September 21, 1993, March 11, 1994, March 23, 1994 and May 11, 1994, pursuant to Public Resources Code § 21152(a) and for which a related Notice of Determination was issued regarding the conditions imposed by the Coastal Commission on the youth Hostel, which notice was filed with the County Clerk on April 24, 1995.

M. WHEREAS, City acknowledges and agrees that: 1. the review, consideration and the approval of this Agreement by the City is an integral and dependant part of a larger public/private project and that 2. prior to execution of this Agreement, the Parker Family and the Redevelopment Agency had the right to immediately commence construction of the Project without the necessity or requirement for any other discretionary review or approval by City with the exception of the design review for the Hotel and the Hostel necessitated by City Charter Section 817.

N. WHEREAS, pursuant to the terms of this Agreement, the Parker Family (pursuant to the Project Agreements with the Redevelopment Agency listed in Recital J above) will provide substantial benefit to the City as consideration to the City for entering into this Agreement including, but not limited to, the following:

1. Acting through the Redevelopment Agency pursuant to the Reimbursement Agreement, the substantial completion of public street improvements for the extension of Salsipuedes Street across the Southern Pacific Railroad tracks and its connection to the existing intersection of Salsipuedes and Cabrillo Boulevard, and related traffic and parking improvements on Cabrillo Boulevard and the Park area adjacent to the terminus of Carpinteria Street, and a public sidewalk along the north side of Cabrillo Boulevard between Calle Puerto Vallarta and Milpas; and

2. By conveying approximately 4.9 acres of land to the Redevelopment Agency for use in the construction of an approximately 10 acre public park together with the payment of an annual assessment contribution to the City towards the maintenance of the Park of not less than Sixty Two Thousand Five Hundred Dollars (\$62,500) in the form of an annual assessment imposed on the Hotel parcel; and

3. Acting through the Redevelopment Agency pursuant to the Reimbursement Agreement to provide a one-time cash contribution of approximately Fifty Four Thousand Dollars (\$54,000) toward improved air quality in the Santa Barbara County south coast regional area to the Santa Barbara County Regional Air Quality District at the time of the construction of the Hotel.

4. The redevelopment of an area of the Santa Barbara Central City Redevelopment Project Area which redevelopment should have the affect of inducing adjacent private property owners to improve and redevelop their properties and to thereby strengthen the commercial and tourism trade of the City.

O. WHEREAS, the City Council has determined that this Agreement will be in the public's best interest and intends that the approval of this Agreement be considered a present exercise of the City's police power to regulate the development of the Site during the term of this Agreement. The adoption of this Agreement shall be deemed to supersede, amend or modify any inconsistent provisions of the Municipal Code, ordinances, resolutions or policies to the extent required by the terms of this Agreement, but only with respect to development of the Project on the Site, as provided in this Agreement and as conditioned by the City Planning Commission.

P. WHEREAS, in consideration of the public improvements and benefits to be provided by Parker Family pursuant to this Agreement, and in order to strengthen the public planning process and reduce the economic costs of development, by its execution of this Agreement, the City intends to give the Parker Family assurances that the Parker Family has vested rights to proceed with the development of the Hotel and the Hostel portion of the Project for the term of this Agreement (as set forth in Paragraph 21 hereof), pursuant to this Agreement in accordance with the City's

policies, rules and regulations in effect as of the date of the execution of this Agreement.

Q. WHEREAS, the Parker Family would not enter into this Agreement, or agree to provide the public benefits and improvements and financial contributions as described in this Agreement within the times specified without the assurances of the City that the Project can be developed during the term of this Agreement as provided for herein.

R. WHEREAS, the City finds that this Agreement is consistent with the City of Santa Barbara's General Plan, the Redevelopment Agency's Central City Redevelopment Project Plan and the City's Local Coastal Program, and that the City has completed all necessary proceedings in accordance with the City's rules and regulations for its approval.

NOW, THEREFORE, with reference to the foregoing recitals and in consideration of the mutual promises, obligations and covenants herein contained and in the Project Agreements, the City and the Parker Family agree as follows:

1. PURPOSE.

The purpose of this Agreement is to provide certain terms and conditions for the development of the Hotel and Youth Hostel portions of the Site (both individually and collectively) by the Parker Family and to assure the Parker Family that, during the term of this Agreement, the Hotel and Hostel portions of the Project can be developed in full accordance with the Conditions of Approval described in City Ordinance No. 4920. While it is understood by both the Parker Family and the City that the construction of the Hostel is a pre-condition to the construction of the Hotel, nothing herein shall be deemed to require the construction of the Hotel nor to preclude the Parker Family from developing and constructing the Hostel only.

2. HOSTEL PARCEL.

The Parker Family represents that it is the fee owner of that portion of the Site necessary to develop the Hotel portion of the Project and that, concurrently herewith, it has obtained a binding recorded option from the Redevelopment Agency to purchase that portion of the Site necessary to construct the required Hostel.

3. PERMITTED USES OF SITE.

The City and the Parker Family hereby agree that, for the term of this Agreement, the permitted uses, density and intensity of uses, and maximum height and size of the Project (as defined in the Declaration) shall be those described in City Ordinance No. 4920 or

as amended by subsequent action of the City Planning Commission upon application of the Parker Family.

The Parker Family agrees that the payment of the Reimbursement Amount to the Redevelopment Agency in accordance with the Reimbursement Agreement shall be a condition precedent to the construction of a Luxury Hotel on the Hotel Parcel, that the payment of the Reimbursement Amount to Agency shall be a condition precedent to the issuance or grant by the City of a building permit for such Luxury Hotel and that any application for such building permit shall not be deemed complete unless the applicant submits evidence satisfactory to the City that the Reimbursement Amount has been paid to the Agency or payment thereof has otherwise been assured to the satisfaction of the Agency.

4. OBLIGATIONS OF THE PARKER FAMILY.

The Parker Family shall have the following affirmative obligations for the benefit of the City:

4.1 Conveyance of Park Parcel. In accordance with the Escrow Agreement, the Parker Family shall convey Parcel 2 of Redevelopment Parcel Map 95-20,587 to the Agency for the construction of a Park in accordance with the Declaration and subject to the Power of Termination.

4.2 Annual Maintenance Assessment Resolution. Upon the completion of construction of the Park portion of the Project (as established by the issuance of a certificate of completion for the Park by the City Engineer) and annually on the same date thereafter (when and as provided for in the Chase Palm Park Maintenance Assessment Resolution - hereinafter the "Assessment Resolution"), the Parker Family shall pay to the City the assessment provided for in the Assessment Resolution which resolution shall be adopted by the City for maintenance of the Park in accordance with the Assessment Resolution and the Declaration. (The Assessment amount shall be appropriately prorated for the first year of the Assessment as described in more detail in the Assessment Resolution.)

4.3 Air Quality Mitigation Fee. In accordance with the terms of the Escrow Agreement, the Parker Family shall pay to the Santa Barbara County South Coast Regional Air Quality District a one-time fee in the amount of Fifty Four Thousand (\$54,000) to assist the City and other public agencies in improving the air quality of the Santa Barbara south coast regional area.

5. OBLIGATIONS OF CITY.

The City shall have the following obligations for the benefit of the Parker Family:

**5.1 Extension of Development Approvals.** Without requiring any further discretionary development plan review by City, the City shall extend to September 21, 2007 (hereinafter the "Termination Date"), without penalty or other obligation, all approvals and development permits issued and granted or obtained for the Hotel and Hostel portions of the Project prior to the adoption of the ordinance approving this Agreement (City Ordinance No. 4920).

**5.2 Design Review and Approval by the Historic Landmarks Commission.** Provided that the proposed final architectural design of the Hotel portion of the Project substantially conforms with the design plans for the Hotel submitted to the Architectural Board of Review and the Landmarks Committee at their joint meeting of March 18, 1992, and the design plans for the Hotel dated August 20, 1992 and submitted to the City's Planning Commission on August 19, 1993 and provided further that the final architectural design of the Hostel portion of the Project substantially conforms with the design plans for the Hostel submitted to the Historic Landmarks Commission on February 1, 1995 and the City Planning Commission on April 20, 1995 (including the comments made by the commissioners thereon as described in Exhibit B), as such consistency may be determined at the time by the City's Community Development Director, upon the application of the Parker Family and upon completion of design review for the Hotel and Hostel as above contemplated, the City Historic Landmarks Commission (or if appealed to the City Council, the City Council) shall issue a preliminary and final approval of the design of the Hotel and Hostel portions of the Project.

A determination of "substantial conformity" for the purposes of this Section 5.2 shall not be unreasonably withheld and shall be made with respect to the following considerations only: 1(a) the Hotel plans dated June 5, 1992 and submitted to the City Planning Commission on August 19, 1993, and 1(b) the Hostel plans submitted to the Historic Landmarks Commission on February 1, 1995 and the Planning Commission on April 20, 1995; 2. the comments of the Architectural Board of Review and the Landmarks Committee at their joint meeting of April 15, 1991; 3. the Historic Landmarks Commission guidelines in effect on the date of the execution of this Agreement; and, 4. the Conditions of Approval for the Project as described in City Ordinance No. 4920. Attached as Exhibit B hereto are minutes for the following meetings: the joint meeting of the Architectural Board of Review and the Historic Landmarks Commission, Hotel, April 15, 1991; Historic Landmarks Commission, Hostel, February 1, 1995; Planning Commission, Hotel, August 19, 1993; and Planning Commission Hotel, April 20, 1995.

**5.3 Development Plan Approval.** Without requiring any further discretionary development plan review by City, the City shall extend, for the term of this Agreement and without penalty or other obligation, the Development Plan Approvals and the City Coastal Development Permits for the Hotel, adopted pursuant to Planning Commission Resolution No. 038-95, and for the Hostel, adopted pursuant to PC Resolution No. 027-95.

6. EFFECT OF AGREEMENT ON REGULATIONS.

6.1 Ordinances, Rules, and Regulations Applicable.

6.1.1 Applicability of Existing Regulation Only. The City and Parker Family hereby agree that, for the term of this Agreement, the City ordinances, resolutions, rules, regulations, and official policies governing the permitted uses of land, subdivision, density, design, improvement and construction standards and specifications applicable to the development of the Project shall be those ordinances, resolutions, rules, regulations and official policies in force on the effective date of the ordinance approving this Agreement.

6.1.2 Non-conflicting Regulations. This Agreement shall not prevent the City, in subsequent actions applicable to the Project, from applying new rules, regulations, and policies which do not conflict with those rules, regulations and policies which were applicable to the Project on the effective date of the ordinance approving this Agreement provided the same do not prevent, delay or interfere with Parker Family's development of the Hotel or Hostel portions of the Project in conformity with the terms of this Agreement.

6.1.3 Payment of then Applicable Fee Amounts. Nothing herein shall be deemed to relieve the Parker Family from the payment of then applicable plan check fees, plan or design review fees or building permit fees (or similar such fees of general application which are uniformly applied and imposed by governmental agencies other than the City) which may be in effect at the time the necessary demolition and building permits are obtained for the construction of the Hotel or the Hostel.

6.1.4 Reduction in City Fees. Except with respect to fees and charges specifically allocated between the Parker Family and the Redevelopment Agency in the Reimbursement Agreement, in the event that City development fees, assessments or charges applicable to this Project are reduced or eliminated subsequent to the execution of this Agreement, the Parker Family shall be entitled to receive the benefit of such a reduction or elimination.

6.2 Subsequent Modifications. In the event that any subsequent changes in state or federal laws or regulations prevent or preclude compliance with one or more provisions of this Agreement, such provision shall be modified to conform to the change or, if modification is infeasible, deleted. Any such modification or deletion shall be made only to the extent necessary to comply with any such new federal or state law or regulations and shall be made by the parties with the intent of carrying out the objectives of this Agreement and to preserve to the Parker Family the right to construct the Hotel and Hostel portions of the Project in substantial conformity with this Agreement.

6.3 Suspension of Agreement. In the event that the implementation of this Agreement is suspended by reason of a court order or for any other reason through no fault of the parties, the Parker Family may nonetheless, at its sole option, apply for and process permits and approvals under the City's land use planning process then in effect as applicable to the Site.

7. SUBSEQUENT APPROVALS AND PERMITS AND ACTS OF CITY.

With the exception of the requirement that the Parker Family submit the architectural design of the Hotel and the Hostel to the City for a determination of substantial conformity pursuant to Section 5.2 hereof the City shall not require the Parker Family to obtain any further approvals or permits for the development of the Hotel or Hostel portion of the Project during the term of this Agreement. With the exception of the manner of design review described herein with respect to the Historic Landmarks Commission, in the event any further approvals or permits are required by the City for the development of those portions of the Project during the term of this Agreement, the City agrees to grant all such approvals and permits to the Parker Family without requiring any further discretionary review, provided the development authorized by such permit or approval is in substantial conformity with this Agreement. The City agrees and assures the Parker Family that the terms, conditions and requirements for such permits or approvals shall not prevent or materially interfere with or delay the Parker Family's development of the Hotel and Hostel portions of the Project in substantial accordance with the terms of this Agreement.

Nothing herein shall be deemed to relieve the Parker Family from the obligation to obtain all necessary building and demolition permits generally required by the Uniform Building Code as such Code is adopted by the City of Santa Barbara nor to relieve the Parker Family from paying the Reimbursement Amount to the Agency as a condition precedent to the construction of a Luxury Hotel and the issuance of a building permit for such Luxury Hotel.

8. HOLD HARMLESS/INDEMNIFICATION DURING CONSTRUCTION OF HOTEL OR HOSTEL.

The Parker Family agrees to indemnify, defend and hold harmless the City, its officers, agents, employees and representatives from all claims, demands, costs, expenses, judgments or liability including attorneys' fees (collectively referred to as "claims") arising from damage or claims for personal injury, death, or property damage which may result from the direct and indirect operations of the Parker Family or those of its contractor, subcontractor, agent, employee or other person acting on its behalf which relate to the development of the Site and the construction of the Hotel and Hostel portions of the Project. The provisions of this Section shall not apply to the extent such damage, liability or claim is proximately caused by the sole

negligence or willful misconduct of the City, its officers, agents, employees or representatives.

9. AMENDMENTS OR CANCELLATION OF THIS AGREEMENT.

Except as otherwise permitted herein, this Agreement may be amended or terminated in whole or in part only by the mutual consent of the parties and only in the same manner as its adoption by an ordinance of the City Council.

10. PERIODIC REVIEW.

As required by Government Code Section 65865.1 and the City procedures adopted pursuant thereto, the City's Public Works and Community Development Directors shall review the Parker Family's performance pursuant to the terms of this Agreement at least once every twelve (12) months during the term of this Agreement.

11. DEFAULT OF THE PARKER FAMILY.

Actions with Respect to the Project Agreements. The Parker Family shall be in default under this Agreement upon a finding and determination by the City Council that the Parker Family has failed to convey Parcel No. 2 of Redevelopment Parcel Map 95-20,587 to the Agency for the construction of the Park in accordance with the Declaration.

12. DEFAULT OF CITY.

12.1 General Default. The City shall be in default under this Agreement if it breaches its obligations to the Parker Family under Sections 5 and 7 hereof or imposes upon the Parker Family ordinances, resolutions, rules, regulations or official policies governing the permitted uses of land, density, design, improvement and construction standards and specifications applicable to the development of the Project or the Site which are not the same as those ordinances, resolutions, rules, regulations and official policies in effect on the effective date of the ordinance approving this Agreement except as otherwise specifically provided herein.

12.2 Changes Not in Control of City. The City shall not be in breach of this Agreement by reason of any subsequent changes of laws or regulations of another public agency not controlled by the City or litigation which specifically prevents or precludes compliance by the City or the Parker Family with this Agreement.

13. ASSIGNMENT.

The rights and obligations of the Parker Family under this Agreement may be transferred or assigned, provided (i) such transfer or assignment is made as part of a transfer, assignment, sale or long-term lease of all or any portion of the Site and a

concurrent transfer of rights to complete the Hotel and Hostel portions of the Project, and (ii) prior to such an assignment, the assignee executes and delivers to the City a written assumption of the Parker Family's obligations under this Agreement and the Reimbursement Agreement. Any such transfer or assignment shall be subject to the provisions of this Agreement and the controls and limitations contained herein. During the term of this Agreement, any such assignee or transferee shall observe and perform all of the duties and obligations of the Parker Family contained in this Agreement as such duties and obligations pertain to the portion of the Site so transferred or assigned. The Parker Family shall give City prompt written notice of any such transfer or assignment and provide the City with a complete copy thereof upon its execution.

14. BINDING EFFECT OF AGREEMENT.

This Agreement shall inure to the benefit of and be binding on the parties hereto and their respective successors, assigns or transferees. Whenever the term "Parker Family" is used herein, such term shall include any assignee, transferee or successor.

15. RELATIONSHIP OF PARTIES.

It is understood that the Parker Family is not an agent of the City, and City is not an agent of the Parker Family.

16. NOTICES.

All notices required or provided for under this Agreement shall be in writing and delivered in person or sent by certified mail, postage prepaid. Notice shall be effective on the date delivered in person or the date when the postal authorities indicate that the mailing was delivered to the address of the receiving party indicated below.

Notice to the Parker Family shall be addressed as follows:

American Tradition, a California  
General Partnership  
P.O. Box 908  
Los Olivos, CA 93441  
Attn: Mr. Fess E. Parker, Jr.  
Trustee of The Fess and Marcella Parker  
Trust U/A dated June 5, 1970, General Partner

With copies to:

J. Robert Andrews, Esq.  
Mullen & Henzell  
Post Office Box 789  
Santa Barbara, California 93102-0789

Notice to the City shall be addressed as follows:

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

with a copy to the City Attorney addressed as follows:

Santa Barbara City Attorney  
740 Anacapa Street  
Post Office Box 1990  
Santa Barbara, California 93102-1990

A party may change its address by giving notice in writing to the other party and thereafter notices shall be delivered or sent to such new address.

17. SEVERABILITY.

If any provision of this Agreement shall be held to be invalid by a court of competent jurisdiction, the remainder of this Agreement shall not be affected thereby, unless the court shall specifically find that the invalid part is so fundamental and essential to the understanding of the parties that the entire Agreement shall be invalidated.

18. WAIVER.

No waiver of any portion of this Agreement shall be effective unless in writing and signed by a duly authorized representative of the party against whom enforcement of a waiver is sought. No waiver of any right or remedy in respect of any occurrence or event shall be deemed a waiver of any right or remedy in respect of any other occurrence or event.

19. APPLICABLE LAW.

The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

20. TIME OF ESSENCE.

Time is of the essence for this Agreement.

21. EFFECTIVE DATE AND TERM.

This Agreement shall be approved by ordinance of the City Council pursuant to Resolution No. 89-120. This Agreement shall be deemed in full force and effect upon its full and complete execution by both the City and the Parker Family and its

recordation in the official records of Santa Barbara County in accordance with the Escrow Agreement and shall terminate on the Termination Date.

22. EFFECT OF INVALIDITY.

In the event this Agreement shall be declared invalid, illegal or unenforceable by a court or any official body with authority to do so, the Parker Family and the City mutually waive any right which either may have to seek or obtain from the other any damages arising out of such invalidity, illegality, or unenforceability.

23. DUTY OF GOOD FAITH AND FAIR DEALING.

The parties to this Agreement shall have an obligation of good faith and fair dealing in interpreting, enforcing and carrying out its obligations under the provisions of this Agreement.

---

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

"CITY"

THE CITY OF SANTA BARBARA

By: [Signature]  
City Administrator

ATTEST:  
CITY CLERK

By: [Signature]  
Deputy City Clerk

APPROVED AS TO CONTENT:  
COMMUNITY DEVELOPMENT DIRECTOR

By: [Signature]

APPROVED AS TO FORM:  
AGENCY COUNSEL

By: [Signature]  
Asst. Agency Counsel

By: [Signature]  
Agency Special Counsel

"PARKER FAMILY"

AMERICAN TRADITION, a  
California General Partnership

By: [Signature]  
Fess Elisha Parker, Jr.,  
Trustee

By: [Signature]  
Marcella Belle Parker,  
Trustee

Trustees of The Parker Family  
Trust U/A dated June 5, 1970,  
General Partner

By: [Signature]  
J. Robert Andrews, Their Attorney in Fact

By: [Signature]  
Fess Elisha Parker III,  
General Partner

By: [Signature]  
J. Robert Andrews, His Attorney in Fact  
By: [Signature]  
Ashley-Allen Rinehart  
Parker Shull,  
General Partner

By: [Signature]  
J. Robert Andrews, Her Attorney in Fact

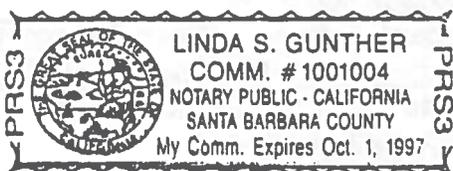
STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF SANTA BARBARA )

On August 7, 1996,  
before me, the undersigned Notary Public in and for said County and  
State, personally appeared PETER K. WILSON, Deputy City  
Administrator of the City of Santa Barbara, personally known to me  
or proved to me on the basis of satisfactory evidence to be the  
person whose name is subscribed to the within instrument and  
acknowledged to me that ~~she~~ executed the same in ~~her~~ authorized  
capacity, and that by ~~her~~ signature on the instrument the person,  
or the entity upon behalf of which the person acted, executed the  
instrument.

WITNESS my hand and official seal.

[SEAL]

Linda S. Gunther  
Notary Public



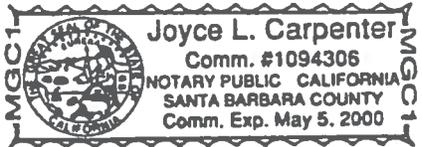
State of CALIFORNIA

County of SANTA BARBARA

On Aug. 8, 1996 before me, Joyce L. Carpenter

personally appeared J. ROBERT ANDREWS

personally known to me - OR - proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.
Joyce L. Carpenter
SIGNATURE OF NOTARY

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

- INDIVIDUAL
CORPORATE OFFICER
TITLE(S)
PARTNER(S) LIMITED
ATTORNEY-IN-FACT
TRUSTEE(S)
GUARDIAN/CONSERVATOR
OTHER:

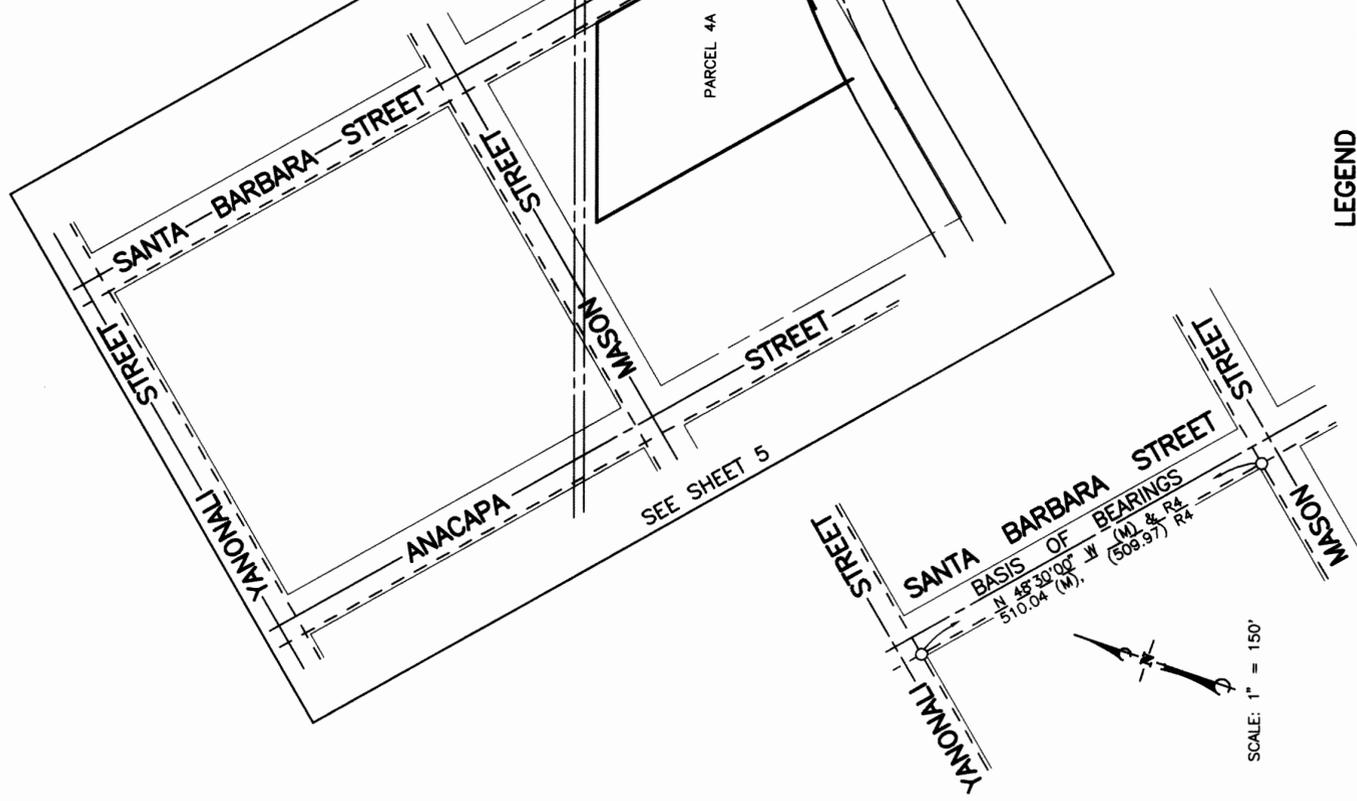
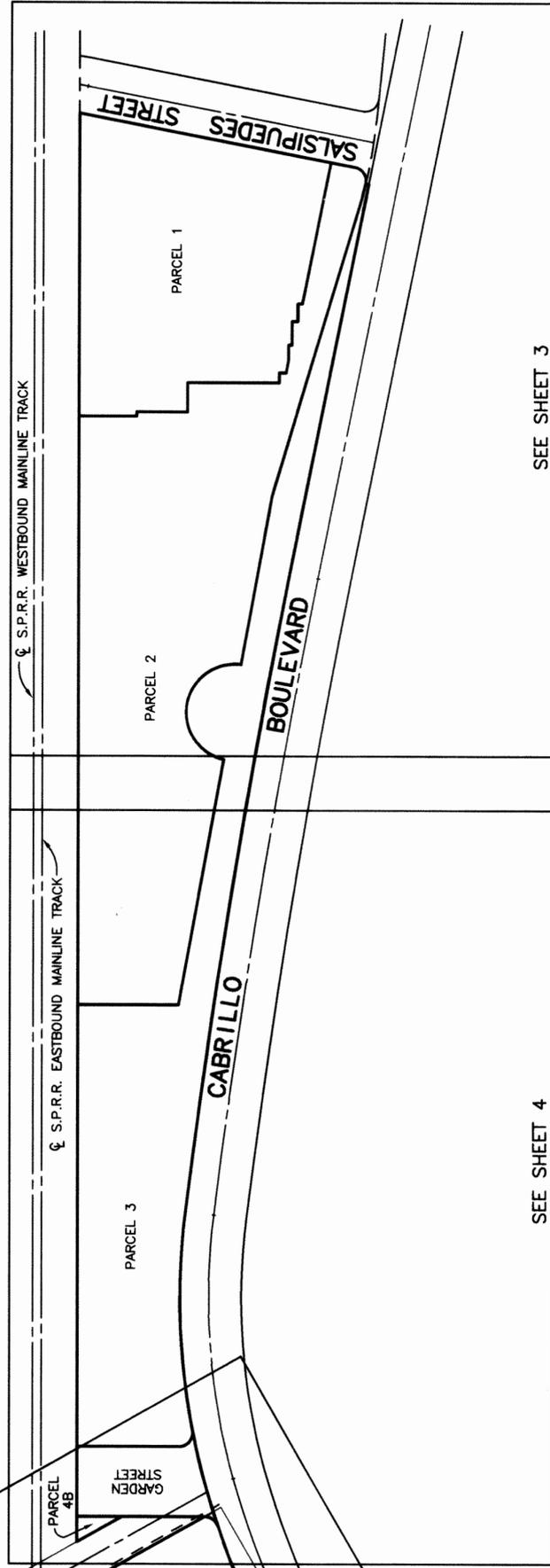
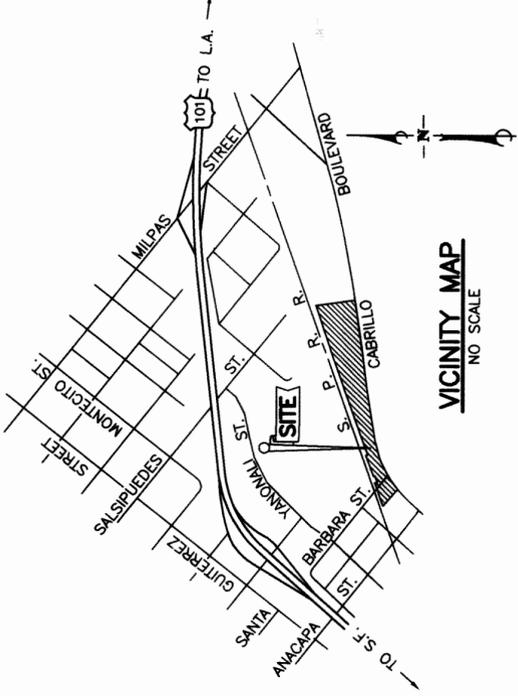
DESCRIPTION OF ATTACHED DOCUMENT

DEVELOPMENT AGREEMENT
TITLE OR TYPE OF DOCUMENT
NUMBER OF PAGES
DATE OF DOCUMENT
SIGNER(S) OTHER THAN NAMED ABOVE

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

Exhibit A

(Parcel 1 of Redevelopment Parcel Map No. 20,587 recorded on 8/9/96 in Book 51 at Page 91-94 of Parcel Maps in the office of the recorder of the County of Santa Barbara.)



SCALE: 1" = 150'

**LEGEND**

- SET 1/2" PIPE WITH PLASTIC PLUG MARKED "L.S. 5617"
- ⊙ FOUND 1/2" PIPE WITH TAG MARKED "L.S. 3873" PER R2
- ⊙ FOUND 1/2" PIPE WITH TAG MARKED "L.S. 3873" PER R2
- FOUND MONUMENT AS NOTED
- R1 RECORD PER STATE HIGHWAY MAP BOOK 2 PAGES 170 - 185
- R2 RECORD PER BOOK 31 PAGE 4 OF PARCEL MAPS
- R3 RECORD PER BOOK 114 PAGE 22 OF RECORDS OF SURVEYS
- R4 RECORD PER BOOK 116 PAGE 11 OF RECORDS OF SURVEYS
- R5 RECORD PER CITY BLOCK BOOK (PENFIELD & SMITH PRIVATE RECORDS)
- DD1 RECORD PER INSTRUMENT NUMBER 92-104284 OFFICIAL RECORDS
- C.A. COMPASS ADJUST
- FTC FROM TRUE CORNER
- L&T LEAD AND TAG MARKED "L.S. 5617"

**BASIS OF BEARINGS**

THE BASIS OF BEARINGS FOR THIS SURVEY IS THE BASIS OF BEARINGS ALONG THE "CITY MONUMENT LINE" OF SANTA BARBARA STREET AS ESTABLISHED BETWEEN FOUND "CITY MONUMENTS" PER R4 AT THE INTERSECTIONS OF SAID LINE WITH THOSE OF YANOMALI AND MASON STREETS AS SHOWN HEREON.

**Penfield & Smith**  
ENGINEERS & SURVEYORS  
111 E. VICTORIA ST. SANTA BARBARA  
(805) 963-9532 CALIF. 93101  
MAILING ADDRESS: P.O. BOX 98 (93102)  
11514P42.DWG W.O. 11514.01

**NOTES**

SEE SHEETS 3, 4 & 5 FOR LOTS AND EXTERIOR BOUNDARY DIMENSIONING.  
SEE SHEET 6 FOR INFORMATIONAL MAP SHEET.  
THE DIMENSIONS SHOWN HEREON AS "CFR1" ARE GROUND LEVEL DISTANCES PER R1. THE CALIFORNIA COORDINATE SYSTEM, ZONE 5, DISTANCES AS SHOWN ON R1 HAVE BEEN MULTIPLIED BY 1.00006339.



**PARCEL MAP NO. 20,587**

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

JULY, 1996

SHEET 2 OF 6 SHEETS