

**Agenda Item A.1**  
**ADMINISTRATIVE ACTIONS**  
**Meeting Date: June 28, 2012**

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**A. ADMINISTRATIVE ACTIONS**

**A.1 Approval of May 3, 2012 Oversight Board Meeting Minutes  
(Constantino)**

Recommendation: Approve the May 3, 2012 Oversight Board Meeting Minutes.

**(Will be provided under separate cover)**

**SPECIAL MEETING MINUTES  
OF THE  
OVERSIGHT BOARD OF THE SUCCESSOR AGENCY  
TO THE  
DISSOLVED REDEVELOPMENT AGENCY  
FOR THE  
CITY OF GOLETA**

**THURSDAY, MAY 3, 2012**

10:00 A.M. – 1:00 P.M.  
City Hall  
130 Cremona Drive, Suite B  
Goleta, California

**Board Members**

*Renée Bahl, Chair*  
Vyto Adomaitis, Vice Chair  
Dan Eidelson  
Brian Fahnestock, Board Member  
Ralph Pachter, Board Member  
Tina Rivera, Board Member  
Chandra Wallar, Board Member

***Selected By:***

SB County Board of Supervisors (“BOS”)  
Mayor, City of Goleta  
BOS, Member of the Public Appointee  
Chancellor of California Community Colleges  
SB County Superintendent of Schools  
Mayor, City of Goleta  
BOS, acting as Board of Directors of the  
SB County Fire Protection District

**CALL TO ORDER**

The meeting was called to order at 10:11 A.M.

Present: Chair Bahl. Vice Chair Adomaitis, Board Members Eidelson, Fahnestock, Pachter, Rivera, and Wallar.

Absent: None.

Staff Present: Dan Singer, City Manager, Jaime Valdez, Senior Management Analyst, Steve Wagner, Community Services Director, James Casso, Meyers, Nave, Riback, Silver & Wilson; Seth Merewitz, Best Best & Krieger LLP, and Liana Campos, Deputy City Clerk.

**PUBLIC FORUM**

Speakers:  
None

**A. ADMINISTRATIVE ACTIONS**

**A.1 Approval of April 12, 2012 Oversight Board Meeting Minutes**

Recommendation: Approve the April 12, 2012 Oversight Board Meeting Minutes.

MOTION: Board Members Eidelson/Pachter motion to approve the April 12, 2012 Oversight Board Meeting Minutes as amended.

VOTE: Approved by a unanimous voice vote.

**B. DISCUSSION/ACTION ITEMS**

**B.1 Additional Information Regarding Compensated Leave Liabilities**

Recommendation: Receive information in determining the validity of the Compensated Leave Liability obligation on the Recognized Obligation Payment Schedule (ROPS).

Staff Speaker; Jamie Valdez, Senior Management Analyst

Board Member Adomaitis recused himself out of an abundance of caution and left the dais at 10:12 a.m.

Board Member Adomaitis returned to the dais at 10:18 a.m.

Report Received.

**B.2 Recognized Obligation Payment Schedules (ROPS) for time periods from February 1 through June 30, 2012 and July 1 through December 31, 2012**

Recommendation:

- A. Adopt Resolution No.12-\_\_ entitled "A Resolution of the Oversight Board of the Successor Agency to the Dissolved Redevelopment Agency for the City of Goleta approving the Uncertified Successor Agency Revised Recognized Obligation Payment Schedule (ROPS) for February 1, 2012 through June 30, 2012 pursuant to Health and Safety Code 34177," as submitted; and
- B. Adopt Resolution No.12-\_\_ entitled "A Resolution of the Oversight Board of the Successor Agency to the Dissolved Redevelopment Agency for the City of Goleta approving the Uncertified Successor Agency Recognized Obligation Payment Schedule (ROPS) for July 1, 2012 through December 31, 2012 pursuant to Health and Safety Code 34177," as submitted; or
- C. Adopt Resolutions with modifications to aforementioned ROPS; or
- D. Take no action at this time.

Staff Speaker; Jamie Valdez, Senior Management Analyst

Public Speakers:  
Heather Fletcher, Santa Barbara County Auditor Controller

**February 1, 2012- June 30, 2012:**

MOTION: Board Members Fahnestock/Rivera motion to place the Compensated Leave Liability \$31,233.00 on Form A.

VOTE: Approved by the following voice-vote: Ayes: Chair Bahl and Board Members Eidelson, Fahnestock, Pachter, Rivera, and Wallar. Noes: None, Abstentions: Vice-Chair Adomaitis.

MOTION: Board Members Fahnestock/Eidelson motion to place Sumida Gardens Project payment \$43,420 (from Form A) on Form B.

VOTE: Approved a unanimous voice vote.

MOTION: Board Members Fahnestock/Wallar motion to place Debt Service 1<sup>st</sup> payment of \$599,088.75 (from Form B) on Form A.

VOTE: Approved a unanimous voice vote.

Board Member Rivera requested reconsideration of a previous motion in regard to the Sumida Gardens Item:

MOTION: Board Members Fahnestock/Adomaitis motion to approve (outstanding obligation) on Form A. No payment in the time period out of the Redevelopment Property Tax Trust Fund (RPTTF), Sumida Gardens \$43,420 to be placed on Form B to be paid from Low and Moderate Income Housing Fund (LMIHF).

VOTE: Approved a unanimous voice vote.

Jaime Valdez: Period of February 1, 2012 – June 30, 2012:

Form A:

- \$3,684,178 remains for payment of Sumida Gardens out of the RPTTF in future periods.
- Remaining Bond Amount for 2011 Tax Allocation Bond, that portion remains on Form A because there is no financial payment due in the time period from the RPTTF. However the RPTTF will be used to retire that debt.
- Debt Service (No payments on Form A during this time period)

Form B:

MOTION: Board Members Fahnestock/Eidelson place remaining Debt Service balance on Form A (from Form B).

VOTE: Approved a unanimous voice vote.

Jaime Valdez: Period of February 1, 2012 – June 30, 2012:

Form B:

- Pledge of low to moderate income housing funds to make a payment that was already made for \$200,000 for Braddock House. This removes the obligation going forward.

- Bond Trustee Services amount of \$1,995.00 due this period and all future period will move to Form A.
- Debt Service Portion before the Board, payment to be pledged for this time period to be paid from “Other” (in this case a reserve fund).
- And the addition of Sumida Gardens Project in the amount \$43,420 to be paid from LMIHF for this time period only (remaining payments to come from RPTTF in Form A).

Form D:

MOTION: Board Members Wallar/Fahnestock motion to approve Form D. Items 1-15, RDA FY 11-12 Passthroughs totaling \$506,828.

VOTE: Approved a unanimous voice vote.

**RECESS 11:34 A.M. - 12:10 P.M.**

MOTION: Board Member Fahnestock/Vice Chair Adomaitis motion to place the Admin Budget (February 1 - June 30, 2012) on Form C as is written.

VOTE: Approved a unanimous voice vote.

Jaime Valdez: Period of February 1, 2012 – June 30, 2012:

Form C:

- Meyers Nave, Approved as of April 12,2012
- Confirmed Administrative Expenses for the Successor Agency

MOTION: Board Members Wallar/Eidelson to not place on Form A, “\*\* 2009 CIP Cooperative Agreement with the City of Goleta is not reflected on this ROPS as not payment is due during this six-month reporting period.” and that at such time there are changes in legislation that would merit it being added, it could be done at that time.

VOTE: Approved a unanimous voice vote.

MOTION: Board Members Fahnestock/Wallar motion to Adopt Resolution No.12-\_ entitled “A Resolution of the Oversight Board of the Successor Agency to the Dissolved Redevelopment Agency for the City of Goleta approving the Uncertified Successor Agency Revised Recognized Obligation Payment Schedule (ROPS) for February 1, 2012 through June 30, 2012 pursuant to Health and Safety Code 34177,” as amended; and

VOTE: Approved a unanimous voice vote.

**July 1, 2012 – December 31, 2012.**

Form A:

MOTION: Board Members Fahnestock/Rivera motion to approve Form A., Sumida Gardens \$143,609.

VOTE: Approved a unanimous voice vote.

MOTION: Board Member Fahnestock/Vice Chair Adomaitis motion to approve Form A, Debt Service of \$549,049.78 for the six month-period.  
VOTE: Approved a unanimous voice vote.

MOTION: Board Members Wallar/Fahnestock to not place on Form A, "\*\*\* 2009 CIP Cooperative Agreement with the City of Goleta is not reflected on this ROPS as not payment is due during this six-month reporting period." and that at such time there are changes in legislation that would merit it being added, it could be done at that time.  
VOTE: Approved a unanimous voice vote.

Form B.  
MOTION: Board Member Fahnestock/Rivera motion to move Bond Trustee Services of \$1,995 from Form B to Form A.  
VOTE: Approved a unanimous voice vote.

MOTION: Board Member Fahnestock/Pachter motion to move Debt Service Payment of \$190,019 from Form B to Form A.  
VOTE: Approved a unanimous voice vote.

Form C  
MOTION: Board Member Fahnestock/Wallar motion to allocate \$10,000 on Form C for Oversight Board Legal Counsel.  
VOTE: Approved by the following voice vote: Ayes: Chair Bahl and Board Members Eidelson, Fahnestock, Pachter, Noes: Vice-Chair Adomaitis and Board Member Rivera.

MOTION: Board Member Fahnestock/Rivera motion to approve \$106,800 on Form C for Successor Agency Administrative Expenses.  
VOTE: Approved a unanimous voice vote.

Form D  
Does not apply in this six-month period or future six-month periods.

Jaime Valdez: Period of July 1, - December 31, 2012:  
Form A.

- Sumida Gardens Project approved \$143,609 due in December, with a total of \$286,138 due during Fiscal Year 2012-13.
- Debt Service Payment due in November \$549,049.78 also approved
- Notation regarding the 2009 CIP Cooperation Agreement requested and motioned to be removed.

Form B.

- Bond Trustee Services motioned to be moved from Form B to Form A.
- Debt Service Payment for the portion related to the "Other" funds (reserves) \$190,018.97 was also approved.

Form C

- Oversight Board Legal Counsel Expense motioned to add \$10,000 for the six-month period (July 1<sup>st</sup> – December 31<sup>st</sup>).
- Successor Agency Admin Budget requested and motioned to have \$106,800 during the six-month period (July 1<sup>st</sup> – December 31<sup>st</sup>).

Form D.

Does not have anything that applies.

MOTION: Board Members Fahnstock/Pachter Adopt Resolution No.12-\_\_ entitled "A Resolution of the Oversight Board of the Successor Agency to the Dissolved Redevelopment Agency for the City of Goleta approving the Uncertified Successor Agency Recognized Obligation Payment Schedule (ROPS) for July 1, 2012 through December 31, 2012 pursuant to Health and Safety Code 34177," as amended

VOTE: Approved a unanimous voice vote.

### **C. BOARD MEMBER COMMENTS**

The Oversight Board:

- Next meeting to cover:
  - Cover any response from Department of Finance.
  - Initial or further discussion on disposition of assets.
- Scheduled the next Oversight Board meeting to occur on June 28, 2012, 10:00 A.M. to 1:00 P.M. at the City of Goleta Council Chamber.

### **D. ADJOURNMENT AT 12:53 P.M.**

**Agenda Item B.1**  
**PRESENTATION**  
**Meeting Date: June 28, 2012**

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**TO:** Members of the Oversight Board of the Successor Agency to the Dissolved Redevelopment Agency for the City of Goleta

**FROM:** Jaime Valdez, Senior Management Analyst

**SUBJECT:** Update on California Department of Finance (DOF) Response to Recognized Obligation Payment Schedules (ROPS)

**RECOMMENDATION:**

Receive information on DOF response to submitted ROPS.

**BACKGROUND:**

Assembly Bill 1X 26 (AB 26) passed by the legislature in June of 2011 and upheld by the California Supreme Court provides for the dissolution of Redevelopment Agencies (RDAs). Successor Agencies are charged with winding down the affairs of former RDAs. This includes the retirement of obligations previously held by former RDAs through a process where Recognized Obligation Payment Schedules are approved by the Successor Agency, its Oversight Board, and ultimately the DOF. Once the ROPS is approved, it provides the Successor Agency with the authority to make payments on behalf of the former RDA.

The ROPS is the document setting forth the minimum payment amounts and due dates of payments required by enforceable obligations for each six-month fiscal period. California Health and Safety Code Section 34171(d)(1) defines enforceable obligations in full detail, the following summarizes those definitions:

1. Bonds, including the required debt service, reserve set-asides and any other payments required under the indenture;
2. Loans of moneys borrowed by the redevelopment agency for a lawful purpose;
3. Payments required by the federal government, preexisting obligations to the state or obligations imposed by state law, legally enforceable payments required in connection with the agencies' employees, including, but not limited to, pension payments, pension obligation debt service, and unemployment payments;
4. Judgments or settlements entered by a competent court of law or binding arbitration decisions against the former redevelopment agency;
5. Any legally binding and enforceable agreement or contract that is not otherwise void as violating the debt limit or public policy;

6. Contracts or agreements necessary for the continued administration or operation of the redevelopment agency to the extent permitted by this part.

At the Oversight Board meeting of May 3, 2012, the Board approved the ROPS covering periods from January 1 through June 30, 2012 and July 1 through December 31, 2012 as well as their implementing resolutions (Nos. 12-01 and 12-02). At that same meeting, the Board requested additional information regarding the DOF and any updates related to the ROPS process as well as any clean-up legislation.

The signed versions of the ROPS (Attachments 1 and 2) were both sent to the DOF, State Controller's Office and the Santa Barbara County Auditor-Controller's Office on May 8, 2012. The City of Goleta, serving as Successor Agency, received notification via email on May 24, 2012 that the DOF, based on its review, approved all of the items listed on the ROPS (Attachment 3).

#### **DISCUSSION:**

There is no formal action required of the Board by the DOF at this time. The next ROPS period that would need Board approval would be from January 1 through June 30, 2013. Staff would anticipate the need for the Board to convene sometime in September or possibly even November of 2012. This would provide adequate time for the Board to review the proposed ROPS and, if necessary, make any changes prior to submittal to the DOF for its final review and concurrence.

Staff would like to take this opportunity to point out that there exist a number of bills aimed at "cleaning-up" and clarifying the dissolution process of former RDAs. Of particular note are AB 1585 and the DOF's "Trailer Bill" which have different implications not only on how successor agencies function, but also on their definitions. Moreover, the approaches vary widely especially in regards to what happens to funds in the Low-Moderate Income Housing Fund and how former RDA assets are ultimately disposed. At the time this staff report was written, these approaches had not yet been resolved. Attempting to determine which course(s) of action will eventually result from the on-going legislative process at this time would be purely speculative.

#### **FISCAL IMPACTS:**

No fiscal impacts, this item serves only as an update on actions taken by the DOF and a description of proposed legislative action aimed at cleaning up/clarifying the dissolution process for RDAs across the State.

#### **ALTERNATIVES:**

The Board can choose to not receive the update on DOF actions taken on ROPS or information regarding legislative bills aimed at cleaning up AB 26.

Approved By:

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Daniel Singer  
City Manager

**ATTACHMENTS:**

1. Signed ROPS Covering the period from January 1 through June 30, 2012
2. Singed ROPS Covering the period from July 1 through December 31, 2012
3. DOF Notification Letter Approving Goleta Successor Agency ROPS, Dated May 24, 2012

# **ATTACHMENT 1**

**Signed ROPS Covering the period from  
January 1 through June 30, 2012**

**RECOGNIZED OBLIGATION PAYMENT SCHEDULE - CONSOLIDATED**  
**FILED FOR THE January 1, 2012 to June 30, 2012 PERIOD**

**Name of Successor Agency**

Successor Agency to the Redevelopment Agency for the City of Goleta

	Current	
	Total Outstanding Debt or Obligation	Total Due During Fiscal Year
<b>Outstanding Debt or Obligation</b>	\$ 48,658,351.99	\$ 3,241,027.49
	<b>Total Due for Six Month Period</b>	
<b>Outstanding Debt or Obligation</b>	\$ 1,631,545.24	
Available Revenues other than anticipated funding from RPTTF	\$ 842,488.75	
Enforceable Obligations paid with RPTTF	\$ 33,228.00	
Administrative Cost paid with RPTTF	\$ 249,000.00	
Pass-through Payments paid with RPTTF	\$ 506,828.49	
<b>Administrative Allowance</b> (greater of 5% of anticipated Funding from RPTTF or 250,000. Note: Calculation should not include pass-through payments made with RPTTF. The RPTTF Administrative Cost figure above should not exceed this Administrative Cost Allowance figure)	\$ 1,661.40	

Certification of Oversight Board Chair:  
Pursuant to Section 34177(l) of the Health and Safety code,  
I hereby certify that the above is a true and accurate Recognized  
Enforceable Payment Schedule for the above named agency.

*Renee E. Bahl, chair Oversight Board*  
Name *Renee E. Bahl* Title  
Signature *7 May 2012* Date

Name of Redevelopment Agency: Successor Agency to the Redevelopment Agency for the City of Goleta  
 Project Area(s): Old Town Goleta

DRAFT RECOGNIZED OBLIGATION PAYMENT SCHEDULE  
 Per AB 26 - Section 34177 (\*)

Project Name / Debt Obligation	Contract/Agreement Execution Date	Payee	Description	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2011-2012**	*** Funding Source	Payable from the Redevelopment Property Tax Trust Fund (RPTTF)						
								Payments by month						
								Jan 2012	Feb 2012	Mar 2012	Apr 2012	May 2012	Jun 2012	Total
1) Compensated Leave Liability	Annually per Budget Adoption	City of Goleta	Compensated Leave Liability of RDA Employees	Old Town	31,233.00	31,233.00	RPTTF						31,233.00	\$ 31,233.00
2) Sumida Gardens Project	11/19/2007	Sumida Gardens, L.P.	Subsidy of Affordable Housing Project	Old Town	3,684,178.00	306,505.00	RPTTF					0.00		\$ -
3) Debt Service	3/8/2011	Bank of New York	2011 Tax Allocation Bonds	Old Town	44,152,112.50	1,302,977.25	RPTTF					0.00		\$ -
4) Bond Trustee Services	3/8/2011	Bank of New York	Trustee Services	Old Town	64,000.00	1,995.00	RPTTF			1,995.00				\$ 1,995.00
5)														\$ -
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Totals - This Page (RPTTF Funding)					\$ 47,931,523.50	\$ 1,642,710.25	N/A	\$ -	\$ -	\$ 1,995.00	\$ -	\$ -	\$ 31,233.00	\$ 33,228.00
Totals - Page 2 (Other Funding)					\$ 200,000.00	\$ 842,488.75	N/A	\$ -	\$ -	\$ 200,000.00	\$ -	\$ 642,488.75	\$ -	\$ 842,488.75
Totals - Page 3 (Administrative Cost Allowance)					\$ 20,000.00	\$ 249,000.00	N/A	\$ -	\$ 45,800.00	\$ 45,800.00	\$ 52,466.67	\$ 52,466.67	\$ 52,466.66	\$ 249,000.00
Totals - Page 4 (Pass Thru Payments)					\$ 506,828.49	\$ 506,828.49	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 506,828.49	\$ 506,828.49
Grand Total - All Pages					\$ 48,658,351.99	\$ 3,241,027.49		\$ -	\$ 45,800.00	\$ 247,795.00	\$ 52,466.67	\$ 694,956.42	\$ 690,528.15	\$ 1,631,545.24

\* The Preliminary Draft Recognized Obligation Payment Schedule (ROPS) is to be completed by 3/1/2012 by the successor agency, and subsequently be approved by the oversight board before the final ROPS is submitted to the State Controller and State Department of Finance by April 15, 2012. It is not a requirement that the Agreed Upon Procedures Audit be completed before submitting the final Oversight Approved ROPS to the State Controller and State Department of Finance.  
 \*\* All totals due during fiscal year and payment amounts are projected.  
 \*\*\* Funding sources from the successor agency: (For fiscal 2011-12 only, references to RPTTF could also mean tax increment allocated to the Agency prior to February 1, 2012.)  
 RPTTF - Redevelopment Property Tax Trust Fund      Bonds - Bond proceeds      Other - reserves, rents, interest earnings, etc.  
 LMIHF - Low and Moderate Income Housing Fund      Admin - Successor Agency Administrative Allowance

Name of Redevelopment Agency: Successor Agency to the Redevelopment Agency for the City of Goleta  
 Project Area(s): Old Town Goleta

FORM B - All Revenue Sources Other Than Redevelopment Property Tax Trust Fund (RPTTF)

DRAFT RECOGNIZED OBLIGATION PAYMENT SCHEDULE  
 Per AB 28 - Section 34177 (\*)

Project Name / Debt Obligation	Contract/Agreement Execution Date	Payee	Description	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2011-2012**	Funding Source ***	Payable from Other Revenue Sources							
								Payments by month:							Total
								Jan 2012	Feb 2012	Mar 2012	Apr 2012	May 2012	Jun 2012		
1) Braddock House	10/5/2010	Surf Development Co.	Subsidiy of Affordable Housing Project	Old Town	200,000.00	200,000.00	LMIHF			200,000.00					\$ 200,000.00
2) Sumida Gardens Project	11/19/2007	Sumida Gardens, L.P.	Subsidiy of Affordable Housing Project	Old Town	See Form A	43,420.00	LMIHF					43,420.00			\$ 43,420.00
3) Debt Service	3/9/2011	Bank of New York	2011 Tax Allocation Bonds	Old Town	See Form A	599,068.75	Other						599,068.75		\$ 599,068.75
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Totals - LMIHF					\$ 200,000.00	\$ 200,000.00	LMIHF	\$ -	\$ -	\$ 200,000.00	\$ -	\$ -	\$ -	\$ -	\$ 200,000.00
Totals - LMIHF					See Form A	\$ 43,420.00	LMIHF	\$ -	\$ -	\$ -	\$ -	\$ 43,420.00	\$ -	\$ -	\$ 43,420.00
Totals - Other					See Form A	\$ 599,068.75	Other	\$ -	\$ -	\$ -	\$ -	\$ 599,068.75	\$ -	\$ -	\$ 599,068.75
<b>Grand Total - This Page</b>					<b>\$ 200,000.00</b>	<b>\$ 842,488.75</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ 200,000.00</b>	<b>\$ -</b>	<b>\$ 642,488.75</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 842,488.75</b>

\* The Preliminary Draft Recognized Obligation Payment Schedule (ROPS) is to be completed by 3/1/2012 by the successor agency, and subsequently be approved by the oversight board before the final ROPS is submitted to the State Controller and State Department of Finance by April 15, 2012. It is not a requirement that the Agreed Upon Procedures Audit be completed before submitting the final Oversight Approved ROPS to the State Controller and State Department of Finance.  
 \*\* All total due during fiscal year and payment amounts are projected.  
 \*\*\* Funding sources from the successor agency: (For fiscal 2011-12 only, references to RPTTF could also mean tax increment allocated to the Agency prior to February 1, 2012.)  
 RPTTF - Redevelopment Property Tax Trust Fund      Bonds - Bond proceeds      Other - reserves, rents, interest earnings, etc  
 LMIHF - Low and Moderate Income Housing Fund      Admin - Successor Agency Administrative Allowance





## **ATTACHMENT 2**

**Signed ROPS Covering the period from  
July 1 through December 31, 2012**



DRAFT RECOGNIZED OBLIGATION PAYMENT SCHEDULE  
 Per AB 26 - Section 34177 (\*)

Project Name / Debt Obligation	Contract/Agreement Execution Date	Payee	Description	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2012-2013**	*** Funding Source	Payable from the Redevelopment Property Tax Trust Fund (RPTTF)						
								Payments by month						
								Jul 2012	Aug 2012	Sep 2012	Oct 2012	Nov 2012	Dec 2012	Total
1) Sumida Gardens Project	11/19/2007	Sumida Gardens, L.P.	Subsidy of Affordable Housing Project	Old Town	3,505,247.00	288,138.00	RPTTF						143,609.00	\$ 143,609.00
2) Debt Service	3/8/2011	Bank of New York	2011 Tax Allocation Bonds	Old Town	43,553,043.75	1,146,018.53	RPTTF					549,049.78		\$ 549,049.78
3) Bond Trustee Services	3/8/2011	Bank of New York	Trustee Services	Old Town	62,000.00	1,995.00	RPTTF							\$ -
4)														\$ -
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Totals - This Page (RPTTF Funding)					\$ 47,120,290.75	\$ 1,434,151.53	N/A	\$ -	\$ -	\$ -	\$ -	\$ 549,049.78	\$ 143,609.00	\$ 692,658.78
Totals - Page 2 (Other Funding)					\$ -	\$ 190,018.97	N/A	\$ -	\$ -	\$ -	\$ -	\$ 190,018.97	\$ -	\$ 190,018.97
Totals - Page 3 (Administrative Cost Allowance)					\$ -	\$ 223,600.00	N/A	\$ 19,466.67	\$ 19,466.67	\$ 19,466.67	\$ 19,466.67	\$ 19,466.67	\$ 19,466.65	\$ 116,800.00
Totals - Page 4 (Pass Thru Payments)					\$ -	\$ -	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grand total - All Pages					\$ 47,120,290.75	\$ 1,847,770.50		\$ 19,466.67	\$ 19,466.67	\$ 19,466.67	\$ 19,466.67	\$ 758,535.42	\$ 163,075.65	\$ 999,477.75

\* The Preliminary Draft Recognized Obligation Payment Schedule (ROPS) is to be completed by 3/1/2012 by the successor agency, and subsequently be approved by the oversight board before the final ROPS is submitted to the State Controller and State Department of Finance by April 15, 2012. It is not a requirement that the Agreed Upon Procedures Audit be completed before submitting the final Oversight Approved ROPS to the State Controller and State Department of Finance.

\*\* All totals due during fiscal year and payment amounts are projected.

\*\*\* Funding sources from the successor agency: (For fiscal 2011-12 only, references to RPTTF could also mean tax increment allocated to the Agency prior to February 1, 2012.)  
 RPTTF - Redevelopment Property Tax Trust Fund      Bonds - Bond proceeds      Other - reserves, rents, interest earnings, etc  
 LMHF - Low and Moderate Income Housing Fund      Admin - Successor Agency Administrative Allowance

DRAFT RECOGNIZED OBLIGATION PAYMENT SCHEDULE  
Per AB 26 - Section 34177 (\*)

Project Name / Debt Obligation	Contract/Agreement Execution Date	Payee	Description	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2012-2013**	Funding Source ***	Payable from Other Revenue Sources							
								Payments by month							
								Jul 2012	Aug 2012	Sep 2012	Oct 2012	Nov 2012	Dec 2012	Total	
1) Debt Service	3/8/2011	Bank of New York	2011 Tax Allocation Bonds	Old Town	See Form A	190,018.97	Other					190,018.97		\$ 190,018.97	
2)														\$ -	
3)														\$ -	
4)														\$ -	
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31)														\$ -	
32)														\$ -	
33)														\$ -	
Totals - LMHF								\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$0.00	
Totals - Bond Proceeds						See Form A	\$ 190,018.97	Other	\$ -	\$ -	\$ -	\$ -	\$ 190,018.97	\$ -	\$190,018.97
Totals - Other						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$0.00	
Grand total - This Page						\$ -	\$ 190,018.97	\$ -	\$ -	\$ -	\$ -	\$ 190,018.97	\$ -	\$ 190,018.97	

\* The Preliminary Draft Recognized Obligation Payment Schedule (ROPS) is to be completed by 3/1/2012 by the successor agency, and subsequently be approved by the oversight board before the final ROPS is submitted to the State Controller and State Department of Finance by April 15, 2012. It is not a requirement that the Agreed Upon Procedures Audit be completed before submitting the final Oversight Approved ROPS to the State Controller and State Department of Finance.  
 \*\* All total due during fiscal year and payment amounts are projected.  
 \*\*\* Funding sources from the successor agency: (For fiscal 2011-12 only, references to RPTTF could also mean tax increment allocated to the Agency prior to February 1, 2012.)  
 RPTTF - Redevelopment Property Tax Trust Fund      Bonds - Bond proceeds      Other - reserves, rents, interest earnings, etc  
 LMHF - Low and Moderate Income Housing Fund      Admin - Successor Agency Administrative Allowance





## **ATTACHMENT 3**

**DOF Notification Letter Approving Goleta  
Successor Agency ROPS, Dated May 24, 2012**



May 24, 2012

Tina Rivera, Finance Director  
City of Goleta  
130 Cremona Drive, Suite B  
Goleta, CA 93117

Dear Ms. Rivera:

Subject: Recognized Obligation Payment Schedule Approval Letter

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), The City of Goleta submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on May 8, 2012 for the periods January to June 2012 and July to December 2012. Finance is assuming oversight board approval. Finance has completed its review of your ROPS which may have included obtaining clarification for various items. Based on our review, we are approving all of the items listed on your ROPS at this time.

This is our determination with respect to any items funded from the Redevelopment Property Tax Trust Fund (RPTTF) for the June 1, 2012 property tax allocations. In addition, items not questioned during this review are subject to subsequent review if they are included on a future ROPS. If an item included on a future ROPS is not an enforceable obligation, Finance reserves the right to remove that item from the future ROPS, even if it was not removed from the preceding ROPS.

Please refer to Exhibit 12 at [http://www.dof.ca.gov/assembly\\_bills\\_26-27/view.php](http://www.dof.ca.gov/assembly_bills_26-27/view.php) for the amount of RPTTF that was approved by Finance.

As you are aware the amount of available RPTTF is the same as the property tax increment that was available prior to ABx1 26. This amount is not and never was an unlimited funding source. Therefore as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available in the RPTTF.

Please direct inquiries to Robert Scott, Supervisor or Kylie Le, Lead Analyst at (916) 322-2985.

Sincerely,

MARK HILL  
Program Budget Manager

cc: Mr. Jaime Valdez, Sr. Management Analyst, City of Goleta  
Mr. Robert Geis, Auditor-Controller, Santa Barbara County  
Mr. Ed Price, Division Chief, Auditor-Controller's Office, Santa Barbara County

**Agenda Item B.2**  
**DISCUSSION/ACTION ITEM**  
**Meeting Date: June 28, 2012**

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**TO:** Members of the Oversight Board of the Successor Agency to the Dissolved Redevelopment Agency for the City of Goleta

**FROM:** Jaime Valdez, Senior Management Analyst

**SUBJECT:** Disposition of former Goleta RDA Assets

**RECOMMENDATION:**

- A. Provide direction to staff to pursue a transfer or sale of the Successor Agency's interest in the property located at 170 S. Kellogg Avenue; and
- B. Provide direction to staff on the Successor Agency's interest in a 2005 Ford Crown Victoria.

**BACKGROUND:**

On December 29, 2011, the California Supreme Court issued an opinion in *California Redevelopment Association v. Matosantos*, upholding Assembly Bill 1X 26 ("AB 26") and invalidating Assembly Bill 1X 27 (the legislation that would have permitted redevelopment agencies to continue operation if their sponsoring jurisdiction agreed to make certain payments for the benefit of schools and special districts). As part of the California Supreme Court's ruling, all effective dates or deadlines regarding AB 26 occurring prior to May 1, 2012 are to take effect four months later. As a result, all California redevelopment agencies were dissolved, effective February 1, 2012.

On January 17, 2012 the City of Goleta took formal action to assume the role of Successor Agency both for housing and non-housing functions needed to wind down the affairs of the dissolved Redevelopment Agency for the City of Goleta.

One of the critical aspects of the wind-down activities of RDAs is the disposition of the former agency's assets. The former Goleta RDA's assets include an interest in property located at 170 South Kellogg Avenue in Old Town.

On May 3, 2012, the Oversight Board directed staff to return on June 28, 2012 with information related to the Successor Agency's assets.

*2005 Ford Crown Victoria*

In 2008, the City of Goleta purchased a used 2005 Ford Crown Victoria for \$9,159. The City, which holds title, paid half of the cost while the RDA paid the other half. Given that approximately half of the City's code enforcement activity was in the Old Town (RDA) area, the decision was made to split the cost between the City and the former Goleta RDA. The RDA's portion has been reflected in the RDA's financials since its purchase.

Using the City's 5-year depreciation standard, the net asset value of the subject vehicle as of June 30, 2012 will be \$1,831. As such, the former RDA's share would be worth about \$916. Given the relatively low value, it may be a more efficient use of time to forgive the Successor Agency's interest in the subject vehicle rather than go forward with a sale. The subject vehicle has been and continues to be used for a government purpose, and as such the recommended approach could be deemed appropriate.

*Purpose and Purchase of 170 South Kellogg Avenue*

In 1998 the County of Santa Barbara identified the need for additional active recreation park land in Old Town through adoption of the Goleta Old Town Revitalization Plan (Revitalization Plan), indicating a deficiency of over 20 acres of parkland based on the County's standard of 4.7 acres of parkland/1,000 residents.

In recognition of this deficiency, the Revitalization Plan called for a 2-4 acre park on Key Site #3 which includes the subject property, given that the site includes the heavily vegetated riparian corridor of San Jose Creek, a designated environmentally sensitive habitat area, and given that "approximately 75% of the site is constrained by the floodway and 100-year floodplain of San Jose Creek," which "severely restricts developable area east and west of the creek." A copy of the corresponding section of the Revitalization Plan pertaining to the future development of a park is attached to this report (Attachment 1).

The location, purpose and extent of the acquisition conformed to the intent outlined in General Plan Figure 3-2, Park and Recreation Plan Map of the Open Space Element and its accompanying Table 3-1 which call for a 4-acre "Planned Future Park Site" in the immediate vicinity of the subject property; as well as General Plan Sub-policy OS 6.11 Planned New Parks and Open Space which identifies "an approximately 4-acre neighborhood park located in the vicinity of San Jose Creek between Hollister Avenue and Armitos Avenue." The easterly side of the 4-acre site is designated as an Environmentally Sensitive Habitat Area (ESHA) in the City's General Plan, and is constrained by the presence of riparian habitat associated with the San Jose Creek drainage system and its associated floodplain.

The purchase of the 4-acre subject property was intended to address a critical need for parks and open space by providing land for future park development in an area of the City (Old Town) which is severely underserved by these amenities. The size, location, physical characteristics and proximity of the site to San Jose Creek and Armitos Park makes the property highly suitable for public recreation in an area of the City which is critically underserved with regard to the ratio of parks/open space to population.

The City Council directed the City Manager in early 2010 to explore the purchase of these four acres recognizing that opportunities to acquire land suitable for park use are limited in Old Town due to the largely built-out nature of the area. The following highlights recap major actions with regard to the acquisition of the subject property:

- In early 2009, the previous property owner of the subject site had listed two parcels for sale (Attachment 2) totaling about 4.5 acres for \$3,995,000.
  - The two parcels purchased have since become one parcel totaling a net 4 acres with approximately 16% zoned C-2 and approximately 84% zoned DR-10. The subject property acquired was composed of the entirety of the northern parcel and a small portion of the southern parcel, thus totaling 4 acres. A map (Attachment 3) showing the final subject property acquired is included as an attachment to this staff report.
- In the spring of 2010, the City Manager requested the appraisal of the subject property.
  - The subject property's Appraisal dated April 9, 2010 (Attachment 4) demonstrates the two properties had different zoning totaling a net 4 acres.
  - All but the southerly 0.67 acre is zoned DR-10 (Design Residential 10 units/Acre), while that southerly 0.67 acre adjoining a used car dealership is zoned C-2 (Retail Commercial).
- February 15, 2011, the City Council authorized the City Manager to enter into negotiations with the property owner for the purchase and sale agreement of the subject property.
- May 9, 2011, the City of Goleta's Planning Commission adopted Resolution No. 11-11 officially reporting on the conformity of the acquisition to the General Plan (General Plan Conformity Determination for 5580 Hollister Avenue and 170 South Kellogg Avenue Property Acquisitions);
- June 7, 2011, the City Council approved the filing of an application for Statewide Park Program (Prop 84) Grant Funds for the development of a new park on the subject property;
- June 21, 2011, the City Council and RDA Board took the following actions to purchase the subject property (see Attachment 6 for the June 21, 2011 staff report):
  - City Council appropriated \$1,500,000 from the City's Park Development Impact Fees (DIF) to apply toward the purchase of the property and an additional \$375,000 in City Park DIF for development of a park on the site, including design and engineering;
  - City Council of the City of Goleta, acting as the Redevelopment Agency, appropriated up to \$1,200,000 from the Agency's General Fund Balance for acquisition of property and authorized execution of the purchase and sale agreement.

The Purchase and Sale Agreement dated June 21, 2011 reflects the RDA as the purchaser of the site. Highlights from the executed Purchase and Sale Agreement are provided as Attachment 5 and a complete copy of said Agreement is available online.

The actual acquisition costs and sources of funds are as follows:

- \$2,643,522 Total Acquisition Costs
  - \$1,520,893 City Park DIF (Fund 221)
  - \$1,122,649 RDA General (Fund 601)

The subject property was purchased with title vesting in the Redevelopment Agency. Although no written agreement was executed between the RDA and the City at the time of the purchase, the intention was for the City to eventually reimburse the RDA for all or part of its contribution and to have title transferred to the City at a later date.

It is important to recognize that the City has an equitable interest in the subject property, as evidenced by its \$1.5 million investment towards acquisition. The City has also invested additional monies beyond acquisition costs for design and engineering work association with the development of a future park on the subject property. From the beginning of the acquisition process through its completion, the goal was for the subject property to serve as a park for the community.

While no formal documents were entered into between the City and the former RDA, there is a clear partnership in place that creates an equitable interest in the property for the benefit of the City. The City's interest and contributions to the subject property must be accounted for in the sale or transfer of the subject property.

#### *General Plan Amendment Process Initiated*

While the location of the subject property is appropriate from a community-need perspective and consistent with a future park site location identified in the General Plan Open Space Element, the land use designations in the City's Land Use Element are not consistent with park use. In order for City staff to proceed with the case processing of a park at this location, the City Council is required to consider the initiation of the processing of a General Plan Amendment.

On April 17, 2012 the City Council initiated the Processing of a City-Requested General Plan Amendment for the subject property, also known as the future Old Town Park Project. Considerations of the property included:

- Located within 100 year floodplain;
- Partially constrained by creek ESHA;
- NOT included in housing inventory;
- Included in future GP bike/pedestrian path system;
- Supported by \$910,000 in grant funding from the State for a future park.

*The requested General Plan Amendment is to change the land use designations from Planned Residential (R-P 10 units per acre) and Old Town Commercial (C-OT) to a land use designation suitable for a park. Possible suitable land use designations that will be considered include Open Space – Active Recreation (OS-AR) or Open Space – Passive Recreation (OS-PR). A concurrent rezone would be processed to change the zoning from DR-10 Design Residential (10 units per acre) and C-2 Retail Commercial to REC Recreation.*

Given the Council's decision to initiate the General Plan Amendment for the subject property, City staff was to proceed with case processing including public outreach and the design of a future park.

## **DISCUSSION:**

Title for the subject property is currently under the RDA. However, given that the RDA has been dissolved, the asset now transfers to the Successor Agency. The Successor Agency (City of Goleta)—subject to review by the Oversight Board—is charged with disposing of the subject property. Of particular relevance to this staff report, California Health and Safety Code Section 34177(e) states successor agencies are required to:

*“Dispose of assets and properties of the former redevelopment agency as directed by the oversight board; provided, however, that the oversight board may instead direct the successor agency to transfer ownership of certain assets pursuant to subdivision (a) of Section 34181. **The disposal is to be done expeditiously and in a manner aimed at maximizing value.** Proceeds from asset sales and related funds that are no longer needed for approved development projects or to otherwise wind down the affairs of the agency, each as determined by the oversight board, shall be transferred to the county auditor-controller for distribution as property tax proceeds under Section 34188.”*

The Board is responsible for approving actions of the Successor Agency related to the sale of properties. In sum, the Board is to assure that the City, serving as Successor Agency, disposes the former RDA's assets expeditiously and in a manner aimed at maximizing value.

### *Pending Legislation and Clarification at State Level*

While AB 26 was found to be constitutional, there still exists uncertainty as to the disposition of assets of former RDAs. California Health and Safety Code Section 34181 contemplated the ability of oversight boards to consider assets held by former RDAs on a case by case basis:

*“...the oversight board may instead direct the successor agency to transfer ownership of those assets that were constructed and used for a governmental purpose, such as roads, school buildings, parks, and fire stations, to the appropriate public jurisdiction pursuant to any existing agreements relating to the construction or use of such an asset. Any compensation to be provided to the successor agency for the transfer of the asset shall be governed by the agreements relating to the construction or use of that asset. Disposal shall be done expeditiously and in a manner aimed at maximizing value.”*

As of the date this staff report was released, the State legislature had not yet voted on outstanding bills dealing with a number of unresolved questions related to the dissolution of redevelopment agencies. Clean-up bills such as AB 1585 or the Department of Finance's "Trailer Bill" could be amended, combined, fully or partially rejected, or any other host of options. AB 1585 broadens an oversight board's ability to transfer assets by including other previously non-listed items such as a parking facility and whether an agreement was in place or not between the former RDA and its sponsoring jurisdiction.

### *Successor Agency Considerations*

The Successor Agency could pursue any number of options resulting from decisions made in Sacramento, including the outright sale of the subject property to the City. It is possible that the City and the Successor Agency could come to an agreement whereby a transfer or sale could range from no money to a value equal to the former RDA's contribution to the purchase (\$1,122,649) given the subject property's intended purpose to serve a governmental purpose as a park.

In hopes of accomplishing such a transaction, the City Council at its June 19, 2012 meeting directed the City Manager to begin discussions with the Board on the possibility of acquiring the Agency's interest in the subject property, also known as the future Old Town Park. Upon securing the Oversight Board's concurrence, the Successor Agency and City would prepare an appropriate agreement to be returned to the Council and Board for approval.

It is important to underscore that any sale of an asset of the former RDA is subject to approval by the Oversight Board. It is staff's contention that the transfer or purchase of the subject property with the Oversight Board's concurrence would comply with AB 26 from the Oversight Board's perspective as well as ensure that the property remains under the City's control for the development of the future park.

### *Options for Disposition of Subject Property*

California Health and Safety Code Section 34181(a) directs the Successor Agency on the disposition of assets. It includes the following language "... Any compensation to be provided to the successor agency for the transfer of the asset shall be governed by the agreements relating to the construction or use of that asset. Disposal shall be done expeditiously and in a manner aimed at maximizing value." Unfortunately, selling assets expeditiously and in manner aimed at maximizing value are often at odds.

The following table attempts to lay out possible options for the Board to consider in regards to the disposition of the subject property. A prudent approach might be to not consider or at least not formally go through with any of these options until pending legislation is finalized. The uncertainty related to these outstanding bills could hamper or dissuade any or all of these approaches resulting in unnecessary delays or efforts on behalf of the City and the Board.

Option	Pros	Cons	Other
1) Transfer to City for a negotiated amount	Could be done expeditiously Community Benefit for the residents of the Old Town Project Area	May not maximize value for the Successor Agency	Clarification as a result of pending clean-up legislation could provide more detailed direction on disposition of assets with a governmental purpose
2) City reimburses former RDA for its contribution	Could be done expeditiously Known dollar value		\$1,122,649 collected for possible distribution to taxing entities
3) Pursue an appraisal	Provides more up-to-date estimated value Could result in showing the property is worth <u>more</u> than the purchase price	Costs associated with an appraisal Does not maximize time Could result in showing the property is worth <u>less</u> than the purchase price	Sale was relatively recent (about 1 year ago), it is unlikely that there would be a change in value
4) Put up for sale on open market	Would result in the true selling price of the property Could result in the property selling for <u>more</u> than the purchase price	Costs associated with an appraisal Does not maximize time Could result in property selling for <u>less</u> than the purchase price	Prior to the City and former RDA's acquisition, the subject property had been on the market for over two years

**FISCAL IMPACTS:**

The former RDA contributed \$4,579 toward the purchase of a used 2005 Ford Crown Victoria, which is now calculated to have a net asset value of \$916. The former RDA contributed \$1,122,649 toward the purchase of the property for development of a future Old Town Park.

Other than soft costs related to staff time which have been accounted for in the Successor Agency's Proposed Administrative Budget, no funds were involved in the preparation of this staff report.

**ALTERNATIVES:**

The Oversight Board could decide not to accept the recommendations included in this item, or provide staff with alternative direction.

Approved By:

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Daniel Singer  
City Manager

**ATTACHMENTS:**

1. 1998 Goleta Old Town Revitalization Plan—Key Site #3
2. Lee & Associates For Sale Ad for Subject Property, Early 2009
3. Map showing final boundaries of Subject Property
4. Subject Property's Appraisal Report, Dated April 9, 2010
5. Highlights of Subject Property's Purchase and Sale Agreement, Dated June 21, 2011
6. City and RDA Staff Report on Purchase of Subject Property, Dated June 21, 2011

# **ATTACHMENT 1**

## **1998 Goleta Old Town Revitalization Plan Key Site #3**

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# GOLETA OLD TOWN REVITALIZATION PLAN

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## Key Site #3 Hollister/Kellogg

This 14 acre site is located at the northeast corner of the Hollister/Kellogg intersection. Land use designations for the site include Residential (Res.) 10 units/acre and 20 units/acre, General Commercial, and Proposed Public or Private Recreation Facility Overlay. Zoning designations include Design Residential 10 and 20 units/acre, and Retail Commercial (C-2). Existing development includes a 1,875 s.f. auto repair shop, a used car dealership and 24 residential units. Approximately 9.0 acres are currently undeveloped or underdeveloped. Surrounding uses consist of high density (20.0 units/acre) two-story condominiums/apartments to the west, light and heavy industrial uses to the north, Hollister Avenue and retail commercial to the south, and high density (30.0 units/acre) two-story condominiums/apartments to the east.

The heavily vegetated riparian corridor of San Jose Creek, a designated environmentally sensitive habitat (ESH) area, extends 900 feet north-to-south across the site (Figure 26). Approximately 75% of the site is constrained by the *floodway* and 100-year floodplain of San Jose Creek. The floodway extends over all but two of the site's undeveloped nine acres and severely restricts developable area east and west of the creek. In 1995, San Jose Creek overflowed its banks and flooded significant portions of the site. Approximately 80% of the parcel east of the creek is constrained by floodway. Flood control improvements are being pursued which would greatly increase developable area.

Prominently located at the eastern entry of Old Town, development on this site will be visible from Hollister Avenue, SR 217, the proposed bikeway, onsite ESH and existing residences to the north, east, and west. Increased traffic and vehicles turning into and out of driveways on Hollister Avenue could increase friction and encumber traffic. Commercial truck traffic has the potential to increase traffic and related noise for surrounding residents and safety concerns arise when these commercial vehicles use residential streets north of Hollister.

Parking in the area is also constrained and new development needs to ensure that commercial parking demand will not compete with residences for onstreet parking. The large portion of the site constrained by the floodway potentially presents an opportunity to provide new public parking to help address Old Town's severe deficit.

The undeveloped property west of San Jose Creek is a preferred site for a hotel which could serve as an initial catalyst for Old Town Redevelopment. The Plan proposes that this portion of the site (APN 71-090-77, 78) be considered for a rezone to C-2 to facilitate development of a hotel if the owner constructs a public parking lot.

The parcel east of the creek has an existing Public Park Overlay and a proposed Class I Bikeway/Multi-use trail is located west of the Creek. If flood control improvements are successful, the 4 acre site east of the creek could provide an opportunity for high density housing (up to 60 units) and 1-2 acres of park/open space. The Plan allows for consideration of an increase in zoning on the eastern parcel if 1.5-2 acres are dedicated to the County for a public

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# GOLETA OLD TOWN REVITALIZATION PLAN

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park to offset additional high density housing in this area. If flood control improvements are infeasible, a park may be the only compatible use for this area.

The Plan retains the existing land use and zoning designations for the site (including the Park Overlay in the area east of the creek) and encourages development in areas located outside of the floodway. The southern portion of the site lies within the boundaries of the Heritage District.

The following Development Standards apply to new development within Key Site #3.

**Policy KS3-1:**        **The County shall consider redesignating/rezoning APN 71-090-36 to Res. 15/DR-15 if 1.5 acres of the parcel have been dedicated to the County or other County-approved group or agency for a public park.**

**Policy KS3-2:**        **The County shall work with the owner of APNs 71-090-77 & -78 to discuss and possibly negotiate a rezone and/or a development agreement for increased development of the site beyond what is currently allowed if the owner is willing to construct and lease to the County a public parking lot with at least 25 spaces for a minimum of five years with an option to renew by the County.**

**Action KS3-1:** If requested by the property owner of APN 71-090-36, the County should facilitate the transfer of development credits from this site to either APN 71-090-77 or some other appropriate site within the Goleta Valley in exchange for the dedication of the entire site for a public park.

**DevStd KS3-2:** New development of parcels adjacent to San Jose Creek shall maintain a minimum setback of 50 feet from the top of bank or edge of riparian vegetation, whichever is further. These parcels shall include habitat restoration along the creek consisting of appropriate native trees, shrubs and understory which shall be maintained by the developer for a period of 3 years or until established whichever is earlier.

**DevStd KS3-3:** If fill is required to raise foundations above the floodplain, appropriate native landscaping shall be used where feasible.

**DevStd KS3-4** In order to provide visual and biological continuity within the entire site, the native vegetation used to restore the creek bank shall be incorporated into the site landscape plan as appropriate.

**DevStd KS3-5:** If appropriate nexus findings can be made, to help mitigate impacts to adjoining residential areas, new development shall contribute to funding of off-site traffic calming features on Kellogg Avenue, such as speed humps, diagonal diverters, and curb extensions.

**DevStd KS3-6:** No new access points/driveways shall be constructed off Hollister Avenue, unless this would preclude reasonable use of a parcel.

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# GOLETA OLD TOWN REVITALIZATION PLAN

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**DevStd KS3-7** The Development Plan for APNs 71-090-77 & 78 shall include a public parking lot with signs visible from Hollister Avenue. For this public lot, parking hours may be limited to preclude storage of cars or residential overflow.

**DevStd KS3-8:** If appropriate nexus findings can be made, all new development along the west bank of San Jose Creek shall be required to dedicate an easement to the County and construct the Class I San Jose Creek Bikeway. The bikepath shall be integrated with the site's internal circulation plan and shall connect with the proposed bikeway network for Goleta Old Town. This paved access shall be sufficient to support the weight of SBCFCD maintenance vehicles and/or emergency vehicles. The easement shall be set back from the top of the creek bank to minimize habitat impacts but located to allow continued reasonable use of the property. Exact setback will be determined at the time the easement is sited. Siting and design of the bikeway shall minimize the removal of trees and significant native vegetation.

**DevStd KS3-9:** If appropriate nexus findings can be made, development on this site shall be reviewed for streetscape design along Hollister Avenue, including pedestrian access and landscaping on Hollister frontages and a center median on Hollister Avenue. The median shall be constructed and landscaped by the developer with street trees, shrubs and groundcover acceptable to County Public Works and P&D. Trees shall be of sufficient height at maturity and spacing to provide a partial canopy over Hollister Avenue without blocking business signs, and all street and median landscaping shall be maintained by the developer for a minimum of 3 years. The owner/developer shall maintain the median plantings for a period of up to 3 years, or in accordance with DevStd VIS-OT-3.4 or until such a time as a funding district is established.

**DevStd KS3-10:** The design, scale, and character of the project architecture, landscaping, and signage shall be compatible with vicinity development and shall be consistent with architectural design standards set forth in the heritage district section of the aesthetics and design section of the plan.

**DevStd KS3-11:** A landscape and screening plan shall be submitted for each parcel and shall include project screening from residential development, Kellogg Avenue, Dearborn Place, Open Space, and trail areas. The landscaping shall consist of drought-tolerant trees and shrubs with sufficient density to provide a landscape buffer. Where feasible, existing trees shall be retained for their screening and visual character. To the extent feasible solid fencing or a continuous landscape wall shall be avoided. Where walls must be installed they shall be screened with native drought-tolerant plants. Where appropriate, this buffer should be integrated with the creek restoration program above. Trees shall be selected on the basis of screening capabilities and compatibility with adjacent riparian vegetation. To the greatest degree feasible, this plan shall be coordinated between the parcels so as to provide unified landscape and screening across the whole site. This landscaping shall be incorporated into the final landscaping plans for future proposals on the site.

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## GOLETA OLD TOWN REVITALIZATION PLAN

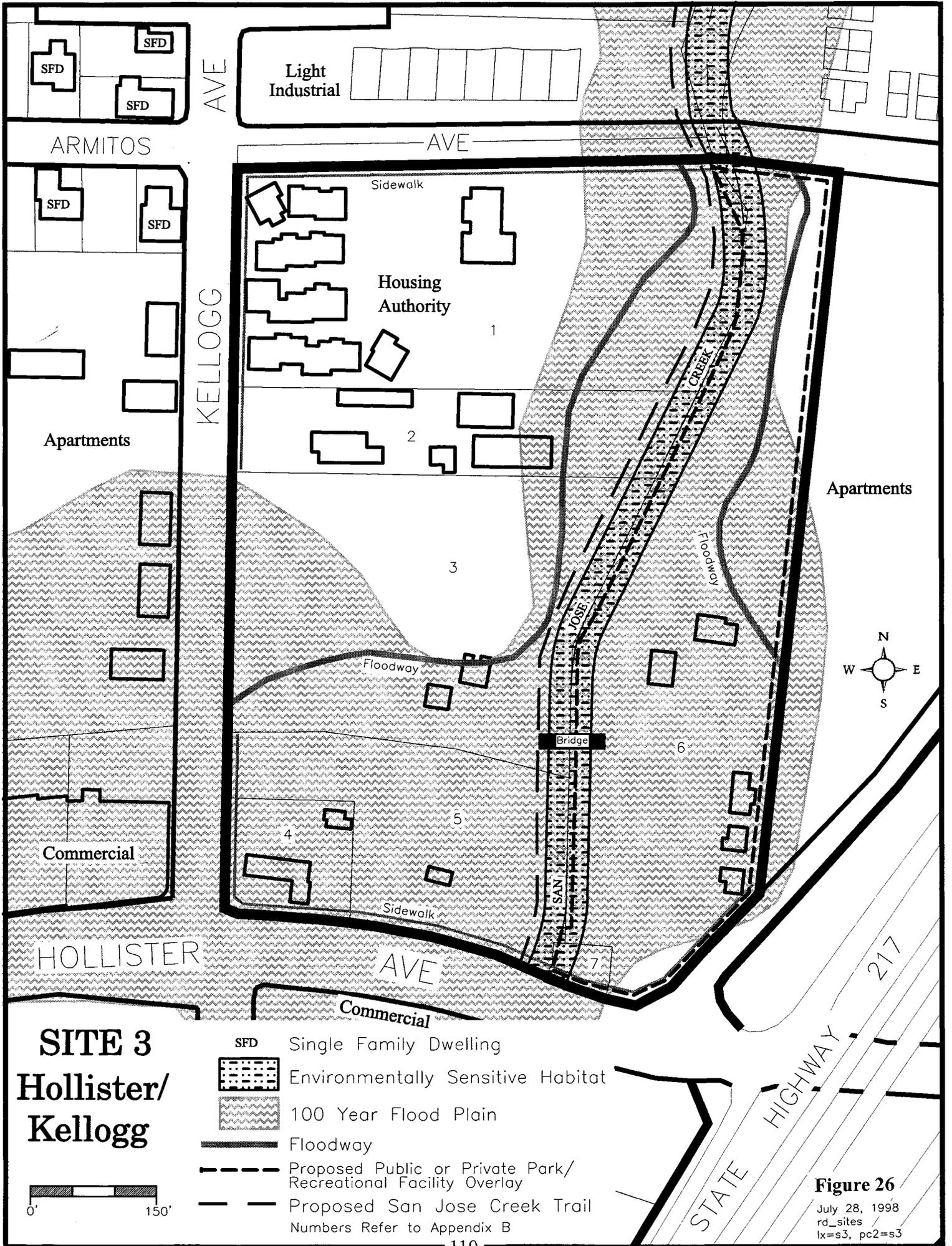
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**Program KS3-12:** The Public Works Department shall investigate an on-street parking control program which may include no parking zones, limited time parking, and/or a parking permit system to minimize on-street parking conflicts with adjoining neighborhoods.

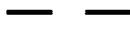
**DevStd KS3-13:** To minimize turning movement conflicts on Hollister Avenue, the developer of APNs 71-090-63 & 78 shall install a right-in, right-out only turning pocket along the Hollister frontage, as determined necessary by Public Works.

**DevStd KS3-14:** If a public park is dedicated and if appropriate nexus findings can be made, a public pedestrian bridge over San Jose Creek connecting APN 71-090-77 to APN 71-090-36 shall be constructed as part of any development on either of these sites. The first development shall construct the footbridge and the County shall establish a reimbursement agreement to allow the costs of this bridge to be shared between the two property owners, and possibly the County, on a pro-rata basis. Timing and design of this bridge must be approved by County Flood Control.

**DevStd KS3-15:** If appropriate nexus findings can be made, new development on APN 71-090-77 shall be required to dedicate a public easement connecting Kellogg Avenue to the pedestrian bridge over San Jose Creek. The exact location will be determined at the time the easement is sited.



**SITE 3  
Hollister/  
Kellogg**

-  SFD Single Family Dwelling
  -  Environmentally Sensitive Habitat
  -  100 Year Flood Plain
  -  Floodway
  -  Proposed Public or Private Park/  
Recreational Facility Overlay
  -  Proposed San Jose Creek Trail
- Numbers Refer to Appendix B



**Figure 26**  
July 28, 1998  
rd\_sites  
lx=s3, pc2=s3

## **ATTACHMENT 2**

**Lee & Associates For Sale Ad for Subject  
Property, February 2009**

Stephen Leider  
(805) 962-6700 x 103  
sleider@lee-associates.com

Clarice Clarke  
(805) 962-6700 x 102  
claricec@lee-associates.com



# Land For Sale

Hollister & Kellogg Ave, Goleta, CA



<b>Address:</b>	5580 Hollister Avenue, 170 S. Kellogg Avenue
<b>APN:</b>	071-090-077, 071-090-078
<b>Price:</b>	\$3,995,000
<b>Site Area:</b>	Approximately 4.49 Acres
<b>PSF:</b>	\$20.43
<b>Zoning:</b>	Old Town Commercial & Planned Residential 10
<b>Tenant:</b>	Tenant can vacate or do a sale/leaseback, whichever is more desirable to buyer.

## Comments

The two parcels of land are located in Old Town Goleta near the corner of Hollister & Kellogg Avenues just north of Highway 217. Currently the parcel fronting Hollister Avenue is occupied by Santa Barbara Nissan. The corner parcel is not included in the sale but a long term lease may be possible (seller currently has it leased through 5/31/09). Seller prefers a sale of both parcels together.



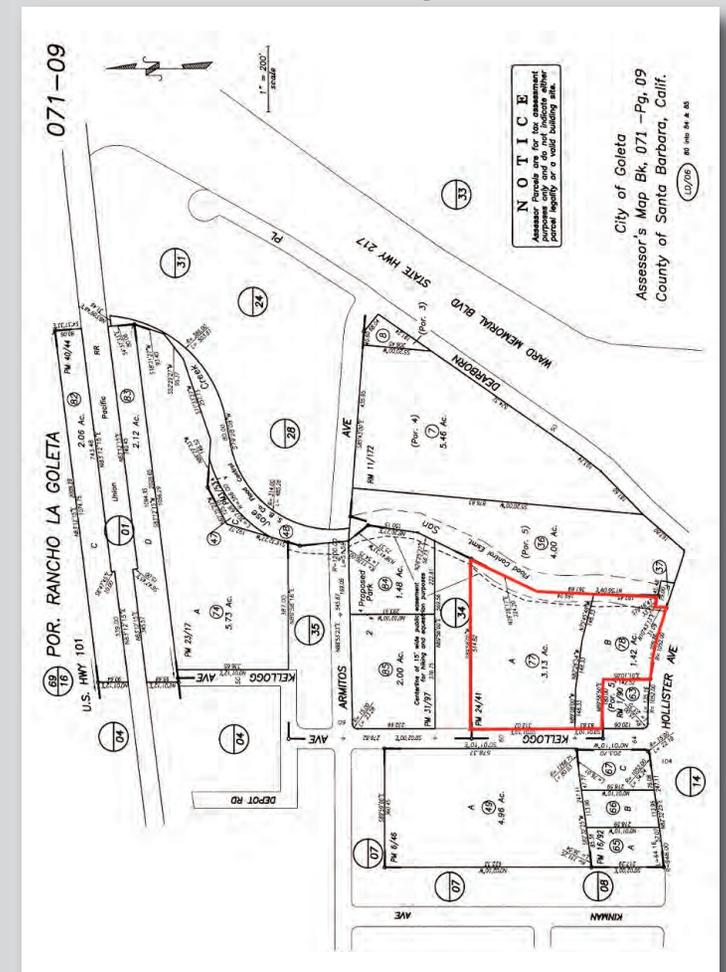
# Land For Sale

Hollister & Kellogg Ave, Goleta, CA

Aerial Overview



Plat Map



1. Santa Barbara Airport
2. Fairview Shopping Center
3. Calle Real Shopping Center
4. Hampshire Inn

5. Toyota Dealership
6. Honda Dealership
7. Nissan Dealership
8. Cottage Hospital

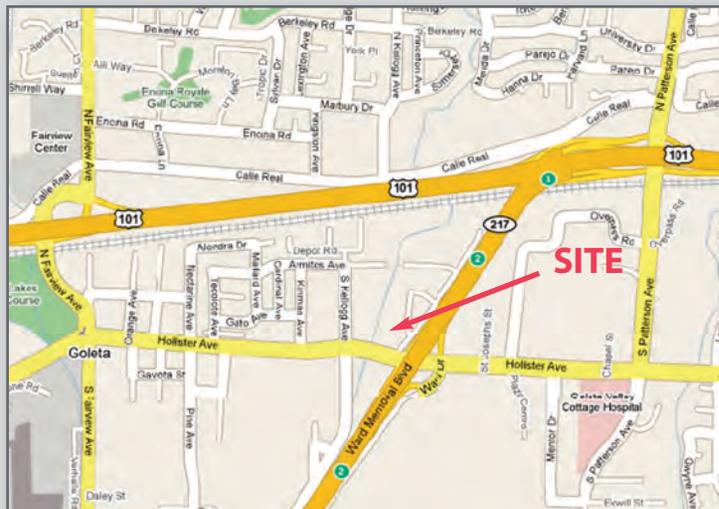
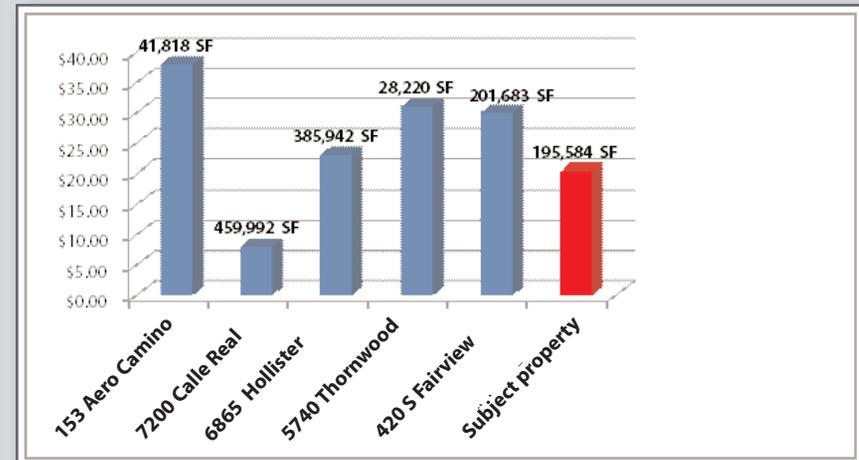
# Land For Sale

Hollister & Kellogg Ave, Goleta, CA

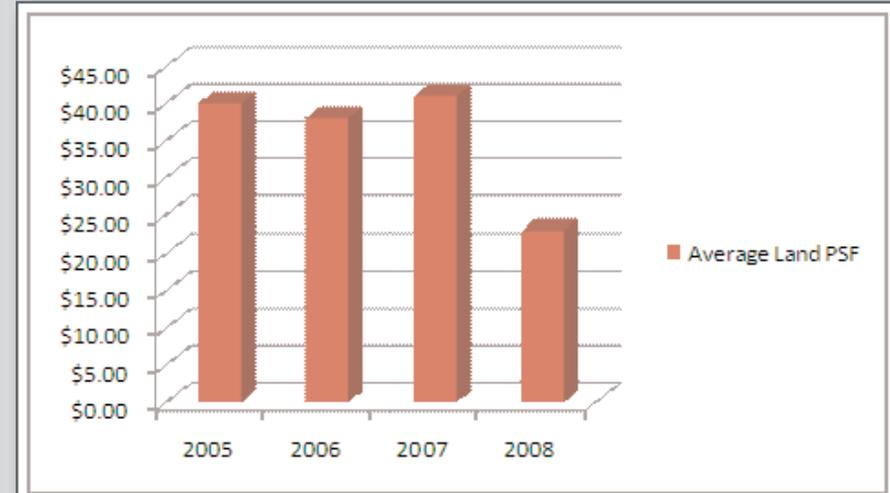
## 2008 Radius Demographics

	1 Mi Radius	3 Mi Radius	5 Mi Radius
<b>Population</b>	10,824	54,899	93,598
<b>Households</b>	4,197	17,767	32,716
<b>Avg. Income</b>	\$70,871	\$79,549	\$84,568

## Comparable Land Sales



## Goleta Historic Land Prices



# Land For Sale

Hollister & Kellogg Ave, Goleta, CA

## EASEMENTS

**San Jose Creek Improvement Project:** The San Jose Creek is located along the easterly edge of the subject property. The City of Goleta is making this improvement a high priority project. The project is intended reduce flood conditions in Old Town Goleta. The City is currently obtaining local, state, and federal approvals and is expected to be completed in three years.

**Easements:** The City of Goleta is in the process of establishing a permanent subsurface easement and right of way for all flood control purposes, including but not limited to the construction, reconstruction, operation, repair and maintenance of San Jose Creek. Additionally, they are seeking a temporary construction easement for the purposes of facilitating the construction of flood control centers.



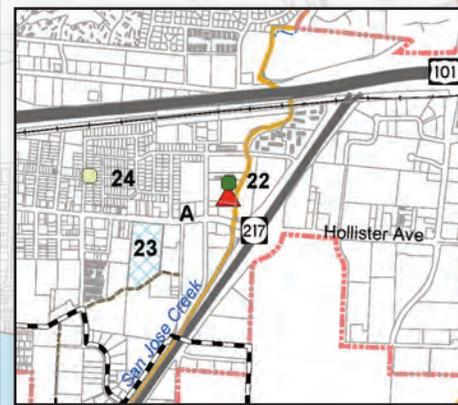
## ZONING

**Parcel 071-090-078:** This parcel has been designated C-OT in the recently adopted General Plan and adheres to the C-2 zoning ordinance. Uses may include retail business, commercial needs including stores, shops, and offices supplying commodities and services to the surrounding community.

**Parcel 071-090-077:** This parcel has been designated R-P in the recently adopted Plan and adheres to the DR 10 zoning ordinance. The allowable uses include traditional multiple residences and encourages innovation in new developments.

For more information on zoning, land use designations, purpose & intent, and a complete list of permissible uses visit:

[www.cityofgoleta.org](http://www.cityofgoleta.org)



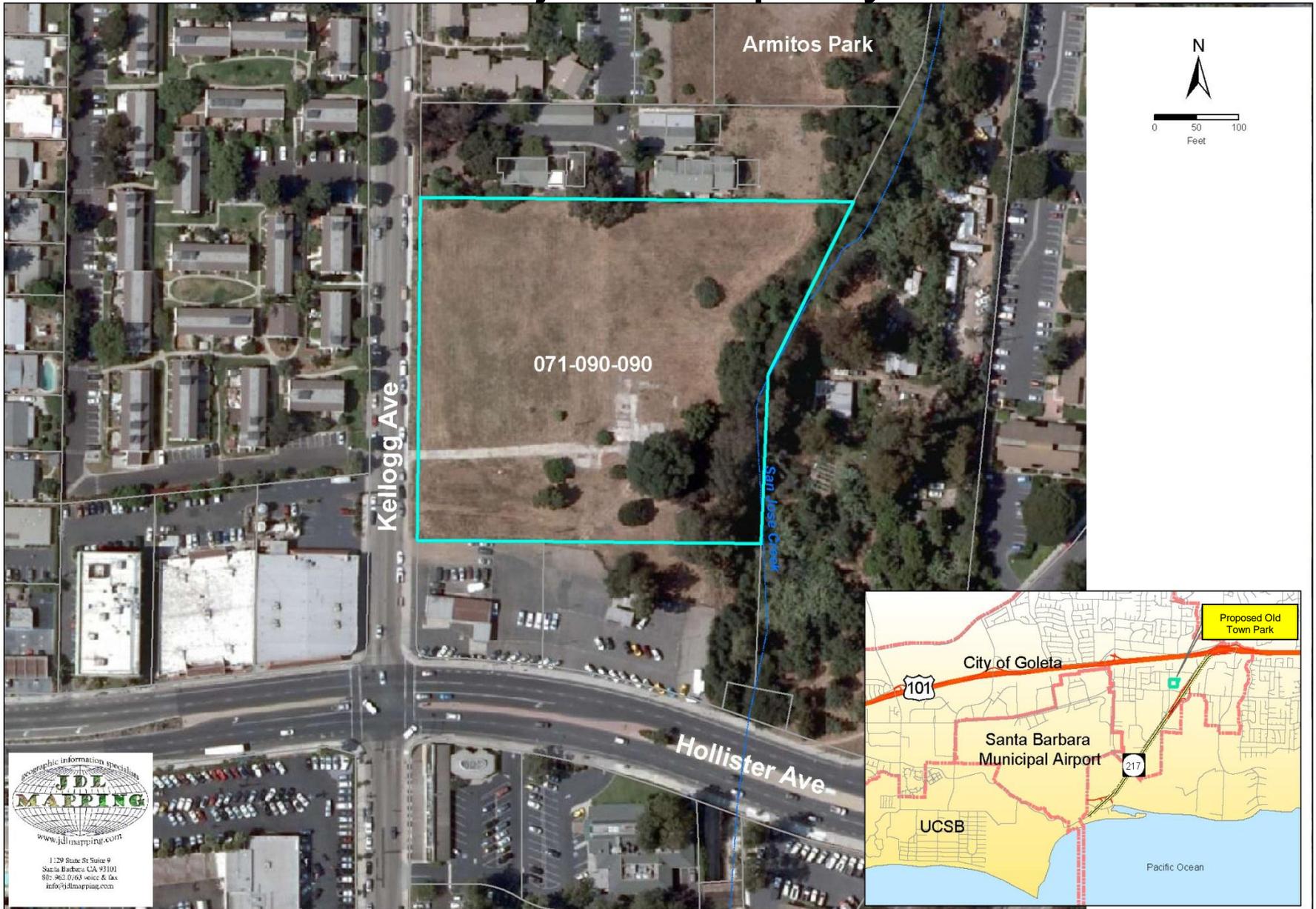
## ARMITOS PARK

The City planned park site #22 is to be located just north of the subject property. The Armitos Park Expansion is not part of the property for sale.

## **ATTACHMENT 3**

**Map showing final boundaries of  
Subject Property**

# Subject Property

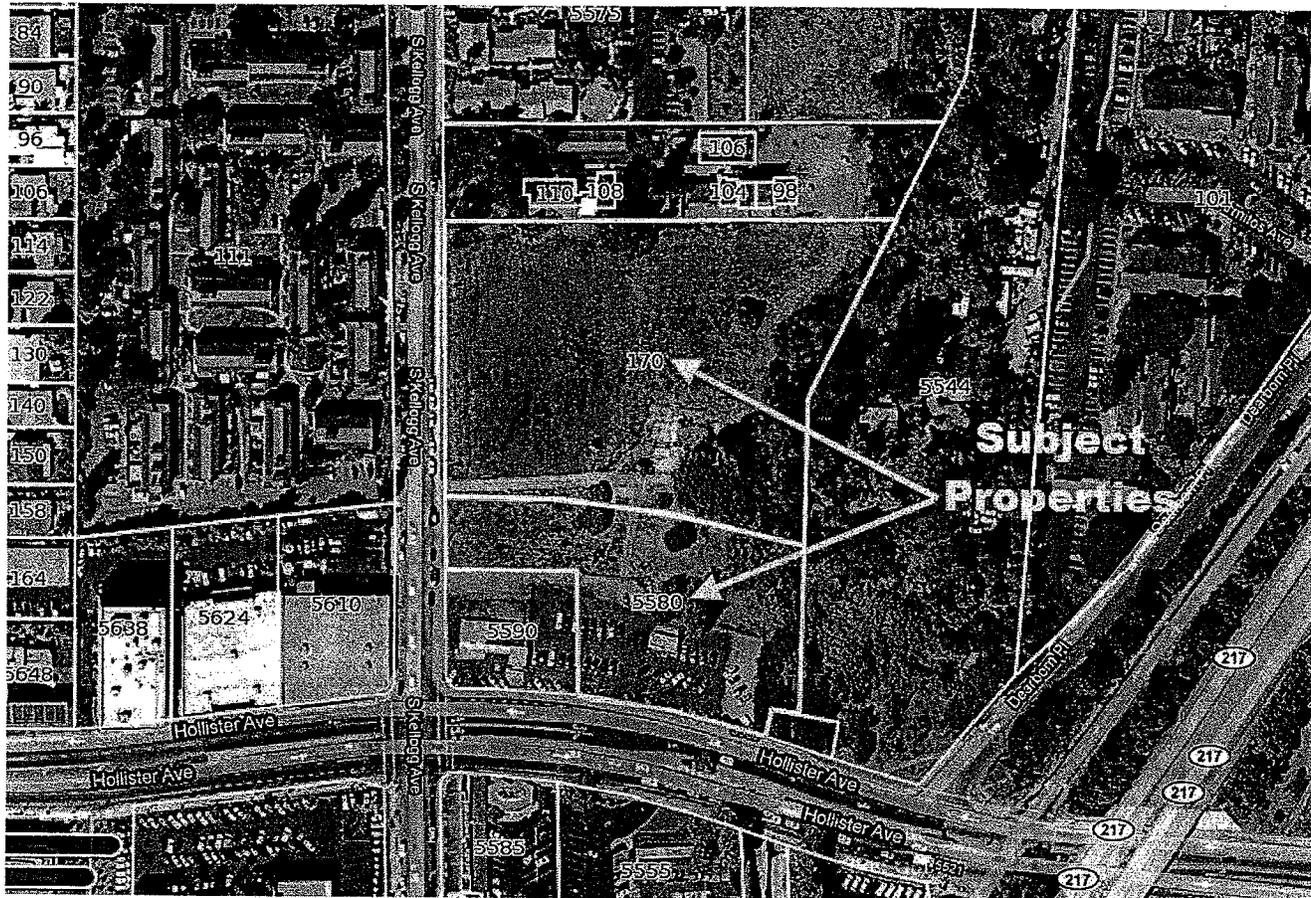


Geographic information specialists  
**JDL**  
**MAPPING**  
www.jdlmapping.com  
1129 State St Suite 9  
Santa Barbara CA 93101  
805.962.0763 voice & fax  
info@jdlmapping.com

## **ATTACHMENT 4**

**Subject Property's Appraisal Report,  
Dated April 9, 2010**

**APPRAISAL REPORT:**  
**COMMERCIAL & MULTI-RESIDENTIAL LAND**



**5580 HOLLISTER AVENUE & 170 SOUTH KELLOGG AVENUE**  
**GOLETA, CALIFORNIA**

Date of Value:  
April 5, 2010

Prepared For:  
Dan Singer, City Manager  
City of Goleta  
130 Cremona Drive, Ste. B  
Goleta, Ca 93117

Date of Report:  
April 9, 2010

SCHOTT & COMPANY  
REAL ESTATE APPRAISAL & CONSULTING

April 9, 2010

Dan Singer, City Manager  
City of Goleta  
130 Cremona Drive, Ste. B  
Goleta, Ca 93117

Reference: Real Estate Appraisal  
Commercial & Multi-Residential Land  
5580 Hollister Avenue  
170 South Kellogg Avenue  
Goleta, California

Dear Mr. Singer:

As requested, I have proceeded with the work necessary to provide my opinion of the market values individually and in bulk of the fee simple estates in the above referenced properties, as of April 5, 2010.

**This appraisal is made under the following hypothetical conditions: 1) The subject properties have been appraised as though they are not in the floodway or 100 year floodplain (other than areas within the Streamside Protection Area upland buffer) because the City is moving forward with a flood improvement project described as the San Jose Creek Floodway Improvement Project. 2) Per the City's adopted General Plan (Conservation Element 2.2), the City may allow portions of a Streamside Protection Area upland buffer to be less than 100 feet wide, but not less than 25 feet wide based on site specific assessment. A reasonable assumption has therefore been made to consider that an average 50 foot buffer would be required. These assumptions result in significant enhancements to the values of the properties**

The findings of my investigations are summarized on the following pages. Please refer to the Addenda of this letter for more specific property identification, definitions, assumptions, limiting conditions, and certification.

This is a Summary Appraisal Report. It is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice. As such, this letter presents only statements regarding the data, reasoning, and analyses that were used in the appraisal process to develop an opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in my files. The depth of discussion contained within this report is specific to the needs of the client and may be misleading to a

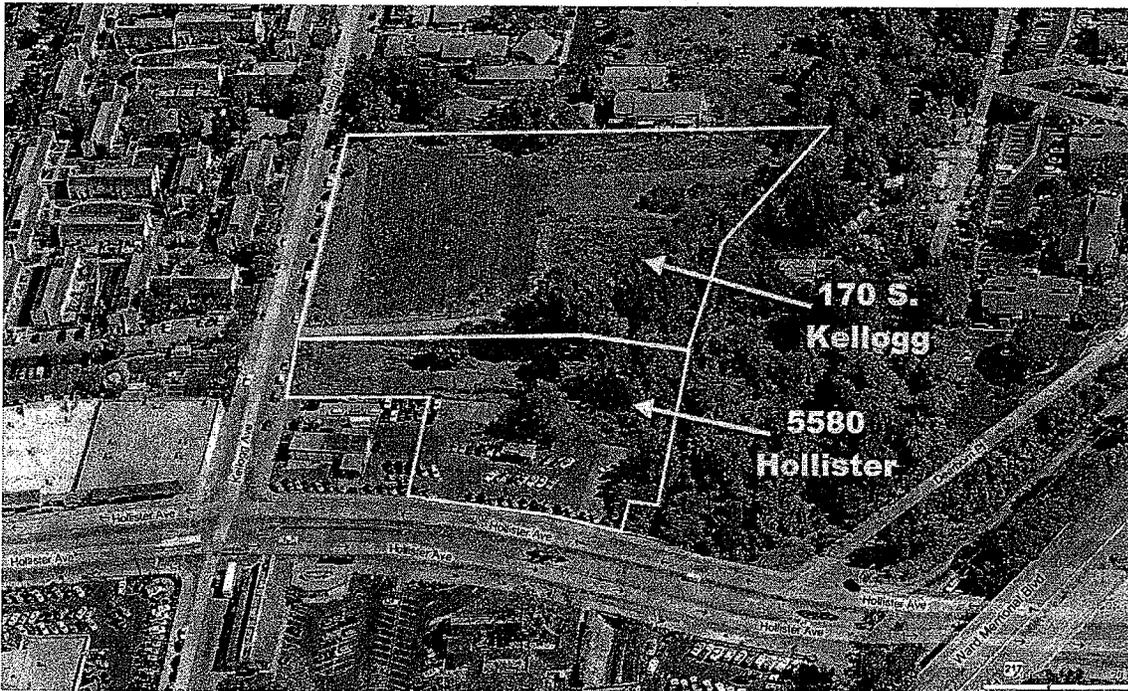
disinterested third party. My work has included an inspection of the subject property, a survey of market data, and valuation analyses.

### ***Introduction***

Economic events of 2008 beginning with the subprime mortgage collapse and an unprecedented level of home foreclosures (followed by the banking/credit crisis, a steep decline in consumer confidence, stock market plunge, and slowing world economy) led to great uncertainty among participants in the commercial real estate market in 2009. As a result, market participants were much less willing or able to initiate transactions. Few properties were selling and few leases are being written. The number of potential buyers for any given property dwindled as financing options had been reduced and the remaining options have become more costly. As a result, values of all property types have decreased substantially from their peaks of several years ago. Currently, market conditions appear to be stabilizing as economic conditions begin to improve.

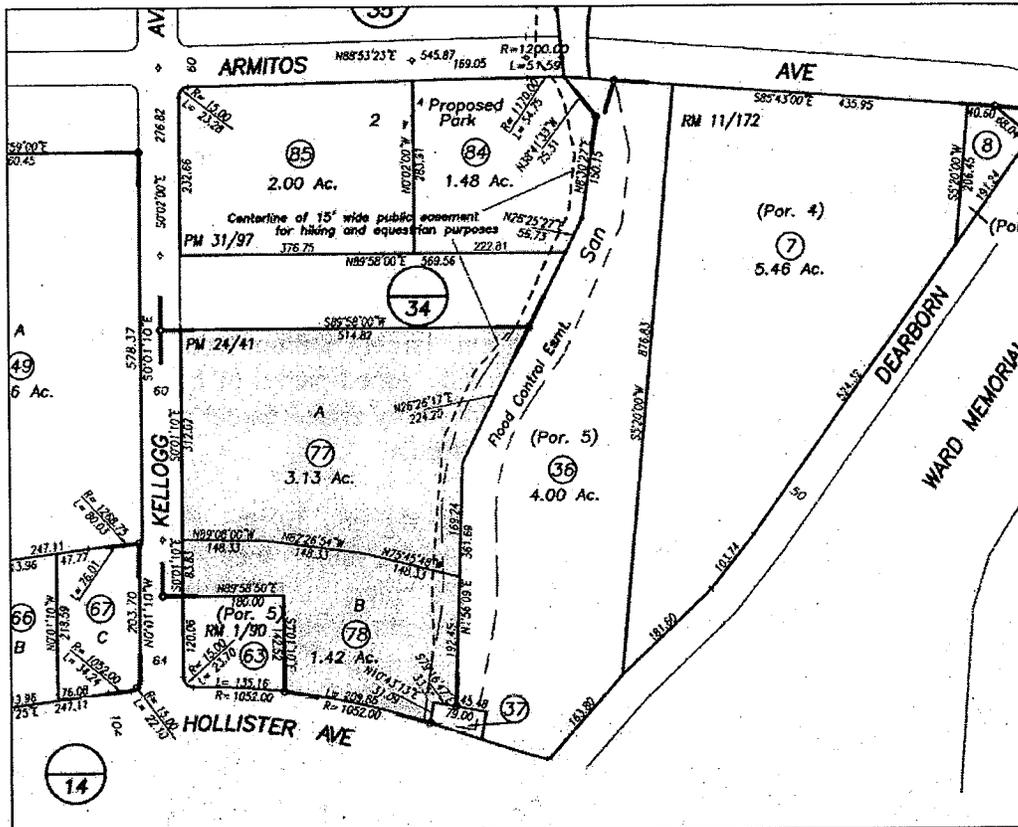
The subject property consists of two adjacent, largely unimproved properties. 5580 Hollister Avenue, a 1.42 acre commercially zoned parcel of land and 170 South Kellogg Avenue, a 3.13 acre multi-residentially zoned parcel of land. The properties are located in the City of Goleta, California.

The subject properties are located at the easterly end of the "Old Town" neighborhood of the City of Goleta. The appeal of the subject location from both a commercial and multi-residential perspective is judged to be average. Set out below is an aerial photograph subject subject properties and of the immediate subject neighborhood.



**Site Descriptions**

The subject sites are located along the northerly side of Hollister Avenue and easterly side of South Kellogg Avenue. The parcels abut San Jose Creek which runs along their easterly boundaries. The subject parcels are highlighted in yellow in the parcel map set out below.



The subject sites are designated as Old Town Commercial (5570 Hollister Ave.) and Planned Residential (170 S. Kellogg). Both parcels have been designated as a “future park site” on the General Plan Park and Recreation Map. The sites are zoned C-2, “Retail Commercial” (5570 Hollister Ave.) and DR-10, “Design Residential 10 Units/Acre” (170 S. Kellogg).

The C-2 zone allows for a wide variety of commercial uses. There is no minimum lot size. Setbacks consist of 30 feet (or 42 feet for four lane roads) from the centerline of any public street and 10 feet from the right of way line of the street. Rear yards are required to be 10% of the lot depth (not to exceed 10 feet or 25 feet for lots located adjacent to residentially zoned lots). No side yards are required. Building heights are limited to 35 feet.

The DR-10 zone allows for single and multi-family residential uses, golf courses, public parks, playgrounds, community centers, orchards, truck and flower gardens, the raising of field crops, and special care homes. Density is limited to 10 residential dwelling units per gross acre. Setbacks include 20 feet from the right-of-way line of any street and 10 feet from the side and rear property lines. Building height is limited to 35 feet. 40% of the lot area is required to be devoted to open space.

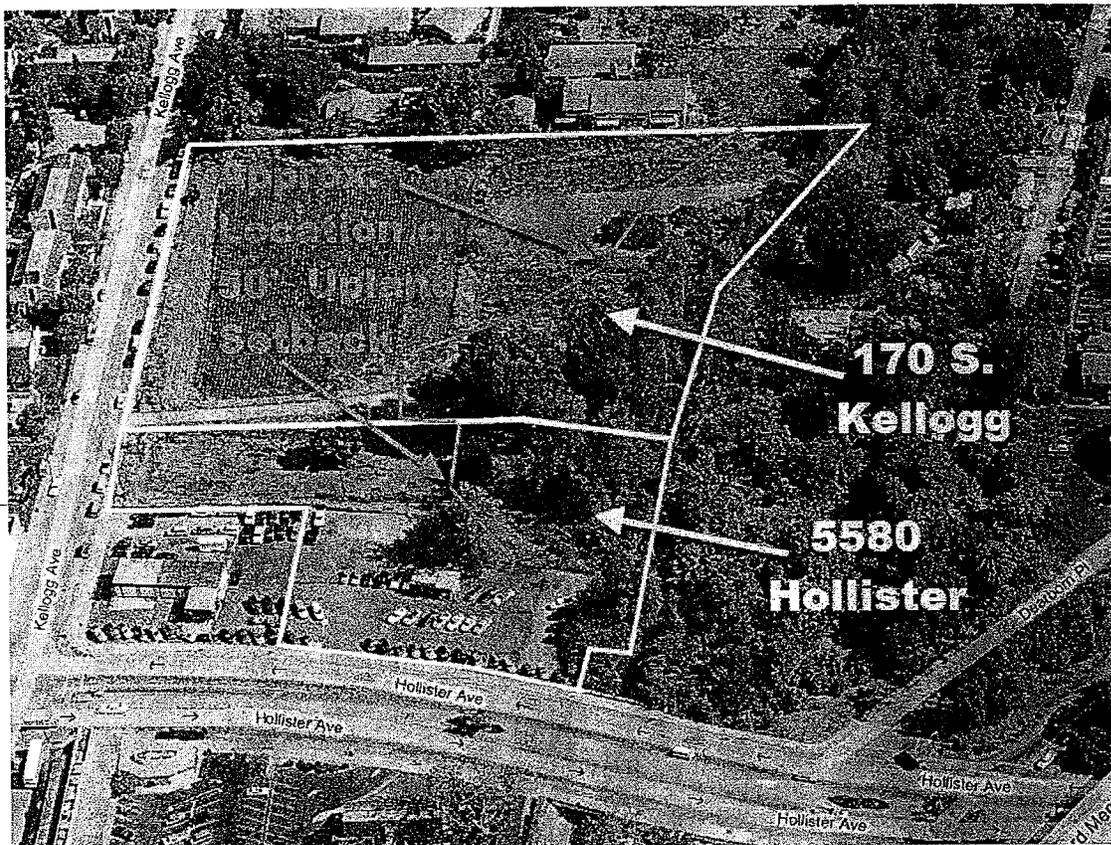
New development is subject to transportation impact mitigation fees. The fee ranges from approximately \$4 to \$598 per square foot of new building area. The variation in fees is directly correlated to the amount of traffic a use will create. Specifically, the fee for industrial uses range from \$4 per square foot (mini-storage) to \$14 per square foot (light industrial). The fee for commercial uses ranges widely with most retail uses in the \$28 to \$77 per square foot range and some uses substantially higher (drive through fast food restaurants – \$243 per square foot and banks with drive through \$598). The fee for office and R & D uses range from \$16 to \$53 per square foot. Residential uses incur fees on a per unit basis. The fee for condominiums, apartments, and single family residences is \$7,861, \$9,026, and \$14,703 per unit, respectively.

The sites are irregular in shape and mostly level at the street grade. Site areas are as follows

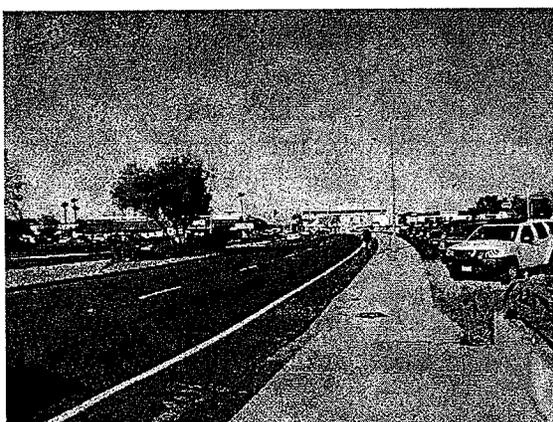
	<u>Gross</u>	<u>Net Usable</u>
5580 Hollister Avenue	61,855 Sq. Ft.	47,000 Sq. Ft.
170 S. Kellogg Avenue	<u>136,343 Sq. Ft.</u>	<u>96,500 Sq. Ft.</u>
Total:	198,198 Sq. Ft.	143,500 Sq. Ft.

The gross areas shown above are based on figures shown on the assessor's parcel maps. The net areas are based on the hypothetical condition that the Streamside Protection Area upland buffer required for a development on this property was reduced from 100 feet to 50 feet. **The net areas shown above are approximate.** They are based on a 50 foot Streamside Protection Area Upland Buffer setback from the location of the westerly edge of the canopy of the trees located along San Jose Creek as indicated in aerial photographs. See below for an illustration of the estimated approximate location of the upland setback. Allowable uses of areas within the setback area are so severely limited that these areas are judged to have minimal economic value with respect to the subject commercially zoned parcel. Their primary economic value is as a buffer to nearby development and as potentially visually appealing naturally landscaped areas.

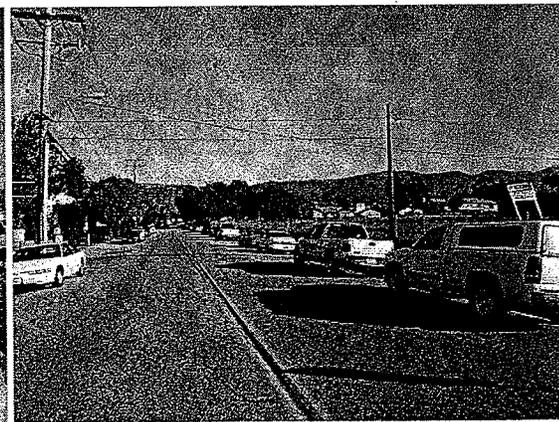
With respect to the subject multi-residentially zoned parcel, while the areas within the buffer cannot be developed, this area is part of the gross site area which is what density of development is based upon. Thus, it is possible that the upland buffer would not reduce the development potential (in terms of number of units) on the multi-residentially zoned subject parcel. Further, the upland buffer would serve as buffer between the developed portion of the site and neighboring parcels and as a potentially appealing view amenity/outdoor recreation area. Thus, the net useable square footage is less meaningful for the subject multi-residentially zoned parcel than it is for the subject commercial parcel.



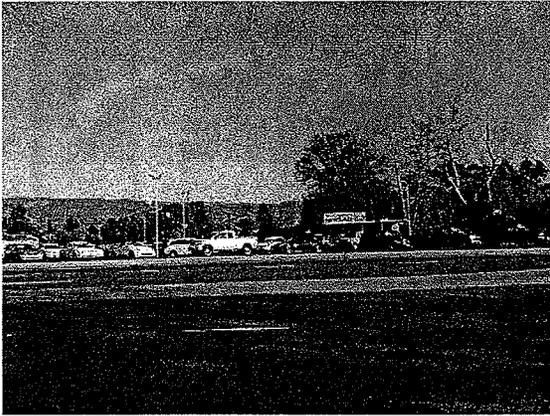
The subject sites have no improvements other than fencing and a small amount of pavement. There is a small office on 5580 Hollister that appears to be a mobile office and has been considered personal property and given no value herein.



Street Scene: Hollister Ave.,  
Subject on Right



Street Scene: Kellogg Ave.,  
Subject on Right



Subject Property: 5580 Hollister Ave.



Subject Property: 170 S. Kellogg Ave.

### ***Highest & Best Use***

Given weakened market conditions, the highest and best use of the subject properties would be to hold until market conditions improve. Once market conditions improve, the highest and best use would be a commercial development on the Hollister Avenue parcel and a multi-residential development on the South Kellogg Avenue parcel. While it is not possible to know exactly how many units would be approved for development on the subject property without going through the approval process, for the sake of this analysis, it has been estimated that the subject multi-residential parcel could be developed with 31 units (10 units per gross acre, which is equal to the density allowed by the subject's DR-10 zoning).

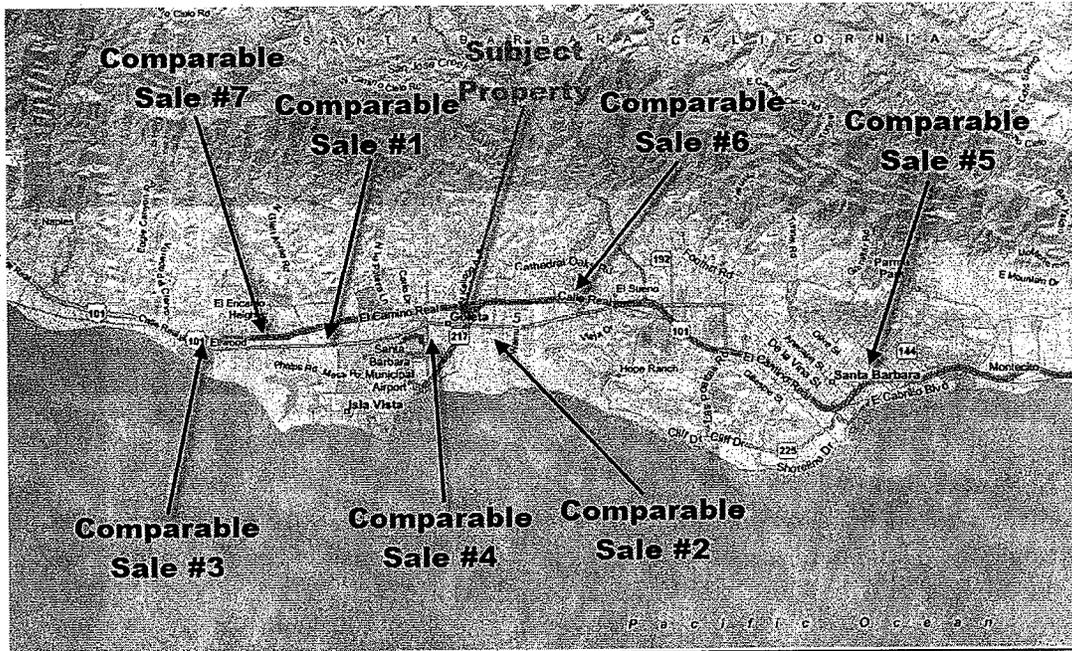
### ***Valuation***

The valuation of the subject property will include a Sales Comparison Approach. A Replacement Cost Analysis and Income Approach are not typically relevant in the valuation of vacant land (particularly during times of weakened market conditions).

### ***Sales Comparison Approach***

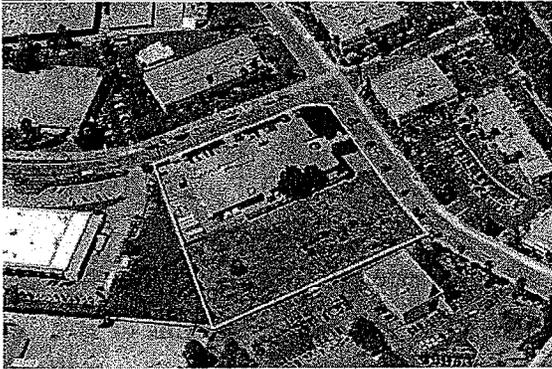
In the Sales Comparison Approach to value, sales of comparable properties are analyzed for the purpose of indicating what a typical well-informed buyer and/or seller would consider in forming an opinion of the worth of the subject property as of the date of value. This valuation concept is based on the theory of substitution in which a basic premise is that a typical buyer would not pay more for a particular property than the cost to acquire an alternative property that similarly satisfies his wants and needs.

I have investigated sales that are deemed to be comparable to the subject. The unit of comparison used in the following analysis is price per square foot of net usable land area (in the case of the subject commercial property) and price per square foot of gross land area (in the case of the subject multi-residentially zoned parcel – since potential density of development is based on gross site area) and price per potential residential unit (for the multi-residentially zoned subject property). Set out below is a summary of the most pertinent data.



MARKET SURVEY – COMPARABLE SALES					
No.	Location/APN	Land Sq. Ft.	Sale Date	Sale Price	Price/SF Price/Unit
Commercial Land Sales					
1.	111 Castilian Dr. Goleta 073-150-025	153,331	5/2008	\$4,000,000 \$2,900,000 (Land Residual)	\$18.91/SF
2.	454 S. Patterson Ave. Goleta 065-090-013	346,302	9/2008	\$10,750,000 \$7,200,000 (Land Residual)	\$20.79/SF
3.	7952 Hollister Ave. Goleta 079-210-048	55,626	1/2009	\$1,250,000	\$22.47/SF
4.	420 S. Fairview Ave. Goleta 071-130-061	201,683	8/2007	\$6,000,000	\$29.75/SF
Multi-Residential Land Sales					
5.	535 E. Montecito St. Santa Barbara 031-351-010	77,707	Escrow	\$3,750,000 \$2,900,000 (Land Residual)	\$37.32/SF \$60,417/Unit
6.	150 Pebble Hill Dr. Santa Barbara (Unincorporated Area) 067-340-001	75,923	7/2009	\$2,000,000 \$1,182,000 (Land Residual)	\$15.78/SF \$69,529/Unit
7.	North Side Calle Real Goleta 077-130-006, 19, & 077-141-049	441,698	1/2008	\$3,500,000	\$7.92/SF \$100,000/Unit
	Subject 5580 Hollister Ave. 170 S. Kellogg Ave. Both Properties	47,000 <u>96,500</u> 143,500	— — 11/2005 Listing	— — \$2,750,000 \$3,995,000	— — \$19.16 \$27.84

#### Discussion of Market Data – Commercial Data



Data No. 1 (111 Castilian Drive, \$18.91/Sq. Ft. – Land Residual) is the mid-2008 sale of a vacant light industrial building with surplus land. The property is located in a business park in central Goleta. The property is rectangular in shape, level at street grade, and zoned M-RP. The northwesterly half of the property is improved with a 22,248 square foot single

story concrete block R & D building that was constructed in 1968. The building was vacant and in poor condition at the time of sale. The buyer of the property has nearly completely gutted the building and renovated/remodeled it. It has been leased to two tenants. This property was purchased with cash. This data was confirmed with the buyer, Marc Winnikoff, and the listing agent, Steve Hayes.

This property sold for \$4,000,000. The contributory value of the improvements is estimated at \$50 per square foot ( $\$50 \times 22,248 \text{ SF}$ ) and rounded to \$1,100,000 for an estimated residual land value of \$2,900,000 (\$18.91/Sq. Ft.).

This data sold when market conditions were superior to current conditions. Alternatively, this data it is significantly inferior to the subject in terms of size (smaller sites tend to sell for higher prices per square foot, all other factors being equal). On balance, this data is judged to indicate a value of more than \$18.91 per square foot for the subject commercially zoned site.

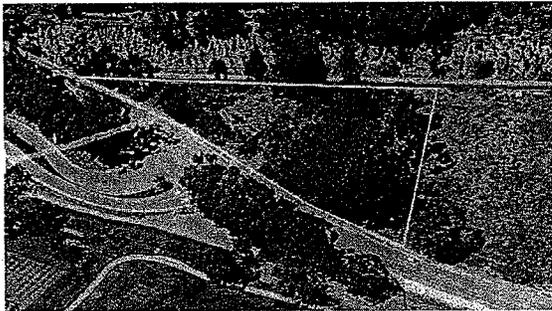


Data No. 2 (454 S. Patterson Ave., \$20.79/Sq. Ft. – Land Residual) is the fall 2008 sale of a large professional and institutional (PI) zoned property located in eastern Goleta. This property is improved with three buildings. The buildings consist of a 25,354 square foot

office building constructed in 1968 that was in average condition, a 16,968 square foot office/light industrial building and a 7,500 square foot industrial building. The property is level at street grade and slightly irregular in shape. The eastern boundary of the property is in a creek which requires a larger setback than a typical rear property boundary. The seller of the property leased back the rear portion of the property (which is improved with the two smaller buildings described above) for three years. The buyer of the property, an investor, intends to redevelop the rear of the property with senior housing (after the lease expires) and remodel and expand the office space at the front of the property. The buyer acquired the property with conventional financing from Pacific Capital Bank. This data was confirmed with the buyer's broker, Francois DeJohn.

This property sold for \$10,750,000. The residual land value was estimated by taking the present value of the monthly rent (\$30,000) for the rear of the property for the three year term discounted at 6% (a low rate of risk is associated with this income since the tenant is Verizon). Added to this figure is an estimate of the contributory value for the front building of  $\pm$ \$100 per square foot. Subtracting these two figures from the sale price results in a land residual of \$7,200,000 (\$20.79/Sq. Ft.), after rounding.

This data sold when market conditions were superior to current conditions. Alternatively, this data it is significantly inferior to the subject in terms of size. On balance, this data is judged to indicate a value of more than \$18.91 per square foot for the subject commercially zoned site.



Data No. 3 (7952 Hollister Ave.; \$22.47/Sq. Ft.) is the early 2009 sale of a property located at the westerly end of Goleta. This property is triangular in shape and level at street grade. It is zoned C-1, limited commercial. This zoning designation is judged to have slightly inferior appeal to that of

the subject. This property was formerly a service station and suffers from contamination. However, Chevron has taken responsibility for the costs to clean up the contamination. The buyer of the property is the City of Goleta who paid cash. Their intent is to construct a fire station on the site.

This property is inferior to the subject in terms of location and slightly inferior in terms of zoning. Despite having been negotiated when market conditions were superior to current conditions, this data is judged to be overall slightly inferior to the subject commercially zoned site and indicates a value slightly more than \$22.47 per square foot for the subject commercially zoned site.



Data No. 4 (420 S. Fairview Ave.; \$29.75/Sq. Ft.) is the mid-2007 sale of a nearly rectangularly shaped parcel of level land located at the westerly end of Old Town Goleta. This parcel is zoned M-RP and is part of a small office and light industrial park. The property sold with plans and approvals for a two story 63,000 square foot office

building. This site was purchased by a developer with cash.

This data is inferior to the subject in terms of size. Alternatively, it is superior in terms of plans and approvals, shape and market conditions. This data is judged to

clearly indicate a value of less than \$29.75 per square foot for the subject commercially zoned site.

Individual Value Conclusion – Commercially Zoned Subject Parcel

The commercially zoned sales data range in price per square foot from \$18.91 to \$29.75. Data Nos. 1 (\$18.91/Sq. Ft.), 2 (\$20.79/Sq. Ft.), and 3 (\$22.47/Sq. Ft.) indicated higher values (to varying degrees) for the subject commercially zoned site. Alternatively, Data No. 4 (\$29.75/Sq. Ft.) was judged to indicate a lower value for the commercially zoned subject. Therefore, considering the market data and discussion above, market conditions as of the date of value, and the appeal of the subject, a value of between \$24 and \$26, say \$25 per square foot of net usable area, is judged to be indicated for the commercially zoned subject property. Value calculations are as follows:

Subject Net Site Area - 5580 Hollister Ave. (Sq. Ft.):	±47,000
Value Factor:	x \$25
Indicated Value - 5580 Hollister Ave.:	\$1,175,000

**Indicated Value - 5580 Hollister Ave., Rounded: \$1,200,000**

Discussion of Market Data – Multi-Residential Data

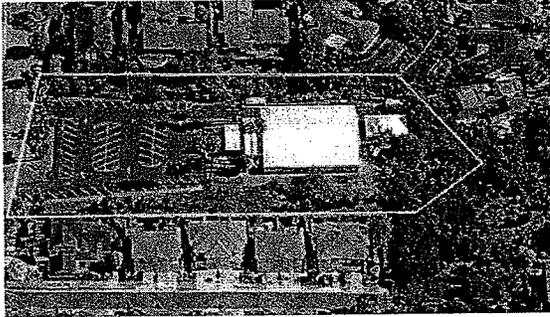


Data No. 5 (535 E. Montecito Street; \$60,417/Unit & \$37.32/Sq. Ft.) is the pending sale of a rectangularly shaped lot located in Santa Barbara. This lot is located in a mixed use neighborhood which is improved with offices, light industrial uses and older single family residences. This property has plans and approvals for a 48 unit

condominium development. Although the property is zoned for light industrial uses, the seller acquired City Council approvals for a Specific Plan for the site that allows for a residential development. 40 of the 48 units in the development will be price restricted affordable units. However, the restrictions are relatively lax and will allow for the price restricted units to sell for an average of approximately \$550,000, an amount that is likely to be only modestly below market. The property is selling for \$3,750,000. Based on discussions with the seller, the value of the approvals (plans, studies, engineering, etc.) is estimated to be \$750,000. This amount has been subtracted from the sale price for an indication of the residual land value. This property is selling with a small (\$500,000) seller carried first trust deed at 4.5% interest (interest only) due in 24 months. This project has a density of 27 units per acre.

This data is slightly superior to the subject in terms of shape and location. Alternatively, it is inferior in that 83% of the units are affordable, price restricted units. On balance, on a price per potential unit basis, this data is judged to suggest a value of slightly more than \$60,417 per potential unit at the multi-residentially zoned

subject parcel. On a price per square foot basis, this data is judged to indicate a value of substantially less than \$37 per square foot of gross site area due its significantly higher density (27 units per acre versus 10 units per acre at the subject).



Data No. 6 (150 Pebble Hill Drive; \$69,529/Unit; \$15.78/Sq. Ft.) is the sale of a slightly irregularly shaped parcel located between the cities of Santa Barbara and Goleta. This site is zoned DR-10 and improved with an 8,180 square foot church structure that was constructed in 1963 and was in average condition.

This property was openly marketed and purchased by a church congregation who intend to continue using the church. The contributory value of the existing improvements is estimated to be \$100 per square foot of building area or \$818,000. Subtracting this amount from the sale price of \$2,000,000 suggests a residual land value of \$1,182,000 (\$69,529/Unit; \$15.78/Sq. Ft.). Like the subject, a portion of this site has significantly lower utility (in this case it is due to topography).

Like the subject, density for this data (and, therefore, price per potential unit) was analyzed based on its zoning which allows for the same density of development that the subject's zoning does. This property is judged to be slightly superior to the subject in terms of location. On balance, this data is judged to indicate a value of slightly less than \$69,529 per potential unit at the subject. By the same token, this data is judged to indicate a value of slightly less than \$15.78 per square foot of gross site area for the subject.



Data No. 7 (North Side Calle Real; \$100,000/Unit; \$7.92/Sq. Ft.) is the early 2008 sale of a nearly rectangularly shaped gently sloping ten acre site located on Calle Real a short distance easterly of Ellwood Station Road. This site is zoned DR-4.6 and C-1 with an AG overlay. The property was purchased by a developer who believed he could get

approval for 35 detached single family lots on the site. This number of homes would equate to a density of 3.5 units per acre.

This property sold when market conditions were significantly superior to current conditions. Further, this property is intended to be developed with detached single family residences. This lower density type of development results in a higher value per potential unit. For these reasons, and considering its superior utility, this data clearly indicates a value of significantly less than \$100,000 per potential unit at the subject. Conversely, given its substantially lower density than that of the subject, this data indicates a value per square foot of more than \$7.92 per square foot.

Individual Value Conclusion – Mult-Residentially Zoned Subject Parcel

The multi-residential sales indicate a range of value of \$60,417 to \$100,000 per potential unit. Data No. 5 (\$60,417/Unit) indicated a slightly higher value for the subject multi-residentially zoned parcel. Alternatively, Data No. 6 (\$100,000/Unit) was judged to indicate a lower value for the subject. Data No. 5 (\$69,529/Unit) was judged to indicate a slightly lower value per unit for the subject. Therefore, considering the market data and discussion above, market conditions as of the date of value, and the appeal of the subject, a value of between \$60,000 and \$70,000, say \$65,000 per potential unit, is judged to be indicated for the multi-residentially zoned subject property. Value calculations are as follows:

Number of Potential Units:	±31
Value Factor:	<u>x \$65,000</u>
Indicated Value – 170 S. Kellogg Ave.:	\$2,015,000
<b>Indicated Value – 170 S. Kellogg Ave.:</b>	<b>\$2,000,000</b>

This value indication is equivalent to \$14.67 per square foot of gross site area. This figure is supported by the data: Less than Data No. 5 (\$37.32/Sq. Ft.), slightly less than Data No. 6 (\$15.78/Sq. Ft.) and more than Data No. 7 (\$7.92/Sq. Ft.).

Bulk Value Conclusion

The analyses above indicated individual values of \$1,200,000 for the subject commercially zoned property (5580 Hollister Ave.) and \$2,000,000 for the subject multi-residentially zoned parcel (170 S. Kellogg Ave.).

While the two subject parcels are adjacent to each other, due to their very different zoning designations, the parcels would not typically appeal to one buyer. Therefore, if it were required that the parcels be sold together in bulk, it is my opinion that a discount would be necessary to attract a buyer. This buyer would either need to be a savvy developer (capable of developing both commercial and multi-residential projects) or a buyer interested in one of the parcels who would sell off the other one. In either scenario, the buyer would certainly require a discount to be attracted sufficiently to purchase the properties in bulk. Ideally, market data would be available to indicate what the discount would need to be. However, this is a very unique situation and there is a scarcity of this type of data. Based on my experience, it is my opinion that a discount of between 10% and 20%, say 15%, would be required to attract a single buyer of the two properties in bulk. Calculations to determine the bulk value of the subject parcels are as follows:

Value Conclusion - 5580 Hollister Ave.:	\$1,200,000
Value Conclusion – 170 S. Kellogg Ave.:	<u>\$2,000,000</u>
Total Retail Value:	\$3,200,000
Less Bulk Value Discount (15%):	<u>(\$480,000)</u>
Indicated Bulk Value:	\$2,720,000
 Indicated Bulk Value, Rounded:	 \$2,700,000

Therefore, the opinions have been formed that the market values of the Fee Simple Estates in the subject properties, based on assumptions, limiting conditions and certification stated, as of the date of value, were the following sums:

<b>Value Conclusion - 5580 Hollister Ave.:</b>	<b>\$1,200,000</b>
<b>Value Conclusion – 170 S. Kellogg Ave.:</b>	<b>\$2,000,000</b>
<b>Value Conclusion – Bulk Value (Both Properties):</b>	<b>\$2,700,000</b>

**This appraisal is made under the following hypothetical conditions: 1) The subject properties have been appraised as though they are not in the floodway or 100 year floodplain (other than areas within the Streamside Protection Area upland buffer) because the City is moving forward with a flood improvement project described as the San Jose Creek Floodway Improvement Project. 2) Per the City's adopted General Plan (Conservation Element 2.2), the City may allow portions of a Streamside Protection Area upland buffer to be less than 100 feet wide, but not less than 25 feet wide based on site specific assessment. A reasonable assumption has therefore been made to consider that an average 50 foot buffer would be required. These assumptions result in significant enhancements to the values of the properties**

It should be noted that the bulk value conclusion is not significantly different from the amount which the property was purchased for in 2005 (\$2,750,000). While market conditions are different than they were in 2005 (values are lower for residentially zoned land and may be lower for commercially zoned land), the hypothetical conditions under which this appraisal has been made bolster the value of the property.

I hope the information contained within this summary appraisal report is sufficiently explanatory. Should you have any questions or require further detail, please feel free to contact me.

Sincerely,



Stephen G. Schott, MAI  
CA #AG024150

## **ADDENDA/USPAP REPORTING REQUIREMENTS**

### ***Ownership Information***

The owner of record for the subject property is DLC Enterprises Inc. The property does not appear to have transferred title in the past three years. The properties last sold in November 2005 for \$2,750,000.

The property is currently listed for sale with Lee & Associates at a price of \$3,995,000. Reportedly, an offer of \$3,000,000 was made for the residentially zoned portion of the site by Friendship Manor. No additional terms of the offer were revealed to me.

### ***Assessors Parcel Numbers***

Book 71, Page 090, Parcels 77 and 78

### ***Pertinent Conditions of Title***

A title report for the subject has not been reviewed. It is an assumption of this appraisal that there are no existing easements, liens or encumbrances that could adversely affect the value or use of the subject property.

### ***Type of Value and Date of Appraisal***

This appraisal sets forth my opinion as to the *market values* of the fee simple estates in the real properties described herein. Opinions and other matters expressed in this report are stated as of April 5, 2010.

### ***Function of Appraisal***

The function of this appraisal is to provide valuation information to the client for decision making and negotiation purposes.

### ***Intended Use & User***

The intended use of this appraisal report is for decision making and negotiation purposes. The intended user is the City of Goleta.

### ***Scope of Appraisal***

Generally, a valuation analysis has been completed including an inspection and description of the subject property and surrounding area, consideration of highest and best use, and the application of valuation analyses. Insofar as is practical, every effort has been made to verify as factual and true all data set forth in this report. However, no responsibility is assumed for the accuracy of any information furnished by others. This is a Summary Appraisal Report.

***Exposure Time***

The estimated exposure time (the time prior to the date of value that the property would have needed to have been marketed for in order for it to sell) for the subject property would have been nine months, assuming a realistic asking price.

## ***Definition of Terms***

### **MARKET VALUE**

Market value is the major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined. A current economic definition agreed upon by federal financial institutions in the United States of America is:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus.

Implicit in this definition is the consummation of a sale as of a specified date

and the passing of title from seller to buyer under conditions whereby:

- (a) Buyer and seller are typically motivated;
- (b) Both parties are well informed or well advised, and acting in what they consider their best interest;
- (c) A reasonable time is allowed for exposure in the open market;
- (d) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (e) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

**Source:** Uniform Standards of Professional Appraisal Practice (of the Appraisal Foundation)

### **LEASED FEE ESTATE**

The term "leased fee estate", as used in this report is defined as follows:

A property held in fee with the right of use or occupancy conveyed by lease to others. A property consisting of the right of ultimate repossession at the termination of the lease.

### **FEE SIMPLE ESTATE**

The term, "fee simple estate", as used in this report, is defined as follows:

An absolute fee; a fee without limitations to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power, and taxation. An inheritable estate.

## ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been made with the following **hypothetical conditions**:

- 1) **This appraisal is made under the following hypothetical conditions: 1) The subject properties have been appraised as though they are not in the floodway or 100 year floodplain (other than areas within the Streamside Protection Area upland buffer) because the City is moving forward with a flood improvement project described as the San Jose Creek Floodway Improvement Project. 2) Per the City's adopted General Plan (Conservation Element 2.2), the City may allow portions of a Streamside Protection Area upland buffer to be less than 100 feet wide, but not less than 25 feet wide based on site specific assessment. A reasonable assumption has therefore been made to consider that an average 50 foot buffer would be required. These assumptions result in significant enhancements to the values of the properties**

This appraisal report has been made with the following general assumptions and limiting conditions:

- 1) This is a Summary Appraisal Report, which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.
- 2) No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report.
- 3) The property is appraised free and clear of any or all liens and encumbrances unless otherwise stated in this report.

- 4) Responsible ownership and competent property management are assumed unless otherwise stated in this report.
- 5) The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
- 6) All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
- 7) It is assumed that there are no hidden or non-apparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
- 8) It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in this report.
- 9) It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in this appraisal report.
- 10) It is assumed that all required licenses, certificates of occupancy or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.
- 11) Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.
- 12) It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.
- 13) The appraisers are not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require

investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The appraiser's value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for environmental conditions, or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.

- 14) Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility.
- 15) Any proposed improvements are assumed to be completed in a good workmanlike manner in accordance with the submitted plans and specifications.
- 16) The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
- 17) Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event, only with property written qualification and only in its entirety.
- 18) Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news sales, or other media without prior written consent and approval of the appraiser.

## CERTIFICATION

I certify that, to the best of my knowledge and belief:

- the statements of fact contained in this report are true and correct.
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinion, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- my engagement in this assignment is not contingent upon developing or reporting predetermined results
- my compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- that this appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- my analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation and in accordance with the Code of Professional Ethics and the standards of Professional Practice of the Appraisal Institute.
- I have made a personal inspection of the property that is the subject of this report.
- no one provided significant professional assistance to the person signing this report.
- that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report, I have completed the requirements under the continuing education program of the Appraisal Institute.



STEPHEN G. SCHOTT, MAI  
CA#AG024150

## **ATTACHMENT 5**

### **Highlights of Subject Property's Purchase and Sale Agreement, Dated June 21, 2011**

**PURCHASE AND SALE AGREEMENT**

**AND**

**JOINT ESCROW INSTRUCTIONS**

**THIS PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS** (the "**Agreement**") dated for reference June 21, 2011 is made and entered into by and between DLC Enterprises, Inc. ("**DLC**"), and the Redevelopment Agency for the City of Goleta ("**RDA**").

**1. PURCHASE AND SALE OF PROPERTY.**

A. **DLC** agrees to sell and **RDA** agrees to purchase, on the terms and conditions described herein, all of the **DLC's** right, title and interest in and to the following:

That certain real property commonly known as:

**"Parcel A": 170 S. Kellogg Avenue, Goleta, CA**  
APN 071-090-077  
Approximately 156,380 sf (3.59 acres); and

**"Parcel B": A portion of 5580 Hollister Avenue, Goleta, CA**  
APN 071-090-078  
consisting of the northerly approximately 29,185 sf (0.67 acre) of the approximately total 71,002 sf (1.63 acres),

together with all of **DLC's** rights, privileges, and appurtenances benefiting said real property, and all easements, rights-of-way and other appurtenances used or connected with the beneficial use and enjoyment of such real property (collectively the "**DLC Granted Property**"). Parcel A is more particularly described in Exhibit A-1 attached hereto, and Parcel B is more particularly described in Exhibit A-2 attached hereto.

B. **DLC** shall convey to **RDA** by Grant Deed Parcel A and Parcel B, as more particularly described in Exhibit A attached hereto (the "**DLC Grant Deed**").

C. DLC shall retain all of its right, title and interest in and to the following (collectively, the "**DLC Retained Property**"):

**That portion of 5580 Hollister Avenue, Goleta, CA**

APN 071-090-078

consisting of the southern approximately 43,560 sf  
(approximately 1.00 acre) ("Parcel C"),

together with all of the rights, privileges, and appurtenances benefiting said real property, and all easements, rights-of-way and other appurtenances used or connected with the beneficial use and enjoyment of such real property. Parcel C is more particularly described in Exhibit B attached hereto.

**1.1 Improvements.** All improvements located on the DLC Granted Property, including all fixtures attached to such improvements (the "**Improvements**").

**1.2 Condition of Property.** The DLC Granted Property shall be delivered at the Close of Escrow "AS IS" and WHERE IS."

**1.3 Grant of Easements.** RDA and DLC shall grant mutually acceptable easements to each other for ingress and egress across their respective properties. The legal descriptions for the Easements are attached hereto as Exhibit C and Exhibit D. The Easements are depicted on Exhibits C-4 and D-4.

## **2. PURCHASE PRICE AND MANNER OF PURCHASE**

### **2.1 Purchase Price.**

The purchase price for the DLC Granted Property is Two Million Six Hundred Twenty-Five Thousand Dollars (\$2,625,000) (the "**Purchase Price**"), payable upon the terms described herein.

### **2.2 Payment of Purchase Price.**

The Purchase Price shall be payable by **RDA** as follows:

**2.2.1 Deposit.** Upon execution of this Agreement, escrow shall be opened with Patty Russell at First American Title Company in Montecito, California ("**Escrow Holder**" or "**Title Company**"), and **RDA** shall deposit with Escrow Holder

upon opening of Escrow in cash, by certified or bank cashier's check made payable to escrow, or by confirmed Federal Reserve wire transfer of funds ("**Immediately Available Funds**"), the sum of Fifty-Thousand Dollars (\$50,000) (the "**Deposit**"). If **RDA** fails to deposit any part of the Deposit with Escrow Holder as and when provided, **RDA's** rights under this Agreement shall automatically terminate. The Deposit shall be invested by Escrow Holder in a separate, interest-bearing account.

**2.2.2 Use and Disposition of Deposit.** Unless **RDA** has previously given timely written notice to **DLC** and Escrow Holder of its election to terminate this Agreement, upon the expiration of the Contingency Period (as defined in Section 6 hereof) or the written waiver or release of the contingencies by **RDA**, whichever occurs first, the Deposit and all interest thereon shall be automatically and immediately released to **DLC** without the need for any further instruction to Escrow Holder from **RDA** or **DLC**. The Deposit, and all interest earned thereon as of the release date, shall be applied to the Purchase Price upon the Close of Escrow. If **RDA** is in default in performance under the terms of this Agreement and such default has not been excused or cured following notice to **RDA** as specified in Section 10 hereof and **DLC** is in full compliance with all terms and conditions of this Agreement, the Deposit shall be nonrefundable as liquidated damages in accordance with the provisions of Section 10.

**2.2.3 Balance of Purchase Price.** At least one (1) day prior to the Close of Escrow the balance of the Purchase Price (\$2,575,000), plus Escrow Holder's estimate of **RDA's** share of closing costs, pro-rations and charges payable pursuant to this Agreement, shall be deposited by **RDA** with Escrow Holder in Immediately Available Funds.

### **3. ESCROW.**

#### **3.1 Opening of Escrow.**

For purposes of this Agreement, Escrow shall be deemed open on the date that Escrow Holder shall have received a fully executed copy of this Agreement (the "**Opening of Escrow**"). Escrow Holder shall notify **RDA** and **DLC**, in writing, of the Opening of Escrow.

**RDA** and **DLC** agree to execute, deliver and be bound by any reasonable and customary supplemental or additional provisions of Escrow Holder, or other instruments as may reasonably be required by Escrow Holder in order to consummate the transaction contemplated by this Agreement. Any such supplemental instructions shall not conflict with, amend or supersede any portions of this Agreement. If there is any inconsistency between such supplemental instructions and this Agreement, this Agreement shall control with respect to any such inconsistency.

### **3.2 Close of Escrow.**

For purposes of this Agreement, the "**Close of Escrow**" shall be defined as the date that the grant deed conveying title to the real **DLC** Granted Property and Improvements to **RDA** (the "**Grant Deed**") is recorded. The Close of Escrow shall occur no later than fifteen (15) days after the written waiver or release of the contingencies or the expiration of the Contingency Period as defined in Section 6.1 below, whichever comes first, or such earlier or later date as may be agreed to in writing by **RDA** and **DLC** (the "**Closing Date**").

## **4. TITLE AND TITLE INSURANCE.**

### **4.1 Condition of Title.**

It shall be a condition to the Close of Escrow for **RDA's** benefit that title to the **DLC** Granted Property shall be conveyed to **RDA** by the Grant Deed subject to the following conditions of title (the "**Permitted Exceptions**"):

**4.1.1** A lien to secure payment of general and special real property taxes and assessments, not delinquent, for the period after the Close of Escrow. Taxes and assessments shall be prorated in accordance with Section 9.7 below;

**4.1.2** The lien of supplemental taxes assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code;

**4.1.3** All exceptions which are disclosed by the Preliminary Report or the Survey described in Section 4.2 below which are approved or deemed approved by

**RDA** as provided therein and all matters affecting the condition of title created by or with the written consent of **RDA**;

**4.1.4** All applicable laws, ordinances, rules and governmental regulations (including, but not limited to, those relative to building, zoning and land use) affecting the development, use, occupancy or enjoyment of the DLC Granted Property; and

**4.1.5** All other matters which are open and obvious and would be apparent in a visual inspection of the DLC Granted Property without the need for any expertise in real property or other field of expertise.

## **4.2 Preliminary Report.**

Title Company shall deliver to **RDA** a preliminary title report (the "**Preliminary Report**") with respect to the DLC Granted Property, along with copies of all exceptions referenced or described therein, within five (5) business days following Opening of Escrow. **RDA** shall have thirty (30) days after receipt of the Preliminary Report (the "**Title Review Period**") to give **DLC** and Escrow Holder written notice ("**RDA's Title Notice**") of **RDA's** disapproval or conditional approval of any matters shown in the Preliminary Report or the Survey, including any documents identified on Schedule B of the Preliminary Report (collectively, the "**Title Documents**"). The failure of **RDA** to give **RDA's** Title Notice on or before the end of the Title Review Period shall be deemed to constitute **RDA's** approval of the condition of title to the DLC Granted Property.

**4.2.1** If **RDA** expressly disapproves or expressly conditionally approves any matter of title shown in the Title Documents, then **DLC** may, but shall have no obligation to, on or before ten (10) days from receipt of notice thereof from **RDA** ("**DLC's Election Period**"), elect to eliminate or ameliorate to **RDA's** satisfaction the disapproved or conditionally approved title matters by giving **RDA** written notice ("**DLC's Title Notice**") of those disapproved or conditionally approved title matters, if any, which **DLC** agrees to so eliminate or ameliorate by the Close of Escrow, provided that, **DLC** shall have no obligation to pay any consideration or incur any liability in order to eliminate or ameliorate such disapproved title matters.

**4.2.2** If **DLC** does not elect to eliminate or ameliorate any disapproved or conditionally approved title matters, or if **RDA** disapproves **DLC's** Title Notice, or if **DLC** fails to timely deliver **DLC's** Title Notice, then **RDA** shall have the right, upon delivery to **DLC** and Escrow Holder of a written notice, to either: (i) waive its prior disapproval, in which event said disapproved matters shall be deemed approved and **RDA** shall be deemed to have agreed to take title subject thereto and to waive any claims with respect thereto; or (ii) terminate this Agreement and the Escrow created pursuant hereto.

**4.2.3** If, in **DLC's** Title Notice, **DLC** has agreed to either eliminate or ameliorate to **RDA's** satisfaction by the Close of Escrow certain disapproved or conditionally approved title matters described in **RDA's** Title Notice, but **DLC** is unable to do so, then **RDA** shall have the right (which shall be **RDA's** sole and exclusive right or remedy for such failure), upon delivery to **DLC** and Escrow Holder (on or before one (1) business day prior to the Close of Escrow) of a written notice to either: (i) waive its prior disapproval, in which event said disapproved matters shall be deemed approved and **RDA** shall be deemed to have agreed to take title subject thereto and to waive any claims with respect thereto; or (ii) terminate this Agreement and the Escrow created pursuant hereto in which event **RDA** shall be entitled to the return of the Deposit, together with all interest accrued thereon while in Escrow. Failure to take either one of the actions described in (i) and (ii) above shall be deemed to be **RDA's** election to take the action described in (ii) above.

**4.2.4** In the event this Agreement is terminated pursuant to the provisions of this Section 4.2, neither party shall have any further rights or obligations hereunder except for the indemnity obligations set forth in Section 6.2 below, which shall survive any such termination.

### **4.3 Title Insurance Policy.**

At the Close of Escrow, the Title Company shall issue a standard CLTA Owners form policy of title insurance (the "**Title Policy**"), with liability not less than the amount of the Purchase Price for the **DLC** Granted Property and insuring the title in the

name of **RDA**. The Title Policy will contain no title exceptions other than the Permitted Exceptions, unless the **RDA** has otherwise approved any further exceptions. Cost of the Title Policy and any endorsements shall be apportioned between **RDA** and **DLC** in accordance with Section 9.8.

**RDA** agrees that its acceptance of the Title Policy shall be in full satisfaction of any express or implied warranty of **DLC** as to the condition of title to the **DLC** Granted Property, and in the event there are any title exceptions or defects including, without limitation, liens, encumbrances, covenants, conditions, reservations, restrictions, rights, rights of way or easements, which, in **RDA**'s opinion, constitute a defect in title not shown or revealed in the Preliminary Report or the Underlying Documents, **RDA** agrees to look solely to the remedies available to **RDA** under the Title Policy and agrees that **DLC** shall have no responsibility or liability therefore and hereby knowingly and voluntarily waives any claims against **DLC** with respect thereto.

#### **5. DOCUMENTS AND INFORMATION DELIVERED BY DLC.**

Within five (5) days following the execution by all parties of this Agreement, **DLC** shall deliver to **RDA** all documents and information in its possession or control relating to the **DLC** Granted Property (the "**Documents and Information**"). The Documents and Information have not been prepared by **DLC** and are being provided to **RDA** for informational purposes only. **RDA** acknowledges that **DLC** makes no representation or warranty as to the truth, completeness, or accuracy of the information contained in such documents. **RDA** agrees to rely solely on its own investigation into the facts regarding the **DLC** Granted Property and not on any representation, alleged or real, by **DLC** or anyone acting on its behalf. The failure by **RDA** to disapprove any of the Documents and Information on or before the expiration of the Contingency Period shall be deemed to constitute **RDA**'s approval thereof.

#### **6. CONTINGENCY PERIOD; INSPECTIONS.**

##### **6.1 Contingency Period.**

**RDA** shall have until the date that is forty-five (45) days after the latest to occur of (i) the Opening of Escrow, (ii) receipt of the Preliminary Title Report in accordance with Section 4.2 above, and (iii) **RDA's** receipt of the Documents and Information in accordance with Section 5 above (the "**Contingency Period**") to conduct its investigation of the DLC Granted Property, and to become satisfied with all aspects of the DLC Granted Property and its condition and suitability for **RDA's** intended use, including, without limitation, the zoning for the DLC Granted Property, the condition of the Improvements, and the Documents and Information.

## **6.2 Inspection.**

During the term of this Escrow, **RDA**, its agents, contractors and subcontractors shall have the right to enter upon the DLC Granted Property and the DLC Retained Property (collectively the "DLC Property"), at reasonable times with advance notice to **DLC's** listing agent, to make such inspections, surveys and tests as may be necessary in **RDA's** reasonable discretion; provided, however, if **RDA** proposes to make any tests which involve drilling, boring or other similar intrusive or invasive action on or under the DLC Property, then **RDA** shall obtain **DLC's** written consent prior to making any such tests, which consent may be withheld in **DLC's** sole, absolute and subjective discretion. **RDA** shall have the right to terminate this Agreement pursuant to paragraph 6.3 upon **DLC's** withholding of consent. **DLC's** listing agent or other representative shall have the opportunity to be present during all such inspections, etc. **RDA** shall use care and consideration in connection with any of its inspections or tests and **DLC** shall have the right to be present during any inspection of the DLC Property by **RDA** or its agents. **RDA** shall restore the DLC Property to its original condition after any and all tests and/or inspections.

**RDA** hereby agrees to indemnify, protect, defend (with counsel approved by **DLC**) and hold **DLC** and its agents and representatives and the DLC Property free and harmless from and against any and all costs, losses, liabilities, damages, lawsuits, judgments, actions, proceedings, penalties, demands, attorneys' fees, liens (including, without limitation, mechanic's liens), or expenses of any kind or nature whatsoever, including personal injury and wrongful death, resulting solely from any entry and/or

activities upon the DLC Property by **RDA**, **RDA's** agents, contractors and/or subcontractors, and/or the contractors and subcontractors of such agents. **RDA's** indemnification obligations set forth herein shall survive any termination of this Agreement and the Close of Escrow and shall not be merged with the Grant Deed.

### **6.3 RDA's Right to Terminate Agreement.**

In the event that **RDA**, for any reason, is not satisfied, in **RDA's** sole and absolute discretion, with the results of **RDA's** investigation of the DLC Granted Property, **RDA** may withdraw from and terminate this Agreement, without liability to **DLC**, by written notice to **DLC** and Escrow Holder, in which event Escrow Holder shall return the full amount of **RDA's** deposit to **RDA**, less **RDA's** share of escrow fees and costs. If **RDA** fails to deliver written notice of its disapproval of the condition of the DLC Granted Property and termination of this Agreement prior to the expiration of the Contingency Period, then **RDA** shall be deemed to have approved the condition of the DLC Granted Property.

## **7. DLC'S COVENANTS, REPRESENTATIONS AND WARRANTIES.**

In consideration of **RDA's** entering into this Agreement and as an inducement to **RDA** to purchase the DLC Granted Property from **DLC**, **DLC** hereby makes the following covenants, representations and warranties to **RDA** as of the date of this Agreement:

### **7.1 Authority.**

**DLC** has the legal right, power and authority to enter into this Agreement and to consummate the transactions contemplated hereby, and the execution, delivery and performance of this Agreement have been duly authorized and no other action by **DLC** is requisite to the valid and binding execution, delivery and performance of this Agreement, except as otherwise expressly set forth in this Agreement.

### **7.2 Foreign Person Affidavit.**

**DLC** is not a foreign person as defined in Section 1445 of the Internal

Revenue Code.

### **7.3 Litigation.**

To **DLC's** actual knowledge, there is no litigation pending which is reasonably likely to materially and deleteriously affect **RDA's** contemplated use of the **DLC Granted Property**.

### **7.4 Eminent Domain.**

To **DLC's** actual knowledge, there is no actual or pending proceeding against the **DLC Granted Property** in eminent domain.

The "actual knowledge" of **DLC**, as used in this Section 7, means the actual, present knowledge (as opposed to constructive or imputed knowledge) of Doug Connor as of the date of this Agreement, without any investigation or inquiry of any kind or nature whatsoever. **DLC** makes no other warranties or representations regarding the **DLC Granted Property**, and **RDA** acknowledges that the **DLC Granted Property** is being purchased "As Is".

### **7.5 DLC Retained Property "As Is".**

Except with respect to the limited representations and warranties of **RDA** set forth in Section 8, **DLC** acknowledges that it will not rely upon, either directly or indirectly, any alleged representation or warranty of **RDA** or any of its respective agents and acknowledges that no such representations or warranties have been made. **DLC** acknowledges that it is, or at the Close of Escrow will be, familiar with the **DLC Retained Property**. **DLC** is relying solely upon, and as of the Close of Escrow will have conducted, its own independent inspection, investigation and analysis of the **DLC Retained Property** as it deems necessary or appropriate in retaining the **DLC Retained Property**, including, without limitation, an analysis of any and all matters concerning the condition of the **DLC Retained Property** and Improvements and their suitability for **DLC** intended purposes, title to the **DLC Retained Property**, and all applicable laws, ordinances, rules and governmental regulations affecting the development, improvement, use, occupancy or enjoyment of the **DLC Retained Property**. Upon

closing, **DLC** shall assume the risk that adverse matters, including, but not limited to, adverse physical and environmental conditions, may not have been revealed by **DLC's** inspections and investigations. **DLC** acknowledges and agrees that upon Closing, **DLC** shall retain the **DLC Retained Property** "as is, where is," with all faults. **RDA** is not liable or bound in any manner by any oral or written statements, representations, or information pertaining to the **DLC Retained Property** furnished by any real estate broker, agent, employee, servant or other person, unless the same are specifically set forth or referred to herein. **DLC** has fully reviewed the disclaimers and waivers set forth in this Agreement with its counsel and understands the significance and effect thereof. **DLC** acknowledges and agrees that the disclaimers and other agreements set forth in this Agreement are an integral part of this Agreement and that **RDA** would not have agreed to enter into this Agreement without these disclaimers and other agreements set forth in this Agreement and **DLC's** acknowledgment and acceptance thereof.

Without limiting the generality of the foregoing, effective upon the Close of Escrow, **DLC** hereby expressly waives and releases any and all rights and remedies **DLC** may now or hereafter have against **RDA**, whether known or unknown, with respect to each of the following (excepting from such release all matters for which **RDA** makes a representation or warranty under Section 7): (1) the nature or condition of the **DLC Retained Property** (including, without limitation, any design, construction, or natural defect of any kind or nature whatsoever), (2) the condition of title to the **DLC Retained Property**, (3) the **DLC Retained Property's** fitness for **DLC's** intended use and (4) any past, present or future presence or existence of "Hazardous Materials" (as herein defined) on, under or about the **DLC Retained Property** or with respect to any past, present or future violations of any rules, regulations or laws, now or hereafter enacted, regulating or governing the use, handling, storage or disposal of Hazardous Materials, including, without limitation, (i) any and all rights **DLC** may now or hereafter have to seek contribution from **RDA** under Section 113(f)(i) of the Comprehensive Environmental Response Compensation and Liability Act of 1980 ("**CERCLA**"), as amended by the Superfund Amendments and Reauthorization Act of 1986 (42 U.S.C.A. §9613), as the same may be further amended or replaced by any similar law, rule or regulation, (ii) any and all rights **DLC** may now or hereafter have against **RDA** under the

Carpenter-Presley-Tanner Hazardous Substance Account Act (California Health and Safety Code, Section 25300 et seq.), as the same may be further amended or replaced by any similar law, rule or regulation, (iii) any and all claims, whether known or unknown, now or hereafter existing, with respect to the DLC Retained Property under Section 107 of CERCLA (42 U.S.C.A. §9607); and (iv) any and all claims **DLC** may now or hereafter have against **RDA**, whether known or unknown, now or hereafter existing, based on nuisance, trespass or any other common law or statutory provisions. As used herein, the term "Hazardous Material(s)" includes, without limitation, any hazardous or toxic materials, substances or wastes, such as (A) those materials identified in Sections 66680 through 66685 and Sections 66693 through 66740 of Title 22 of the California Administrative Code, Division 4, Chapter 30, as amended from time to time, (B) those materials defined in Section 25501(j) of the California Health and Safety Code, (C) any materials, substances or wastes which are toxic, ignitable, corrosive or reactive and which are regulated by any local governmental authority, any agency of the state of California or any agency of the United States Government, (D) asbestos, (E) petroleum and petroleum based products, (F) urea formaldehyde foam insulation, (G) polychlorinated biphenyls (PCBs), and (H) freon and other chlorofluorocarbons.

**DLC HEREBY ACKNOWLEDGES THAT IT HAS READ AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542 ("SECTION 1542"), WHICH IS SET FORTH BELOW:**

**"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."**

**DLC HEREBY WAIVES THE PROVISIONS OF SECTION 1542 SOLELY IN CONNECTION WITH THE MATTERS WHICH ARE THE SUBJECT OF THE FOREGOING WAIVERS AND RELEASES.**

The waivers and releases by **DLC** herein contained shall survive the Close of Escrow and the recordation of the Grant Deed and shall not be deemed merged into the Grant Deed upon its recordation.

**8. RDA'S COVENANTS, REPRESENTATIONS AND WARRANTIES.**

In consideration of **DLC's** entering into this Agreement and as an inducement to **DLC** to sell the **DLC** Granted Property to **RDA**, **RDA** makes the following covenants, representations and warranties, each of which is material and is being relied upon by **DLC**:

**8.1 Authority.**

**RDA** has the legal right, power and authority to enter into this Agreement and to consummate the transactions contemplated hereby, and the execution, delivery and performance of this Agreement, including the execution and delivery of the Certificate of Compliance, have been duly authorized and no other action by **RDA** is requisite to the valid and binding execution and delivery of this Agreement and/or the performance of its obligations under this Agreement, except as otherwise expressly set forth in this Agreement. Those individuals executing this Agreement on behalf of **RDA** are authorized to execute this Agreement and all other documents necessary to consummate this transaction on **RDA's** behalf.

**8.2 Sale "As Is".**

Except with respect to the limited representations and warranties of **DLC** set forth in Section 7, **RDA** acknowledges that it will not rely upon, either directly or indirectly, any alleged representation or warranty of **DLC** or any of its respective agents and acknowledges that no such representations or warranties have been made. **RDA** acknowledges that it is, or at the Close of Escrow will be, familiar with the **DLC** Granted Property. **RDA** is relying solely upon, and as of the Close of Escrow will have

conducted, its own independent inspection, investigation and analysis of the DLC Granted Property as it deems necessary or appropriate in so acquiring the DLC Granted Property from **DLC**, including, without limitation, an analysis of any and all matters concerning the condition of the DLC Granted Property and Improvements and their suitability for **RDA's** intended purposes, title to the DLC Granted Property, and all applicable laws, ordinances, rules and governmental regulations affecting the development, improvement, use, occupancy or enjoyment of the DLC Granted Property. Upon closing, **RDA** shall assume the risk that adverse matters, including, but not limited to, adverse physical and environmental conditions, may not have been revealed by **RDA's** inspections and investigations. **RDA** acknowledges and agrees that upon Closing, **DLC** shall sell and convey to **RDA** and **RDA** shall accept the DLC Granted Property "as is, where is," with all faults. **DLC** is not liable or bound in any manner by any oral or written statements, representations, or information pertaining to the DLC Granted Property furnished by any real estate broker, agent, employee, servant or other person, unless the same are specifically set forth or referred to herein. **RDA** acknowledges that the Purchase Price reflects the "as is" nature of this sale and any faults, liabilities, defects or other adverse matters that may be associated with the Property. **RDA** has fully reviewed the disclaimers and waivers set forth in this Agreement with its counsel and understands the significance and effect thereof. **RDA** acknowledges and agrees that the disclaimers and other agreements set forth in this Agreement are an integral part of this Agreement and that **DLC** would not have agreed to sell the DLC Granted Property to **RDA** for the Purchase Price without these disclaimers and other agreements set forth in this Agreement and **RDA's** acknowledgment and acceptance thereof.

Without limiting the generality of the foregoing, effective upon the Close of Escrow, **RDA** hereby expressly waives and releases any and all rights and remedies **RDA** may now or hereafter have against **DLC**, whether known or unknown, with respect to each of the following (excepting from such release all matters for which **DLC** makes a representation or warranty under Section 7): (1) the nature or condition of the DLC Granted Property (including, without limitation, any design, construction, or natural defect of any kind or nature whatsoever), (2) the condition of title to the DLC Granted

Property, (3) the DLC Granted Property's fitness for **RDA's** intended use and (4) any past, present or future presence or existence of "Hazardous Materials" (as herein defined) on, under or about the DLC Granted Property or with respect to any past, present or future violations of any rules, regulations or laws, now or hereafter enacted, regulating or governing the use, handling, storage or disposal of Hazardous Materials, including, without limitation, (i) any and all rights **RDA** may now or hereafter have to seek contribution from **DLC** under Section 113(f)(i) of the Comprehensive Environmental Response Compensation and Liability Act of 1980 ("**CERCLA**"), as amended by the Superfund Amendments and Reauthorization Act of 1986 (42 U.S.C.A. §9613), as the same may be further amended or replaced by any similar law, rule or regulation, (ii) any and all rights **RDA** may now or hereafter have against **DLC** under the Carpenter-Presley-Tanner Hazardous Substance Account Act (California Health and Safety Code, Section 25300 et seq.), as the same may be further amended or replaced by any similar law, rule or regulation, (iii) any and all claims, whether known or unknown, now or hereafter existing, with respect to the DLC Granted Property under Section 107 of CERCLA (42 U.S.C.A. ' 9607); and (iv) any and all claims **RDA** may now or hereafter have against **DLC**, whether known or unknown, now or hereafter existing, based on nuisance, trespass or any other common law or statutory provisions. As used herein, the term "Hazardous Material(s)" includes, without limitation, any hazardous or toxic materials, substances or wastes, such as (A) those materials identified in Sections 66680 through 66685 and Sections 66693 through 66740 of Title 22 of the California Administrative Code, Division 4, Chapter 30, as amended from time to time, (B) those materials defined in Section 25501(j) of the California Health and Safety Code, (C) any materials, substances or wastes which are toxic, ignitable, corrosive or reactive and which are regulated by any local governmental authority, any agency of the state of California or any agency of the United States Government, (D) asbestos, (E) petroleum and petroleum based products, (F) urea formaldehyde foam insulation, (G) polychlorinated biphenyls (PCBs), and (H) freon and other chlorofluorocarbons.

**RDA HEREBY ACKNOWLEDGES THAT IT HAS READ AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542 ("SECTION 1542"), WHICH IS SET FORTH BELOW:**

**"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."**

**RDA HEREBY WAIVES THE PROVISIONS OF SECTION 1542 SOLELY IN CONNECTION WITH THE MATTERS WHICH ARE THE SUBJECT OF THE FOREGOING WAIVERS AND RELEASES.**

The waivers and releases by **RDA** herein contained shall survive the Close of Escrow and the recordation of the Grant Deed and shall not be deemed merged into the Grant Deed upon its recordation.

**8.3 Certificate of Compliance.**

Upon the Close of Escrow , **RDA** shall assure that the City of Goleta promptly processes an application for a Certificate of Compliance for the benefit of **DLC** relating to the DLC Retained Parcel . **RDA** shall be responsible for all application and processing costs of the Certificate of Compliance. Upon issuance the Certificate of Compliance shall be delivered to **DLC**. **DLC** shall be solely responsible for recordation of the Certificate of Compliance. The parties agree that no Certificate of Compliance may be issued prior to closing as the lot is created upon closing and therefore is not in compliance prior to that occurrence. The parties agree that neither City nor **RDA** can and do not by contract promise any specific determination on the application, but **RDA** warrants and represents that it is not aware of any reason why the Certificate of Compliance should not issue and covenants to use its best efforts to obtain the issuance of the Certificate of Compliance.

9. **ESCROW PROVISIONS.**

9.1 **Joint Escrow Instructions.**

This Agreement, when signed by **RDA** and **DLC**, shall constitute joint escrow instructions to Escrow Holder.

9.2 **DLC's Deliveries to Escrow Holder.**

At least one (1) day prior to the Close of Escrow, **DLC** shall deliver to Escrow Holder all of the following:

9.2.1 **Grant Deed.** The fully executed and notarized Grant Deed in the form attached hereto as Exhibit A;

9.2.2 **Easement.** An easement deed to grant to **RDA** an easement for pedestrian and horse trail purposes over the agreed portion of Parcel C in the form attached hereto as Exhibit C;

9.2.3 **Transfer Tax Affidavit.** A fully executed Transfer Tax Affidavit as required by the Santa Barbara County Recorder;

9.2.4 **DLC's Certificate.** A certificate of non-foreign status and California Franchise Tax Board Form 590 (the "**DLC's Certificate**") duly executed by **DLC**; and

9.2.5 **General.** All other documents duly executed by **DLC** and sums required by Escrow Holder to carry out the terms and conditions of this Agreement and escrow.

9.3 **RDA's Deliveries to Escrow Holder.**

At least one (1) day prior to the Close of Escrow, **RDA** shall deliver to Escrow Holder all of the following:

9.3.1 **Balance of Purchase Price.** The balance of the Purchase Price and closing funds pursuant to Section 2.2 hereof;

**9.3.2 Preliminary Change of Ownership Report.** A fully executed Preliminary Change of Ownership Report in accordance with Section 480.3 of the California Revenue and Taxation Code;

**9.3.3 Easement.** An easement deed to grant to **DLC** an easement for ingress and egress over the agreed portion of Parcel B in the form attached hereto as Exhibit D; and

**9.3.4 General.** All other documents executed by **RDA** and sums required by the Escrow Holder to carry out the terms and conditions of this Agreement and this escrow.

**9.4 Conditions to DLC's Obligation to Close Escrow.**

**DLC** shall have no obligation to close escrow and transfer the **DLC** Granted Property to **RDA** unless and until the following conditions have been satisfied, or waived by **DLC** in writing:

**9.4.1** The representations and warranties of **RDA** contained in Section 8 hereof are true, accurate, and complete;

**9.4.2** **RDA** has delivered to Escrow Holder such documents as it may request evidencing the authority of **RDA** to execute this Agreement and authorizing the signing individual(s) to execute all this Agreement and all other required documents on behalf of **RDA**;

**9.4.3** **RDA** has deposited with the Escrow Holder all sums and documents required by this Agreement;

**9.4.4** The Title Company is prepared to issue the Policy of Title Insurance described in Section 4.3 hereof; and

**9.4.5** All contingencies have been waived or satisfied in the manner provided for.

**9.5 Conditions to RDA's Obligation to Close Escrow.**

RDA shall have no obligation to close Escrow and pay the Purchase Price to RDA unless and until the following conditions have been satisfied, or waived by RDA in writing:

**9.5.1** The representations and warranties of DLC contained in Section 7 hereof are true, accurate, and complete;

**9.5.2** DLC has deposited with the Escrow Holder all sums and documents required by this Agreement;

**9.5.3** The Title Company is prepared to issue the Policy of Title Insurance described in Section 4.3 hereof.

**9.6 Closing Procedure.**

Upon receipt of all funds and instruments described in this Agreement, and upon satisfaction or waiver of all conditions in this Agreement, the Escrow Holder shall take the following steps:

**9.6.1 Grant Deed.** Record the Grant Deed conveying from DLC to RDA Parcels A and B, and reserving to DLC Parcel C, in the Official Records of Santa Barbara County, California, with the direction that the documentary transfer stamps be attached after recordation;

**9.6.2 Easement Deeds.** Record the Easement Deeds in the Official Records of Santa Barbara County, California, with the direction that the documentary transfer stamps be attached after recordation;

**9.6.3 Preliminary Change of Ownership Report and Transfer Tax Certificate.** Deliver the Preliminary Change of Ownership Report and the Transfer Tax Certificate to the Santa Barbara County Recorder concurrently with recordation of the Grant Deed;

**9.6.4 Title Insurance.** Issue to **RDA** the Title Policy described in Section 4.3 hereof;

**9.6.6 Certificate.** Deliver to **RDA**, **DLC**'s Certificate, described in Section 9.2.3 above, executed by **DLC**; and

**9.6.7 Proceeds of Sale.** Deliver to **DLC** all proceeds of the sale, less the broker's commission to be paid pursuant to Section 12 hereof and less **DLC**'s share of prorations and costs.

**9.6.8 Recorded Deed.** Deliver a copy of the recorded Grant Deed to **RDA**.

**9.7 Prorations and Credits.**

Escrow Holder shall prorate general and special real property taxes and assessments based on the latest available tax information as of the Close of Escrow. Such proration shall be based on a 30-day month and a 360-day year. In the event that as of the Close of Escrow the actual tax bills for the year or years in question are not available and the amount of taxes to be prorated as aforesaid cannot be ascertained, then rates and assessed valuation of the previous year, with known charges, shall be used, and when the actual amount of taxes and assessments for the year or years in question shall be determined, the parties shall make such adjustments and payments as are necessary to prorate taxes as provided herein, whether before or after the Close of Escrow.

**9.8 Costs of Escrow.**

**RDA** shall pay one-half (1/2) of the cost of the escrow fee; any costs of a survey if desired by **RDA**; additional costs for any ALTA extended coverage policy or endorsements to the Title Policy requested by **RDA**; and other customary buyer charges. The **DLC** shall pay one-half (1/2) of the escrow fee; the premium for the Title Policy; the cost of preparing, acknowledging and recording the Grant Deed; the documentary transfer tax and monument survey fee, if any, charged on the recording of

the Grant Deed; and other customary seller charges. RDA and DLC shall each pay the costs associated with, including the cost of recording, the Easement Deed in its favor.

**10. LIQUIDATED DAMAGES.**

**IF THE CLOSE OF ESCROW FAILS TO OCCUR ON THE CLOSING DATE SOLELY DUE TO RDA'S MATERIAL DEFAULT UNDER THE TERMS OF THIS AGREEMENT WHICH IS NOT CURED AFTER REASONABLE NOTICE, AND DLC IS IN FULL AND COMPLETE ACTUAL COMPLIANCE WITH ALL CONDITIONS AND REQUIREMENTS FOR CLOSING UNDER THIS AGREEMENT, THE ESCROW HOLDER MAY BE INSTRUCTED BY DLC TO CANCEL THE ESCROW AND DLC SHALL THEREUPON BE RELEASED FROM ITS OBLIGATIONS HEREUNDER. RDA AND DLC AGREE THAT BASED UPON THE CIRCUMSTANCES NOW EXISTING, KNOWN AND UNKNOWN, IT WOULD BE IMPRACTICAL OR EXTREMELY DIFFICULT TO ESTABLISH DLC'S DAMAGE BY REASON OF RDA'S DEFAULT UNDER THIS AGREEMENT. ACCORDINGLY, RDA AND DLC AGREE THAT IN THE EVENT CLOSE OF ESCROW FAILS TO OCCUR ON THE CLOSING DATE SOLELY BECAUSE OF AN UNCURED MATERIAL DEFAULT BY RDA UNDER THIS AGREEMENT, IT WOULD BE REASONABLE AT SUCH TIME TO AWARD DLC, AS DLC'S SOLE AND EXCLUSIVE REMEDY AT LAW, "LIQUIDATED DAMAGES" EQUAL TO THE AMOUNT OF THE DEPOSIT (AS DEFINED IN SECTION 2.2.1 HEREOF), AND ALL INTEREST THEREON.**

**THEREFORE, IF CLOSE OF ESCROW FAILS TO OCCUR ON THE CLOSING DATE SOLELY BECAUSE OF AN UNCURED MATERIAL DEFAULT BY RDA UNDER THIS AGREEMENT, DLC MAY INSTRUCT THE ESCROW HOLDER TO CANCEL THE ESCROW WHEREUPON ESCROW HOLDER SHALL IMMEDIATELY PAY OVER TO DLC THE DEPOSIT AND ALL ACCRUED INTEREST, IF HELD BY ESCROW HOLDER, AND DLC SHALL BE RELIEVED FROM ALL OBLIGATIONS AND LIABILITIES HEREUNDER, AND, PROMPTLY FOLLOWING ESCROW HOLDER'S RECEIPT OF SUCH INSTRUCTION, ESCROW HOLDER SHALL CANCEL THE ESCROW.**

**DLC AND RDA ACKNOWLEDGE THAT THEY HAVE READ AND UNDERSTAND THE PROVISIONS OF THIS SECTION 10 AND BY THEIR INITIALS IMMEDIATELY BELOW AGREE TO BE BOUND BY ITS TERMS.**



DLC's Initials



RDA's Initials

**11. RISK OF LOSS.**

**11.1 Damage or Destruction.**

If the DLC Granted Property and/or Improvements are destroyed or materially damaged during the term of the Escrow, then **DLC** shall give **RDA** written notice thereof and **RDA** shall have the option to proceed with this transaction or to terminate this Agreement and Escrow by giving **DLC** written notice of its election within five (5) days of the date of **RDA's** receipt of notice from **DLC** of the damage or destruction. If **RDA** elects to terminate, then the Deposit and interest earned thereon while in Escrow, whether deemed "refundable" or "non-refundable" and whether or not previously released to **DLC** shall be immediately returned to **RDA**, at **RDA's** sole election. If **RDA** does not elect to terminate this Agreement then the Purchase Price shall remain unaffected, but all proceeds of insurance payable to **DLC** by reason of such damage shall be made payable to **RDA**.

**11.2 Condemnation.**

If, during the term of the Escrow, the DLC Granted Property, or any portion of the DLC Granted Property, that would affect **RDA's** use of the DLC Granted Property is taken by eminent domain or any proceeding for such purpose is commenced prior to the Close of Escrow, then **RDA** shall have the option to proceed with this transaction or to terminate this Agreement and Escrow by giving **DLC** written notice of its election within five (5) days of receipt by **RDA** of notice of any such proceeding. If **RDA** elects to terminate, then the Deposit and interest earned thereon while in Escrow, whether deemed "refundable" or "non-refundable" and whether or not

previously released to **DLC** shall be immediately returned to **RDA**, at **RDA**'s sole election. If **RDA** does not elect to terminate this Agreement, then the Purchase Price shall remain unaffected, but **DLC** shall assign to **RDA** all rights that it may have in any proceeds or awards resulting from such taking.

**12. BROKERS.**

**DLC** shall pay a real estate brokerage commission to Lee and Associates (the "Listing Broker") pursuant to the terms of a separate agreement (the "Listing Agreement"). **RDA** represents and warrants that they are represented by Hayes Commercial (the "Selling Broker") in the purchase of the DLC Granted Property. The Listing Broker and the Selling Broker shall split the commission payable by **DLC** under the Listing Agreement pursuant to separate agreement between them. **DLC** shall have no obligation to pay a commission to the Listing Broker or the Selling Broker unless and until Escrow closes.

**13. GENERAL PROVISIONS.**

**13.1 Assignment.**

**RDA** shall not assign, transfer or convey their rights and/or obligations under this Agreement and/or with respect to the DLC Granted Property without the prior written consent of **DLC**, which consent **DLC** may withhold in its sole, absolute and subjective discretion. Any attempted assignment without the prior written consent of **DLC** shall be void and confer no rights on any third party.

**13.2 Construction.**

The provisions of this Agreement should be liberally construed to effectuate its purposes. The language of all parts of this Agreement shall be construed simply according to its plain meaning and shall not be construed for or against either party, as each party has participated in the drafting of this document and had the opportunity to have their counsel review it. Whenever the context and construction so requires, all words used in the singular shall be deemed to be used in the plural, all

masculine shall include the feminine and neuter, and vice versa.

**13.3 Captions, Headings and Exhibits.**

The captions and headings of this Agreement are for convenience only and have no force and effect in the interpretation or construction of this Agreement. All exhibits attached hereto are by this reference incorporated herein as though fully set forth in this Agreement.

**13.4 Severability.**

If any term, provision, covenant or condition of this Agreement shall be or become illegal, null, void or against public policy, or shall be held by any court of competent jurisdiction to be illegal, null or void or against public policy, the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected, impaired or invalidated thereby. The term, provision, covenant or condition that is so invalidated, voided or held to be unenforceable shall be modified or changed by the parties to the extent possible to carry out the intentions and directives set forth in this Agreement.

**13.5 Counterparts.**

This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

**13.6 Successors and Assigns.**

Except as restricted herein, this Agreement shall be binding on and shall inure to the benefit of the parties and their respective heirs, legal representatives, successors and assigns.

**13.7 Waiver.**

The waiver of any breach of any provision hereunder by any party to this Agreement shall not be deemed to be a waiver of any preceding or subsequent breach

hereunder, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

**13.8 Governing Law; Venue.**

The validity and interpretation of this Agreement shall be governed by the laws of the State of California, with venue for all purposes to be proper only in Santa Barbara County, State of California.

**13.9 Notices.**

All notices and demands of any kind which any party may be required or desires to serve upon the other parties under the terms of this Agreement shall be in writing, and shall be served upon the other parties at the addresses set forth below. These addresses may be changed by a written notice given in accordance with this Section 13.9.

**DLC:** DLC Enterprises, Inc.  
425 Kellogg Ave.  
Goleta, CA 93117  
Attn: Doug Connor  
Fax: 805/964-7203

with copies to: Seed Mackall LLP  
1332 Anacapa Street, Suite 200  
Santa Barbara, CA 93101  
Attn: Peter A. Umoff  
Fax: 805/962-1404

**RDA:** City of Goleta Redevelopment Agency  
130 Cremona Drive, Ste. B  
Goleta, CA 93117  
Attn: Daniel Singer  
Executive Director  
Fax: 805/961-7504

with copies to: City of Goleta Redevelopment Agency  
130 Cremona Drive, Ste. B  
Goleta, CA 93117  
Attn: Tim W. Giles,  
Agency Counsel  
Fax: 805/961-7504

Notices may be sent only by the following means: personal delivery; telephonic facsimile process followed by United States mail, first class, postage prepaid; or United States Postal Service Express Mail, private courier, or private overnight delivery service.

Notices shall be effective only as follows: (i) if personally delivered, upon actual delivery during normal working hours of the party to whom notice is given, (ii) if delivered by telephonic facsimile process then upon actual receipt by the party to whom notice is given, (iii) if delivered by United States Postal Service Express Mail, by private courier, or by private overnight delivery service, then upon actual receipt during normal business hours of the party to whom notice is given.

### **13.10 Attorneys' Fees.**

If any legal action, arbitration or other proceeding is brought for the enforcement of this Agreement, or because of any alleged dispute, breach, default or misrepresentation in connection with this Agreement, or if this Agreement or any provision of this Agreement is asserted as a defense in any action, the prevailing party shall be entitled to recover reasonable attorneys' fees (including fees for paraprofessionals and similar personnel and disbursements) and other costs it incurred in that action or proceeding, in addition to any other relief to which it may be entitled.

### **13.11 Entire Agreement; Amendment.**

This Agreement constitutes the complete, exclusive and final statement of the terms of the agreement between **RDA** and **DLC** and may not be contradicted by evidence of any prior or contemporaneous agreement. This Agreement specifically supersedes any prior oral or written agreements between **RDA** and **DLC**. There are no promises, representations, agreements, warranties or undertakings (collectively "representations") by any of the parties, either oral or written, of any character or nature except as expressly set forth in this Agreement and no party is relying on any such representations in entering into or performing this Agreement. This Agreement may be altered, amended or modified only by an instrument in writing, executed by the parties to this Agreement, and by no other means. Each party waives their future right to claim,

contest or assert that this Agreement was modified, cancelled, superseded or changed by any oral agreement, course of conduct, waiver or estoppel.

**13.12 Exchange Cooperation.**

**RDA** and **DLC** shall cooperate to effect tax-deferred exchange upon written request by either of them; provided, however that (i) the non-requesting party shall not be required to incur any additional cost or expense, (ii) the Close of Escrow shall not be delayed, and (iii) the non-requesting party shall not take title to any other property as part of any such exchange.

**13.13 Time of the Essence.**

Time is of the essence with respect to each and every provision of this Agreement.

**14. RIGHT OF FIRST REFUSAL.**

If **DLC** shall enter into an agreement with a third party to sell the Parcel C, **RDA** shall have the right to purchase such interest on the same terms and conditions as set forth in such agreement. **DLC** shall give written notice to the **RDA** that it has entered into such an agreement, accompanied by a complete signed copy of such agreement with any and all attachments thereto. **RDA** shall have thirty (30) days to give written notice of its election to purchase the interest of the selling Party on the terms and conditions set forth in the agreement.

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IN WITNESS WHEREOF, this Agreement has been executed by the parties on the date first written above.

DLC:

RDA:

DLC Enterprises, Inc.

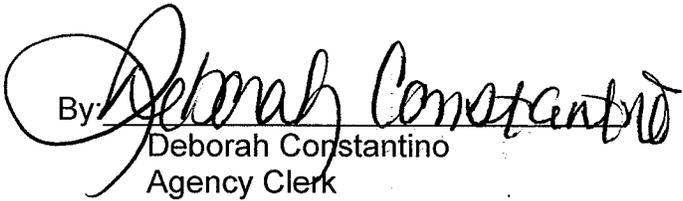
City of Goleta Redevelopment Agency

By:   
Name: Doug Connor  
Title: President

By:   
Margaret Connell  
Chair

By: \_\_\_\_\_  
Name:  
Title:

Attest

By:   
Deborah Constantino  
Agency Clerk

Approved as to Form:

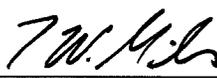
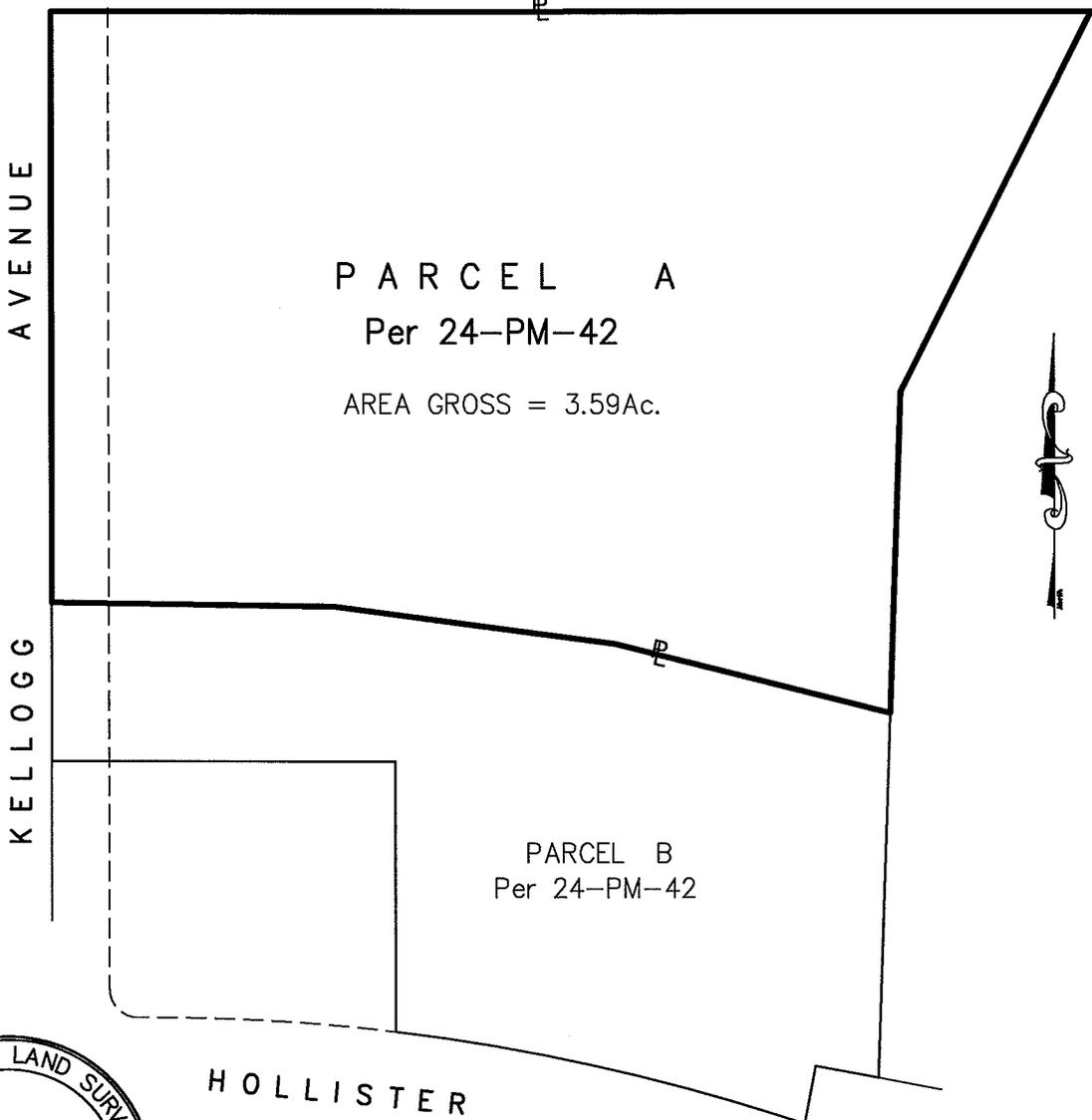
By:   
Tim W. Giles  
Agency Counsel

EXHIBIT A-1



PARCEL A  
Per 24-PM-42  
AREA GROSS = 3.59Ac.

PARCEL B  
Per 24-PM-42

KELLOGG AVENUE

HOLLISTER AVENUE

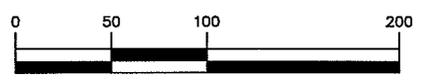


*[Handwritten Signature]* 5-6-11  
Date

(Mark E. Reinhardt) P.L.S. 6392



ENGINEERING  
PLANNING  
SURVEYING  
CONSTRUCTION MANAGEMENT



1 inch = 100 ft.



## **ATTACHMENT 6**

**City and RDA Staff Report on Purchase of Subject  
Property, Dated June 21, 2011**



Agenda Item D.1  
DISCUSSION/ACTION ITEM  
Meeting Date: June 21, 2011

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**TO:** Mayor and City Councilmembers  
Redevelopment Agency Chair and Agency Members

**FROM:** Dan Singer, City Manager  
Vyto Adomaitis, RDA, Neighborhood Services and Public Safety Director

**CONTACT:** Claudia Dato, Management Analyst,

**SUBJECT:** Purchase and Sale Agreement for Hollister/Kellogg Property Acquisition;  
and Related Budget Appropriations for Future Park Development

**RECOMMENDATION:**

Acting as the City Council:

- A. Appropriate up to \$1,500,000 from the Park Development Fees (Fund 221) as part of the Redevelopment Agency's acquisition of property identified as Assessor Parcel Number 071-090-077 and a portion of Assessor Parcel Number 071-090-078; and
- B. Appropriate up to \$375,000 in Park Development Fees (Fund 221) for the purpose of developing a future park on the subject property, and authorize staff to proceed with a Request for Proposals for design and engineering;

Acting as the Redevelopment Agency:

- A. Appropriate up to \$1,200,000 from the Agency's General Fund Balance for acquisition of property identified as Assessor Parcel Number 071-090-077 and a portion of Assessor Parcel Number 071-090-078.
- B. Authorize the Executive Director to execute the attached Purchase and Sale Agreement for property located on the east side of Kellogg Avenue, north of Hollister Avenue, identified as Assessor Parcel Number 071-090-077 and a portion of Assessor Parcel Number 071-090-078, in the amount of \$2,650,000.
- C. Direct staff to file a Notice of Exemption subject to suitable attachments being approved by staff.

## **BACKGROUND:**

In 1998, the County of Santa Barbara identified the need for additional active recreation park land in Old Town through adoption of the Goleta Old Town Revitalization Plan (Revitalization Plan). The Revitalization Plan indicated a deficiency of over 20 acres of parkland based on the County's standard of 4.7 acres of parkland/1,000 residents. In recognition of this deficiency, the Revitalization Plan calls for a 2-4 acre park in the vicinity of Hollister and Kellogg Avenues, specifically, north of Hollister and east of Kellogg Avenue. At the time the Revitalization Plan was prepared, property on the east side of San Jose Creek was identified because of its long, narrow configuration, flooding constraints, existing riparian habitat, and limited suitability for development.

The City's General Plan/Coastal Land Use Plan (General Plan) also identifies the shortage of parkland in Old Town. It articulates the contrast between the ratios of parkland per 1,000 residents in the entire city versus in Old Town. As of 2005, the City had an overall ratio of 17 acres of parkland per 1,000 residents. However, in Old Town (specifically Census Tract 30.01 with a population of nearly 5,500), the ratio is only about 1.5 acres per 1,000 residents. Old Town currently contains only the 0.14 acre Nectarine Park, the Goleta Valley Community Center, and Armitos Park, all of which are very limited in terms of developed outdoor active recreation space.

Like the Revitalization Plan, the City's General Plan calls for an approximately 4-acre neighborhood park to be located in the vicinity of San Jose Creek between Hollister and Armitos Avenues. Initial drafts of the General Plan designated the property identified as 170 S. Kellogg Avenue, Assessor Parcel Number 071-090-077 (APN -077), as "Open Space – Active Recreation." However, this designation was removed after opposition from the property owners arose. As in the Revitalization Plan, the designation was applied to adjacent property on the east side of San Jose Creek instead.

Approximately two years ago, APN -077 as well as the adjoining parcel to the south (identified as 5580 Hollister Avenue, APN 071-090-078) were listed for sale on the open market. Recognizing that opportunities to acquire land suitable for park use are limited in Old Town due to the largely built-out nature of the area, the City Council in closed session authorized the Executive Director to negotiate actively with the property owner. Recently those negotiations came to fruition with the Executive Director having reached a tentative agreement with the property owner (DLC Enterprises, Inc.), now being presented in the proposed Purchase and Sale Agreement (see Attachment 1 and the Discussion Section of this report for a summary of terms).

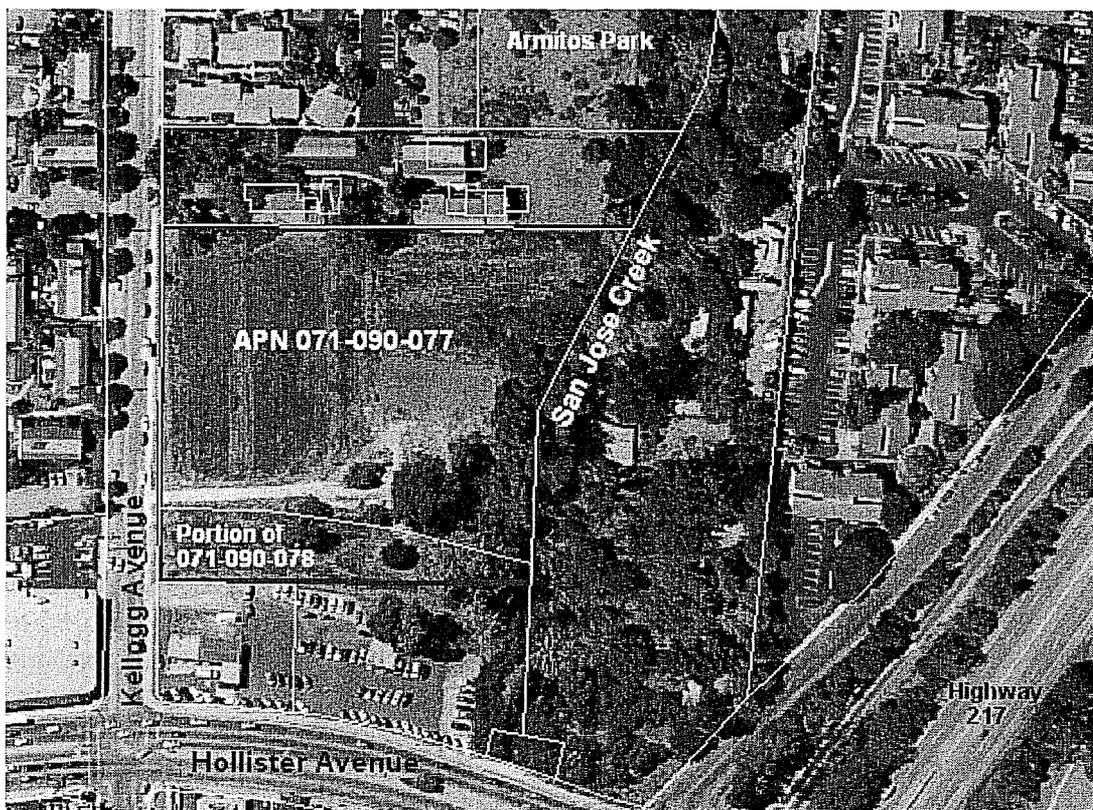
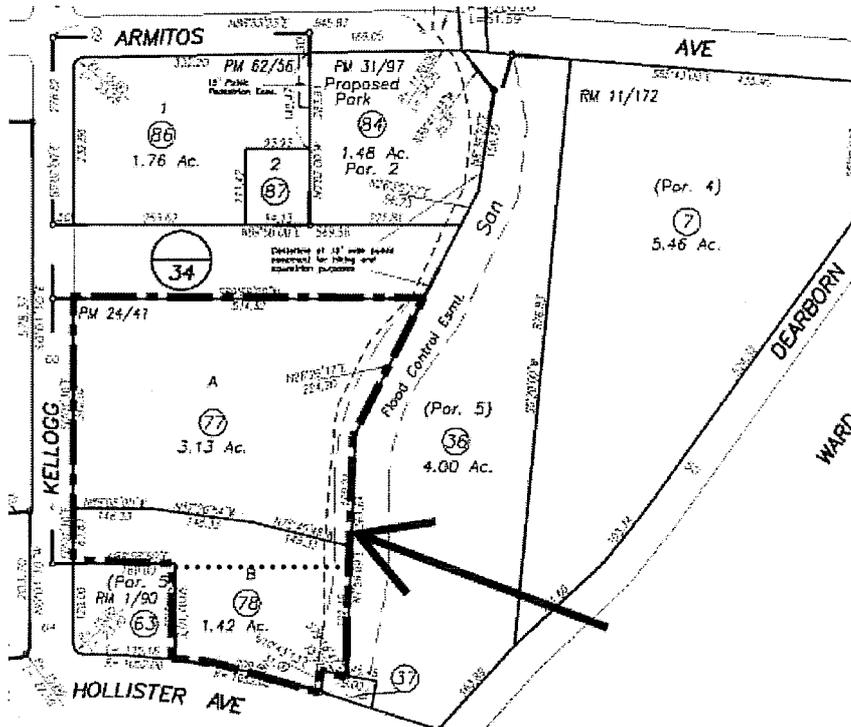
As required under Section 65402 of the Government Code, on May 9, 2011, the Planning Commission unanimously made a determination that the location, purpose, and extent of the proposed acquisition is in conformance with the City's General Plan.

## **DISCUSSION:**

Both parcels to be acquired adjoin San Jose Creek, and are partially within the San Jose Creek 100 year floodplain. The northerly parcel (APN -077), situated between Kellogg Avenue and San Jose Creek, is vacant and undeveloped, and consists of approximately 3.59 acres. The southerly parcel (APN -078) is roughly "L-shaped" and

includes frontage on both Kellogg and Hollister Avenues. Approximately half of this 1.63 acre parcel is undeveloped, while the southerly half of this parcel is developed with a parking area being used by the nearby Nissan dealership for used auto sales. In addition, the easterly sides of the two parcels are designated as Environmentally Sensitive Habitat Areas (ESHA) in the City's General Plan, and are constrained by the presence of riparian habitat associated with the San Jose Creek drainage system and its associated floodplain (see below aerial photo).

### Location Map



The northerly parcel is designated Planned Residential (10 units per acre) and is zoned DR-10 (Design Residential, 10 units per acre). The southerly parcel is designated Old Town Commercial and is zoned C-2 (Retail Commercial). As indicated previously, the parcels are located in the City's Redevelopment Area (Goleta Old Town), but are not located within the Coastal Zone.

The purchase of the subject property is in conformance with the General Plan. Figure 3-2, Park and Recreation Plan Map of the General Plan Open Space Element (Attachment 2) and its accompanying Table 3-1 call for a 4-acre "Planned Future Park Site" in the immediate vicinity of the property to be acquired. Likewise, General Plan Sub-policy OS 6.11 (Planned New Parks and Open Space) identifies "an approximately 4-acre neighborhood park located in the vicinity of Old San Jose Creek between Hollister Avenue and Armitos Avenue" as a planned expansion of Armitos Park in Old Town.

The RDA has initiated a feasibility study to create a bike/pedestrian path along San Jose Creek through or adjacent to the related ESHA. Future construction of this path could connect these two parcels to the existing City-owned Armitos Park to the north which also adjoins San Jose Creek. Also consistent with the General Plan Sub-policy, the entire area to be acquired is approximately 4 acres.

The *Amended Five Year Implementation Plan* for the City's Redevelopment Agency for the period 2008-09 through 2012-2013 includes a \$1,000,000 investment in a public park program. Specifically, it states that the Redevelopment Agency will work with the City to acquire, plan and develop sites for public parks, and that completion of this project would correct inadequate public improvements.

The size, location, physical characteristics and proximity to San Jose Creek and Armitos Park make these parcels suitable for active, outdoor public recreation. Opportunities to acquire land suitable for park use are limited in Old Town. So although these parcels were not specifically identified, they meet the General Plan's intent and goals to provide a park in the immediate area to serve a critically underserved population. Staff studied other land options within Old Town that might be suitable for public recreation. The Kellogg properties represented the best opportunity for community recreation in a convenient, compatible and available location.

### Due Diligence

As part of the due diligence for potential acquisition of the subject property, staff engaged consultants in site investigations for the preparation of both a Phase I Environmental Assessment to determine if any hazardous materials are present, as well as a Phase I Archaeological Site Survey to assess whether any cultural resources are present. Staff should have the results of both studies prior to the Agency meeting and can report on their results in the staff presentation.

## Terms of Purchase and Sale Agreement

This subsection provides a summary of the terms of the Purchase and Sale Agreement (PSA). Please refer to Attachment 1 for a complete description of the terms. Based on the terms of the PSA, the Redevelopment Agency would acquire the north parcel and a portion of the south parcel at a cost of \$2,625,000 (exclusive of closing costs) through a grant deed from the seller, DLC Enterprises, Inc. This process will result in a net acquisition of 4.26 acres (gross) by the City – 3.59 acres (APN -077) plus 0.67 acre (portion of APN -078). Reciprocal Access Easements would be provided across the two portions of APN -078.

The main terms of the PSA include the following:

- Upon execution of the PSA, the Redevelopment Agency (RDA) will be required to deposit \$50,000 into escrow. This deposit will be applied toward the purchase price upon the close of escrow. If the RDA does not complete the acquisition, except under limited specified circumstances, the deposit would be forfeited as liquidated damages.
- In general terms, the PSA gives the RDA 45 days to conduct its due diligence investigations. As noted above, staff has already begun this process.
- Reciprocal easements for ingress and egress are to be recorded against both portions of APN -078. This would allow the seller, DLC Enterprises, Inc., continued access from Kellogg Avenue to the property it retains, which would otherwise be eliminated by the RDA's acquisition. Likewise, this would give the City a pedestrian trail and emergency access to Hollister Avenue from the acquired area.
- The PSA grants the RDA a right of refusal on the southernmost 0.96 acre parcel. In other words, if the seller (DLC) should enter into an agreement with a third party to sell that parcel, the City will have the first right to purchase the property on the same terms set forth in that agreement.

## Future Park Development

Although staff has some general ideas about the types of amenities the park might include (e.g. multi-use sports playing field), staff anticipates holding a number of community meetings over the next 6-9 months to gather public input on what the residents of Old Town would like to see included in the design of the new park. Without knowing the scope of the design and amenities, it is not possible to determine an exact development cost. Currently the City has just over \$950,000 in Park Development Impact Fees (DIF) available for this purpose. Staff is in the process of pursuing grant funding to supplement City funding. Because many grant sources require matching funds, staff is requesting Council authorize up to \$375,000 in Park DIF funds for future development of the park.

Even without any grant funding, this initial appropriation would allow staff to proceed with design, engineering and environmental review, and therefore, staff is requesting authorization to initiate and RFP for the purpose of hiring architectural and engineering consultants for the park's design. It is expected that the consultant would help lead a public involvement process for the park's design. Depending on when the remaining funding falls into place, staff anticipates 1-2 years before construction could be initiated. It should also be noted that development of the park will be subject to the City's zoning regulations and planning entitlements process.

### **ENVIRONMENTAL REVIEW:**

Staff recommends the filing of a Notice of Exemption (Attachment 3) pursuant to Section 15316 (a) (Transfer of Ownership of Land in Order to Create Parks) and Section 15325 (f) (Acquisition, sale, or other transfer to preserve open space or lands for park purposes) of the California Environmental Quality Act (CEQA) Guidelines.

### **GOLETA STRATEGIC PLAN:**

Acquisition of the subject property for a future park is consistent with the following Strategic Plan Goals and Objectives:

#### **10.0 Emphasize Old Town Revitalization**

- 10.7 Create/Purchase/Develop an Active Park in Old Town; and
- 10.11 Review RDA Opportunities for Property Acquisition.

#### **11.0 Create Park, Recreation and Cultural Opportunities**

- 11.3 Acquire Property for Neighborhood Parks

### **FISCAL IMPACTS:**

#### Acquisition

The City currently has just over \$1.5 million available in Park Development Fees (Fund 221) specifically designated for active parkland acquisitions. These funds cannot be used for other projects that do not meet the criteria of "active parkland acquisition." The Community Services Director is not aware of other eligible projects within the City for which these funds could be used for at the current time.

In addition, approximately \$1.2 million is available from the RDA's General Fund Balance. Together these funds are adequate to cover the purchase of these two parcels at a total cost of approximately \$2,625,000 (exclusive of title and escrow fees).

#### Park Development

As noted in the discussion section, the City currently has just over \$950,000 in Park DIF (Quimby) funds which must specifically be used for capital improvements related to parks and open space. New development is required to pay Park DIF so the fund will continue to accrue more revenue over time. Staff is currently pursuing additional grant

funding for development of the park. The appropriation of \$375,000 would leave over \$575,000 in the DIF account.

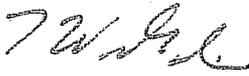
**ALTERNATIVES:**

While the RDA is under no obligation to purchase the particular parcels at this time, there is no way of knowing if future opportunities would be available to purchase property suitable for park development, or at what cost. The RDA could opt not to appropriate any funds toward park development at this time; however, this could limit the City's ability to apply to grant funding which often requires the applicant to contribute matching funds.

Legal Review By:

Reviewed By:

Approved By:



Tim W. Giles  
City Attorney  
Agency Attorney



Michelle Greene  
City Administrative Services  
Director



Dan Singer  
City Manager

**ATTACHMENT:**

1. Purchase and Sale Agreement
2. Figure 3-2, Park and Recreation Plan Map of the General Plan Open Space Element
3. CEQA Notice of Exemption

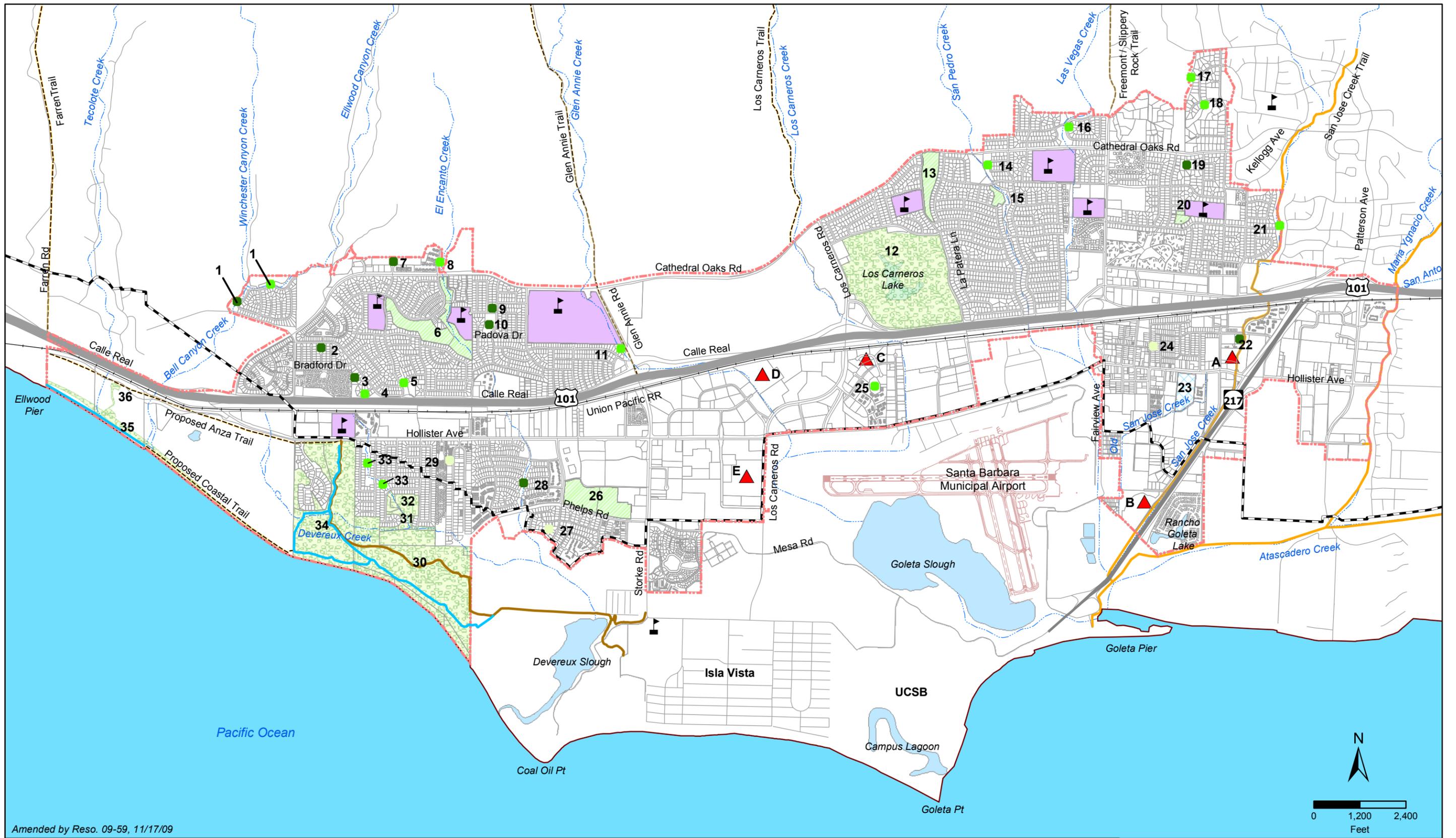
## **ATTACHMENT 1**

### Purchase and Sale Agreement

NOTE: Executed PSA included as Attachment 5  
to the Staff Report for the June 28, 2012  
Oversight Board Meeting

## **ATTACHMENT 2**

Figure 3-2, Park and Recreation Plan Map of the General Plan Open Space Element

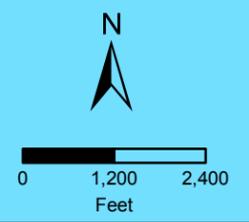


Amended by Reso. 09-59, 11/17/09

Legend		Existing and Proposed Trails	Other Features
	Goleta Valley Community Center		
	1 Mini Park		
	1 Neighborhood Open Space		
	1 Neighborhood Park		
	Community Park		
	Regional Open Space		
	Planned Future Park Site		

Note: Site numbers correspond to Table 3-1, which provides data for each site.  
 Source: The Juan Bautista de Anza Trail and Coastal Trail locations are based on the locations presented in the Draft Ellwood-Devereux Coastal Open Space Habitat Management Plan (URS, 2004).

**Figure 3-2**  
**PARK AND RECREATION PLAN MAP**



## **ATTACHMENT 3**

CEQA Notice of Exemption



## NOTICE OF EXEMPTION

Planning and Environmental Services  
130 Cremona Drive, Suite B, Goleta, CA 93117  
Phone: (805) 961-7500 Fax: (805) 685-2635  
www.cityofgoleta.org

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### Project Description:

Acquisition of approximately four acres (net) of undeveloped land, consisting of 3.37 acres located at 170 So. Kellogg Avenue, identified as Assessor's Parcel No. (APN) 071-090-077, and the northerly 0.61 acre of 5580 Hollister Avenue, identified as APN 071-090-078, for the purpose of establishing a future park site.

### Finding:

The Planning and Environmental Services Department of the City of Goleta has reviewed the above proposed project and found it to be exempt from the provisions of the California Environmental Quality Act (CEQA).

- Ministerial Project
- Categorical Exemption
- Statutory Exemption
- Emergency Project
- Quick Disapproval [CEQA Guidelines, Section 15270]
- No Possibility of Significant Effect [CEQA Guidelines, Section 15061(b)(3)]

### Supporting Reasons:

This project is Categorically Exempt from the provisions of the California Environmental Quality Act (CEQA), specifically from the requirement for the preparation of environmental documents, pursuant to Section 15316 (a) (Transfer of Ownership of Land in Order to Create Parks) and Section 15325 (f) (Acquisition, sale, or other transfer to preserve open space or lands for park purposes) of the CEQA Guidelines. At this time, the extent of the project is acquisition of land for future use as a park site. No management plans, development plans or design plans have been prepared at this point. Further CEQA analysis will be conducted at the earliest possible time when plans are proposed that would change the area from its natural or undeveloped condition.

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Patricia S. Miller  
Manager, Current Planning

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Date

NOTE: A copy must be filed with the County Clerk of the Board after project approval and posted by the Clerk of the Board for a period of 30 days to begin a 35-day statute of limitations on legal challenges.