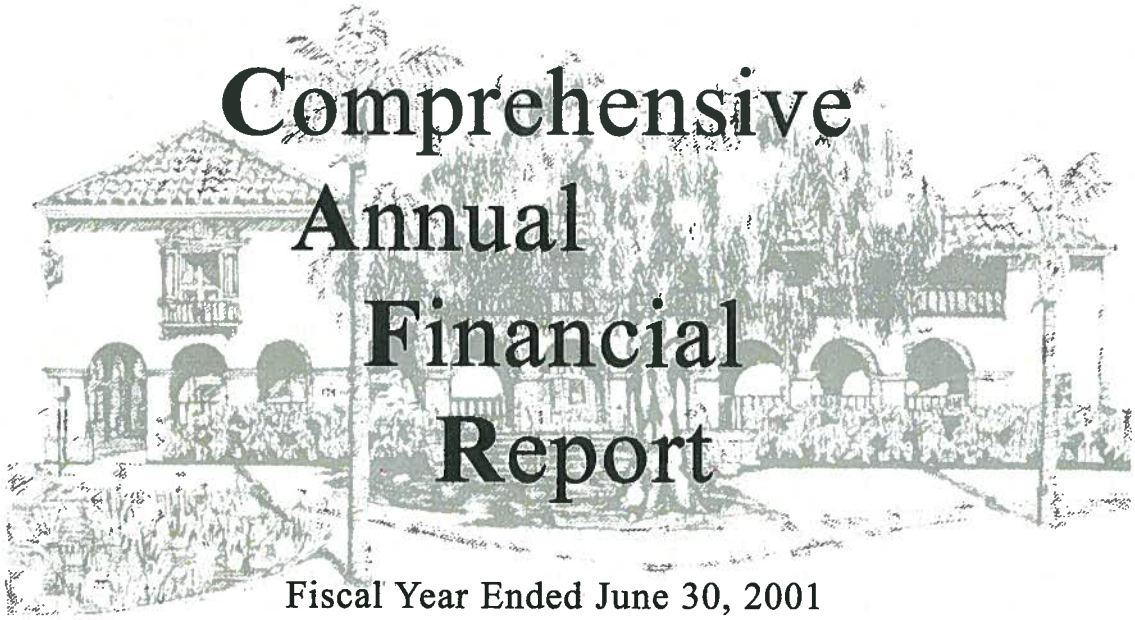
City of Santa Barbara
California
Redevelopment Agency

A Component Unit of the City of Santa Barbara



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2001

Redevelopment Agency of the City of Santa Barbara, California

A Component Unit of the City of Santa Barbara

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2001

ROBERT D. PEIRSON, AGENCY TREASURER

Introductory Section

Introductory Section

REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA
Fiscal year ended June 30, 2001

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FINANCE DEPARTMENT

ADMINISTRATION 564-5334
TREASURY 564-5334
ACCOUNTING 564-5340
PAYROLL 564-5358
BILLING/COLLECTION 564-5344
RISK MANAGEMENT 564-5347
FAX 897-1978

PURCHASING..... 564-5349
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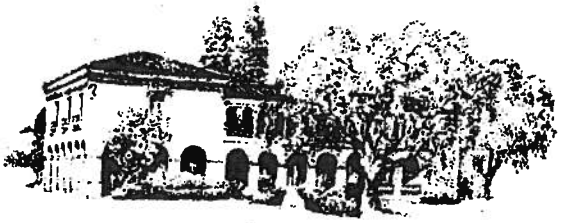
City of Santa Barbara



California

CITY HALL
DE LA GUERRA PLAZA
POST OFFICE BOX 1990
SANTA BARBARA, CA 93102-1990

August 23, 2001

The Honorable Chairperson and the Members of the Redevelopment Agency:

The comprehensive annual financial report of the Redevelopment Agency of the City of Santa Barbara (Agency) for the fiscal year ended June 30, 2001 is herewith submitted. This report was prepared by the Finance Department of the City of Santa Barbara (City) on behalf of the Agency. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Agency. To the best of our knowledge and belief, the data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the Agency. All disclosures necessary to enable the reader to gain an understanding of the Agency's financial activities have been included.

The comprehensive annual financial report is presented in five sections: the introductory section, which includes the transmittal letter; the financial section; the statistical section; the compliance and internal control section and the Agency's Annual Program Report and Work Program Section. The financial section of this report has been audited by the firm of Brown Armstrong Randall Reyes Paulden & McCown, whose opinion thereon is included as an integral part of this report.

ECONOMIC CONDITION AND OUTLOOK

The State of California experienced strong economic growth during 1997, 1998, 1999 and much of 2000, fueled by low rates of interest, inflation and unemployment, and by overall consumer confidence and a surging high-tech stock market. During 2001, the economy has shown signs of weakening with both major indices posting significant declines. The current slowdown in the national economy appears to have had little effect on the City of Santa Barbara, which continues to enjoy increasing revenues, particularly in those revenues directly related to consumer spending, such as sales taxes and transient occupancy tax revenues.

Local property taxes, the primary and largest revenue source of the Redevelopment Agency, continue to increase. The residential real estate market in Santa Barbara has been very active during the last couple of years. The median price of residential real estate on the South Coast, which includes Goleta, Santa Barbara, Montecito and Carpinteria, is currently $634,000, up 9.5% from a year ago. As a result, increasing property tax revenues are expected to continue as the effects of the recent boom in real estate prices are realized through higher assessed property values.

MAJOR INITIATIVES

Downtown Sidewalk and Landscaping - Phase II and III

Phases II and III of the State Street Sidewalk Improvement Project continue the improvements accomplished in the first phase in the 1200, 1100 and 1000 blocks into the 900, 800, 700 and 600 blocks. Phases II and III use the same design guidelines as Phase I: removing obstacles that impede pedestrian access, landscaping that accents the storefronts, and bringing a sense of order to the State Street corridor.

The goals of the State Street Sidewalk Improvement Project are to improve pedestrian circulation and safety, improve business visibility, maintain and enhance landscape diversity, acknowledge significant architectural features of buildings, provide amenities for the comforts and convenience of pedestrians, and thereby provide a

pedestrian friendly State Street Plaza. Currently, planter boxes and other landscaping design features throughout the 600-900 blocks impede pedestrian flow, conceal storefronts, and hide many notable architectural features of State Street buildings. In Fiscal Year 1999, the Redevelopment Agency Board appropriated funds for sidewalk and landscaping enhancements along State Street from the 600 block to the 1200 block. It was anticipated that these sidewalk and landscaping improvements would take place on an annual basis until completed.

Phase I and Phase II of the State Street Sidewalk Improvement Project, constructed in 1999 and 2001, respectively, covered the 1200, 1100, 1000, 900, and 800 blocks of State Street, between Victoria Street and De la Guerra Street. The Redevelopment Agency funded the basic project, which included replacement of the existing sidewalks with colored and patterned concrete and landscape improvements. Property owners in Phase I expressed a preference for an enhanced project, which would include brick pavers and a holiday lighting system. As a result, a Public Works Benefit Assessment District was formed to provide funding for the added cost associated with the enhanced project. Similar to Phase I, property owners in Phase II and Phase III expressed a preference for an enhanced project. As a result, on July 18, 2000, property owners in the 600, 700, 800, and 900 blocks of State Street supported the formation of a Public Works Benefit Assessment District, which will result in a consistent, pedestrian friendly State Street Plaza from Cota Street to Victoria Street.

As with Phase I, the Agency funded a public relations campaign organized by the Downtown Organization that provided extensive public outreach for 14 weeks in an effort to maintain a steady flow of customers during the construction period. The culmination of the public relations campaign was a grand opening celebration for the 800 and 900 blocks on June 16, 2001. Phase III of the State Street Sidewalk Improvement Project is in the Final Design phase and will commence construction in late-January 2002 and be completed by Memorial Day 2002.

Cabrillo Boulevard Restrooms and Tile Benches

Public restrooms have been completed in the parking lot adjacent to the existing Visitor Information Center at the corner of Cabrillo Boulevard and Garden Street. This location was chosen as having the least impact to the Waterfront area's activities and the most convenience for tourists. The structure is 952 square feet and required some design changes to the parking lot but no net loss of parking. Features include 8 stalls for both the women and men's side and a baby changing station. Architectural enhancements such as scored, colored sidewalk at the entrance will allow the new building to blend in with the existing Visitor's Center, which is a structure of merit.

Two art benches were included as part of the Waterfront area project. The benches are tiled with handmade and decorated tiles made by noted local artist Hank Pitcher.

Opportunity Property Acquisition

In April 2001, the Redevelopment Agency acquired four adjoining parcels in the industrial area of East Beach, just north of the railroad tracks. The Agency paid approximately $2,800,000 for the 2.4-acre site. The Agency has received numerous inquiries and proposals regarding the potential use of the property as word of this acquisition has become known locally. Uses suggested to date include, a community arts center, Fiesta parade float storage, and a local recreational complex. A master plan process is in the initial stages and will involve a series of public workshops to determine a variety of possible uses for the property.

Garden Court

The Redevelopment Agency loaned $2,750,000 in Housing Set-aside funds to De La Vina Associates, the developers of Garden Court, which is a 98-unit senior independent living facility within walking distance of downtown. This development partially alleviates the loss of the affordable senior housing units from the closing of the nearby Carrillo Hotel. This new Victorian/Craftsman style facility replaces 5 dilapidated residences and compliments the neighborhood. Garden Court is managed by the Housing Authority, which provides a wide range of services for the very low-income frail elderly. There is an on-site manager and a central kitchen and dining facilities. The facility opened in February 2000 and is now fully occupied.

Although Garden Court opened its doors in February 2000, the independent living facility continues to garner local, state, and national awards. Recently the development garnered the prestigious National American Planning Association's Paul Davidoff Social Advocacy Award.

FINANCIAL INFORMATION

Component Unit Reporting

Under reporting requirements prescribed by generally accepted accounting principles adopted by the Governmental Accounting Standards Board (GASB), the Agency's results of operations are also reported in the City of Santa Barbara's comprehensive annual financial report. This treatment is due to the requirement that municipal organizations include in one report all operations controlled by the same governing body. Specific interpretation for redevelopment agencies requires their inclusion in the City's comprehensive annual financial report. No express or implied assumption of any of the Agency's liabilities, either at present or in the future, is made by the inclusion of the Agency's financial results in the City's comprehensive annual financial report. The Agency remains separate for all legal purposes. Accordingly, the accompanying general purpose financial statements are issued as a separate component unit report of the Redevelopment Agency.

Internal Controls

The Agency's management is responsible for establishing and maintaining a system of internal controls designed to ensure that the Agency's assets are protected from loss, theft or misuse. The internal controls must also ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The Agency's system of internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. We believe that the Agency's system of internal accounting controls adequately safeguards assets and provides reasonable assurance as to the proper recording of financial transactions. The Agency's internal controls are subject to periodic evaluation by the Agency's management.

Basis of Accounting and Fund Groupings

The Agency's accounting records are maintained on the modified accrual basis of accounting. The modified accrual basis of accounting is defined as the basis of accounting under which expenditures, other than accrued interest and principal on debt, are reported at the time liabilities are incurred and revenues are recorded when received in cash, except for measurable and available revenues, which are accrued to properly reflect the revenues earned.

A summary of the funds and account groups established by the Agency is as follows:

General Fund	Used to account for all financial resources of the Agency, except for those required for debt service and housing activity.
Special Revenue Fund:	
Housing Fund:	Created to account for the financial resources available for low and moderate income housing programs. The Agency dedicates 20% of its incremental property tax revenue to this fund.
Capital Projects Fund	Established to account for the proceeds of the Agency's 1993 Tax Allocation Bonds that were used to fund two major capital projects. This fund also accounts for other agency capital projects funded by other sources.
Debt Service Fund	Established to account for the accumulation of resources for, and the payment of, general long-term debt, including principal, interest and related costs.

General Fixed Assets Account Group	This account group is established to account for all fixed assets of the Agency.
General Long-Term Debt Account Group	This account group is established to account for all long-term debt of the Agency.

Budgetary Controls

The Agency maintains budgetary controls. The objective of these controls is to ensure compliance with the legal provisions contained in the annual, appropriated budget approved by the Agency's Board. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the fund level.

The Agency maintains a formal, integrated encumbrance accounting system as one means of ensuring budgetary control. Purchase orders that would result in an overrun of appropriations are not released until additional funds have been appropriated. Encumbrances outstanding at year-end are reported as a reservation of fund balance. Appropriations for encumbrances outstanding at year-end are re-appropriated in the following fiscal year.

Financial Highlights

Operations of the Agency's governmental funds for fiscal year 2001 were as follows:

- Revenues totaled $13,190,782, a 5.7% increase.
- Incremental property tax revenue totaled $11,183,224, an increase of $1,559,101 or 14%.
- Expenditures totaled $13,350,368, an increase of 35.6%.
- Net loans receivable outstanding totaled $23,137,397, an decrease of $90,996, or .4%.

All increases and decreases are for fiscal year 2001 from fiscal year 2000 amounts.

A decrease in other revenues of approximately $1,337,046 reflects the fiscal year 2000 receipt of proceeds received by the RDA per final settlement of litigation with the County of Orange and the Orange County Investment Pools as discussed in Note 6 on page 16 of the Notes to the General Purpose Financial Statements.

Cash Management

Cash temporarily idle during the year was invested as a part of the City's investment pool. At June 30, 2001, the City's pooled investments had an average maturity of approximately 1.79 years and a book yield of 6.193%. The market return on the portfolio for the fiscal year was 4.92%. Of the $1,990,859 in gross income from use of money and property, $1,018,238 was income from investments managed by the City on behalf of the Agency. An additional $333,656 in income was earned on investments held on behalf of the Agency by fiscal agents. The balance, $614,965, was interest earned on housing loans and rents on real property of $24,000.

Debt Administration

At June 30, 2001, the Agency had two debt issues outstanding. One issue, the 1993 Tax Allocation Bonds, was sold on February 1, 1993, in the amount of $14,605,000 at an average interest rate of 6.16%. Principal payments range from $855,000 to $2,200,000 with final maturity on March 1, 2007. The proceeds of the issue are used to fund Agency projects.

The other debt issue, the 1995 Senior "Series A" ($28,170,000) and Subordinate "Series B" ($6,845,000) Tax Allocation Bonds, were sold on December 1, 1995, in the total amount of $35,015,000 at an approximate average interest rate of 5.3%. The proceeds of the issue were used to refund, on a current basis, the Agency's 1991 Refunding Tax Allocation Bonds.

The Agency's long-term indebtedness continued to have the same ratings as awarded for the past several years. The tax allocation bonds of the Agency are rated "Baa" by Moody's Investor Services and "BBB+" by Standard & Poor's.

OTHER INFORMATION

Independent Audit

The City requires an annual audit of the financial statements of the Agency by an independent certified public accountant. This Agency is in compliance with this requirement and the independent auditor's report has been included on page one of this report.

Acknowledgments

The preparation of this comprehensive annual financial report could not have been accomplished without the hard work and team effort of the City's Finance Department. Special recognition and thanks are due to the entire staff for their efficient and dedicated efforts.

Respectfully submitted,

Peter Wilson
Acting Executive Director
and Secretary

Robert D. Peirson
Agency Treasurer

REDEVELOPMENT AGENCY
OF THE
CITY OF SANTA BARBARA

Directory of Agency Officials

June 30, 2001

Harriet Miller
Chairperson

Dan B. Secord, M.D.
Member

H.P. Fairley
Member

Tom Roberts
Member

Marty Blum
Member

Gregg A. Hart
Member

Gilbert Garcia
Member

James L. Armstrong
Executive Director and Secretary

Daniel J. Wallace
Agency Counsel

Robert D. Peirson
Agency Treasurer

Financial Section

Financial Section

BROWN ARMSTRONG
CERTIFIED PUBLIC ACCOUNTANTS

BROWN ARMSTRONG
RANDALL REYES PAULDEN & MCCOWN
CERTIFIED PUBLIC ACCOUNTANTS

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4200 Truxtun Ave., Suite 300
Bakersfield, California 93309
Tel 661-324-4971 Fax 661-324-4997
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Shafter, California 93263
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Peter C. Brown, CPA
Burton H. Armstrong, CPA, MST
Jerry E. Randall, CPA/ABV, CFP
Benjamin P. Reyes, CPA
Andrew J. Paulden, CPA
Harvey J. McCown, CPA
Andrea Rutherford-Hill, CPA
Steven R. Starbuck, CPA
Aileen K. Keeter, CPA

Lynn R. Krausse, CPA, MST
Chris M. Thornburgh, CPA
Joan M. Anderson, CPA
Bradley M. Hankins, CPA
B. Marie Ebersbacher, CPA, CFE
Eric Xin, CPA
Melinda A. McDaniels, CPA
Thomas M. Young, CPA
Vonie L. Chroman, CPA
Michelle L. Gonzales, CPA
Amanda E. Wilson, CPA

INDEPENDENT AUDITORS' REPORT

The Board of Directors of
the Redevelopment Agency of
the City of Santa Barbara, California

We have audited the financial statements of the Redevelopment Agency of the City of Santa Barbara, California (the "Agency"), a component unit of the City of Santa Barbara as of and for the year ended June 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the management of the Agency. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, the general purpose financial statements referred to above present only the Agency and are not intended to present the financial position and results of operations of the City of Santa Barbara, California.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2001, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The statistical information and the annual program and work program reports listed in the table of contents were not audited by us and, accordingly, we do not express an opinion thereon.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2001 on our consideration of the Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

BROWN ARMSTRONG RANDALL
REYES PAULDEN & McCOWN
ACCOUNTANCY CORPORATION

Burton H. Armstrong

Bakersfield, California
August 23, 2001

MEMBER of SEC Practice Section of the American Institute of Certified Public Accountants

REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA
COMBINED BALANCE SHEET
All Fund Types and Account Groups
June 30, 2001
with comparative totals at June 30, 2000

	Governmental Fund Types				Account Group
Assets and Other Debits	General	Special Revenue	Debt Service	Capital Projects	General Fixed Assets
Cash and investments	$ 2,924,681	$ 7,145,903	$ -	$ 4,279,956	$ -
Loans receivable	1,140,806	21,996,591	-	-	-
Accrued interest receivable	22,678	81,015	-	-	-
Due from other agencies	-	-	-	321,544	-
Interfund receivable	581,257	-	-	-	-
Properties held for resale	433,952	-	-	-	-
Fixed assets	-	-	-	-	64,159,158
Restricted assets:					
Cash and investments with fiscal agent	-	-	4,916,913	-	-
Amount for retirement of long-term debt:					
Available in debt service fund	-	-	-	-	-
To be provided in the future	-	-	-	-	-
Total assets and other debits	$ 5,103,374	$ 29,223,509	$ 4,916,913	$ 4,601,500	$ 64,159,158
Liabilities, Fund Balances and Other Credits					
Liabilities:					
Accounts payable	$ 1,391	$ 208,559	$ -	$ 260,702	$ -
Interfund payable	-	-	-	2,875,000	-
Deposits	154,108	60,500	-	-	-
Deferred Revenue	450,316	-	-	-	-
Bonds payable	-	-	-	-	-
Total liabilities	605,815	269,059	-	3,135,702	-
Fund balances and other credits:					
Investment in general fixed assets	-	-	-	-	64,159,158
Fund balances, reserved:		-			
Encumbrances	34,358	22,598	-	394,591	-
Properties held for resale	433,952	-	-	-	-
Debt service	-	-	4,916,913	-	-
Capital projects	-	-	-	749,663	-
Due from other agencies	-	-	-	321,544	-
Redevelopment activities	2,888,443	-	-	-	-
Non-current loans receivable	1,140,806	21,996,591	-	-	-
Low and moderate income housing	-	6,935,261	-	-	-
Total fund balances and other credits	4,497,559	28,954,450	4,916,913	1,465,798	64,159,158
Total liabilities, fund balances and other credits	$ 5,103,374	$ 29,223,509	$ 4,916,913	$ 4,601,500	$ 64,159,158

See accompanying notes to the financial statements

Account Group General Long-Term Debt	Totals (memorandum only) June 30 2001	Totals (memorandum only) June 30 2000	
			Assets and Other Debits
$ -	$ 14,350,540	$ 11,044,753	Cash and investments
-	23,137,397	23,228,393	Loans receivable
-	103,693	80,641	Accrued interest receivable
-	321,544	375,135	Due from other agencies
-	581,257	175,903	Interfund receivable
-	433,952	433,952	Properties held for resale
-	64,159,158	60,029,541	Fixed assets
			Restricted assets:
			Cash and investments
-	4,916,913	4,872,436	with fiscal agent
			Amount for retirement of
			long-term debt:
4,916,913	4,916,913	4,872,436	Available in debt service fund
24,233,087	24,233,087	27,877,564	To be provided in the future
$ 29,150,000	$ 137,154,454	$ 132,990,754	Total assets and other debits
			Liabilities, Fund Balances and Other Credits
			Liabilities:
$ -	$ 470,652	$ 2,299	Accounts payable
-	2,875,000	-	Interfund payable
-	214,608	214,608	Deposits
-	450,316	-	Deferred Revenue
29,150,000	29,150,000	32,750,000	Bonds payable
29,150,000	33,160,576	32,966,907	Total liabilities
			Fund balances and other credits:
-	64,159,158	60,029,541	Investment in general fixed assets
			Fund balances, reserved:
-	451,547	92,340	Encumbrances
-	433,952	433,952	Properties held for resale
-	4,916,913	4,872,436	Debt service
-	749,663	4,982,223	Capital projects
-	321,544	375,135	Due from other agencies
-	2,888,443	1,714,421	Redevelopment activities
-	23,137,397	23,228,393	Non-current loans receivable
-	6,935,261	4,295,406	Low and moderate income housing
-	103,993,878	100,023,847	Total fund balances and other credits
$ 29,150,000	$ 137,154,454	$ 132,990,754	Total liabilities, fund balances and other credits

REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
All Governmental Fund Types
Fiscal year ended June 30, 2001
with comparative totals for the fiscal year ended June 30, 2000

	General	Special Revenue	Debt Service	Capital Projects
Revenues:				
Incremental property taxes	$ 8,946,579	$ 2,236,645	$ -	$ -
Intergovernmental	-	-	-	-
Use of money and property	714,511	923,067	333,656	19,625
Other revenues	189	1,400	-	15,110
Total revenues	9,661,279	3,161,112	333,656	34,735
Expenditures:				
Current:				
Supplies and services	618,434	310,483	-	-
Projects	406,277	297,038	-	6,233,909
Other expenditures	11,665	4,662	-	-
Debt service:				
Principal	-	-	3,600,000	-
Interest	-	-	1,867,900	-
Total expenditures	1,036,376	612,183	5,467,900	6,233,909
Excess (deficiency) of revenues over (under) expenditures	8,624,903	2,548,929	(5,134,244)	(6,199,174)
Other financing sources (uses):				
Operating transfers in	-	-	5,178,721	2,307,614
Operating transfers out	(7,486,335)	-	-	-
Total other financing sources (uses)	(7,486,335)	-	5,178,721	2,307,614
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	1,138,568	2,548,929	44,477	(3,891,560)
Fund balances, beginning of fiscal year	3,358,991	26,405,521	4,872,436	5,357,358
Fund balances, end of fiscal year	$ 4,497,559	$ 28,954,450	$ 4,916,913	$ 1,465,798

See accompanying notes to the financial statements

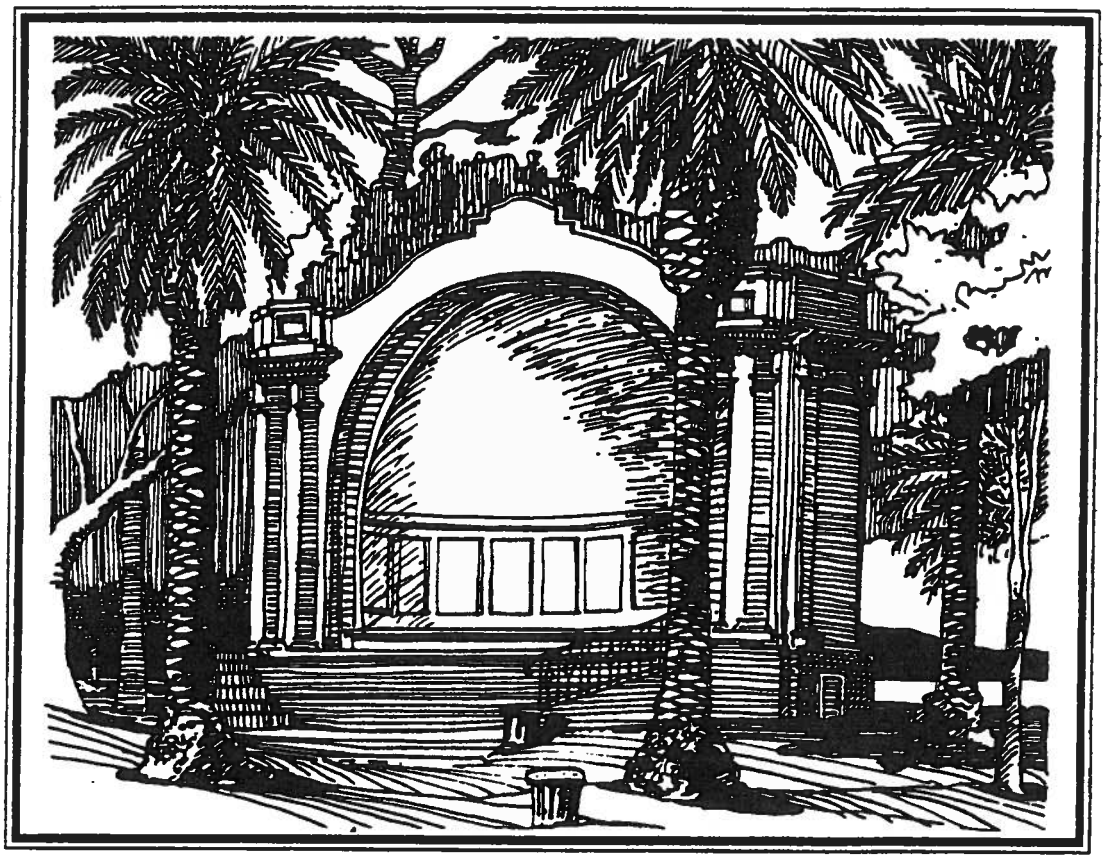
Totals (memorandum only) Year ended June 30		
2001	2000	
		Revenues:
$ 11,183,224	$ 9,624,123	Incremental property taxes
-	58,124	Intergovernmental
1,990,859	1,406,226	Use of money and property
16,699	1,353,745	Other revenues
13,190,782	12,442,218	Total revenues
		Expenditures:
		Current:
928,917	889,276	Supplies and services
6,937,224	2,213,070	Projects
16,327	27,663	Other expenditures
		Debt service:
3,600,000	3,410,000	Principal
1,867,900	2,057,685	Interest
13,350,368	8,597,694	Total expenditures
(159,586)	3,844,524	Excess (deficiency) of revenues over (under) expenditures
		Other financing sources (uses):
7,486,335	7,397,718	Operating transfers in
(7,486,335)	(7,397,718)	Operating transfers out
-	-	Total other financing sources (uses)
(159,586)	3,844,524	Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses
39,994,306	36,149,782	Fund balances, beginning of fiscal year
$ 39,834,720	$ 39,994,306	Fund balances, end of fiscal year

REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Budget and Actual
General and Special Revenue Funds
Fiscal year ended June 30, 2001

	General Fund		
	Budget	Actual	Variance - favorable (unfavorable)
Revenues:			
Incremental property taxes	$ 8,400,000	$ 8,946,579	$ 546,579
Use of money and property	131,000	714,511	583,511
Other revenues	-	189	189
Total revenues	8,531,000	9,661,279	1,130,279
Expenditures:			
Current:			
Supplies and services	721,696	618,434	103,262
Projects	720,767	406,277	314,490
Other expenditures	20,500	11,665	8,835
Total expenditures	1,462,963	1,036,376	426,587
Excess (deficiency) of revenues over (under) expenditures	7,068,037	8,624,903	1,556,866
Other financing sources (uses):			
Operating transfers out	(7,525,614)	(7,486,335)	39,279
Total other financing sources (uses)	(7,525,614)	(7,486,335)	39,279
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(457,577)	1,138,568	1,596,145
Fund balances, beginning of fiscal year	3,358,991	3,358,991	-
Fund balances, end of fiscal year	$ 2,901,414	$ 4,497,559	$ 1,596,145

See accompanying notes to the financial statements

Special Revenue Housing Fund			Totals (memorandum only)		
Budget	Actual	Variance - favorable (unfavorable)	Budget	Actual	Variance - favorable (unfavorable)
$ 1,900,000	$ 2,236,645	$ 336,645	$ 10,300,000	$ 11,183,224	$ 883,224
580,000	923,067	343,067	711,000	1,637,578	926,578
-	1,400	1,400	-	1,589	1,589
2,480,000	3,161,112	681,112	11,011,000	12,822,391	1,811,391
376,700	310,483	66,217	1,098,396	928,917	169,479
4,331,276	297,038	4,034,238	5,052,043	703,315	4,348,728
66,000	4,662	61,338	86,500	16,327	70,173
4,773,976	612,183	4,161,793	6,236,939	1,648,559	4,588,380
(2,293,976)	2,548,929	4,842,905	4,774,061	11,173,832	6,399,771
-	-	-	(7,525,614)	(7,486,335)	39,279
-	-	-	(7,525,614)	(7,486,335)	39,279
(2,293,976)	2,548,929	4,842,905	(2,751,553)	3,687,497	6,439,050
26,405,521	26,405,521	-	29,764,512	29,764,512	-
$ 24,111,545	$ 28,954,450	$ 4,842,905	$ 27,012,959	$ 33,452,009	$ 6,439,050



Notes To The

Financial Statements

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Redevelopment Agency of the City of Santa Barbara (Agency) conform to generally accepted accounting principles. The following summary of the Agency's more significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies should be viewed as an integral part of the accompanying financial statements.

A. General

The Agency was created by the City Council of the City of Santa Barbara (City) by Ordinance 32-77, adopted March 5, 1968. Ordinance Number 3906, issued on May 24, 1977, declared the City Council to be the Agency's governing body.

The Agency was established pursuant to Section 33200 of the State of California Health and Safety Code. As such, the Agency acts as a legal entity, separate and distinct from the City, even though the City Council of the City serves as the Agency's governing board.

The actions of the Agency are binding. All business, including the issuance of long-term debt, is routinely transacted in the Agency's name by its appointed representatives. The Agency is broadly empowered to engage in the general economic revitalization and redevelopment of the City through acquisition and development of property in those areas of the City determined to be in a declining condition.

The Redevelopment Agency does not have any employees. The City provides all support staff and performs all administrative functions for the Agency under the terms of a written agreement with the Agency.

Under reporting requirements prescribed by generally accepted accounting principles adopted by the Governmental Accounting Standards Board (GASB), the Agency's financial activity is also reported in the City of Santa Barbara's comprehensive annual financial report. This treatment is due to the requirement that municipal organizations include in one report all operations significantly controlled by the same governing body. Specific interpretation for redevelopment agencies requires their inclusion in the City's comprehensive annual financial report. No express or implied assumption of any of the Agency's liabilities, either at present or in the future, is made by the inclusion of the Agency's financial results in the City's annual financial report. The Agency remains separate for all legal purposes. Accordingly, the accompanying combined financial statements are issued as a separate report of the Redevelopment Agency.

B. Fund Accounting

The accounts of the Agency are organized on the basis of funds and account groups. Each fund is considered to be a separate accounting entity. The operations of each fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. Financial resources are recorded in individual funds based upon the purposes for which they are to be spent, thus providing means by which spending activities are controlled. The Agency's various funds are grouped in the accompanying combined financial statements into the following broad fund and account group categories as follows:

Governmental Fund Types

General Fund - Used to account for all financial resources of the Agency, except for those required for debt service and housing activity.

Special Revenue Fund - The Agency has one special revenue fund, the Housing Fund, which is used to account for the financial resources available for low and moderate income loan and grant programs.

Capital Projects Fund - The Capital Projects Fund is used to account for the proceeds of the Agency's 1993 Tax Allocation Bonds which are being used to fund two major capital projects.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt, including principal, interest and related costs.

Account Groups

General Fixed Assets Account Group - This group of accounts has been established to account for all fixed assets of the Agency.

General Long-Term Debt Account Group - This group of accounts has been established to account for all long-term debt of the Agency.

C. Basis of Accounting

The accompanying financial statements have been prepared on the modified accrual basis of accounting. The modified accrual basis of accounting is defined as the basis of accounting under which expenditures are recorded at the time liabilities are incurred; however, principal and interest on general long-term debt are recognized when due. Revenues are recorded when received in cash, except for measurable and available revenues which are accrued to properly reflect the revenues earned.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. The acquisition, use and balances of the Agency's expendable financial resources and the related liabilities are accounted for in the Agency's various governmental fund types. The measurement focus is upon available resources, rather than upon net income determination.

D. Budgetary Controls

The Agency follows these procedures in establishing the budgetary data reflected in the general purpose financial statements:

- Prior to May 1, the Executive Director submits to the Agency Board a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to June 30, the budget is legally enacted through the passage of an ordinance.
- Expenditures may not legally exceed appropriations at the fund level.

Formal operating budget integration is employed as a management control device during the year for the General Fund and Special Revenue Fund. Formal budgetary integration is not employed for the Agency's Debt Service Fund because effective budgetary control is alternatively achieved through the provisions of the Agency's bond indentures. While budgets are prepared for the Agency's capital projects fund, capital projects generally span more than one fiscal year and are effectively controlled at the project level.

Budgeted amounts, as presented in the accompanying financial statements, are as originally adopted in June 1999, or as amended by the Agency Board. Individual amendments were not material in relation to the original appropriations.

Budget appropriations lapse at year-end with the exception of special projects, capital programs, and funds encumbered by contract or purchase order.

E. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and Housing Fund. Encumbrances outstanding at year-end are reported as a reservation of fund balance since they do not represent expenditures or liabilities.

F. Investments

Investments are reported in the accompanying financial statements as cash and investments. The Agency has developed a formal investment policy that exceeds the minimum requirements established by the State of California. The Agency believes that it has adhered to established policies for all investment activities. All investments are stated at fair value.

G. Incremental Property Tax

Incremental property taxes are considered as revenues by the Agency when they become both measurable and available for financing the Agency's redevelopment activities during the year.

Incremental property tax revenues represent property taxes collected from the excess of taxes levied and collected each year on a redevelopment project over that amount which would have been levied and collected on the base year property tax assessment. A property tax base year is determined to be the year prior to the establishment of a redevelopment project area.

Property taxes are levied on March 1, are due on November 1 and March 1, and become delinquent on December 10 and April 10, for the first and second installments, respectively. The lien date is November 1.

H. Properties Held for Resale

Properties held for resale by the Agency are recorded in the Agency's General Fund at the lower of cost or estimated net realizable value. Realizable value is determined by an agreed-upon sale price with a developer. Prior to the establishment of such a development agreement, the properties are maintained at cost. Capitalized costs include all moneys expended in the redevelopment process that can be properly attributable to properties to be resold to developers.

I. Memorandum Only Totals

Columns in the accompanying financial statements captioned "Totals (memorandum only)" are not necessary for a fair presentation in accordance with generally accepted accounting principles but are presented as additional analytical data.

Data in these columns are not intended to present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation nor have interfund eliminations been made in the aggregation of such data.

J. Self-Insurance

For purposes of general liability, the Agency is self-insured. As of June 30, 2001, management is not aware of any outstanding liabilities, which would require accrual.

K. Low and Moderate Income Housing

In accordance with state law, the Agency is required to set aside twenty percent (20%) of the taxes allocated to it for low and moderate income housing programs. Historically, the Agency has complied with this requirement. These resources are accounted for in the separate special revenue fund.

L. General Fixed Assets

General fixed assets have been acquired by the Agency to further its governmental purposes. Purchased fixed assets are recorded as expenditures in the governmental funds and are capitalized at cost in the general fixed assets account group. All purchased fixed assets are valued at historical cost or estimated historical cost if the actual historical cost is not available. Donated fixed assets are recorded at estimated fair market value at the time received.

(2) CASH AND INVESTMENTS

The Agency's cash and investments are managed by the City Treasurer. All of the Agency's cash, except for its investments in the State of California Local Agency Investment fund (LAIF) and cash and investments with fiscal agents, is combined with the City's overall invested pooled cash in order to maximize return. Interest earned on pooled investments is allocated monthly to the various Agency funds based on the respective fund's average monthly cash balance. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

The following summarizes total cash and investments of the Agency:

LAIF	$	1,500,000
Equity Interest in City Pool		9,544,753
Total	$	11,044,753
Cash and Investments with fiscal agents	$	4,872,436

A. Deposits

The California Government Code requires California banks and savings and loans to secure public deposits by pledging government securities as collateral. The market value of the pledged securities must equal 110% of the Agency's deposits. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes equal to 150% of the deposits. The City may waive collateral requirements for deposits which are fully insured up to $100,000 by the Federal Deposit Insurance Corporation (FDIC).

B. Investments

Under the terms of the City's investment policies, which have also been adopted by the Agency, the Agency is authorized, in accordance with Section 53601 of the California Government Code, to invest in the following instruments:

- Bonds issued by the City
- Securities issued or guaranteed by the Federal Government or its agencies.
- Medium term notes of a maximum of five years maturity issued by corporations or depository institutions organized and operating within the United States.
- Repurchase and reverse repurchase agreements of any securities authorized by the California Government Code.
- Bankers' acceptances eligible for purchase by the Federal Reserve System.

- Commercial paper, rated A-1/P-1.
- Negotiable certificates of deposit issued by a nationally chartered bank, savings association, or credit union.
- Certificates of deposit issued by commercial banks and savings and loan associations that are collateralized in accordance with the California Government Code.
- State of California Local Agency Investment Fund (LAIF)
- U.S. Government money market mutual funds
- Demand deposit accounts

The City's investment policy also establishes a maximum term of 5 years at the time an investment is purchased, with the average maturity of the portfolio not to exceed two years. The Agency's investments comply with the established policy.

At no time during the fiscal year did the Agency borrow funds through the use of reverse repurchase agreements although such transactions are authorized by the City's investment policy.

C. Funds with Fiscal Agent

The Agency has moneys held by trustees or fiscal agents pledged to the payment or security of certain bonds or projects funded by the bond proceeds. Cash and investments with fiscal agent is held by separate agreement with each fiscal agent. The California Government Code provides that these moneys, in the absence of specific statutory provisions governing the issuance of bonds or certificates, may be invested in accordance with the ordinance, resolutions, or indentures specifying the types of investments its trustees or fiscal agents may make. In no instance have additional types of investments not permitted by the Agency's general investment policy been authorized.

D. Credit Risk Categorization

Except for the Agency's investment in the State of California Local Agency Investment Fund (LAIF), all of the Agency's cash is combined with the City's pooled investments and, therefore, do not represent specific identifiable investments.

The Agency's investment in LAIF and investments with fiscal agents are summarized and categorized below. These categories, intended to indicate the level of custodial risk assumed by the Agency in its investments, are defined as follows:

Category 1 - Includes investments that are insured or registered or for which the securities are held by the Agency or its agent in the Agency's name.

Category 2 - Includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Agency's name.

Category 3 - Includes uninsured and unregistered investments for which the securities are held by the counterparty trust department or agent, but not specifically in the Agency's name.

Not subject to categorization - includes investments, defined by GASB Statement No. 3, such as mutual funds or government investment pools, which are not evidenced by securities that exist in physical or book entry form.

Pooled Investments	CATEGORY 1	CATEGORY 2	CATEGORY 3	Not subject to categorization	Carrying Amount / Fair Value
LAIF	$ -	$ -	$ -	$ 1,498,298	$ 1,498,298
Investments with Fiscal Agents					
Money Market Mutual Funds	-	-	-	3,468,490	3,468,490
U.S. Government Securities	-	-	1,403,945	-	1,403,945
Total investments	$ -	$ -	$ 1,403,945	$ 4,966,788	$ 6,370,733

The management of the State of California Pooled Money Investment Account (PMIA), of which the Local Agency Investment Fund (LAIF) is a component, has indicated to the Agency that as of June 30, 2000 the carrying amount of the pool was $43,030,301,594 and the estimated fair value of the pool (including accrued interest) was $43,453,950,163. The Agency's proportionate share of that market value is $1,498,298. Included in LAIF's investment portfolio are certain derivative securities or similar products in the form of structured notes, totaling $1,909,398,000, and asset backed securities totaling $770,758,000. LAIF's (and the Agency's) exposure to risk (credit, market or legal) is not currently available.

(3) PROPERTIES HELD FOR RESALE

A summary of changes in properties held for resale follows:

	Balance June 30, 2000	Additions	Deletions	Balance June 30, 2001
Properties held for resale	$ 433,952	-	-	$ 433,952

(4) BONDS PAYABLE

Changes in bonds payable during the year were as follows:

	Balance July 1, 2000	Additions	Retirements	Balance June 30, 2001
Tax allocation bonds:				
1993 Tax Allocation Bonds	$ 9,995,000	$ -	$ 855,000	$ 9,140,000
1995 Senior Series A Tax Allocation Bonds	18,550,000	-	2,215,000	16,335,000
1995 Subordinate Series B Tax Allocation Bonds	4,205,000	-	530,000	3,675,000
Total	$ 32,750,000	$ -	$ 3,600,000	$ 29,150,000

A description of the bonds outstanding during the fiscal year follows:

- 1993 Redevelopment Agency Tax Allocation Bonds, dated February 1, 1993 in the amount of $14,605,000, remaining annual installments ranging from $855,000 to $2,200,000 through March 1, 2007. Interest rates range from 5.1% to 8.5%, payable semi-annually. Bonds maturing on or after March 1, 2004 are subject to redemption prior to their respective stated maturities on any interest payment date on or after March 1, 2003.

- 1995 Redevelopment Agency Tax Allocation Refunding Bonds, Senior Series A, dated December 1, 1995 in the amount of $28,170,000, remaining annual installments ranging from $1,935,000 to $2,215,000 through March 1, 2005. Term bonds of $7,235,000 are due March 1, 2008. Interest rates range from 3.65% to 6%, payable semi-annually. The bonds are not subject to optional redemption prior to their respective stated maturities.

- 1995 Redevelopment Agency Tax Allocation Refunding Bonds, Subordinate Series B, dated December 1, 1995 in the amount of $6,845,000; $550,000 term bonds are due March 1, 2002; $580,000 term bonds are due March 1, 2003; and $2,545,000 term bonds are due March 1, 2007. Interest rates range from 4.375% to 6.35%, payable semi-annually. The bonds are not subject to optional redemption prior to their respective stated maturities.

The annual requirements to amortize all tax allocation bonded debt outstanding as of June 30, 2001, including interest payments of $6,933,510, are as follows:

Year ending June 30	1993 Tax Allocation	1995 Senior Series A	1995 Subordinate Series B	Total
2002	$ 1,482,022	$ 3,210,562	$ 769,087	$ 5,461,671
2003	1,497,123	3,195,713	766,775	5,459,611
2004	1,523,022	3,168,788	772,700	5,464,510
2005	2,302,753	2,389,800	720,500	5,413,053
2006	2,323,065	2,369,100	719,200	5,411,365
Thereafter	2,338,600	5,813,900	720,800	8,873,300
Total	$ 11,466,585	$ 20,147,863	$ 4,469,062	$ 36,083,510

On December 1, 1995, the Agency issued its 1995 Senior "Series A" and Subordinate "Series B" Tax Allocation Refunding Bonds, with interest rates ranging from 3.6% to 6.0%, in order to refund its outstanding 1991 Refunding Tax Allocation Bonds (a "current" refunding). The net proceeds of $31,813,703 were deposited with an escrow agent to defease the Agency's 1991 Refunding Tax Allocation Bonds, with an outstanding balance of $30,370,000. All refunded bonds have been retired.

The Agency has complied with all significant bond covenants.

(5) LOANS RECEIVABLE

Loans receivable in the Special Revenue Fund, totaling $21,996,591 at June 30, 2001, consist of housing rehabilitation loans, with interest ranging from 3% to 8% and maturities up to 20 years.

Loans receivable in the General Fund, totaling $1,140,806 at June 30, 2001, consist of a $1,112,035 two-year bridge loan to The Coalition to Provide Shelter & Support to Santa Barbara Homeless and another loan $28,771 to Bernard J. Borderre with interest at 8.5%.

(6) DUE FROM OTHER AGENCIES

On December 6, 1994, the County of Orange (Orange County) and the Orange County Investment Pools (Pool) filed petitions for bankruptcy protection under Chapter 9 of the United States Bankruptcy Code. The Agency was one of over 180 participants in the Pool (Pool Participants). As of December 6, 1994, the Agency's Pool investment principal balance was $11,780,015 according to the records of Orange County.

A Comprehensive Settlement Agreement (Settlement) for the Pool was offered to Pool Participants in March of 1995. Pool Participants were offered a choice of two settlement options (Option A or Option B). In April, 1995, the City Council acting as the Agency Board selected Option B which provided for the return of approximately $9.7 million and the reservation of all rights to recover the remaining balance from all potential sources, including Orange County and third parties.

In September of 1995, the Agency, along with other Option B agencies, filed a complaint for damages against Merrill Lynch. In October of 1995, the Agency along with other Option B agencies, filed a complaint for damages against Orange County. The complaint for damages against Orange County was settled for a cash distribution of $417,111 received in fiscal year 1996-97, and warrants amounting to $503,200, payable in ten equal annual installments plus interest at the rate of 6.25% on the unpaid balance. The first installment was received in July 1997.

As a result of the settlement with Orange County, the Agency, along with the other Option B agencies, also participates in certain litigation entitlements related to the County's litigation against third parties. This amount is classified on the balance sheet as "due from other agencies." While collectibility of this receivable can not presently be determined, it is the opinion of City management on behalf of the Agency, that the effect of non-recovery of the claims would not materially affect the financial position of the Agency.

Total "due from other agencies" at June 30, 2001 is summarized as follows:

Warrants receivable	$ 301,919
Accrued interest receivable	19,625
Total Due From Other Agencies	$321,554

A reserve of fund balance in the Capital Projects Fund has been established for the $321,554 settlement receivable due to its long-term nature.

(7) LITIGATION

The Agency is presently involved in certain matters of litigation that have arisen in the normal course of conducting Agency business. Agency management believes, based upon consultation with the Agency's Counsel, that these cases, in the aggregate, are not expected to result in a material adverse financial impact on the Agency.

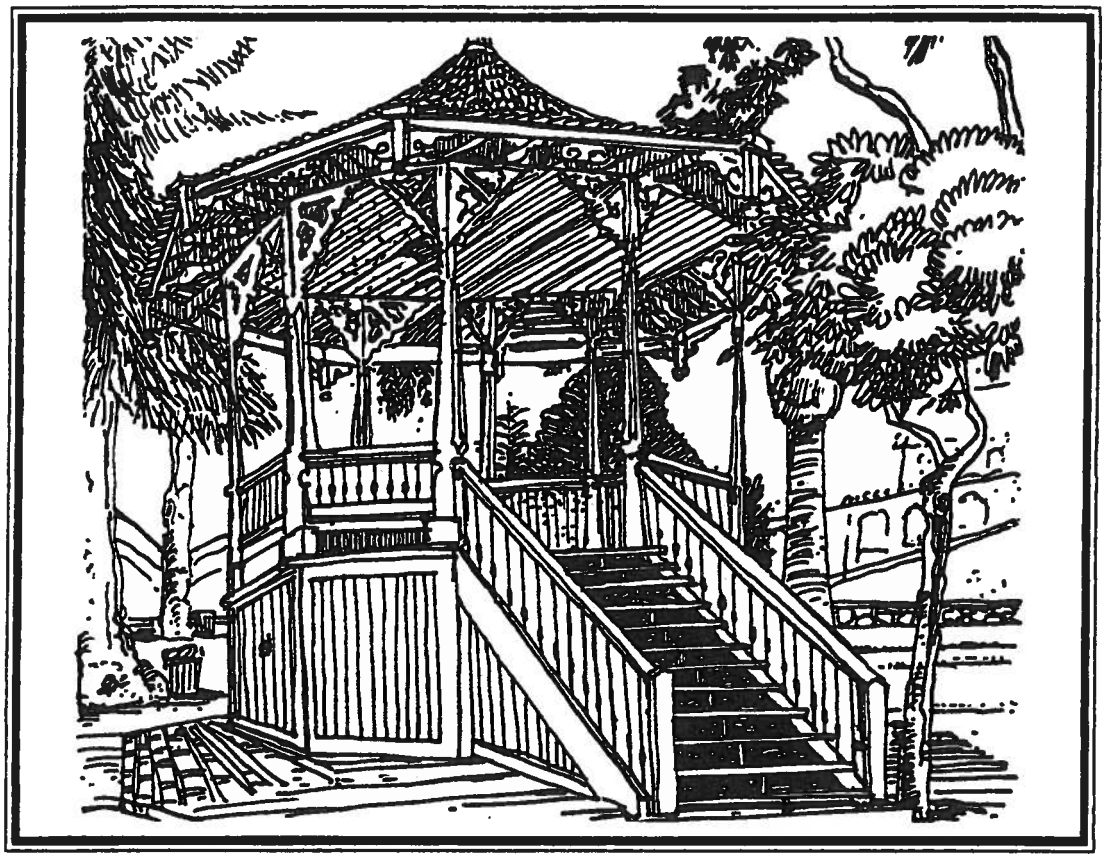
(8) FIXED ASSETS

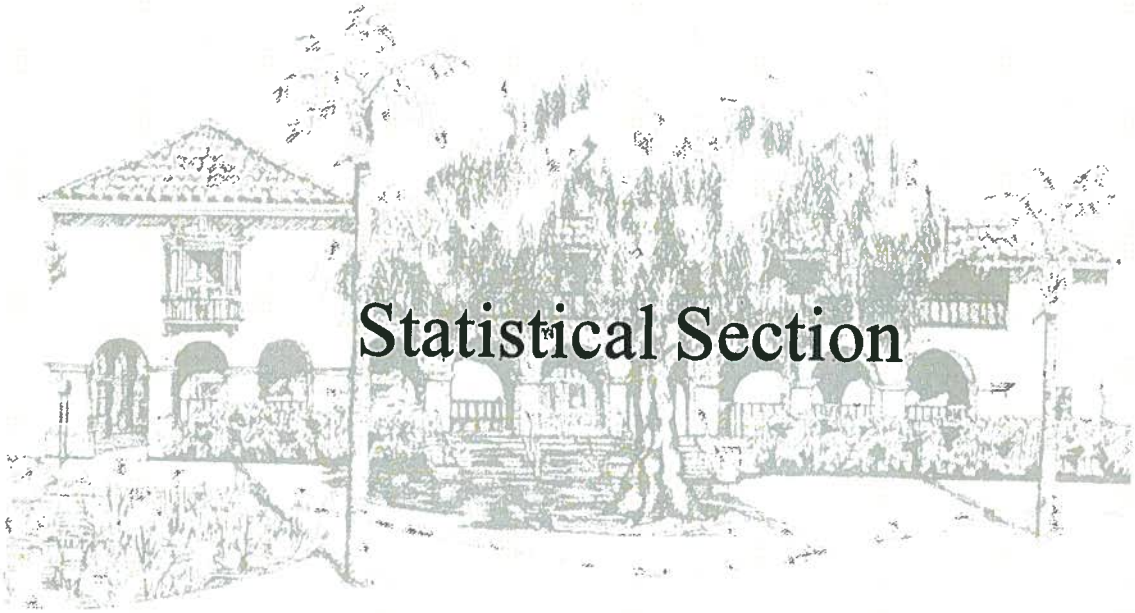
A summary of changes in the general fixed assets account group follows:

	Balance July 1, 2000	Additions	Deletions	Balance June 30, 2001
Land	$ 35,317,337	$ 3,554,352	$ -	$ 38,871,689
Buildings	12,980,836	357,741	-	13,338,577
Improvements other than buildings	11,731,368	217,524	-	11,948,892
Total	$ 60,029,541	$ 4,129,617	$ -	$ 64,159,158

(9) OTHER REQUIRED DISCLOSURES – CERTIFICATES OF PARTICIPATION

In 1984, the Redevelopment Agency of the City of Santa Barbara issued certificates of participation in order to finance the acquisition and construction of certain harbor improvements to the Santa Barbara Harbor. These improvements were leased to the City of Santa Barbara for the benefit of the Tidelands Trust Fund. These certificates were refunded in 1986, and later refunded in 1992 through the issuance of the 1992 $19,745,000 Certificates of Participation. Pursuant to an agreement dated May 1, 1992, the rights to the lease payments from the City's Tideland Trust Fund have been assigned to the Redevelopment Agency, a trustee for the benefit of the registered owners of the Certificates. Accordingly, the liability associated with the obligations under the Certificates of Participation have been recorded within the Tidelands Trust Fund and are therefore not included as a liability of the Redevelopment Agency. As of June 30, 2001 the Certificates of Participation have an outstanding balance of $17,855,000.





Statistical Section

Statistical Section

Table 1

REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA
General Expenditures By Function
Last Ten Fiscal Years
(Unaudited)

Year ended June 30	Supplies and services	Projects	Principal	Interest	Other	Total
1992	$ 1,333,626	$ 2,659,579	$ 1,390,000	$ 2,810,035	$ -	$ 8,193,240
1993	847,138	1,751,083	1,480,000	2,723,160	-	6,801,381
1994	844,715	904,666	2,060,000	3,602,212	392,171 *	7,803,764
1995	570,544	5,235,716	2,270,000	3,379,742	392,265 *	11,848,267
1996	652,085	1,490,561	3,115,000	2,373,841	700,449 **	8,331,936
1997	967,789	4,662,105	2,970,000	2,499,501	1,182,002 ***	12,281,397
1998	838,540	4,709,516	3,085,000	2,373,706	88,882	11,095,644
1999	880,215	5,785,578	3,225,000	2,235,642	240,489	12,366,924
2000	889,276	2,213,070	3,410,000	2,057,685	27,663	8,597,694
2001	928,917	6,937,224	3,600,000	1,867,900	16,327	13,350,368

* Represents amounts paid to the Educational Revenue Augmentation Fund.

** Represents amounts paid as cost of issuance.

*** $1,109,521 represents forgiveness of loans receivable.

Source: City of Santa Barbara Finance Department

Table 2

REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA
General Revenues By Source
Last Ten Fiscal Years
(Unaudited)

Year ended June 30	Tax Increment	Use of Money and Property	Development Fees	Other	Total
1992	$ 8,053,374	$ 866,364	$ -	$ 191,908	$ 9,111,646
1993	7,833,881	1,168,515	-	173,554	9,175,950
1994	7,770,191	1,598,241	-	2,306,109	11,674,541
1995	7,627,615	1,178,957	-	3,536,859	12,343,431
1996	7,601,512	1,066,972	-	321,830	8,990,314
1997	7,744,675	1,606,952	-	83,246	9,434,873
1998	8,039,594	1,542,905	-	214,480	9,796,979
1999	9,234,958	1,273,690	-	1,491,456	12,000,104
2000	9,624,123	1,406,226	-	1,411,869	12,442,218
2001	11,183,224	1,990,859	-	16,699	13,190,782

Source: City of Santa Barbara Finance Department

Table 3

REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA
Property Tax Rates - All Overlapping Governments
per $100 of assessed value
Last Ten Fiscal Years
(Unaudited)

Year ended June 30	County	City	Schools	State Water Project	Total
1992	1.00000	-	0.00674	-	1.00674
1993	1.00000	-	0.00381	-	1.00381
1994	1.00000	-	0.00156	-	1.00156
1995	1.00000	-	0.00102	-	1.00102
1996	1.00000	-	0.00761	-	1.00761
1997	1.00000	-	0.01223	-	1.01223
1998	1.00000	-	0.00420	-	1.00420
1999	1.00000	-	0.03480	-	1.03480
2000	1.00000	-	0.02950	-	1.02950
2001	1.00000	-	0.02670	-	1.02670

Source: County of Santa Barbara: Tax Rates and Assessed Valuations
Assesor's Role

Table 4

REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA
Assessed Values - Tax Levy
Last Ten Fiscal Years
(Unaudited)

Year ended June 30		Secured				
		Base year	Assessed value	Increment assessed value	Tax rate	Tax levy
1992	CCRP	$ 96,895,229	$ 712,998,649	$ 616,103,420	1.00674	$ 6,202,560
	Unitary Allocation	-	-	-		283,550
		96,895,229	712,998,649	616,103,420		6,486,110
1993	CCRP	96,895,229	740,919,224	644,023,995	1.00381	6,464,777
	Unitary Allocation	-	-	-		283,422
		96,895,229	740,919,224	644,023,995		6,748,199
1994	CCRP	96,895,229	750,616,162	653,720,933	1.00156	6,547,407
	Unitary Allocation	-	-	-		283,301
		96,895,229	750,616,162	653,720,933		6,830,708
1995	CCRP	96,895,229	732,903,848	636,008,619	1.00102	6,366,574
	Unitary Allocation	-	-	-		249,712
		96,895,229	732,903,848	636,008,619		6,616,286
1996	CCRP	96,895,229	727,262,303	630,367,074	1.00761	6,351,643
	Unitary Allocation	-	-	-		-
		96,895,229	727,262,303	630,367,074		6,351,643
1997	CCRP	96,895,229	737,801,977	640,906,748	1.01223	6,415,732
	Unitary Allocation	-	-	-		-
		96,895,229	737,801,977	640,906,748		6,415,732
1998	CCRP	96,895,229	745,437,239	648,542,010	1.00420	6,491,257
	Unitary Allocation	-	-	-		245,928
		96,895,229	745,437,239	648,542,010		6,737,185
1999	CCRP	96,895,229	839,243,063	742,347,834	1.03480	7,423,478
	Unitary Allocation	-	-	-		244,642
		96,895,229	839,243,063	742,347,834		7,668,120
2000	CCRP	96,895,229	881,000,563	784,105,334	1.02950	7,842,139
	Unitary Allocation	-	-	-		249,239
		96,895,229	881,000,563	784,105,334		8,091,378
2001	CCRP	96,895,229	985,145,500	888,250,271	1.02670	8,882,504
	Unitary Allocation	-	-	-		257,735
		96,895,229	985,145,500	888,250,271		9,140,239

Note (1): The County remits the full amount of the levy to the Agency. Delinquencies, therefore are not a factor.

Unsecured					
Base year	Assessed value	Increment assessed value	Tax rate	Tax levy	Total Tax Levy
$ 29,620,144	$ 133,865,473	$ 104,245,329	1.01265	$ 1,055,640	$ 7,258,200
-	-	-		-	283,550
29,620,144	133,865,473	104,245,329		1,055,640	7,541,750
29,620,144	136,110,443	106,490,299	1.00674	1,072,080	7,536,857
-	-	-		-	283,422
29,620,144	136,110,443	106,490,299		1,072,080	7,820,279
29,620,144	141,448,396	111,828,252	1.00156	1,120,027	7,667,434
-	-	-		-	283,301
29,620,144	141,448,396	111,828,252		1,120,027	7,950,735
29,620,144	139,613,904	109,993,760	1.00102	1,101,654	7,468,228
-	-	-		-	249,712
29,620,144	139,613,904	109,993,760		1,101,654	7,717,940
29,620,144	140,093,386	110,473,242	1.00761	1,105,859	7,457,502
-	-	-		-	-
29,620,144	140,093,386	110,473,242		1,105,859	7,457,502
29,620,144	141,643,067	112,022,923	1.01223	1,128,754	7,544,486
-	-	-		-	-
29,620,144	141,643,067	112,022,923		1,128,754	7,544,486
29,620,144	157,264,725	127,644,581	1.00420	1,277,774	7,769,031
-	-	-		-	245,928
29,620,144	157,264,725	127,644,581		1,277,774	8,014,959
29,620,144	171,154,453	141,534,309	1.03480	1,416,617	8,840,095
-	-	-		-	244,642
29,620,144	171,154,453	141,534,309		1,416,617	9,084,737
29,620,144	172,343,113	142,722,969	1.02950	1,427,229	9,269,368
-	-	-		-	249,239
29,620,144	172,343,113	142,722,969		1,427,229	9,518,607
29,620,144	203,618,295	173,998,151	1.02670	1,739,980	10,622,484
-	-	-		-	257,735
29,620,144	203,618,295	173,998,151		1,739,980	10,880,219

Source: County of Santa Barbara, "Tax Rates and Assessed Valuations", "Assessor's Role".

Table 5

REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA
BUILDING PERMITS, BANK DEPOSITS AND
TAXABLE SALES - CITY AND COUNTY
Last Ten Calendar Years
(Unaudited)

	Building Permits (1)			Sales Tax (3)			
Year	Number	Value	City Bank Deposits (2)	# of City Tax Permits	City Taxable Transactions	County Taxable Transactions	City as % of County
1991	1,180	$ 46,651,000	$ 2,915,301,000	4,478	$ 1,037,868,000	$ 3,086,419,000	33.6
1992	1,008	52,920,300	2,515,862,000	4,490	1,015,177,000	3,050,793,000	33.3
1993	1,169	31,295,200	2,424,468,000	4,579	1,033,998,000	3,076,825,000	33.6
1994	941	29,997,500	2,408,376,000	4,718	1,085,045,000	3,177,546,000	34.1
1995	1,154	44,700,000	2,397,912,000	4,829	1,104,519,000	3,226,206,000	34.2
1996	1,221	40,500,000	3,405,559,000	4,971	1,175,157,000	3,466,195,000	33.9
1997	2,898	71,864,802	2,400,073,000	4,996	1,253,902,000	3,614,586,000	34.7
1998	3,064	74,783,741	4,957,343,000	4,939	1,354,183,000	3,927,578,000	34.5
1999	3,133	76,267,301	5,114,390,000	4,961	1,439,155,000	4,195,291,000	34.3
2000	2,722	90,268,504	5,556,265,000	4,881	1,542,213,000	4,629,350,000	33.3

Source: (1) Information provided by City of Santa Barbara Building Inspection Division.

(2) California State Banking Department - Research and Statistics. 1996 includes Santa Maria and Lompoc.

(3) Taxable Sales in California - State Board of Equalization - Research and and Statistics Division.

Table 6

REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA
Ten Largest Employers - South Santa Barbara County (1)
June 30, 2001
(Unaudited)

Name	Activity	Number employed
University of California, Santa Barbara	Education	8,834
County of Santa Barbara	Government	4,215
Santa Barbara Cottage Hospital	Hospital	1,811
Santa Barbara High School District	Education	1,750
Raytheon/ E-Systems	Instrument manufacturing	1,700
Santa Barbara Community College	Education	1,555
Sansum-Santa Barbara Medical Foundation Clinic	Hospital	1,100
U. S. Postal Service	Postal Service	1,063
City of Santa Barbara	Government	1,046
Santa Barbara Elementary	Education	962

(1) With the adoption of Article XIIIA of the California Constitution in 1978, property tax as an indicator of economic stability/dependency diminished in importance. Accordingly, the Agency has elected to depict the ten largest employers in South Santa Barbara County as a measure of overall economic stability of the City.

Source: Santa Barbara Chamber of Commerce.

Table 7

REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA
Fidelity Bonds of Principal Officials
Year ended June 30, 2001
(Unaudited)

Name	Title of Official	Amount of fidelity bond
Sandra Tripp-Jones	Executive Director and Secretary	$ 5,000,000
Robert D. Peirson	Agency Treasurer	5,000,000
All other employees handling money affiliiated with the Agency	-	5,000,000

Source: City of Santa Barbara Risk Management

Compliance and Internal Control Section

Compliance and Internal Control Section

BROWN ARMSTRONG
CERTIFIED PUBLIC ACCOUNTANTS

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Jerry E. Randall, CPA/ABV, CFP
Benjamin P. Reyes, CPA
Andrew J. Paulden, CPA
Harvey J. McCown, CPA
Andrea Rutherford-Hill, CPA
Steven R. Starbuck, CPA
Aileen K. Keeter, CPA

Lynn R. Krausse, CPA, MST
Chris M. Thomburgh, CPA
Joan M. Anderson, CPA
Bradley M. Hankins, CPA
B. Marie Ebersbacher, CPA, CFE
Eric Xin, CPA
Melinda A. McDaniels, CPA
Thomas M. Young, CPA
Vonie L. Chroman, CPA
Michelle L. Gonzales, CPA
Amanda E. Wilson, CPA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE (INCLUDING THE PROVISIONS CONTAINED IN THE GUIDELINES FOR COMPLIANCE AUDITS OF REDEVELOPMENT AGENCIES) AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS

The Board of Directors of
the Redevelopment Agency of
the City of Santa Barbara, California

We have audited the accompanying general-purpose financial statements of the Redevelopment Agency of the City of Santa Barbara, California (the "Agency"), a component unit of the City of Santa Barbara as of and for the year ended June 30, 2001, as listed in the table of contents, and have issued our report thereon dated August 23, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, Section 33080.1(a) of the Health and Safety Code of the State of California, and the procedures contained in the Controller of the State of California "Guidelines for Compliance Audits of California Redevelopment Agencies."

Compliance

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

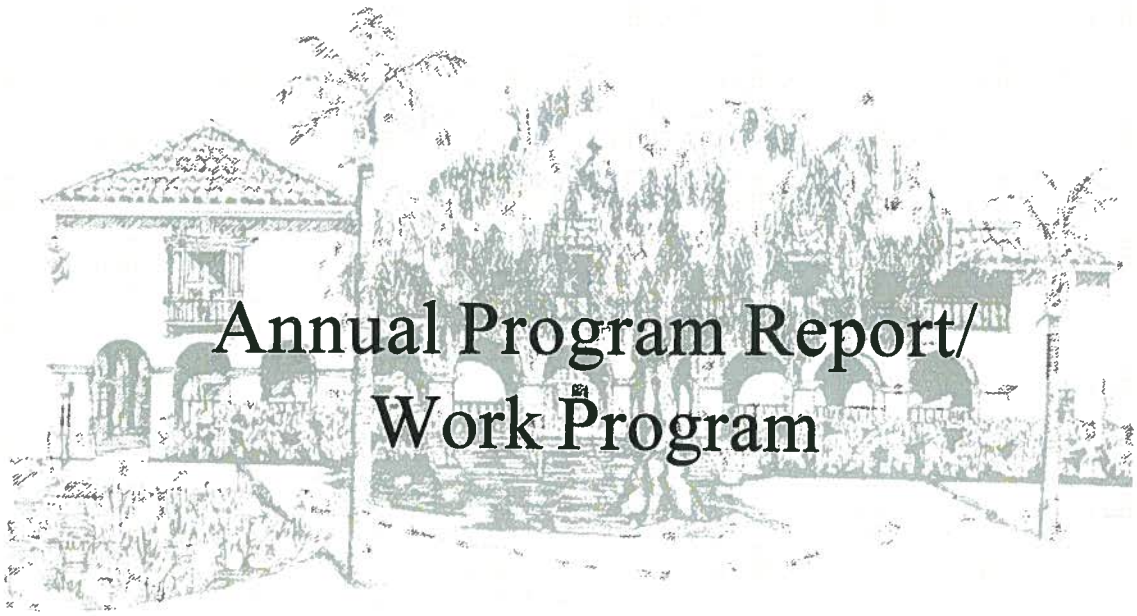
MEMBER of SEC Practice Section of the American Institute of Certified Public Accountants

This report is intended for the information of members of the Agency, management and officials of the State of California Controller's Office. However, this report is a matter of public record and its distribution is not limited.

BROWN ARMSTRONG RANDALL
REYES PAULDEN & McCOWN
ACCOUNTANCY CORPORATION

Bruton H. Armstrong

Bakersfield, California
August 23, 2001



Annual Program Report/ Work Program

Annual Program Report/Work Program

REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA
ANNUAL PROGRAM REPORT – FISCAL YEAR 2001
(Not covered by Auditor's Report)

INTRODUCTION

This report, covering Fiscal Year ending June 30, 2001, was prepared in accordance with the most recent guidelines issued by the California Department of Housing and Community Development. The report includes a general narrative that describes the Agency's activities during Fiscal Year 2001.

CENTRAL CITY REDEVELOPMENT PROJECT AREA

DOWNTOWN SIDEWALK AND LANDSCAPING

Phase II

In Fiscal Year 1994, the State Street Landscaping Task Force (Task Force) developed guidelines intended to bring a sense of order and vision to the future changes proposed for the State Street Plaza. These guidelines encompass a range of issues related to both the aesthetic nature of the street and the practical needs of property owners, merchants, residents and visitors to Santa Barbara. In FY 97 the Agency identified the project to replace the sidewalks and landscaping on State Street from the 600 Block through the 1200 Block. This section was chosen because the sidewalk is over 25 years old and subject to high pedestrian activity.

The goals of the State Street Sidewalk Improvement Project are to improve pedestrian circulation and safety, improve business visibility, maintain and enhance landscape diversity, acknowledge significant architectural features of buildings, provide amenities for the comforts and convenience of pedestrians, and thereby provide a pedestrian friendly State Street Plaza. Currently, planter boxes and other landscaping design features throughout the 600-900 blocks impede pedestrian flow, conceal storefronts, and hide many notable architectural features of State Street buildings. In Fiscal Year 1999, the Redevelopment Agency Board appropriated funds for sidewalk and landscaping enhancements along State Street from the 600 block to the 1200 block. It was anticipated that these sidewalk and landscaping improvements would take place on an annual basis until completed.

Phase I and Phase II of the State Street Sidewalk Improvement Project, constructed in 1999 and 2001, respectively, covered the 1200, 1100, 1000, 900, and 800 blocks of State Street, between Victoria Street and De la Guerra Street. The Redevelopment Agency funded the basic project, which included replacement of the existing sidewalks with colored and patterned concrete and landscape improvements. Property owners in Phase I expressed a preference for an enhanced project, which would include brick pavers and a holiday lighting system. As a result, a Public Works Benefit Assessment District was formed to provide funding for the added cost associated with the enhanced project. Similar to Phase I, property owners in Phase II and Phase III expressed a preference for an enhanced project. As a result, on July 18, 2000, property owners in the 600, 700, 800, and 900 blocks of State Street supported the formation of a Public Works Benefit Assessment District, which will result in a consistent, pedestrian friendly State Street Plaza from Cota Street to Victoria Street.

Redevelopment Agency and Public Works staff, encouraged merchant and property owners to participate in the project design process from the beginning of the project. In February 2000, staff developed a Focus Group to address design and other issues related to the project. The Focus Group was open to the public and included property owners, merchants, and liaisons from the Redevelopment Agency Board, Historic Landmarks Commission, Parks Commission, Downtown Organization, and the Old Town Merchants Association. The Focus Group met numerous times to review preliminary design plans, final design plans, and give feedback to the design team of Penfield & Smith and Cunningham Design. The public meeting schedule included over 15 meetings. The Focus Group will continue to play an integral role throughout Phase III of the project.

As with Phase I, the Agency funded a public relations campaign organized by the Downtown Organization that provided extensive public outreach for 14 weeks in an effort to maintain a steady flow of customers during the construction period. The campaign included weekly public meetings, local publicity efforts (temporary signage, balloon arches, and street decorations), advertising (Santa Barbara News-Press, Santa Barbara Independent, and local radio), and weekend entertainment (jazz trios, blues bands, jugglers, etc.).

The culmination of the public relations campaign was a grand opening celebration for the 800 and 900 blocks on June 16, 2001.

Phase I total costs were $1,530,000.

Phase II total costs were $1,950,000

Phase III

Phase III of the State Street Sidewalk Improvement Project will include sidewalk and landscaping improvements to the 600 and 700 blocks of State Street. The design team of Penfield & Smith Engineering and Cunningham Design, landscape architects, were awarded a $117,000 contract by the City of Santa Barbara to develop a preliminary design for the project as part of Phase III. In June 2001, the City awarded a final design contract to the same design team for $115,500.

The redesign of the State Street sidewalks will be consistent with and compliment the sidewalk and landscape improvements completed in the 800 through 1200 blocks of State Street (Phase I and II) completed in 1999 and 2001, respectively. The goals of the State Street Sidewalk Improvement Project are to improve pedestrian circulation and safety, improve business visibility, maintain and enhance landscape diversity, acknowledge significant architectural features of buildings, provide amenities for the comforts and convenience of pedestrians, and thereby provide a pedestrian friendly State Street Plaza.

Activities in Fiscal Year 2001 consisted of the completion of preliminary design and the beginning of the final design (due to be completed by August 2001). Construction of Phase III (600 and 700 blocks) is tentatively scheduled to begin in January 2002.

916 STATE STREET PUBLIC RESTROOMS AND FOUNTAIN

Early in the 1990's, due to the lack of public restrooms, the Agency attempted to locate and fund a public restroom in the downtown area. Other funding priorities arose and the project was put on hold. The current State Street Sidewalk Improvement Project prompted a renewed interest in the public restroom project due to increasing pedestrian and economic activity along the State Street corridor. In January 2001, the engineering firm of Howard and Van Sande was retained ($34,500 design contract) as the prime design consultants for the public restroom to be located at 916 State Street, the area previously selected in 1994. In May 2001, the design contract extra services amount was increased by $12,250 to cover engineering associated with the addition of the fountain as part of the project. A nearby pillar, a structural element of the parking structure at Lot #9, will be the core of the fountain. Local artist, Colin Gray, was chosen through a Request for Proposals process to provide the artistic rendering of the fountain. Currently, the artist services totals $5,500.

400 BLOCK OF STATE STREET CROSSWALK

A new traffic signal and crosswalk were installed at mid-block in the 400 block of State Street to improve pedestrian circulation in the block between Gutierrez Street and Haley Street. The 400 block was the last block to get a mid-block crosswalk along the length of State Street between the freeway and Victoria Street. Penfield and Smith were the engineers for the project. The Agency budgeted $95,000 to complete the project. For economy, the construction contract was combined with another traffic light project at State and Arrellaga Streets. Taft Electric Company was awarded the construction contract in the amount of $39,476 in March 2000. Science Applications International Corporation (SAIC) was awarded a purchase order in the amount of $2,750 for archaeological monitoring, and Penfield and Smith was awarded a purchase order in the amount of $3,000 for construction monitoring services. The project was completed in April 2001.

CULTURAL ACTIVITIES

STATE STREET SCULPTURE GALLERY

The design of the State Street Sidewalk Improvement Project incorporates opportunities to include public art elements. The Agency coordinated the efforts of the City's Arts Advisory Committee and Visual Art

in Public Places Subcommittee to include sculpture pads designed to accommodate temporary art installations on a recurring basis into the design of the State Street Sidewalk Improvement Project. Local merchants have been supportive of the project, expressing the belief that public art will help draw business to the area while helping to define the area as the City's Cultural Arts District. A Curatorial Committee comprised of representatives from the City's Historic Landmarks Commission, Downtown Organization, the Santa Barbara Museum of Art, and the Contemporary Arts Forum collaborated with a professional curator to identify and secure artwork for the rotating exhibition. Luis Jiménez was the featured artist this year with seven (7) sculptures. The Agency budgeted $65,000 in Fiscal Year 2001 towards the development of the second State Street Sculpture Gallery.

PLAZA DE LA GUERRA MASTER PLAN

In Fiscal Year 2000, the Agency allocated $35,000 for the Master Plan and awarded $12,500 to the Santa Barbara Trust for Historic Preservation for Phase I of the Master Plan which includes a catalog of historic papers, essays, architectural drawings, and historical photographs of the Plaza. During Fiscal Year 2001, the Agency funded another $12,500 to the Downtown Organization for Phase II of the Master Plan which includes a series of stakeholder meetings to gather input and identify issues about the future improvement and use of the Plaza. During Phase III, the proposed plan will be considered by City Council for incorporation into the City's General Plan and El Pueblo Viejo District Guidelines.

LOBERO THEATER TECHNICAL IMPROVEMENTS

As part of the Redevelopment Agency's program to promote cultural activities in the downtown area, the budget for 2001 included a matching grant to the Lobero Theatre Foundation to be used to update the lighting system as part of Phase I of the Lobero Capital Master Plan. The Lobero, a City Landmark, is the busiest performance stage in the community. The Foundation raised $800,000 and the Agency granted $150,000. The Lobero now has a modern automated lighting system. The improvements will attract performances requiring a higher level of technical standards and thereby increase the attendance levels, which will be an enhancement to the economy of the downtown area.

CONTEMPORARY ARTS FORUM GRANT

The Redevelopment Agency initially allocated $17,500 in the 2000-2001 budget to contribute towards a state-of-the-art lighting system for the gallery for the Contemporary Arts Forum. An increase in the costs necessitated an increase in the grant to $22,500 with a larger matching grant coming from another local foundation. The new lighting was unveiled at a "Let There Be Light" gallery opening in February 2001.

EL PRESIDIO CHAPEL TOWER RESTORATION

In December 2000, the Agency received a request from the Santa Barbara Trust for Historical Preservation for a matching grant of $20,000 to contribute towards the restoration of the Chapel Bell Tower at the El Presidio. Other contributions, along with a grant from the Mericos Foundation, completed the project's budget needs. The Trust has since gone forward with the construction and completed the bell tower by Presidio Day, April 21, 2001, which included a public dedication of the bell tower and chapel bell.

CASA DE LA GUERRA RESTORATION

The Agency's initial budget for Fiscal Year 2001 included a grant in the amount of $100,000 to Santa Barbara Trust for Historic Preservation for the final stage of the restoration of historic Casa de la Guerra built in 1828. The west wing is now being restored and may include a breezeway into neighboring El Paseo allowing for the continued presence of retail and cultural resources in the downtown area. Casa de la Guerra will be the anchor for the future Plaza de la Guerra Master Plan.

DOWNTOWN ORGANIZATION CULTURAL PROMOTIONS

The Downtown Organization in Santa Barbara received funding to promote the city's downtown Cultural Arts District. The funding went towards television and holiday shopping advertisements, a colorful

map/brochure, and a layout in the annual County Visitors Guide published by the Santa Barbara Conference and Visitors Bureau and Film Commission. By fiscal year's end, the Downtown Organization had used $20,960 of their $34,000 funding.

WATERFRONT AREA

SANTA BARBARA RAILROAD STATION IMPROVEMENT PROJECT

The Agency has reserved funds to be used for the complete restoration of the Railroad Station's original, ornate tile floors. It was hoped that a complete renovation and replacement could be avoided, since there were only small areas in the lobbies where tiles were missing. Custom-made tiles had to be used since these tiles were no longer manufactured. Once underway, it became apparent that the sub-floor was badly in need of replacement. Replacement of the tile floor has been delayed due to the investigation of the condition of the sub-floor and the related development of the necessary remediation process.

The Agency is pursuing CalTrans funding to develop the Signalman's Building into a small railroad museum and a visitor information center annex. CalTrans Transportation Enhancement Activities (TEA) funding criteria allow for use in the development of transportation museums. Originally, the Chamber of Commerce and the Agency had been planning to develop a larger Visitor Center for this property, but the Visitor Center is now incorporated into a private project in the same area. A small visitor information annex would be advantageous for arriving passengers at the City-owned Railroad Station. During Fiscal Year 2001, the Agency has set aside $25,000 as matching funding for the development of the Signalman's Building. The Agency has also applied for CalTrans funding for the development of the Historic Railroad Spur with a restored rail car for potential use as either a display center or for meetings. The Agency has allocated $46,000 in matching funds towards the development of the Historic Railroad Spur.

Since receiving two awards in Fiscal Year 2001 (the California Redevelopment Association's Special Citation Award of Excellence and the California Transportation Foundation Tranny Award for an outstanding project promoting public transportation), the Railroad Station has received two other awards. The first was local recognition from Santa Barbara Beautiful for the Best Historic Building Renovation for 2000. The second award was the Governor's Historic Preservation Award for 2001 presented by the State of California. It is anticipated that future awards will be forthcoming from national entries.

The total cost for the Railroad Station Improvement Project, including property acquisition, was approximately $8.4 million. The Redevelopment Agency's share was over $3.3 million, and CalTrans has provided another $5 million. The station may be eligible for placement on the National Register and is now considered one of the most beautiful stations on the West Coast.

RAILROAD SOUTH PARKING LOT

When the development plans for the Railroad Station Improvement Project were approved, a 47-space parking lot was to be constructed on the parcel just south of the railroad tracks. In 1996, the Chamber of Commerce approached the Agency with a request to develop a new visitor center on this lot instead. The Agency agreed, and the design of a visitor center was underway when the construction cost estimate came in substantially higher than expected. In May 1999, the Redevelopment Agency made the decision to participate as a co-applicant in a private development at the corner of State Street and Cabrillo Boulevard, called La Entrada, and incorporate the proposed Visitor Information Center for the Chamber of Commerce into this project thereby allowing the site to be developed as a parking lot as originally approved.

The engineering firm of Flowers and Associates produced a preliminary redesign. The inclusion of increased landscaping and a more pedestrian-oriented design has resulted in a reduction from 47 to 41 proposed parking spaces since another entrance and more landscaping was added. The final design team consisted of Flowers and Associates, Associated Transportation Engineers, and David Black and Associates, Landscape Architects, for a total contract of $47,583. The lot design has secured the Historic Landmarks Commission approval. The project is currently on hold pending La Entrada approvals. Flowers and Associates estimates construction costs to be $265,000. With the added costs of archeological monitoring, construction services, building permits, change orders and materials testing, the

reserved funding of $350,000 may need to be increased. This amount was the original Agency contribution towards the Visitor Center development.

RAILROAD ANNEX PARKING LOT

The Agency will begin development of additional public parking for the Railroad Station on newly-acquired property at 235 State Street. The property was acquired from CalTrans for $677,500. The property has been used by the restaurant, Original Enterprise Fish Company, for parking but is in rundown condition and will need to be developed into a more suitable parking lot to be operated by the City. Flowers and Associates has been awarded a contract for $21,281 for preliminary design services. In the meantime, the parking lot will be temporarily re-striped to provide adequate parking and safety until construction.

CABRILLO BOULEVARD RESTROOMS AND TILE BENCHES

Public restrooms have been completed in the parking lot adjacent to the existing Visitor Information Center at the corner of Cabrillo Boulevard and Garden Street. This location was chosen as having the least impact to the Waterfront area's activities and the most convenience for tourists. The structure is 952 square feet and required some design changes to the parking lot but no net loss of parking. Features include 8 stalls for both the women and men's side and a baby changing station. Architectural enhancements such as scored, colored sidewalk at the entrance will allow the new building to blend in with the existing Visitor's Center, which is a structure of merit. Public Works managed the construction, which began after Labor Day 2000 and was completed in April 2001. The Agency allocated $312,000 towards the construction in the budget for Fiscal Year 2001 but required an additional $30,000 for architectural upgrades.

Two art benches are being included as part of the Waterfront area project. The benches are tiled with handmade and decorated tiles made by noted local artist Hank Pitcher. The Agency allocated $10,000 to design the tiles and supervision of installation.

LOWER MISSION CREEK FLOOD CONTROL AND ENHANCEMENT PROJECT/CREEKS INVENTORY AND ASSESSMENT

The Redevelopment Agency's FY 2000 budget included $100,000 for various creek-related projects. Toward that end, the Agency has contributed funds toward the production of the "City Creeks - Inventory and Assessment Study," which aims to pinpoint sources of creek pollution, identify areas in need of restoration and enhancement, and find opportunities for recreational use along the City's numerous urban creeks. The consulting firm of URS Greiner Woodward Clyde was engaged to prepare the study, which is a database and general assessment of existing conditions along the main city creeks. The study to identify restoration, enhancement, recreation, and flood control opportunities within the creeks was completed and distributed in September 2000. The Agency contributed $36,400 in Fiscal Year 2001 toward this study.

WATERFRONT AREA TRANSPORTATION STUDY (WATS2)

Mandated by the Harbor Master Plan, a study analyzing the existing and future traffic and parking conditions assuming both low- and high-intensity land uses was completed in Fiscal Year 2001. Since this area represents a large portion of the Redevelopment Project Area, the Agency contributed $18,334 towards the total cost of $55,000 in Fiscal Year 2000. Associated Transportation Engineers presented the final study to City Council in June 2001.

GARDEN STREET EXTENSION/CABRILLO PLAZA

The Agency involvement with the extension of Garden Street began in 1995 when it entered into a Memorandum of Understanding with the Wright Family Trust. This MOU provided for the negotiation of an Owner Participation Agreement (OPA) regarding the Cabrillo Plaza Specific Plan and the Garden Street Extension.

In early 1996, an OPA between the Wright Family Trust and the Agency was executed, a Negative Declaration for the Garden Street Extension was adopted, and the Mitigation Monitoring Program for this

project was approved. In March 1997, the City Council formed a Benefit Assessment District for the levying of an assessment on the Cabrillo Plaza property to finance the street extension. The construction contract was awarded to Lash Construction in July 1997. The Redevelopment Agency's contribution of $400,000 went toward the expansion of the parking lot along the west side of the realigned Garden Street. This expanded parking now serves visitors to the new portion of Chase Palm Park and other waterfront attractions. A Redevelopment Parcel Map was prepared to document the location of the street extension and related parking lots and was recorded in FY 2001.

PROPERTY ACQUISITION

In October 2000, the Agency was offered for purchase four (4) parcels by the Spumoni Holding Company, LLC in the waterfront area. There were four more parcels that Spumoni Holding Company, LLC had recently bought from Union Pacific Railroad Company. The Agency had been interested in these properties as a potential site for various redevelopment projects. A future potential exists for acquisition of four adjacent parcels still owned by Spumoni Holding Company, LLC. The City loaned the Agency $2,875,000 for the opportunity acquisition in February 2001. This loan will be paid off with the proceeds from the tax allocation bond to be issued in July 2001. A Master Plan process will take place in Fiscal Year 2002.

OTHER ACTIVITIES

SOUTH COAST COMMUNITY INDICATORS PROJECT

As part of the Agency's commitment to address all elements involved with the economic health of the project area, the Board increased its contribution this year to $4,000 for the Santa Barbara South Coast Community Indicators Project. The Indicators Project is an endeavor to measure the social, environmental and economic factors that add up to the high quality of life in this community. The latest edition will be published in the summer of 2001 through the combined efforts of the Community Environmental Council and UCSB Economic Forecast Project.

TRANSPORTATION MANAGEMENT PROGRAM

The Redevelopment Agency contributed $300,000 this fiscal year for the operation of the City's Transportation Management Program (TMP). The TMP is a comprehensive traffic and parking management program that combines disincentives for single occupant automobile use with incentives for alternative modes of transportation. This program is required mitigation for traffic impacts from private development and Agency downtown revitalization activities. Two commuter parking lots (Cota/Santa Barbara Streets and Carrillo/Castillo Streets) allow employees in the downtown area to park on the fringes of the central business district and ride shuttle buses to work places.

AGENCY'S AFFORDABLE HOUSING PROGRAM

335 WEST CARRILLO/922 CASTILLO STREET (CASTILLO DE LAS FUENTAS)

The City's Housing Authority will construct 42 new one-bedroom and studio apartments on this site, as part of the City's Downtown Housing and Traffic Mitigation Program. This program encourages the construction of new housing downtown for people working in the area in order to reduce dependency on automobiles and traffic congestion. The Agency provided $1,284,000 in Housing Setaside Funds as a deferred permanent loan for construction plus $600,000 in California Housing Finance Agency HELP funds for predevelopment/short-term gap financing. Previously, the Agency provided the Housing Authority with grants totaling $515,500 for acquisition of the property. The Housing Authority expects construction to start in 2002.

309 – 319 SOUTH VOLUNTARIO STREET

The Agency and City provided grant funds to the City's Housing Authority to acquire three under-utilized properties for the construction of new affordable housing. The Housing Authority has demolished two

dilapidated abandoned single-family structures. The third single-family structure had been previously converted to three units which are occupied by low-income households. The Housing Authority will manage them until plans for the new affordable units have been finalized. Removing the three single-family structures will enable the Housing Authority to construct 16 – 20 new low-income units. Rent restrictions will require that rents remain affordable for at least 60 years.

821 EAST FIGUEROA STREET

With grants from the Agency and City, the City's Housing Authority acquired this five-unit property. The Housing Authority bought the property shortly before it was to be placed on the market in order to preserve the low-income units there and to convert the others to low-income units upon normal turnover. Given the good condition of the property, it will require only standard maintenance over time instead of immediate rehabilitation. Rents will be restricted for at least 60 years.

705 OLIVE STREET

The Agency and City provided financial assistance to the City's Housing Authority for the demolition of a dilapidated single family home in order to build a new triplex unit, as part of the City's Downtown Housing and Traffic Mitigation Program. This program encourages the construction of new housing downtown for people working in the area in order to reduce dependency on automobiles and traffic congestion. The Agency provided California Housing Finance Agency HELP funds for predevelopment/short-term gap financing. The City used federal funds to provide a grant for construction. The Housing Authority has demolished the single-family structure and expects construction to start by the end of 2001.

421-425 EAST COTA STREET (MOM'S PROPERTY)

The Agency provided Transition House with a $320,000 loan for the acquisition of 421-425 E. Cota Street, two mixed-use buildings – one with nine occupied residential units and ground floor commercial space, the other a former restaurant. Transition House operates a nearby homeless shelter and offers training programs for its clients. Transition House acquired the property in order to expand its inventory of affordable housing available to families ready to leave the homeless shelter. As current tenants leave their units at 421 East Cota Street through normal turnover, Transition House makes them available to their clients. The building that housed the former restaurant has structural problems and will be demolished in order to make way for a new structure planned by Transition House that will feature space for day care on the ground floor and additional affordable housing on the upper two floors. Transition House plans to request additional Agency funding for the new construction.

1116-1132 DE LA VINA STREET (GARDEN COURT)

De La Vina Associates, a private developer, received Agency funding to acquire property in downtown Santa Barbara for the construction of a 98-unit independent living facility with enhanced services for the very low-income frail elderly. This project addresses a special priority need identified by the City in alleviating problems caused by the demolition of the nearby Carrillo Hotel, a facility that housed low-income seniors. Garden Court creates a superior and more affordable housing environment, and provides a wide range of social services. The City's Housing Authority manages the project under a 19-year master lease, after which the Housing Authority will own the project outright. The project was completed in 2000 and received the National Association of Local Housing Finance Agencies' Year 2000 Meritorious Achievement Award and the California Redevelopment Association's Year 2001 Award of Excellence.

420 CALLE REAL (ST. VINCENT'S)

Mercy Charities Housing California (Mercy Charities), a State-wide nonprofit organization, proposes to build a 77-unit rental housing development for low- and very low- income families plus a 95-unit development for seniors on the site of the former St. Vincent's School, a five-acre site in the unincorporated County near Highway 154 and Calle Real. The Agency provided Mercy Charities with $87,000 in Housing Setaside Funds and Socioeconomic Mitigation Program funds in the form of a deferred predevelopment loan. Mercy Charities also received State planning funds through the County of

Santa Barbara for predevelopment. In order to receive the $2,050,000 in Agency loan funds that have been reserved for the family project plus additional funds that are being considered, the City must first annex the property. Mercy Charities is in the process of completing their annexation application and plans to submit applications for tax credits and federal Section 202 funds. If Mercy Charities is successful next year with their applications and secures the needed funding, then construction would start in 2003.

322 LADERA STREET AWARDS

This remarkable project was completed in 1999 and was previously reported in detail. It involved the acquisition and rehabilitation of a large 54-unit blighted residential property that threatened to bring down an entire neighborhood. Peoples' Self-Help Housing Corporation acquired and rehabilitated the property, with financing from the Agency, City, and a bond issued by the City's Housing Authority. The project was recognized in 1999 and 2000 by national, state and local organizations:

National Association of Local Housing Finance Agencies
- Year 1999 Meritorious Achievement Award

California Redevelopment Association
- Year 2000 Award of Excellence

American Planning Association
- Central Coast Chapter Year 2000 Planning Award
- California State Chapter Year 2000 Planning Award

This year the project was awarded the prestigious 2001 Paul Davidoff Social Advocacy Award, a national award from the American Planning Association.

22 EAST VICTORIA STREET (VICTORIA HOTEL)

The City provided loans and grants to Peoples' Self- Help Housing Corporation (PSHHC) for the acquisition and rehabilitation of the Victoria Hotel. Originally built as a tourist hotel and later converted to single-room occupancy (SRO) use, the hotel had been placed on the market. By assisting PSHHC in the acquisition of the property, the City succeeded in saving this rare downtown SRO hotel from almost certain conversion to office or tourist hotel use. The rehabilitation is extensive and includes seismic retrofitting throughout the structure. PSHHC expects to complete the work by December 2001. Agency funds have not been used, however, Agency staff was actively involved in arranging financing for the project.

320 SOUTH SALINAS STREET

The City provided Transition House with financial assistance for the acquisition and rehabilitation of a 13-unit property located at 320 S. Salinas Street. Transition House acquired the property in order to expand its inventory of affordable housing available to families ready to leave the homeless shelter Transition House operates. Transition House has rehabilitated the existing 13-unit building with tenants in place. As units become vacant through normal turnover, Transition House makes them available as permanent housing to their clients. The site is large and can accommodate new construction. The City has used federal funds to provide a predevelopment loan and to make a tentative commitment of additional funds for the new construction. Transition House expects to start construction in 2002. Agency funds have not been used, however, Agency staff was actively involved in arranging financing for the project.

REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA
ANNUAL WORK PROGRAM REPORT – FISCAL YEAR 2002
(Not covered by the Auditor's Report)

INTRODUCTION

This report, covering the projected program year for the fiscal year ending June 30, 2002, was prepared in accordance with the most recent guidelines by the California Department of Housing and Community Development. The report includes a description of the work program for the 2002 Fiscal Year. Funds for these projects are contained in the Redevelopment Agency of the City of Santa Barbara budget for Fiscal Year 2002, including reappropriations from prior year balances.

FISCAL YEAR 2002 WORK PROGRAM

HOUSING PROGRAMS FUND PROJECTS

- **Housing Revolving Fund**

  Funds available for the development of affordable housing projects, including land-banking, site improvements, interim financing, rehabilitation, and new construction of multi- or single-family properties per State statute. $2,875,000

- **Celebration of Affordable Housing**

  Partial funding of a public tour of five exemplary affordable housing projects in the City of Santa Barbara. $5,000

REDEVELOPMENT GENERAL FUND PROJECTS

Funds have been appropriated in the Agency's General Fund (Fund 111) for the following projects in the approximate amounts shown:

- **Community Indicators Project**

  Funds for the Project activity of annually measuring the quality of life indicators on the South Coast. $4,000

- **West Downtown Improvement Program**

  Funds to develop program to address infrastructure needs including expansion of the Westside Center, enhancements to overpasses, bike paths, pocket parks, acquisition and rehabilitation of substandard housing, and development of affordable housing between Chapala Street and Highway 101 and below Victoria Street. $50,000

- **Mission Creek/Waterfront Master Plans**

  Funds for the preparation of master plans for the restoration of Mission Creek and Waterfront wetlands. $63,600

- **Property Management**

  Funds for miscellaneous improvements to Agency-owned properties and other Agency property management obligations. $45,000

- **Transportation Management Program Shuttle Bus Contract**

  Funds for this measure are to mitigate traffic and parking impacts resulting from Agency development projects. $300,000

- **Hazardous Materials**

  Funds to investigate, characterize, and clean-up toxic contaminants on Agency-owned properties. $15,000

- **Appropriated Operating Reserves** $50,000

REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA
ANNUAL WORK PROGRAM REPORT – FISCAL YEAR 2002

REDEVELOPMENT CAPITAL FUNDS PROJECTS

Funds have been appropriated in the Agency's Capital Projects Fund (Fund 311) for the following projects in the approximate amounts shown.

- **Art in Public Places - 2002**

  Funding for the exhibit of sculptural art pieces in numerous locations along State Street, the primary retail corridor. $75,000

- **Artist Workspace**

  Funds to be used towards providing affordable workspace for artists in support of cultural aspects within the Project Area. $1,000,000

- **Cultural Arts District Plan**

  Funds commited for professional studies including economic/fiscal analysis, traffic analysis, and environmental impact analysis to complete the Cultural Arts District Plan for development or renovation of performing arts venues, movie theaters, public cultural venues, and paseos and plazas on or around State Street north of Carrillo Street. $300,000

- **Lobero Theatre Capital Improvements Master Plan - Phase II**

  Grant funds for technical and capital improvements including upgrading the lighting system and replacing the rigging system. $600,000

- **Center Stage Theater**

  Grant to assist the Center Stage Theater in making improvements to the theater's sound and lighting systems. $9,000

- **Downtown Organization Cultural Promotions**

  Grant funds for extensive media, film and print campaigns for cultural district promotion. $35,000

- **Spencer Adams Parking Lot and Site Improvements**

  Funds to assist the City Parks and Recreation Department's expansion of existing parking lot, development of a maintenance storage facility, and landscaping. $150,000

- **Fig Tree Park Improvements**

  Funds to assist the City Parks and Recreation Department to extend the existing sidewalk fronting Montecito Street around the entrance to the Railroad Station and handicap access around the Moreton Bay fig tree. $150,000

- **Plaza Vera Cruz**

  Funds to assist the City Parks and Recreation Department to provide handicap-accessible playground equipment and other amenities for Plaza Vera Cruz Park. $78,000

- **916 State Street Public Restrooms**

  Funding for final design and construction of the public restrooms and fountain. $550,000

- **Lower State Street Public Restrooms**

  Funding for development of a public restroom at an as yet undesignated location on lower State Street. $550,000

- **State Street Pedestrian Crosswalks**

  Funds to replace 9 significantly damaged pedestrian crosswalks on Lower State Street intersections. $90,000

- **State Street Sidewalks**

  Funds committed to prepare the final design plans for Phase III (600-700 blocks of State Street). $155,500

- **Railroad Station Project**

  Funds to restore original ornate tile floor and rehabilitate deteriorating sub-floor. $218,000

- **Railroad Parking Lot Annex**

  Funds to develop recently-acquired parcel at 235 State Street into an additional arm of the Railroad Station Public Parking lot. $500,000

- **Railroad Museum/Visitor Center Annex**

  Funds to match CalTrans grant for developing the Signalman's Building at the railroad depot into a railroad museum and Visitor Center Annex. CalTrans has committed to providing $175,000. $25,000

- **Lot 6 Adjacent Property**

  Funds to be used to redevelop property adjacent to proposed Parking Structure 6. $700,000

- **Fishing Industry Storage**

  Funds to be used as seed money for fishing industry storage at an as yet undesignated location in the project area. $100,000

- **Chase Palm Park Wisteria Arbor**

  Funding for future wisteria arbor as part of original agreement for the development of Chase Palm Park Expansion. $580,000

- **RDA Pending Projects**

  Funds setaside for potential development assistance for non-profit public benefit uses on Agency-owned Waterfront properties and on Lot 6 surplus parcel on Anapamu Street, and funding of a potential business incubator. $400,000

CONCLUSION

As has been the Agency's practice in past years, the budgeted projects constitute the work program and goals for Fiscal Year 2002.