



City of Santa Barbara California

PLANNING COMMISSION STAFF REPORT

REPORT DATE: December 21, 2015
AGENDA DATE: January 7, 2016
PROJECT ADDRESS: Waterfront Hotel, 433 E. Cabrillo Boulevard & 103 S. Calle Cesar Chavez (MST2013-00371)
TO: Planning Commission
FROM: Planning Division, (805) 564-5470, extension 4565
 Beatriz Gularte, Senior Planner *BSG*
 Allison De Busk, Project Planner

I. PROJECT DESCRIPTION

On August 15, 1995, City Council adopted Ordinance 4920, which included a Development Agreement (DA) and associated conditions of approval for development of the Chase Palm Park expansion, the Waterfront Hotel, and a youth hostel. The DA allowed the Chase Palm Park expansion project to commence immediately and provided the property owner, American Tradition, 12 years to construct the hotel and hostel. The hostel was completed in 2014; hotel construction began in 2007 and has not yet been completed. The building permit for the hotel is currently valid.

The Parker Family (representing American Tradition and hereinafter referred to as either "Parker Family" or "Applicant") is requesting approval of a new DA to address construction of the hotel, including extending the time frame for construction of the hotel project.. Additionally, provisions are included to allow for a revised project should completion of the approved 150-room hotel not be pursued further. In the event that a revised hotel proposal results in fewer hotel rooms than originally approved, the DA includes a provision allowing the applicant to propose transfer of remaining hotel rooms to another site, in accordance with the provisions of the new DA. Associated with the DA is a proposed amendment to the Zoning Ordinance related to the Transfer of Existing Development Rights (see section VIII.C.1 for additional details).

The new DA would incorporate the following major components:

- Establishment of a new ten-year term for the DA
- Acknowledgment of the approved status of the 150-room hotel project, and that the 150-room hotel could continue to be constructed without further discretionary review.
- A provision that all current Building and Public Works permits for the hotel would expire upon the effective date of the DA and, if the Parker Family wishes to pursue the approved hotel project, new permits (consistent with current building codes) must be obtained within five years.
- A provision that if the approved 150-room hotel is abandoned and a revised hotel project is pursued at any time during the term of the DA, the project would be subject to current

design, permit, and environmental review regulations, current ordinances and Local Coastal Plan policies, current guidelines (including those that describe the Substantial Conformance Determination process) and building code requirements.

- If a revised hotel project is approved during the term of the DA and it results in less than 150 rooms, the applicant has the ability to transfer the excess rooms to the Fess Parker Hotel site or to another site, in accordance with the provisions of the new DA.

II. REQUESTED APPLICATIONS

The discretionary applications required for this project are:

- A. A Development Agreement to allow an additional ten (10) years to construct a 150 room hotel and parking lot and the option to either revise the project or propose a different design within this time period (Resolution 89-120);
- B. A Zoning Ordinance Amendment to Santa Barbara Municipal Code Chapter 28.95 - Transfer of Existing Development Rights to defer to the Development Agreement for provisions to provide the option for the Waterfront Hotel project to propose transfer of development rights associated with excess (approved but undeveloped) hotel rooms to another site, subject to City permitting requirements.

III. RECOMMENDATION

Staff recommends that the Planning Commission recommend that City Council make the required planning and CEQA findings and recommend approval of the Development Agreement as proposed, and approval of an amendment to Zoning Ordinance, Chapter 29.95 related to the Transfer of Existing Development Rights.

VICINITY MAP



IV. PROJECT BACKGROUND

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

In 1994, the City and Coastal Commission approved an amendment to the Specific Plan to allow construction of a 150-room luxury hotel on the Waterfront Hotel site (433 E. Cabrillo Blvd.) instead of retail use, and development of a public park on the remaining parcels. The Specific Plan area was also expanded westward to include the City property between the Laguna Channel and Santa Barbara Street. In 1994, a Coastal Development Permit, Development Plan, and Parking Modification were approved by the City for the Chase Palm Park expansion, the Waterfront Hotel, and a 75-bed youth hostel (increased to a 100-bed hostel, per a later Coastal Commission condition).

Per the conditions of approval, the park and youth hostel were to be completed prior to the opening of the hotel. In 1995, the applicant requested a Development Agreement (DA) to extend the expiration date of project approvals because there was limited financing available for hotel development at the time. On August 2, 1996, the City and the Applicant entered into a DA involving construction of the Chase Palm Park expansion, the Waterfront Hotel, and a youth hostel. The DA allowed the Chase Palm Park expansion project to commence immediately and provided the Parker Family 12 years to construct the hotel and hostel.

Since approval of the DA, the following actions have been completed or initiated by the applicant:

- Extension and improvements to Calle Cesar Chavez, formerly known as Salsipuedes Street, were completed in 1997, which connected the road to Cabrillo Boulevard.
- In conjunction with the adjacent Wright property (Cabrillo Plaza Specific Plan) project, Garden Street was extended to connect Highway 101 to Cabrillo Boulevard.
- Improvements to the area drainage on the hotel and park sites were completed and connected to a Santa Barbara County Flood Control drainage project in 1996 – 1997.
- Both land and fees to complete the Waterfront Park (Chase Palm Park expansion) were provided by the applicant and the Park expansion improvements were completed in 1998.
- On June 25, 2007, changes to the hotel project description, including moving the underground parking to a surface lot at the 103 S. Calle Cesar Chavez site, were determined to be in substantial conformance with the original project approval. The number of hotel rooms remained the same.
- On September 19, 2007, a building permit to construct the youth hostel at 12 E. Montecito Street was issued and construction commenced. In 2011, the applicant revised the floor plan to create more individual rooms instead of the dormitory style rooms that were more common at the time of project approval. The hostel was completed in August 2014 and is now operational. The Parker Family no longer owns this site.
- On September 20, 2007, building permits were issued for soil remediation on the hotel site and parking lot site, and work was completed on September 4, 2008. The hotel site remediation was fully completed and the parking lot site was partially remediated in the area where the paving would occur. A permit is pending for the parking lot site to complete soil remediation within the drain area.
- On September 20, 2007, a building permit was issued for foundation and grading work on the proposed hotel site. Work under this permit began, but is not complete and the permit is still valid.
- On May 8, 2008, a building permit was issued for construction of the hotel building shell and core, and is still valid.
- On July 2, 2008, a building permit was issued for construction of the parking lot at 103 S. Calle Cesar Chavez, and this permit is still valid.
- One time air quality offset and traffic mitigation fees were submitted in 2007.

- Since 1998, the applicant has contributed \$62,500 annually towards the operation and maintenance of the park and will continue to do so until the hotel is constructed. Upon completion of the hotel, the contribution would be \$125,000 annually (indexed annually for inflation) for an additional 35 years.

Over the past two years, the Applicant has met with staff to discuss options for developing the Waterfront Hotel site with a smaller, boutique style hotel while still retaining the option of developing the approved 150-room hotel. In order to extend the existing development rights for the approved hotel project and establish provisions for proposing a revised project, a new DA is proposed. Many conditions of approval for the 1996 Development Agreement and related land use approvals have already been satisfied. Any remaining conditions of approval applicable to completion of the approved hotel project would remain in effect.

On April 29, 2014, staff and the applicant provided the City Council an update on the progress of the hotel construction and the proposed DA. Council was generally supportive of the DA, and expressed a strong desire to see the site developed soon.

V. PROJECT DEVELOPMENT COMPONENTS

Waterfront Hotel Site

The Waterfront Hotel site at 433 E. Cabrillo Boulevard is currently vacant. The Union Pacific railroad tracks border the northern lot line, Calle Cesar Chavez borders the eastern property line, and Chase Palm Park borders the western and southern lot lines. The approved development includes a 150-room hotel, 45 feet in height, and three stories. An emergency access road for the hotel and Park would be provided along the northern lot line, from Calle Cesar Chavez to Chase Palm Park. Parking would be provided as follows: 10-12 parking spaces would be provided onsite, 106 valet parking spaces would be provided at 103 S. Calle Cesar Chavez (see below), and 100 spaces would be provided through a valet service in the existing parking lot at the Fess Parker DoubleTree Hotel site (633 E. Cabrillo Blvd.) through a parking agreement established when the Waterfront Hotel was initially approved in the early 1990's.

Parking Lot Site

The Parking Lot site at 103 S. Calle Cesar Chavez is currently vacant and is located on the north side of the railroad tracks. This lot is not part of the Park Plaza Specific Plan and, initially, was not part of the overall approved project. On August 30, 2007, the Planning Commission approved a Conditional Use Permit and Coastal Development Permit for a 106-space surface parking lot and a 100 square-foot kiosk on the site. The parking lot would provide a portion of the parking for the Waterfront Hotel. Access to the Parking Lot site would be directly from Calle Cesar Chavez and a left turn lane pocket would be added from the northbound lane.

A detention basin located along the northern lot line, on the western edge of the proposed parking lot, would be designed to handle a 25-year storm event and would capture runoff from the parking lot. Preliminary grading and a soil remediation program were completed in 2008 in the area of the proposed parking lot only. The remediation consisted of "hot spot" removal at six locations.

The parking lot project included a requirement for restoration of the portion of the El Estero Drain located on the site. This would include removal of non-native vegetation both in the drain and within approximately five to twenty feet from the top of bank. However, once soil

remediation began within the area of the parking lot, soil tests determined the extent of contamination exceeded the original scope and continued into the drain area to the west. As a result of this discovery, the applicant requested and received a Substantial Conformance Determination (SCD) to the 2007 Coastal Development Permit to allow completion of the remediation and restoration of the drain under a separate permit. This would allow the parking lot construction to proceed without delay. A separate Coastal Development Permit was submitted in 2008 and is currently incomplete pending approval of a final soil remediation action plan by Santa Barbara County Environmental Health Hazardous Materials Unit Site Mitigation Unit.

VI. SITE INFORMATION AND PROJECT STATISTICS

A. SITE INFORMATION

Applicant:	Rick Fogg		
Property Owner:	American Tradition		
SITE INFORMATION – HOTEL SITE (433 E. CABRILLO BLVD.)			
Parcel Number:	017-680-009	Lot Area:	3.0 acres
General Plan:	Ocean Related Commercial/ Medium-High Residential (15-27 du/acre)	Zoning:	Hotel & Related Commercial/ Park Plaza Specific Plan/ Coastal Overlay (HRC-2/SP-1/S-D-3)
Local Coastal Plan: Hotel-Related Commerce			
Existing Use:	Vacant	Topography:	0 – 2%
Adjacent Land Uses			
North - Railroad Tracks & Parking Lot Parcel		East - Hotel (DoubleTree)	
South - City Park		West - City Park	
SITE INFORMATION – PARKING LOT PARCEL (103 S. CALLE CESAR CHAVEZ)			
Parcel Number:	017-113-020	Lot Area:	2.3 acres
General Plan:	Industrial	Zoning:	Ocean-Oriented Light Manufacturing/Coastal Overlay (OM-1/SD-3)
Local Coastal Plan: Ocean-Oriented Industrial			
Existing Use:	Vacant	Topography:	0 – 2%
Adjacent Land Uses			
North - Warehouse & Retail		East - Industrial open yard	
South - Railroad Tracks & City Park & Hotel Parcel		West - City treatment plant	

VII. DEVELOPMENT AGREEMENT PROCESS

In 1989, City Council adopted Resolution 89-120, which establishes City procedures for considering development agreements. The procedures require that each application for a development agreement be reviewed by the Planning Commission at a noticed hearing. The

Planning Commission makes a recommendation to City Council, who then approves or denies the request.

Pursuant to the development agreement procedures, the applicant submitted a request for a revised development agreement for the hotel project. Community Development staff and the City Attorney's Office have reviewed the application, the draft development agreement, and the draft ordinance and found the documents to be legal and in conformance with City provisions.

In order to approve a development agreement, it must be found consistent with the General Plan and Specific Plan, among other findings. If the Planning Commission recommends disapproval of a Development Agreement, that action shall be final, unless appealed by the applicant to the City Council.

VIII. GENERAL PLAN, LOCAL COASTAL PLAN, SPECIFIC PLAN AND ZONING CONSISTENCY

A. GENERAL PLAN CONSISTENCY

The proposed Development Agreement for a ten year extension of discretionary permit approvals for a hotel and off-site parking lot can be found consistent with the General Plan. The agreement allows development of the site with a project that is compatible with the vision of the Waterfront area described in the General Plan. The following is a discussion of the project's compatibility with the relevant General Plan elements:

1. Land Use and Open Space, Parks and Recreation Elements

The hotel and parking lot parcels are within the East Beach neighborhood, with diverse land uses ranging from industrial to visitor-related uses (hotels, restaurants, retail, etc.), to parks and City facilities. The hotel parcel is located along the Cabrillo Boulevard corridor, immediately adjacent to Chase Palm Park, and the project would be compatible with existing visitor-serving and recreational uses of the area. The proposed hotel use could be found consistent with General Plan land use designation of Ocean Related Commercial/Medium High Residential.

The proposed hotel would provide lodging for recreational visitors to the area. As part of build-out of the Specific Plan and a condition of the prior project approval, the Applicant dedicated five acres for expansion of the adjacent Chase Palm Park. Since June 1, 1998, the Applicant has paid an annual assessment to help maintain the adjacent park. The Development Agreement would continue that provision, including an increase in the assessment after the hotel is constructed, which would continue for 35 years after the final certificate of occupancy is issued for the hotel. The approved project design was reviewed by the Historic Landmarks Commission (HLC) to ensure its compatibility with the adjacent park and applicable design guidelines, including El Pueblo Viejo Design Guidelines and the Waterfront Area Aesthetic Criteria. Any project revisions would require additional review by the HLC to ensure continued compatibility.

The project can be found consistent with open space, parks and recreation policies of the General Plan because the larger project included the expansion of Chase Palm Park, and the applicant contributes annually to its maintenance.

2. Environmental Resources Element:

City Environmental Resources Element policies provide that important environmental resources of the City be preserved and protected, including archaeological, visual, biological, and open space resources; specimen and street trees; air and water quality; and minimizing potential drainage, erosion and flooding hazards. Potential environmental impacts resulting from the project related to these environmental issues were previously reviewed in the 1993 Certified Project EIR. Updated assessments in the current Addendum to the EIR, dated December 14, 2015 (Exhibit D), demonstrate that, with application of identified mitigation incorporated as conditions of project approval, no significant impacts pertaining to environmental resources or hazards would result from the project.

3. Historic Element

The hotel parcel is located within El Pueblo Viejo (EPV) Design District. Development proposals are subject to review by the Historic Landmarks Commission (HLC) to ensure compatibility with surrounding land uses and district historic design criteria. Environmental analysis indicates the project will not result in adverse effects to the historic Cabrillo corridor. The project previously received HLC design approval. Any future project contemplated by the Development Agreement would also require HLC design approval. Thus, the project can be found consistent with General Plan Historic Resources Elements.

4. Circulation and Scenic Highways Elements

The Circulation Element of the General Plan contains goals, policies, and programs for the City's street system and parking, sidewalks, bikeways and transit. Land use and planning strategies are also established that support the City's mobility goals.

Traffic and circulation impacts resulting from the proposed project were previously reviewed in the 1993 Certified Project EIR. Circulation mitigation measures and conditions of the original Development Agreement were implemented, including extending Calle Cesar Chavez and Garden Streets from Downtown to Cabrillo Boulevard and constructing sidewalks and other roadway improvements. An updated assessment in the current Addendum to the EIR dated December 14, 2015 (attached) demonstrates no significant traffic impacts would result from the project.

There are no designated scenic highways in the project vicinity.

The project could be found consistent with General Plan Circulation and Scenic Highways Elements.

5. Safety Element

The City's Safety Element requires that development be sited, designed, and maintained to protect life and property from hazards, including geologic and seismic conditions, flooding and wildfire, hazardous materials, and public safety risks.

The project site is subject to the geologic constraints associated with a low-lying area of the Waterfront on land that was formerly an estuary. As discussed in the 1993 Certified

Project EIR and Addendum prepared for the current DA project, potential impacts associated with hazards would be adequately addressed with design adhering to California and City Building Codes, Fire Codes, the Floodplain Ordinance, hazardous materials regulations, and implementation of recommendations for grading and development outlined in the geotechnical report provided for the project. The building and site design would also address potential safety issues pertaining to the hotel site's proximity to the railroad through building design and operational measures.

B. LOCAL COASTAL PLAN CONSISTENCY

The Development Agreement (DA) can be found consistent with the goals and policies of the Local Coastal Plan (LCP). The DA would preserve approvals for a development that is consistent with current and future uses of the Waterfront area. As part of earlier phases of the Specific Plan development, the applicant has already implemented a number of measures that enhance coastal access, provide coastal area open space, and provide for drainage improvements. The following is a discussion of the project's compatibility with the applicable LCP policies.

1. Locating New Development

The project site is located within Component 5 of the LCP, which includes a general description of future land uses similar to the proposed hotel and parking lot development. The Eastside Drain, a drainage course for the City's east side, runs through the westerly portion of Component 5, and the proposed development design would be coordinated with this feature. Geologic hazards in this section of the City's coastal zone include liquefaction, tsunami, and flooding, in addition to earthquake ground shaking hazards present throughout the City, and would be addressed by applicable regulations, project design components and conditions of approval.

2. Shoreline Access; Recreation; & Visitor-Serving Commercial Uses

Lateral and vertical access in the Coastal Zone is an important issue in the LCP. Policies also encourage providing recreational amenities and commercial development to serve visitors, which may increase parking demand. As part of earlier phases of the Specific Plan development, the Applicant has already contributed to circulation improvements and recreational amenities, and with this remaining portion of the project would provide development that supports visitors. The hotel would have adequate parking, as determined by previous project approvals. The hotel and parking lot parcel development would not impede existing or future coastal access points.

3. Water and Marine Environments; Hazards; Visual Quality; Cultural Resources; & Public Services

The project includes a wetland restoration component and would have no substantial effects on water or marine environments. The project incorporates measures to address geophysical hazards and public safety. The hotel parcel is located within El Pueblo Viejo (EPV) Design District 1 and is subject to review by the Historic Landmarks Commission (HLC) to ensure compatibility with the surrounding land uses and historic design and visual criteria. Archeological reports were prepared for the project sites and no important

subsurface resources are anticipated to exist, and this was confirmed by monitoring during initial project earthwork. Adequate public services would be available to serve the project site.

C. SPECIFIC PLAN AND ZONING ORDINANCE CONSISTENCY

1. HOTEL SITE

The 150 room hotel described in the proposed Development Agreement (DA) is consistent with the site's Specific Plan and with the City's Zoning Ordinance. The hotel site is zoned Hotel and Related Commerce/ Park Plaza Specific Plan/ Coastal Overlay (HRC-2/SP-1/S-D-3). Development of a hotel on this site is consistent with the uses allowed in the Specific Plan and HRC-2 zone. The proposed development of the parcel complies with required setbacks and with the 45-foot height and three-story limit. Parking would be provided primarily off-site and was found to satisfy the parking demand of the project. Any subsequent revisions to the approved development that cannot be found in Substantial Conformance would require both amended or new permits and applicable design review.

The proposed DA would include a provision to allow the transfer of any approved but not constructed hotel rooms from the project site to another site subject to compliance with City regulations, including the Traffic Management Strategy, and City approval. Currently, under Chapter 28.95 (Transfer of Existing Development Rights) of the Zoning Ordinance, a hotel project that has been approved, but has not been constructed, may transfer all or a portion of the approved square footage to another site, but cannot transfer the approved hotel rooms. Only a site that is *developed* with a hotel under valid permits can transfer hotel rooms to another site. Therefore, an amendment to SBMC Chapter 28.95 is proposed to defer to the Waterfront Hotel DA in the event of a conflict between the DA and Chapter 28.95. The effect of this amendment would be to allow the project to propose the transfer of approved but not constructed hotel rooms to another site, whereas the ordinance currently allows only the transfer of approved square footage. This provision would only apply to the project site, and not citywide. In the event that a transfer is proposed, the receiving site is required to undergo permit and environmental review at the time the transfer is proposed.

2. PARKING LOT SITE

The 111 space parking lot and a 100 square foot kiosk with a key box described in the Development Agreement would provide part of the required parking for the Waterfront Hotel project. The site is zoned Ocean-Oriented Light Manufacturing/Coastal Overlay (OM-1/SD-3), which focuses on uses that support ocean-dependent uses, including marine storage, boat sales and repair, sail manufacturing and repair, seafood processing and similar uses, as well as the El Estero Wastewater Treatment Plant. A public parking lot is an allowed use in this zone; however, a private parking lot is only allowed through a Conditional Use Permit (CUP). The Planning Commission approved a CUP for the private parking lot on this site in 2007.

In establishing the OM-1 zone, it was recognized that there might be limited demand for ocean-dependent uses or that land values might preclude these uses. Thus, a provision

was included that allows property owners to consider other uses allowed in the M-1 (Light Manufacturing) Zone, subject to the issuance of a CUP. In addition to the required CUP findings to approve the use, the Planning Commission made additional findings, as follows:

- a. The use is compatible with ocean-dependent or ocean-related uses; and
- b. The property would have no feasible economic value if limited to ocean-dependent or ocean-related uses. This finding shall be substantiated by competent evidence determined by the Planning Commission to be objective which includes no present or future demand for ocean-dependent or ocean-related uses.

The Planning Commission supported these findings for the parking lot because it would provide part of the required parking for the approved Waterfront Hotel, which provides lodging for guests of the Waterfront area. Additionally, the two-acre lot is constrained due to its mostly narrow configuration and the El Estero Drain on the south. If the site was limited to ocean-related or -dependent uses, the actual development area would be significantly constrained due to the setback from the wetland on the south, the need for required parking for the proposed development, and the pie-shaped lot. Because of the unusual shape of the lot, the parking lot will only function for 111 spaces with use of tandem parking served by valet parking. If this site were a public parking lot, approximately 40 spaces would fit on the site without tandem parking. Finally, there are costs associated with required soil remediation and biological restoration required on the site. This work would be required for any use of the land, and would make it difficult to offset the costs with a typical low revenue generating use, such as the ocean-related and -dependent uses allowed in the OM-1 zone.

IX. ENVIRONMENTAL REVIEW

An environmental analysis of the Waterfront Hotel project was completed in a certified final Environmental Impact Report (EIR) dated June 18, 1993 as part of a multiple project proposal (including the Chase Palm Park Expansion and Youth Hostel projects, both since constructed). Three subsequent EIR Addenda dated June 8, 1995, November 7, 1996, and August 13, 2007 were also prepared for subsequent project refinements and permitting activity (including the original 1996 Development Agreement, and change from underground parking to parking on a separate lot). In addition to the project specific environmental review, a citywide Program EIR certified in December 2012 for City adoption of the 2011 General Plan Update contains updated cumulative analysis of environmental effects associated with incremental development throughout the City.

The current project proposal requires discretionary permit approval subject to environmental review under California Environmental Quality Act (CEQA) provisions. The project request is for a revised Development Agreement to extend the expiration date of previous project approvals, with no additional development proposed, and the immediate setting largely unchanged since the project EIR was certified.

The current project proposal was evaluated against the prior certified EIR, and an addendum to the project EIR was prepared (Exhibit D). The EIR addendum addresses minor changes to environmental circumstances, State and City CEQA guidelines and impact analysis. The

addendum concluded that the development of the hotel and associated parking lot would result in impacts that are either the same or less than identified in the 1993 EIR.

Identified environmental impacts of the project are summarized as follows:

- *Class 1 Significant Impacts.*

Temporary construction-related noise would be partially mitigated with standard equipment and construction hour limits, but a potential pile driving component is identified to have a significant short-term noise impact.

Substantial circulation improvements have already been implemented to mitigate project-specific traffic/circulation impacts. Project traffic generation would, however, contribute to significant cumulative traffic impacts. City Council's adoption of the 2011 General Plan Update and associated Program EIR included findings of overriding consideration deeming cumulative traffic impacts acceptable.

- *Class 2 Potentially Significant Impacts Mitigated to Insignificant Levels.*

The public safety/risk of upset issue associated with the proximity of the sites to the railroad tracks and potential for a railroad accident in close proximity to the project would be mitigated through design of hotel features (building structure, fire lane wall, and fire sprinkler system) and requirements for a hotel emergency response plan.

Long-term noise effects from the railroad tracks and traffic along Cabrillo Boulevard would be mitigated with hotel room design, barrier wall, and noise effects from rooftop equipment to adjacent park users and hotel guests would be addressed through design, selection and placement of equipment.

- *Class 3 Less Than Significant Impacts.*

Visual impacts (scenic vistas, visual character, lighting); air quality impacts (long-term, short-term construction, odor, and greenhouse gas generation); biological resources impacts (species); cultural resources impacts (archaeological, historical, tribal resources); geophysical impacts (seismic, geologic, soil erosion); hazard impacts (hazardous materials, contaminated soils, emergency response, fire hazard); long-term noise impacts (periodic railroad and park event noise); housing/growth-inducing impact; public services and utilities impacts (water, wastewater, stormwater, solid waste, police, fire protection, schools, electricity, natural gas, communications utilities); recreation demand impact; transportation impacts (construction traffic, long-term project traffic, circulation and safety, bicycle, pedestrian, transit); water quality and hydrology impacts (groundwater, drainage, flooding, creeks, tsunami, sea level rise) have all been determined to be less than significant.

- *Class 4 Beneficial Impacts.*

Components of the project involving biological resources (El Estero drainage habitat restoration); and recreational facilities (Chase Palm Park expansion and landscaping) are determined to constitute environmentally beneficial impacts of the project.

X. DESIGN REVIEW

The hotel site is within the El Pueblo Viejo Design District and the parking lot site is outside and adjacent to this District. The hotel and parking lot projects were reviewed by the Historic Landmarks Commission and Architectural Board of Review, respectively, prior to issuance of the 2007 building permits. Therefore, the approved projects may proceed as previously designed and approved. An area of City-owned land between the hotel project site and Chase Palm Park is referred to as the “transition area” and the applicant will be responsible for landscaping this area at the time the hotel is constructed. Final design review is still pending for the transition area. In the event any physical changes are proposed to the approved development, the project would return to the appropriate design review body for further review.

XI. FINDINGS

As part of the recommendation to City Council for approval of the Development Agreement and Zoning Ordinance Amendment, the Planning Commission finds the following:

A. ENVIRONMENTAL REVIEW (CEQA GUIDELINES §15090, §15162 & §15164)

1. The Planning Commission has reviewed and considered the Addendum, dated December 14, 2015, to the Certified Final Project Environmental Impact Report (EIR) SCH#92091038 along with the Certified EIR and earlier EIR Addenda of June 1995, November 1996, and August 2007, which together constitute environmental analysis for the current project under California Environmental Quality Act (CEQA) provisions; and
2. The Planning Commission finds that the EIR Addendum dated December 14, 2015 has been completed in compliance with CEQA and reflects the Commission’s independent judgment and analysis.

B. DEVELOPMENT AGREEMENT (COUNCIL RESOLUTION 89-120)

1. The Development Agreement is consistent with the General Plan and Specific Plan, as well as the Local Coastal Plan and Zoning Ordinance, as described in Section IX of the Staff Report;
2. The Development Agreement is in substantial conformance with public necessity, convenience, and general welfare and good zoning practices because it will provide additional time for the applicant to develop a hotel in this location, which City plans and policies identify as a desired land use for the site, or will allow the opportunity for a revised hotel to be considered by the City, taking into consideration the significant public improvements that have been made in furtherance of the goals of the Specific Plan and the prior Development Agreement, including the approved project permit conditions of approval, and;
3. The Development Agreement provides assurances to the developer of the right to develop a project in accordance with the terms of the agreement and that adequate consideration is provided by the City in that early completion of the public improvements, including the park and circulation improvements, and delay of private improvements will provide for more orderly and timely mitigation of traffic and air quality impacts.

Planning Commission Staff Report

Waterfront Hotel; 433 E. Cabrillo Boulevard & 103 S. Calle Cesar Chavez (MST2013-00371)

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Exhibits:

- A. Proposed Development Agreement
- B. Proposed Amendment to SBMC Ch. 28.95
- C. Applicant's letter, dated December 17, 2015
- D. EIR Addendum dated December 14, 2015

The following Exhibits are available electronically (upon request):

- E. Certified Final EIR
- F. EIR Addendum dated June 1995
- G. EIR Addendum dated November 1996
- H. EIR Addendum dated August 2007
- I. Resolution No. 94-030 (Amended Specific Plan)
- J. Ordinance No. 4920 (1995 Development Agreement)

RECORDING REQUESTED BY:

AND WHEN RECORDED RETURN TO:

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

NO DOCUMENTARY TRANSFER TAX
NO FEE PER GOVERNMENT CODE § 6103

APN:

**DEVELOPMENT AGREEMENT
BY AND BETWEEN
THE CITY OF SANTA BARBARA
AND
AMERICAN TRADITION, LLC**

THIS DEVELOPMENT AGREEMENT (the “Agreement”) is made and entered into this ____ day of _____, 2016, (the “Effective Date”) by and between the **CITY OF SANTA BARBARA**, a political subdivision of the State of California (the “City”) and **AMERICAN TRADITION, LLC**, a California limited liability company, (formerly American Tradition G.P., a California general partnership, the “Parker Family”), pursuant to the authority of Sections 65864- 65869.5 of the Government Code of the State of California and City Council Resolution No. 89-120. Except as otherwise defined herein, the capitalized terms used throughout this Agreement are defined in Paragraph 27, below.

RECITALS

A. WHEREAS, the City’s waterfront area stretching along Cabrillo Boulevard from State Street to Milpas Street provides unparalleled views and access to the City’s beaches and the Pacific Ocean, and has become a centerpiece of the City’s tourism industry; and

B. WHEREAS, prior to 1975, the City’s waterfront was underutilized and provided the City, its businesses, and citizens little benefit. Fess E. Parker, Jr. and members of the Fess E. Parker, Jr. family (hereinafter referred to as “Fess Parker” or the “Parkers”) acquired ownership of a large portion of the City’s waterfront in the late 1970s, including approximately 33 acres of undeveloped waterfront property; and

C. WHEREAS, beginning in the late 1970s and after several failed attempts to redevelop the waterfront with other property owners, the City and Fess Parker began working collaboratively to revitalize the waterfront area and the properties controlled by the Parkers along Cabrillo Boulevard. The City’s and the Parkers’ shared vision for the waterfront included a

conference center hotel, a waterfront public park, significant public open space, a low-cost hostel, and a waterfront hotel; and

D. WHEREAS, in July of 1981, to realize their shared vision for the waterfront, the City Council adopted Specific Plan No. 1 Park Plaza (the "Park Plaza Specific Plan") to govern the orderly land use and development of a portion of this area; and

E. WHEREAS, in accordance with the Park Plaza Specific Plan, the Parkers constructed a 360-room hotel and conference center ("Fess Parker Hotel") on what is referred to as Parcel A of the Park Plaza Specific Plan. The Fess Parker Hotel remains the largest hotel in the City of Santa Barbara and has generated, and continues to generate, significant revenue for the City and local businesses; and

F. WHEREAS, in conjunction with developing the Fess Parker Hotel, the Parkers constructed and donated to the City a public parking lot and provided public open space in front of the Fess Parker Hotel and along Cabrillo Boulevard. The parking lot and open space continue to be used and enjoyed by tourists and local residents; and

G. WHEREAS, after the development of the Fess Parker Hotel, the City of Santa Barbara Redevelopment Agency (the "RDA") and the Parkers agreed to jointly pursue a public/private partnership for development of a public park and a hotel on the remaining waterfront property owned by the Parker Family. This partnership contemplated the Parkers donating approximately five acres of their waterfront property (the "Park Parcel") to the RDA for the RDA to complete development of a public park, and development by the Parkers of a waterfront hotel on approximately three acres of their retained property, plus development by the Parkers of a hostel on other property to be acquired in the waterfront area; and

H. WHEREAS, in furtherance of the joint public/private partnership between the RDA and the Parkers, the City adopted certain amendments to the Park Plaza Specific Plan on March 22, 1994 (the "Amended Specific Plan"). The Amended Specific Plan provided the necessary zoning and land use regulations to construct what is now known as Chase Palm Park and a waterfront hotel on the Parkers' retained acreage; and

I. WHEREAS, funding sources became available to the RDA to construct Chase Palm Park before the Parker Family could construct the waterfront hotel; therefore, at the City's request, the Parker Family agreed to donate the Park Parcel to the RDA before developing the waterfront hotel, and to undertake numerous obligations, including without limitation annual monetary contributions for maintenance of Chase Palm Park and the obligation to double the maintenance contribution once the waterfront hotel opened; and

J. WHEREAS, in conjunction with donating the Park Parcel, the City and the Parker Family entered into that certain Development Agreement, dated August 2, 1996 ("Development Agreement No. 1"), which was approved by the Santa Barbara City Council through its adoption of Ordinance No. 4920 on August 15, 1995; and

K. WHEREAS, in conjunction with approving Development Agreement No.1, on August 15, 1995 the Santa Barbara City Council considered an addendum dated June 8, 1995 to the certified Final Environmental Impact Report (ENV 92-0107; SCH92091038) ("FEIR")

together with the certified FEIR, made environmental findings pursuant to the California Environmental Quality Act (CEQA), and approved associated revisions to the Development Plan, Coastal Development Permit, Modification, and other land use permits; and

L. WHEREAS, on May 28, 1998, Chase Palm Park opened as the City's largest waterfront park; and

M. WHEREAS, as contemplated in the Amended Specific Plan, Development Agreement No. 1 approved with certain conditions the development of a 150-room waterfront luxury hotel on the Parker's retained property; and

N. WHEREAS, as a condition of approval for the new waterfront hotel, the Parker Family agreed to construct a separate 100-bed hostel to provide much-needed low-cost visitor accommodations in the waterfront area (the "Hostel"); and

O. WHEREAS, the Hostel was constructed and on August 12, 2014 a Final Certificate of Occupancy for the completed Hostel, located at 12 East Montecito Street, was issued by the City; and

P. WHEREAS, in accordance with Development Agreement No. 1, the Parker Family secured the Hotel Building Permits and Public Works Permits, as defined below, to develop the 150-room waterfront luxury hotel; and

Q. WHEREAS, prior to the expiration of Development Agreement No. 1, the Parker Family vested its rights to develop and construct the Hotel as evidenced by the issuance of the Hotel Building Permits and Public Works Permits and the Parker Family having performed substantial work and having incurred substantial liabilities in good faith reliance on the Hotel Building Permits and Public Works Permits, which as of the Effective Date remain valid. The Parker Family has not abandoned, terminated or foregone any vested rights in the Hotel or the Development Approvals, as those terms are defined below, and does not intend to do so, except as may be expressly stated herein; and

R. WHEREAS, since the execution of Development Agreement No. 1, the Parker Family has expended substantial financial resources and incurred substantial liabilities to develop the Hotel, to fund the maintenance and operation of Chase Palm Park, to make public improvements necessary to develop the Hotel Parcel, and to complete the Hostel. However, due to the global economic and financial crisis beginning in 2008, the Parker Family has been unable to complete the Hotel within the originally anticipated timeframe; and

S. WHEREAS, on August 30, 2007, the City of Santa Barbara Planning Commission adopted Resolution No. 032-07 approving a Coastal Development Permit and a Conditional Use Permit ("Parking Lot Parcel Approvals") and considering the certified FEIR together with the FEIR Addendum dated August 15, 2007 and making CEQA environmental findings, to allow the construction of a 106 stall parking lot with a 100 square foot unenclosed kiosk to provide part of the required parking at 103 South Calle Cesar Chavez (APN 017-113-020), which property is not subject to the Amended Specific Plan (the "Parking Lot Parcel") but is a component of the overall development of the Hotel ;and

T. WHEREAS, on July 2, 2008 the City issued a building permit (BLD2007-02954) to develop a parking lot and kiosk on the Parking Lot Parcel in conjunction with the Hotel; and

U. WHEREAS, on May 23, 2008 the Parker Family applied to merge ten parcels into one parcel at 103 South Calle Cesar Chavez (APN 017-113-020), and on December 3, 2010 a Certificate of Voluntary Merger was recorded in the Santa Barbara County Clerk-Recorder's office as Instrument No. 2010-0069204 of Official Records; and

V. WHEREAS, in a letter dated November 5, 2010, the City set forth the process by which it would determine at a future date the square footage of allowed commercial development on the Parking Lot Parcel, taking into consideration the development potential of the ten lots comprising the newly created Parking Lot Parcel prior to 1989; and

W. WHEREAS, the City and the Parker Family wish to complete their shared vision for the development of the waterfront area in accordance with the Amended Specific Plan; and

X. WHEREAS, development of the Hotel Parcel is the final component of the Amended Specific Plan yet to be completed; and

Y. WHEREAS, the ongoing development of the Hotel has provided, and will further provide, significant public benefits, including without limitation:

a. Dedicated land to create Chase Palm Park, which is visited and enjoyed by thousands of visitors annually;

b. The contribution of \$124,014.00 for the installation of the traffic signal at the U.S. 101 / Cabrillo Boulevard intersection;

c. The contribution of \$413,300.00 for the cost of the Calle Cesar Chavez expansion project;

d. The construction of a 100-bed hostel, which provides lower-cost visitor accommodations in the waterfront area;

e. The annual expenditure by the Parker Family of \$62,500, which totals more than \$750,000.00 paid to date, to assist in the operation and maintenance of Chase Palm Park until such time the Hotel is constructed;

f. An increase in the amount of annual funds contributed by the Parker Family towards the cost of operating and maintaining Chase Palm Park for thirty five years from completion of the Hotel;

g. The development and operation of a luxury hotel on the City waterfront on a vacant parcel in the middle of one of the City's most important commercial and tourist areas;

h. Restoration of the El Estero drainage area through the Parking Lot Parcel with native habitat and the remediation and removal of hazardous materials in the area;

i. Significant tax revenue to the City and local businesses; and

Z. WHEREAS, the City and the Parker Family agree that the overall design and concept of the Hotel may need to be revised to better meet the marketplace for waterfront hotels, which has changed since the Hotel was originally approved; and

AA. WHEREAS, a redesigned hotel may be in the best interest of both the City and the Parker Family as it may have fewer impacts on traffic and public views, and may create more open space while continuing to provide a first-class hotel on the City's waterfront; and

BB. WHEREAS, to the extent a revised hotel may result in a reduction in the total number of hotel rooms originally approved by the City on the Hotel Parcel, the Parker Family and the City desire to confirm the Parker Family's ability to transfer some or all of the unused development rights from the Hotel Parcel to another property or properties within the City subject to certain conditions set forth herein; and

CC. WHEREAS, after conducting a duly noticed public hearing on January 7, 2016, the City Planning Commission reviewed, considered, and recommended to City Council adoption of this Agreement and consideration of an Addendum dated December 14, 2015 to the certified FEIR together with the certified FEIR and earlier FEIR Addenda of November 7, 1996 and August 15, 2007, and adoption of CEQA environmental findings in accordance with CEQA; and

DD. WHEREAS, after conducting a duly noticed public hearing on _____, 2016 and after independent review and consideration, the City Council (i) adopted Ordinance No. _____ (hereinafter the "Enacting Ordinance") authorizing execution of this Agreement; (ii) considered the certified FEIR together with FEIR Addenda dated November 7, 1996, August 15, 2007 and an FEIR Addendum dated December 14, 2015 and made required environmental findings pursuant to CEQA; and ; (iii) found that the provisions of this Agreement provide substantial public benefits to persons residing or owning property in the City of Santa Barbara beyond the exactions for public benefits required or allowed to be required in the normal development review and approval process under federal, state, and local law; and (iv) approved the execution and recording of this Agreement; and

EE. WHEREAS, in consideration of the public improvements and significant public benefits provided by the Parker Family pursuant to this Agreement, and in order to strengthen the public planning process and to reduce the economic costs of development, by its execution of this Agreement, the City intends to grant the Parker Family certain vested rights to proceed with the development of the Hotel Parcel and Parking Lot Parcel, pursuant to this Agreement; and

FF. WHEREAS, the Parker Family would not enter into this Agreement, or agree to provide the public benefits, public improvements and financial contributions described in this Agreement without the assurances of the City that the Hotel Parcel and Parking Lot Parcel can be developed as provided for herein; and WHEREAS, on December 29, 2011 the California Supreme Court upheld AB 1 X 26 and required the dissolution of all redevelopment agencies in California, including the RDA; the City has succeed to all of the RDA's rights and obligations

pertaining to the agreements with the Parker Family relating to Chase Palm Park, the Hotel, and Hotel Parcel; and

GG. WHEREAS, the City finds that this Agreement is consistent with the City of Santa Barbara's General Plan, the Amended Specific Plan, the City of Santa Barbara Zoning Ordinance and the City's Local Coastal Plan, and that the City has completed all necessary proceedings in accordance with the City's rules and regulations for approval of this Agreement.

NOW, THEREFORE, with reference to the foregoing recitals and in consideration of the mutual promises, obligations and covenants herein contained, which are incorporated herein by reference and hereafter made part of this Agreement, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the City and the Parker Family agree as follows:

1. Incorporation of Recitals. The foregoing recitals are hereby incorporated herein as if set forth in full.

2. Purpose. The purpose of this Agreement is: a) to confirm the existing right of the Parker Family to complete the Hotel on the Hotel Parcel and the associated improvements on the Parking Lot Parcel within a defined time period (subject only to the receipt of new Building and Public Works Permits from the City and in compliance with the Conditions of Approval described in City Ordinance 4920 and City Resolution No. 032-07); b) to confirm the right of the Parker Family alternatively to propose and apply for permits for a revised hotel design on the Hotel Parcel and the Parking Lot Parcel through new Discretionary Permits, subject to Existing City Laws; and c) to define the process by which the Parker Family may transfer some or all of the unused hotel rooms from the Hotel Parcel to another property or properties within the City.

3. Property Description and Binding Covenants. The Hotel Parcel is that real property described in Exhibit A. The Parking Lot Parcel is that real property described in Exhibit B. Upon execution of this Agreement by the parties and recordation of this Agreement, the provisions of this Agreement shall constitute covenants which shall run with the Hotel Parcel and the Parking Lot Parcel and the benefits and burdens hereof shall bind and inure to all successors in interest and assigns of the parties hereto. This Agreement shall be recorded against the Hotel Parcel and the Parking Lot Parcel as required by California Government Code Section 65868.5.

4. Term. The term of this Agreement shall commence upon the effective date of the Enacting Ordinance ("Effective Date"). The term of this Agreement shall extend for a period of ten (10) years after the Effective Date ("Term"), unless said Term is terminated, modified or extended by circumstances set forth in this Agreement or by mutual consent of the parties hereto.

4.1. Tolling and Extension During Legal Challenge or Moratoria. In the event this Agreement, any of the land use entitlements related to the Hotel Parcel or the Parking Lot Parcel, the Environmental Document, or any subsequent approvals or permits required to implement the land use entitlements for the Hotel Parcel, the Parking Lot Parcel or this Agreement are subjected to legal challenge and the Parker Family is unable to proceed with development of the Hotel Parcel or Parking Lot Parcel due to such legal challenge (or the Parker Family provides written

notice to the City that it is electing not to proceed with development of the Hotel Parcel or Parking Lot Parcel until such legal challenge is resolved to the Parker Family's satisfaction), the Term of this Agreement and timing for obligations imposed by this Agreement shall be extended and tolled during such legal challenge until the entry of a final order or judgment upholding this Agreement, the Environmental Document, or the land use entitlements, approvals, or permits related to this Agreement, or the litigation is dismissed by stipulation of the parties; provided, however, that notwithstanding the foregoing, the Parker Family shall have the right to elect, in the Parker Family's sole and absolute discretion, to proceed with development of the Hotel Parcel or the Parking Lot Parcel at any point by providing the City written notice that it is electing to proceed, in which event the tolling of the Term of this Agreement shall cease as of the date of such notice. Similarly, if the Parker Family is unable to develop the Hotel Parcel or the Parking Lot Parcel due to the imposition by the City or other public agency of a development moratoria for a public health and safety reason unrelated to the performance of the Parker Family's obligations under this Agreement (including without limitation, moratoria imposed due to the unavailability of water or sewer to serve the Hotel Parcel), then the Term of this Agreement and the timing for obligations imposed pursuant to this Agreement shall be extended and tolled for the period of time that such moratoria prevents development of the Hotel Parcel or the Parking Lot Parcel.

5. Amendment to Agreement. This Agreement may be amended from time to time by mutual written consent of the parties in accordance with applicable laws governing development agreements. The parties acknowledge that under the City Zoning Ordinance and applicable rules, regulations and policies of the City, the Community Development Director or his or her designee has the discretion to approve alterations or revisions to any approved land use entitlement for the Hotel Parcel or the Parking Lot Parcel that are in substantial conformance with the September 2007 Hotel plans and the Parking Lot Parcel Approvals depicted in the plans approved by building permit (BLD2007-02954). Accordingly, any alteration or revision to an entitlement or approval that is determined by the City Community Development Director to be in substantial conformance with the approved land use entitlements and relates to the Hotel Parcel or the Parking Lot Parcel shall not constitute nor require an amendment to this Agreement to be effective.

6. Permitted Uses. The permitted uses of the Hotel Parcel, the intensity and density of use, the maximum height of structures, the location of public improvements and other terms and conditions of development applicable to the Hotel Parcel shall be those set forth in the Amended Specific Plan and Existing City Laws, as defined below, and this Agreement. The permitted uses of the Parking Lot Parcel, the intensity and density of use, the maximum height of structures, the location of public improvements and other terms and conditions of development applicable to the Parking Lot Parcel shall be those set forth in the Existing City Laws, the Parking Lot Parcel Approvals, and this Agreement.

7. Vested Entitlements. Subject to the provisions and conditions of this Agreement, the City hereby agrees that the City is granting, and grants herewith, a fully vested entitlement and right to develop the Hotel Parcel and Parking Lot Parcel in accordance with the terms and conditions of this Agreement. The Parker Family's vested right to proceed with the development of the Hotel Parcel and Parking Lot Parcel may be subject to a subsequent approval process as

set forth in this Agreement; provided that any conditions, terms, restrictions and requirements for such subsequent actions shall not prevent development of the Hotel Parcel or the Parking Lot Parcel for the uses set forth in the Amended Specific Plan, the Parking Lot Parcel Approvals and Existing City Law, or reduce the intensity or density of development, or limit the rate or timing of development set forth in the Amended Specific Plan, the Parking Lot Parcel Approvals, Existing City Laws and this Agreement, so long as the Parker Family is not in default under this Agreement.

7.1 Conflicting Ordinances or Moratoria. Except as provided in this Agreement and subject to applicable law relating to the vesting provisions of development agreements, so long as this Agreement remains in full force and effect, no future resolution, rule, ordinance or legislation adopted by the City or by initiative (whether initiated by the City Council or by voter petition, other than a referendum that specifically overturns the City's approval of this Agreement) shall directly or indirectly limit the rate, timing, sequencing or otherwise impede development of the Hotel Parcel or the Parking Lot Parcel from occurring in accordance with this Agreement. To the extent any future rules, ordinances, regulations or policies applicable to development of the Hotel Parcel or the Parking Lot Parcel are not inconsistent with the Amended Specific Plan, Existing City Laws, or this Agreement, such rules, ordinances, regulations and policies shall be applicable.

7.2 Authority of City. This Agreement shall not be construed to limit the authority or obligation of the City to hold necessary public hearings, or to limit the discretion of the City with regard to applicable laws that would require the exercise of discretion by the City, provided that subsequent discretionary actions shall not prevent or delay development of the Hotel Parcel and the Parking Lot Parcel for the uses and the density and intensity of development as provided by the Amended Specific Plan, the Parking Lot Parcel Approvals, Existing City Laws and this Agreement.

8. Application and Project Development Fees; Credit for Development Mitigation Fees. The Parker Family shall pay those application, processing, inspection and plan check fees as may be required by the City under the then-current regulations for processing applications and requests for any subsequent entitlements for the Hotel Parcel or Parking Lot Parcel, including without limitation any New Development Proposal, as defined below. Consistent with the terms of this Agreement, the City shall have the right to impose and the Parker Family shall pay such development fees, impact fees and other such fees levied or collected by the City to offset or mitigate the impacts of development of the Hotel Parcel and the Parking Lot Parcel pursuant to any subsequent entitlements, including without limitation any New Development Proposal, and which will be used to pay for public utilities and improvements attributable to the Hotel Parcel or the Parking Lot Parcel as have been adopted by the City as of the Effective Date of this Agreement ("Development Mitigation Fees"). Notwithstanding the foregoing, the Parker Family shall receive a credit against any and all Development Mitigation Fees, including without limitation any Development Mitigation Fees imposed on or attributable to any subsequent entitlements, including without limitation, any New Development Proposal, as defined below, for those certain impact fees, mitigation fees, public improvements, and public dedications set forth in Sections 8.3-8.7, below. Unless otherwise specifically provided in this Agreement, any Development Mitigation Fees shall be paid at the time of issuance of building permit.

8.1 Adjustment to Development Mitigation Fees. The City may adjust the Development Mitigation Fees from time-to-time and all such adjustments shall be done in accordance with City policy regarding the assumptions and methodology governing adjustments of City fees generally and in accordance with the Mitigation Fee Act (California Government Code Section 66000 *et seq.*, as may be amended or revised) or other applicable law. In the event the Development Mitigation Fees are reduced or eliminated prior to the time in which the Parker Family is obligated to pay such Development Mitigation Fee, the Parker Family shall be entitled to receive the benefit of such reduction.

8.2 New Development Mitigation Fees. In the event that after the Effective Date of the Agreement the City adopts a new development mitigation fee in accordance with the Mitigation Fee Act (“New Development Mitigation Fee”) and the New Development Mitigation Fee is applicable on a city-wide basis and includes the Hotel Parcel or the Parking Lot Parcel, development of the Hotel Parcel or the Parking Lot Parcel will be subject to the New Development Mitigation Fee.

8.3. Provision of Low-Cost Visitor Accommodations. The City hereby acknowledges and agrees that the Parker Family has fully satisfied the requirements of the Amended Specific Plan, Existing City Laws and any additional requirements or mitigation measures that may be applicable to any development of the Hotel Parcel or the Parking Lot Parcel pursuant to this Agreement, including without limitation any development pursuant to a New Development Proposal, related to the accommodation or construction of affordable or low-cost visitor accommodations by and through development of the Hostel. The City shall not require as a condition of approval or otherwise for development of the Hotel Parcel or the Parking Lot Parcel any additional fees, dedications or expenditures by the Parker Family related to the accommodation or construction of affordable or low-cost visitor accommodations.

8.4. Dedication of Parks and Open Space and Park Maintenance Funding. The City hereby acknowledges and agrees that the Parker Family’s dedication of the 4.9 acre Park Parcel, annual payment of \$62,500 for park maintenance fees (\$750,000.00 to date), and agreement to pay additional annual maintenance fees for thirty five years from completion of the Hotel fully satisfies the City’s development mitigation requirements for providing parks and recreation facilities as they relate to development of the Hotel Parcel and the Parking Lot Parcel under this Agreement, including without limitation any development pursuant to a New Development Proposal. The City shall not require as a condition of approval or otherwise for development of the Hotel Parcel or the Parking Lot Parcel pursuant to this Agreement any additional fees, dedications or expenditures by the Parker Family related to parks, open space, or public recreation facilities, except as required by the Development Approvals. Notwithstanding the foregoing, prior to, and throughout construction of the Hotel, the Parker Family shall maintain temporary construction fencing surrounding the Hotel Parcel in good order, with a uniform green color (Malaga Green), and keep the project site secure. Until the commencement of construction of the Hotel, all trees identified in the April 12, 2013 City Parks and Recreation Department memorandum shall be maintained by the Parker Family and subject to periodic inspection by Parks and Recreation staff.

8.5. Traffic Impact Fees. The City hereby acknowledges and agrees that in furtherance of the development of the Hotel Parcel, the Parker Family has contributed \$124,014.00 for the installation of the traffic signal at U.S. 101 / Cabrillo Boulevard intersection and \$413,300.00 for the cost of the Calle Cesar Chavez expansion project. The Parker Family shall be credited for said improvements and the contribution of said funds against any Development Mitigation Fee or New Development Mitigation Fee related to traffic and circulation impacts imposed for development of the Hotel Parcel or the Parking Lot Parcel pursuant to this Agreement, including without limitation any development pursuant to a New Development Proposal.

8.6 School Mitigation Fee. The City hereby acknowledges and agrees that in furtherance of the development of the Hotel Parcel, the Parker Family has contributed \$47,190.00 in school mitigation fees. The Parker Family shall be credited for said fee against any Development Mitigation Fee or New Development Mitigation Fee related to school impacts imposed for the development of the Hotel Parcel or the Parking Lot Parcel pursuant to this Agreement, including without limitation any development pursuant to a New Development Proposal. Final determinations shall be made by the Santa Barbara School District.

8.7. Public Works Fees. The City hereby acknowledges and agrees that in furtherance of the development of the Hotel and Parking Lot Parcels, the Parker Family has paid Water and Sewer Buy-in Fees, as well as Water and Sewer Tap Fees, to the Public Works Department under the permits PBW2008-00729 and PBW2008-00975. The Parker Family shall be credited for said fee, in the dollar amount paid, against any Water or Sewer Buy-in Fees and/or Water and Sewer Tap Fees related to the supply, purveyance or distribution of water or sewer services imposed for the development of the Hotel Parcel or the Parking Lot Parcel pursuant to this Agreement, including without limitation any development pursuant to a New Development Proposal. The applicant shall be responsible for paying all applicable fees, minus the credit described above, per the City's current Fee Resolution at the time of Public Works Permit application(s).

9. Applications for Approvals and Entitlements.

9.1 Actions by the City. City agrees it will accept, in good faith, for processing, review and action all applications for development permits or other land use entitlements for use of the Hotel Parcel or the Parking Lot Parcel, including without limitation any New Development Proposal, in accordance with this Agreement, the Amended Specific Plan, and Existing City Laws. Accordingly, to the extent that the applications and submittals are in conformity with the Amended Specific Plan, Existing City Laws and this Agreement, the City agrees to accept, review and take action on all subsequent applications and submittals made to the City by the Parker Family for developing the Hotel Parcel or the Parking Lot Parcel.

10. Continuing Development of Hotel. The City approves, affirms, and consents to the continuing development of the Hotel Parcel and the Parking Lot Parcel and to the construction of a hotel and any other works of improvement (including right-of-way and parking improvements) permitted by the Amended Specific Plan, the Hotel and Parking Lot Parcel Approvals subject to required Conditions of Approval, Existing City Laws and subject to the terms and conditions of this Agreement at any time during the Term, subject only to the following conditions:

10.1. Expiration of Hotel Building Permits; Development Pursuant to Existing Development Approvals; Substantial Conformance Determination. Upon the expiration of all appeal periods, including but not limited to any appeal to the California Coastal Commission, and statutes of limitation to bring a legal challenge against the City or the Parker Family related to this Agreement or the validity of this Agreement, and the resolution of such appeal or legal challenge in favor of upholding the validity of this Agreement without amendment or revision, the Hotel Building Permits and Public Works Permits shall expire. If the Parker Family, in its sole and absolute discretion, elects to construct the Hotel and associated improvements on the Hotel Parcel and the Parking Lot Parcel pursuant to the Development Approvals, Conditions of Approval and Parking Lot Parcel Approvals, the Parker Family shall comply with the Development Approvals, Conditions of Approval and Parking Lot Parcel Approvals and shall apply for and obtain new building permits and public works permits for the Hotel (“New Building Permits and Public Works Permits”). An application for New Building Permits or Public Works Permits shall be reviewed and considered for approval in accordance with the version of the California Building Code, as duly adopted and amended by the City, in effect at the time the application for New Building Permits or Public Works Permits is submitted. Because the Hotel and the associated improvements on the Hotel Parcel were designed and approved prior to the adoption of the City’s Storm Water Management Ordinance (Chapter 22.87 of the Santa Barbara Municipal Code), the portion of any application for New Building Permits that relates to the Hotel and the associated improvements on the Hotel Parcel shall not be required to comply with the City’s Storm Water Management Ordinance. The continuing right to develop the Hotel Parcel and the Parking Lot Parcel is contained within this Agreement. With the exception of the New Building Permits and Public Works Permits, the City shall not require any additional dedications, public improvements, or the payment of any additional fees or costs, other than those fees charged by the City to obtain the New Building Permits and Public Works Permits. The Parker Family shall have four (4) years from the Effective Date of this Agreement to submit an application to the City for the New Building Permits and Public Works Permits and shall obtain the New Building Permits and Public Works Permits within five (5) years of the Effective Date, which time periods shall be extended as set forth in Sections 4.1 and 18 of this Agreement. Upon receipt of any application for the New Building Permits and Public Works Permits, the City shall diligently process said application and the time periods set forth in this Section 10.1 shall be extended by any unreasonable delay by the City in the processing or review of said application. If the Parker Family does not obtain the New Building Permits and Public Works Permits within five (5) years of the Effective Date (as may be extended pursuant to this Agreement), the Parker Family’s ability to construct the Hotel pursuant to the Development Approvals, Conditions of Approval and Parking Lot Approvals shall expire.

Nothing herein shall prevent the Parker Family from requesting the Hotel, the Parking Lot Parcel Approvals, or the Development Approvals be revised pursuant to the City’s “Substantial Conformance Determination” process, as set forth in the City Planning Commission Guidelines adopted by the City Council on July 15, 1997 (“SCD Guidelines”). Any request by the Parker Family for a Substantial Conformance Determination shall be processed by the City in conformance with the SCD Guidelines and shall be considered in relationship to the September 2007 Hotel plans and the Parking Lot Parcel Approvals depicted in the plans approved by building permit (BLD2007-02954). The parties hereby agree and acknowledge that for purposes

of applying the SCD Guidelines to any request by the Parker Family for a substantial conformance determination regarding a proposed revision to the Hotel and/or the Parking Lot Parcel Approvals, a determination of “substantial conformance” shall be made in consideration of (A) whether the proposed revision results in a cumulative or overall increase to any of the following: (i) the total number of guest rooms on the Hotel Parcel, (ii) the square footage of total development on the Hotel Parcel and Parking Lot Parcel, (iii) the visual, traffic or circulation impacts of the Hotel, (iv) the total building footprint of the Hotel and related improvements, and (v) the overall height of the Hotel; and (B) whether the proposed revisions conform with the Amended Specific Plan and do not require new or additional environmental review under the California Environmental Quality Act, other than an addendum to the FEIR. Nothing in this Section 10.3 shall in any way require or commit the City to approve a Substantial Conformance Determination request at any time in the future.

10.2 Development Pursuant to New Development Proposal. Alternatively, the Parker Family, in its sole and absolute discretion, may pursue an alternative development of the Hotel Parcel subject to the terms and conditions of this Agreement (“New Development Proposal”). Any application for a New Development Proposal submitted to the City during the Term of this Agreement shall be subject only to the Amended Specific Plan, Existing City Laws and this Agreement.

10.3 Development of Parking Lot Parcel. The Parking Lot Parcel Approvals shall remain in full force and effect for the Term of this Agreement. In the event the Parker Family, in its sole and absolute discretion, elects to pursue an alternative development on the Parking Lot Parcel, such development shall comply with Existing City Laws and this Agreement.

11. Transfer of Existing Development Rights. The City hereby affirms the Parker Family’s existing vested right to develop a total 142,647 square feet of commercial square footage on the Hotel Parcel (“Approved Square Footage”), which includes One Hundred Fifty (150) Hotel Rooms within 59,575 square feet of floor area (“Approved Hotel Rooms”) and 83,072 square feet of non-room floor area (“Approved Non-room Square Footage”) as set forth in the Development Approvals and the Hotel Building Permits. In the event the Parker Family elects, in its sole discretion, to develop a hotel on the Hotel Parcel that reduces the overall number of Approved Hotel Rooms and/or Approved Non-room Square Footage on the Hotel Parcel, the Parker Family may submit an application to the City to transfer some or all of the undeveloped Approved Hotel Rooms and/or Approved Non-room Square Footage from the Hotel Parcel to one or more receiving sites, which transfer of development rights shall be subject to the terms and conditions of this Paragraph 11. Upon the Effective Date, the Parker Family shall have the right to transfer up to seventy (70) Approved Hotel Rooms and up to 39,044 square feet of Approved Non-room Square Footage (collectively, “Initial TEDR”) from the Hotel Parcel to one or more receiving sites, pursuant to this Agreement. Prior to the transfer of any Approved Hotel Rooms or Approved Non-room Square Footage in excess of the Initial TEDR from the Hotel Parcel to one or more receiving sites, the Parker Family shall first obtain building permits from the City for development of a hotel on the Hotel Parcel.

11.1 Transfer of Approved Hotel Rooms to Fess Parker Hotel Parcel. The Parker Family may submit an application to the City for a transfer of existing development rights for

some or all of the undeveloped Approved Hotel Rooms and/or Approved Non-room Square Footage from the Hotel Parcel to the Fess Parker Hotel Parcel, which the City shall review and approve subject only to the terms and conditions set forth in this Paragraph 11.1.

1. The Parker Family's transferable development rights in the Approved Hotel Rooms shall be available for transfer to the Fess Parker Hotel Parcel on a "room for room" basis and/or measured by square feet of floor area, which for purposes of this Paragraph 11.1 is deemed to be 397 square feet per Approved Hotel Room.

2. The Parker Family is not obligated to pursue a transfer of development rights and this Agreement does not require or approve such transfer. Any proposed transfer of development rights from the Hotel Parcel to the Fess Parker Hotel Parcel shall be considered a new development proposal on the Fess Parker Hotel Parcel and shall require a separate development plan application and the requisite environmental review and approvals from the City at such time as the Parker Family may request such transfer.

3. In its review of any application to transfer development rights from the Hotel Parcel to the Fess Parker Hotel Parcel, the City shall take into consideration and give appropriate credit to the Parker Family for those fees, dedications and public improvements made by the Parker Family in satisfaction of its obligations under Development Agreement No. 1, including without limitation its provision of low-cost visitor accommodations through development of the Hostel, provision of parks and open space through the dedication of the Park Parcel and ongoing annual payments to the City of park maintenance fees, and the provision of traffic and circulation improvements through the payment of fees for the installation of the traffic signal at U.S. 101 / Cabrillo Boulevard and expansion of Calle Cesar Chavez.

4. Given the physical proximity of the Hotel Parcel to the Fess Parker Hotel Parcel and the similarity of uses at the properties, the City shall use, where appropriate, all applicable reports, environmental documents, studies and other documents prepared by or on behalf of the Parker Family for the development of the Hotel Parcel in its review of any proposed development on the Fess Parker Hotel Parcel resulting from a transfer of development rights from the Hotel Parcel to the Fess Parker Hotel Parcel. Notwithstanding the foregoing, the City may request additional information or studies with respect to any proposed development of the Fess Parker Hotel Parcel resulting from a transfer of development rights from the Hotel Parcel to the Fess Parker Hotel Parcel.

5. The Parker Family shall be entitled to transfer any Approved Hotel Rooms and/or Approved Non-room Square Footage that are not developed or proposed to be developed on the Hotel Parcel to the Fess Parker Hotel Parcel, subject only to the following conditions:

a. The number of Approved Rooms and amount of Approved Non-room Square Footage to be transferred to the Fess Parker Hotel Parcel must comply with the requirements set forth in Paragraph 11. The Parker Family's right to submit such application pursuant to this Paragraph 11.1 shall remain for the Term of this Agreement.

b. The Parker Family shall submit an application and supporting documentation for any proposed transfer from the Hotel Parcel to the Fess Parker Hotel Parcel (“Proposed Transfer”), which shall be reviewed by the Community Development Department in accordance with the standard application process in place at the time of submittal. The Proposed Transfer shall be reviewed and approved by the appropriate City decision-maker at a publicly noticed hearing and in accordance with the standard application process in place at the time of submittal of the Proposed Transfer.

c. The maximum number of Approved Hotel Rooms and Approved Non-room Square Footage that can be transferred from the Hotel Parcel to the Fess Parker Hotel Parcel shall be equal to the total number of Approved Hotel Rooms and Approved Non-room Square Footage eliminated from development at the Hotel Parcel and shall be subject to the applicable zoning requirements of the Fess Parker Hotel Parcel as of the Effective Date. The undeveloped Approved Hotel Rooms and Approved Non-room Square Footage that are to be transferred shall be eliminated from the Hotel Parcel by relinquishing all development approvals related to the undeveloped Approved Rooms and Approved Non-room Square Footage through a written instrument, in a form satisfactory to the City Attorney that shall be recorded in the Office of the Santa Barbara County Recorder.

d. The Proposed Transfer shall be valid and effective so long as the development plan for the addition of Approved Hotel Rooms and Non-room Approved Square Footage at the Fess Parker Hotel Parcel complies with the Amended Specific Plan, Existing City Laws, and this Agreement and has been reviewed and approved by the City in accordance with the standard application process in place at the time of submittal of the Proposed Transfer.

e. The City hereby acknowledges and agrees that any transfer of Approved Hotel Rooms and/or Approved Non-room Square Footage from the Hotel Parcel to the Fess Parker Hotel Parcel does not require an allocation from the allowable square footage specified in Subsection A of Section 28.85.010 of the Santa Barbara Municipal Code.

f. The City Planning Commission, or the City Council on appeal, shall review the Parker Family request for a Proposed Transfer and shall approve the Proposed Transfer provided it finds that:

i. The Proposed Transfer is consistent with the Amended Specific Plan, Existing City Laws, and this Agreement.

ii. The number of Approved Hotel Rooms and the amount of Approved Non-room Square Footage proposed to be transferred to the Fess Parker Hotel Parcel does not exceed the number of Approved Hotel Rooms and the amount of Approved Non-room Square Footage eliminated from development at the Hotel Parcel, does not exceed the number of Approved Hotel Rooms or amount of Approved Non-room Square Footage permitted to be transferred pursuant to this Paragraph 11, and does not exceed the maximum development of the Fess Parker Hotel Parcel allowed by the Amended Specific Plan or Existing City Laws.

iii. The Proposed Transfer will not be detrimental to the neighborhood or surrounding area.

iv. The Proposed Transfer is consistent with the principles of sound community planning.

v. The Proposed Transfer will not have a significant adverse impact upon the community's aesthetics or character in that the size, bulk or scale of the development will be compatible with the neighborhood based on the Project Compatibility Analysis criteria found in Chapter 22.22.145 of the Santa Barbara Municipal Code as it exists on the Effective Date.

vi. The Proposed Transfer complies with the City's Traffic Management Strategy as implemented in Chapter 28.85.050 of the Santa Barbara Municipal Code; provided, notwithstanding any provision of Chapter 28.85 to the contrary, if development at the Fess Parker Hotel Parcel pursuant to the Proposed Transfer presents a project-specific potentially significant adverse traffic impact, the development of Approved Hotel Rooms or Approved Non-room Square Footage on the Fess Parker Hotel Parcel may be approved by the City following the adoption of a Statement of Overriding Considerations in the manner authorized by California Environmental Quality Act.

g. The City Planning Commission, or the City Council on appeal, shall require as conditions of development plan approval for the Proposed Transfer:

i. The number of Approved Hotel Rooms and amount of Approved Non-room Square Footage transferred from the Hotel Parcel to the Fess Parker Hotel Parcel shall be clearly designated on the development plan for the Fess Parker Hotel Parcel and the development plan for the Hotel Parcel.

ii. Prior to issuance of any necessary permit for development of any transferred Approved Hotel Rooms or Approved Non-room Square Footage on the Fess Parker Hotel Parcel, the option, deed, easement, covenant, or other legal instrument by which the Approved Hotel Rooms or Approved Non-room Square Footage are transferred to the Fess Parker Hotel Parcel from the Hotel Parcel shall be reviewed and approved by the Community Development Director, or his or her designee.

iii. Proof of the elimination of the Approved Hotel Rooms or Approved Non-room Square Footage transferred to the Fess Parker Hotel Parcel from the Hotel Parcel must be reviewed and approved by the Community Development Director or his or her designee prior to recordation of the approved instrument of transfer. The City shall be a party to the instrument of transfer in a manner acceptable to the City Attorney.

iv. Prior to issuance of any building permit for the development of transferred Approved Hotel Rooms or Approved Non-room Square Footage on the Fess Parker Hotel Parcel, proof of recordation of the transfer instrument, and proof of elimination of the existing right to develop the transferred Approved Hotel Rooms and Approved

Non-room Square Footage on the Hotel Parcel shall be accepted as satisfactory by the Community Development Director or his or her designee.

v. The Approved Hotel Rooms and Approved Non-room Square Footage that are transferred to the Fess Parker Hotel Parcel shall be eliminated from the Hotel Parcel by relinquishing all development approvals related to the development of the Approved Rooms and Approved Non-room Square Footage sent to the Fess Parker Hotel Parcel and an instrument shall be recorded in the Office of the Santa Barbara County Recorder, in a form satisfactory to the City Attorney, eliminating such development rights on the Hotel Parcel.

11.2 Transfer of Existing Development Rights to Parcels Other Than Fess Parker Hotel Parcel. If the Parker Family submits an application to the City to transfer any Approved Hotel Rooms or Approved Non-room Square Footage from the Hotel Parcel to any parcel other than the Fess Parker Hotel Parcel, the following terms and conditions shall apply:

1. The Parker Family's transferable development rights in the Approved Hotel Rooms shall be available for transfer on a "room for room" basis or measured by square feet of floor area, which for purposes of this Paragraph 11.2 is deemed to be 397 square feet per Approved Hotel Room.

2. The City hereby acknowledges and agrees that any transfer of Approved Rooms or Approved Non-room Square Footage from the Hotel Parcel does not require an allocation from the allowable square footage specified in subsection A of Section 28.85.010 of the Santa Barbara Municipal Code.

3. Except as otherwise expressly stated herein, any application for a transfer of Approved Rooms or Approved Non-room Square Footage from the Hotel Parcel shall be processed by the City in accordance with Existing City Laws (including, but not limited to, the City's Traffic Management Strategy, Chapter 28.85 of the Santa Barbara Municipal Code), the Amended Specific Plan and this Agreement.

11.3 Transfer of Existing Development Rights Under Future Regulations. Notwithstanding any provision herein, the Parker Family may elect, in its sole discretion, to process any request for a transfer of existing development rights from the Hotel Parcel in accordance with any City laws in effect at the time of such proposed transfer, including without limitation Chapter 28.95 of the Santa Barbara Municipal Code.

This Paragraph 11 hereby supersedes and replaces Chapter 28.95 of the Santa Barbara Municipal Code and its implementing procedures and guidelines for purposes of this Agreement. During the term of this Agreement, any transfer of Approved Hotel Rooms from the Hotel Parcel shall be subject to this Paragraph 11 and shall not be subject to Chapter 28.95 or any future ordinance or regulation adopted by the City that is intended to regulate the transfer of existing development rights, unless the Parker Family elects to rely on the City laws in effect at the time of a proposed transfer.

The Parker Family's ability to transfer undeveloped Approved Hotel Rooms from the Hotel Parcel to one or more receiving sites on a "room for room" basis, shall expressly survive termination or expiration of this Agreement. In addition, the Approved Hotel Rooms and the Approved Non-room Square Footage shall be treated as Approved Floor Area for purposes of Section 28.95.020.2 of the Santa Barbara Municipal Code (notwithstanding any expiration of the Parker Family's ability to construct the Hotel pursuant to Section 10.1 or the termination of this Agreement). However, but for the right to transfer undeveloped Approved Hotel Rooms on a room for room basis (as opposed to a square footage basis) and the recognition of the Approved Hotel Rooms and Approved Non-room Square Footage as Approved Floor Area, any application for the transfer of undeveloped Approved Hotel Rooms or Approved Non-room Square Footage that is submitted after the termination or expiration of this Agreement shall be processed in accordance with the City laws in effect as of the time such an application is submitted.

12. Cooperation in the Event of a Legal Challenge. In the event any legal action instituted by any third party or other governmental entity or official challenging the validity of any provision of this Agreement, the parties hereby agree to cooperate in defending said action.

13. Enforceability. The City agrees that unless this Agreement is amended or canceled pursuant to the provisions set forth herein it shall be enforceable according to its terms by any party hereto notwithstanding any change hereafter to any general plan, specific plan, local coastal program, zoning ordinance, subdivision ordinance or building regulation adopted by the City or initiative, which changes, alters or amends the rules, regulations and policies applicable to the development of the Hotel Parcel or the Parking Lot Parcel or the rights granted to the Parker Family in this Agreement as of the Effective Date of this Agreement.

14. Estoppel Certificate. Either party may, at any time, and from time to time, deliver written notice to the other party requesting such party certify in writing that, to the knowledge of the certifying party, (i) this Agreement is in full force and effect and a binding obligation of the parties, (ii) this Agreement has not been amended or modified either orally or in writing, or if so amended, identifying the amendments, and (iii) the requesting party is not in default in the performance of its obligations under this Agreement, or if in default, to describe therein the nature of the default. The party receiving the request hereunder shall execute and return such certificate to the requesting party within thirty (30) days following receipt thereof. City acknowledges that a certificate hereunder may be relied upon by transferees and mortgagees of the Parker Family.

15. Mortgagee Protection. The parties hereto agree that this Agreement shall not prevent or limit the Parker Family's ability to encumber the Hotel Parcel or the Parking Lot Parcel, or any portion thereof, or any improvement thereon by any mortgage, deed of trust or any other security or financing instrument. City acknowledges that the Parker Family's lenders or potential lenders may require certain interpretations of the Agreement and modifications and agrees to meet with the Parker Family and representatives of such lenders or potential lenders to negotiate in good faith any such request for interpretation or modification. City will not unreasonably withhold its consent to any such interpretation or modification provided such interpretation or modification is consistent with the intent and purposes of this Agreement. Any lender that obtains a mortgage or

deed of trust against the Hotel Parcel or the Parking Lot Parcel shall be entitled to the following rights and privileges:

A. Neither entering this Agreement nor a breach of this Agreement shall defeat, render invalid, diminish or impair the lien of any mortgage on the Hotel Parcel or the Parking Lot Parcel made in good faith for value, unless otherwise required by law.

B. The mortgagee of any mortgage or deed of trust encumbering the Hotel Parcel or the Parking Lot Parcel, or any part thereof, which the mortgagee has submitted a written request to the City to receive notices, may request to receive written notification from the City of any default by the Parker Family in the performance of the Parker Family's obligations under this Agreement.

C. If the City timely receives a request from a mortgagee requesting a copy of any notice of default given to the Parker Family under the terms of this Agreement, the City shall provide a copy of that notice to the mortgagee within ten (10) days of sending notice of default to the Parker Family. The mortgagee shall have the right, but not the obligation, to cure the default during any cure period allowed to the Parker Family under this Agreement.

D. Any mortgagee who comes into possession of the Hotel Parcel or the Parking Lot Parcel, or any part thereof, by any means, whether pursuant to foreclosure or deed in lieu of foreclosure or otherwise, shall take the Hotel Parcel or the Parking Lot Parcel, or part thereof, subject to the terms of this Agreement. Provided, however, notwithstanding anything to the contrary above, any mortgagee, or the successors or assigns of any mortgagee, who becomes owner of the Hotel Parcel or the Parking Lot Parcel, or part thereof, through foreclosure shall not be obligated to pay any fees or construct or complete any improvements, unless such owner desires to continue development of the Hotel Parcel or the Parking Lot Parcel consistent with this Agreement and the applicable land use entitlements, in which case the owner by foreclosure shall assume the obligations of the Parker Family hereunder in a form acceptable to the City.

E. The foregoing limitation on mortgagees and owners by foreclosure shall not restrict the City's ability to specifically enforce against such mortgagees or owners by foreclosure any dedication requirements under this Agreement or under any conditions of any other land use entitlements or approvals related to the Hotel Parcel or the Parking Lot Parcel.

16. State or Federal Law and Regulations. The Parker Family acknowledges that applications for development permits may be subject to other agency applications, review, permitting, and applicable fees. In the event state or federal law or regulations enacted after the Effective Date prevent or preclude compliance with one or more provisions of this Agreement or require changes in plans or permits approved or issued by the City, this Agreement shall be suspended or, with the Parker Family's written consent, modified or extended as necessary to comply with such laws or regulations. Promptly following the enactment of any such law or regulation, the Parker Family and the City shall meet and confer in good faith to determine the feasibility of any such modification, extension or suspension based on the effect such modification, extension or suspension would have on the purposes and intent of this Agreement and the cost to the Parker Family of constructing and completing development of the Hotel Parcel and the Parking Lot Parcel. In addition, the Parker Family shall have the right to

challenge such law or regulation, and in the event such challenge is successful, this Agreement shall remain unmodified and in full force and effect.

17. No Waiver. No failure, delay, or omission by a party in exercising or asserting any right, power, or remedy hereunder shall impair such right, power, or remedy, and no failure, delay, or omission by a party occurring upon the other party's noncompliance with or failure to perform the terms and conditions of this Agreement shall be construed as a waiver thereof. A waiver by either party of any failure, delay or omission on the part of the other party shall not be construed as a waiver of any succeeding failure, delay, or omission of the same or other terms or conditions hereof.

18. Force Majeure. In the event any party to this Agreement is unable to perform or fulfill any of the terms or conditions of this Agreement on account of acts of God, enemy action, war, strikes, walk outs, riots, governmental actions or restrictions, administrative appeals or legal actions, judicial orders, third-party actions, floods, earthquakes, fire, casualties, or similar bases for excused performance which is not within the reasonable control of the party to be excused, the party obligated to so perform or prevented from performing thereby shall be excused from said performance until such time as said party shall no longer be prevented from performing on account of any of the foregoing reasons.

19. No Joint Venture or Partnership. Nothing contained herein or in any document executed in connection herewith shall be construed as making the City and the Parker Family joint venturers or partners.

20. Assignment, Assumption and Release. The rights and obligations of the Parker Family under this Agreement may be transferred or assigned, provided: (i) such transfer or assignment is made as part of a transfer, assignment, sale or long-term lease of the Hotel Parcel or the Parking Lot Parcel and a concurrent transfer of rights to complete the development of the Hotel Parcel and the Parking Lot Parcel, and (ii) prior to such an assignment, the assignee executes and delivers to the City a written assumption of the Parker Family's obligations under this Agreement. Any such transfer or assignment shall be subject to the provisions of this Agreement. During the Term of this Agreement, any such assignee or transferee shall observe and perform all of the duties and obligations of the Parker Family contained in this Agreement as such duties and obligations pertain to the Hotel Parcel and the Parking Lot Parcel so transferred or assigned. The Parker Family shall give the City prompt written notice of any such transfer or assignment. The Parker Family may free itself from its obligations under this Agreement provided that the transferee or assignee expressly assumes such obligations and agrees to be bound by the terms and conditions of this Agreement with respect to the Hotel Parcel and the Parking Lot Parcel. Upon the full execution of the assumption and assignment agreement, the transferee or assignee shall thenceforth be deemed to be "the Parker Family" hereunder. Notwithstanding the foregoing, this Paragraph 20 shall not apply to any mortgagee who comes into possession of the Hotel Parcel or the Parking Lot Parcel, for any part thereof, by any means, whether pursuant to foreclosure or deed in lieu of foreclosure or otherwise.

21. Permitted Extensions by City. In addition to any extensions of time otherwise provided in this Agreement, the City, in its sole discretion and acting through its Community Development

Director or his or her designee, may extend the time for performance by the Parker Family of any obligation hereunder. Any such extension shall not require an amendment to this Agreement, so long as such extension only involves the time for performance thereof and does not change the obligations to be performed by the Parker Family as a condition of such extension.

22. Notices. Any notice or communication required by this Agreement must be in writing and may be given either by personal service or registered or certified mail, return receipt requested. Any notice or communication personally served shall be deemed given and received on the date of personal service on the party noticed at the appropriate address designated below, and any notice or communication sent by registered or certified mail, return receipt requested, properly addressed to the appropriate address designated below, with postage prepaid, shall be deemed given and received on the date appearing on the signed return receipt. Any party hereto may at any time and from time to time, in the manner provided herein, designate any other address in substitution of the address to which such notice or communication shall be given. All such notices or communications shall be given to the parties at the addresses hereinafter set forth:

IF TO THE CITY:

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

with copies to:

Santa Barbara City Attorney
740 State Street, Suite 201
Santa Barbara, CA 93101

IF TO THE PARKER FAMILY:

American Tradition, LLC
800 Miramonte Drive, Suite 350
Santa Barbara, CA 93109
Attn: Eli Parker and Ashley Parker Snider

with copies to:

Mullen & Henzell L.L.P.
112 East Victoria Street
Santa Barbara, CA 93101
Attn: Graham Lyons and J. Robert Andrews

23. Obligations of the Parker Family. As a condition of developing the Hotel Parcel, the Parker Family shall have the following affirmative obligation(s) for the benefit of the City:

23.1 Annual Payment of Maintenance Assessment. Payment of all annual assessments provided for in the Assessment Resolution (as that term is defined in Section 4.2 of Development Agreement No. 1) that have been due and payable from the effective date of the Development Agreement No. 1 through the Effective Date of this Agreement.

24. Enforceability. Except as otherwise provided herein, the rights of the parties under this Agreement shall be enforceable notwithstanding any change subsequent to the Effective Date in any applicable general plan, specific plan, local coastal plan, municipal ordinance, or building, zoning, subdivision or other land use ordinance or regulation.

25. No Waiver. No failure, delay, or omission by a party in exercising or asserting any right, power, or remedy hereunder shall impair such right, power, or remedy, and no failure, delay, or omission by a party occurring upon the other party's noncompliance with or failure to perform the terms and conditions of this Agreement shall be construed as a waiver thereof. A waiver by either party of any failure, delay or omission on the part of the other party shall not be construed as a waiver of any succeeding failure, delay, or omission of the same or other terms or conditions hereof.

26. Annual Reviews. As required by California Government Code § 65865.1 and any City procedures adopted pursuant thereto, the City's Public Works Director and Community Development Director shall review the Parker Family's performance pursuant to the terms of this Agreement at least once every twelve (12) months throughout the Term of this Agreement.

27. Definitions.

Amended Specific Plan. That certain amended specific plan approved and adopted by the Santa Barbara City Council on or about March 22, 1994 thereby amending the Park Plaza Specific Plan and affecting the real property located at 325-433 East Cabrillo Boulevard and 33 West Montecito Street, as described in more detail on Redevelopment Parcel Map 95-20,587 as Parcels 1, 2, and 3 (and recorded in the Official Records of Santa Barbara County on August 9, 1996 in Book 51, pp. 91-96), approving various permits for the affected properties and amending the zoning designation for the affected real property to HRC-2, S-D-3, SP-1 Hotel and Related Commerce 2 with Coastal Overlay Zone, Specific Plan No. 1 and General Plan designation of Open Space, Parking and Buffer/Stream for a proposed public/private project to be jointly developed by the Redevelopment Agency of the City and the Parker Family, consisting of a 150-room luxury hotel on the 3-acre Hotel Parcel, a 100-bed hostel, and an approximately 10-acre public park to be known as Chase Palm Park.

Conditions of Approval. Those certain conditions of approval imposed by the City: (a) on development of the Hotel, as set forth in Section 3, Phase II (Construction of Hotel) of Ordinance No. 4920; and (b) on development of the parking lot, as set forth in Planning Commission Resolution No. 032-07.

Development Agreement No. 1. That certain Development Agreement entered into by and between American Tradition G.P. and the City of Santa Barbara dated August 2, 1996 and recorded in the Official Records of the County of Santa Barbara as Instrument No. 96-047998.

Development Approvals. Those certain development approvals related to the Hotel adopted by the City through City Council Resolution No. 020-94: (a) incorporating the modifications and the additional conditions required by the California Coastal Commission for development of the Hotel into the Specific Plan No. 1; (b) granting development plan approvals for the Hotel; and (c) making the findings required by the City's Zoning Ordinance (Title 28 of the Santa Barbara Municipal Code) and the California Environmental Quality Act ("CEQA"); Ordinance No. 4920; and Resolution No. 032-07.

Existing City Laws. The City's general plan, local coastal plan, ordinances, resolutions, codes, rules, regulations, and official policies governing the permitted uses of land, density and intensity of use, maximum height, bulk, size, scale, design, location and construction standards and specifications applicable to this Agreement, the Hotel, the Hotel Building Permits, the Conditions of Approval, and the Hotel Parcel and Parking Lot Parcel in effect as of the Effective Date without regard to any amendments or modifications thereto that become effective after the Effective Date.

FEIR. That certain Final Environmental Impact Report (ENV92-0107; SCH#92091038) and its Addendum dated June 8, 1995 adopted by the City of Santa Barbara pursuant to Ordinance No. 4920 adopted and approved by the Santa Barbara City Council on August 15, 1996.

Fess Parker Hotel Parcel. That certain real property located at 633 East Cabrillo Boulevard, which is presently developed with the Fess Parker Hotel and related improvements.

Hotel Building Permits. Those certain building permits related to the construction and occupancy of the Hotel, including without limitation those certain permits issued by the City of Santa Barbara authorizing construction of the Hotel and certain associated works of improvement: (i) BLD2007-00999 (issued 9/20/07), (ii) BLD2007-02146 (issued 9/20/07), (iii) BLD2007-00810 (issued 9/21/07 and thereafter amended and re-issued 8/12/08), (iv) BLD2007-2406 (issued 10/26/07), (v) BLD2007-2737 (issued 12/7/07), (vi) BLD2007-2871 (issued 1/9/08), (vii) BLD2007-01318 (issued 5/20/08), (viii) BLD2007-02954 (issued 7/2/08), (ix) BLD2009-00414 (issued 2/25/09).

Hotel. That certain 150-room luxury hotel and associated improvements located on the Hotel Parcel and Parking Lot Parcel approved by the City pursuant to the Hotel Building Permits, Development Agreement No. 1, Ordinance No. 4920 and Parking Lot Parcel Approvals.

Hostel. That certain 100-bed hostel located at 12 East Montecito Street approved by the City of Santa Barbara pursuant to Coastal Development Permit CDP No. 95-0016 and subsequently issued approvals, modifications, and permits related thereto.

Hostel Conditions of Approval. Those certain conditions of approval for the Hotel set forth in: (1) Recital F and Recital I of Development Agreement No. 1 requiring the Hostel Property be used solely and exclusively for the construction, operation and maintenance of a 100-bed hostel; and (2) Section 3, Phase II (Construction of Hotel), Condition #F4 of Ordinance No. 4920 requiring issuance of a Certificate of Occupancy for the Hostel as a pre-requisite for issuance of a Certificate of Occupancy for the Hotel.

Hostel Property. That certain real property located at 12 East Montecito Street acquired by The Rodney James Shull Memorial Foundation, a California nonprofit public benefit corporation, by that certain Gift Deed recorded in the Official Records of the County of Santa Barbara on December 30, 1998 as Instrument No. 98-102124, in accordance with and in satisfaction of Condition of Approval No. 4 of Part II B of Planning Commission Resolution 027-95, approved by the City of Santa Barbara Planning Commission on April 20, 1995.

Ordinance No. 4920. That certain ordinance of the City of Santa Barbara approved by the City Council on or about August 15, 1996, which approved the following: Development Agreement No.1; certain mitigation measures related to the Hotel; the FEIR and the necessary findings to approve and adopt the FEIR; the necessary findings to approve Development Agreement No. 1 and the Hotel pursuant to the Santa Barbara Municipal Code Chapters 28.22, 28.45, and 28.87; and the Conditions of Approval.

Parking Lot Parcel Approvals. Those certain permits and approvals issued by the City of Santa Barbara related to the construction and development of certain improvements and uses on the Parking Lot Parcel, including without limitation: Coastal Development Permit and a Conditional Use Permit approved through Resolution Number 032-07 adopted by on or about August 30, 2007 by the City Planning Commission; and building permit (BLD2007-02954) issued on or about July 2, 2008. Unless expressly stated otherwise in this Agreement, the Parking Lot Parcel Approvals constitute part of the Development Approvals.

Public Works Permits. Those certain permits issued by the City of Santa Barbara Public Works Department related to the development of the Hotel, including without limitation PBW 2008-0729 (issued 5/20/08).

28. City's Authority to Enter into Agreement. California Government Code §§ 65864-65869.5 authorize local agencies to enter into a binding development agreement (as such agreements are defined by California Government Code §§ 65864-65869.5) with a property owner for the development of property in order to give assurances to the property owner and the city that upon approval, a development project can proceed in accordance with existing land development policies, rules and regulations. Government Code § 65869 specifically provides that a statutory development agreement such as this Agreement need not be approved by the state Coastal Commission for any development project located in an area for which a local coastal program is required so long as the required local coastal program has been certified pursuant to the Coastal Act by the Coastal Commission prior to the date the development agreement is approved by the local agency. The City of Santa Barbara's Local Coastal Program was certified by the state Coastal Commission on November 12, 1986 and duly amended from time to time since then. Under the Santa Barbara City Charter, the City exercises control over municipal

affairs, including the land development process, and has the authority to enter into development agreements for purposes consistent with the public health, safety and general welfare. On October 17, 1989, the City Council adopted Resolution No. 89-120 establishing procedures for considering statutory development agreements, which resolution sets forth in Recitals A-D thereof the City authority and public purpose of such agreements. Based on the foregoing, the City is authorized to enter into this Agreement.

IN WITNESS WHEREOF, this Agreement was executed by the parties thereto as of the Execution Date.

CITY OF SANTA BARBARA

PARKER FAMILY

By: _____
City Administrator

American Tradition, LLC
a California limited liability company

By: _____

Its: _____

ATTEST:

City Clerk

APPROVED AS TO CONTENT:

Community Development Director

APPROVED AS TO FORM

Public Works Director

APPROVED AS TO FORM

City Attorney

ORDINANCE NO. _____

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SANTA BARBARA AMENDING CHAPTER 28.95 OF TITLE 28 OF THE SANTA BARBARA MUNICIPAL CODE BY ADDING A PROVISION RELATING TO THE DEVELOPMENT AGREEMENT BETWEEN THE CITY OF SANTA BARBARA AND AMERICAN TRADITION, LLC.

WHEREAS, the Council of the City of Santa Barbara has approved by ordinance a Development Agreement between the City of Santa Barbara and American Tradition, LLC (the "Development Agreement") regarding the development of a hotel at the corner of Cabrillo Boulevard and Calle Cesar Chavez (the "Hotel Parcel"); and

WHEREAS, the Development Agreement includes provisions regarding the potential transfer of existing development rights from the Hotel Parcel to other property within the City; and

WHEREAS, the Council of the City of Santa Barbara wants to resolve any potential conflict between the provisions of Chapter 28.95 of the Santa Barbara Municipal Code relating to the transfer of existing development rights and the provisions of the Development Agreement.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SANTA BARBARA DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. Chapter 28.95 of Title 28 of the Santa Barbara Municipal Code is hereby amended to add Section 28.95.115 to read as follows:

28.95.115 Waterfront Hotel Development Agreement.

In the case of any conflict between the terms of this Chapter 28.95 and the provisions of the Development Agreement between the City of Santa Barbara and American Tradition, LLC dated _____ (the "Development Agreement"), the provisions of the Development Agreement shall control.



SUZANNE ELLEDGE

PLANNING & PERMITTING
SERVICES, INC.

December 17, 2015

Chair Thompson and Planning Commissioners
City of Santa Barbara Planning Commission
Post Office Box 1990
Santa Barbara, CA 93102-1900

Subject: Parker Waterfront Hotel Project
433 East Cabrillo Boulevard
103 South Calle Cesar Chavez
Proposed Development Agreement

Dear Chair Thompson and Planning Commissioners:

Our office represents the Parker Family and we are pleased to provide background information regarding the application for a revised Development Agreement for the Parker Family's Waterfront Hotel property located at 433 East Cabrillo Blvd and 103 South Calle Cesar Chavez. Given that this property has a long entitlement history, we would like to provide some background and context to facilitate your review.

Toward this end, we are enclosing a letter from Eli Parker and Ashley Parker Snider to the City Council dated April 15, 2014. That letter was submitted in advance of a preliminary hearing with the Council to discuss the concept of the revised Development Agreement that is now before you and provides helpful historic context. At the hearing before the City Council in April 2014, all council members encouraged staff to pursue the Development Agreement with the Parker Family, and the pending application is in furtherance of that goal.

In addition to the information in the enclosed letter, it may be helpful to address a few questions that may arise about the project:

- *Why does the Parker Family need more time to build a hotel? Why not just build the approved project?* Permits for the 150-room hotel were pulled in 2007, and construction was planned to begin in 2008. The global economic crisis of 2008 and 2009 essentially halted all new construction funding for hotels for several years after. During that time, the Parkers worked hard to get the hotel going

again, but the economic headwinds were simply too strong. The positive news is that this experience led the Parkers to gather as much input as possible from financial and operational experts in the field about the project. This investigation has positively led the Parker Family to pursue revisions to the project that we expect will yield a far greater project for everyone concerned, including the community at large; a project in which the City, and the Parkers, can have a great deal of pride. The Development Agreement protects the land use entitlements needed to provide time and clear context to pursue those changes in the right way.

- *What Specific Elements of the Project Might Be Improved Upon?* From inception, under the Specific Plan the idea for a hotel on this site was to be a "luxury hotel." The expectations of the "luxury" guest consumer have changed in the past 20 years. The Parkers and their team are working diligently to develop a revised program that delivers on the current luxury expectation in a financially sustainable way that they, and the community, can be proud of. This probably means fewer rooms, a smaller footprint, and a higher degree of thoughtfulness to the intimacy of public spaces and program spaces.
- *Why Do the Parkers Need So Much Time?* At the hearing with the City Council in 2014, the Council members uniformly supported the concept and outline of the Development Agreement, and they also encouraged the Parker Family to move ahead as diligently as possible to complete a project on the site and the Parkers are endeavoring to do just that. The timelines in the Development Agreement are meant to provide reasonable outside dates recognizing that even with all best intentions unforeseen hurdles may arise for either the applicant or the City. We believe that it would be far better to preserve the ability to complete a project on this most important part of the City's waterfront, than not. With that in mind, the Parkers are working in earnest on revised architectural plans, and they are hopeful of appearing at HLC early in 2016 with preliminary drawings for the revised hotel.

We appreciate your consideration.

Sincerely,
SUZANNE ELLEDGE
PLANNING & PERMITTING SERVICES, INC.


Suzanne Elledge
Principal



Fespar Enterprises LLC

April 15, 2014

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

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

Dear Hon. Mayor Schneider and Council Members:

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

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

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

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

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

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

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

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

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

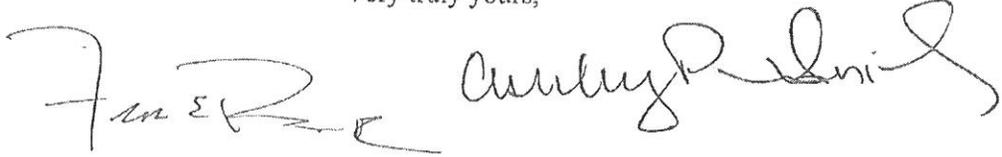
1. The Parker family would maintain its vested right to develop the already-approved 150-room hotel, subject only to the Parker family applying for a new building permit processed under current building code standards within four years of the effective date of the new development agreement.
2. The Parker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

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

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

Very truly yours,

The image shows two handwritten signatures in black ink. The signature on the left is stylized and appears to be 'F. R. R.'. The signature on the right is more cursive and appears to be 'C. R. R.'. Both signatures are written in a fluid, connected style.



ADDENDUM
TO ENVIRONMENTAL IMPACT REPORT (SCH #92091038)
FOR WATERFRONT HOTEL PROJECT (MST2013-00371)

433 East Cabrillo Boulevard (hotel site) and
103 South Calle Cesar Chavez (parking lot site)

December 14, 2015

This addendum to a prior certified project environmental impact report (EIR) evaluates environmental impacts of a proposed Development Agreement, which would extend the time frame for completing permitting and construction of the previously approved hotel project and establish conditions for considering a revised hotel project and transfer of existing development rights. The previously approved hotel project consists of a 150-room Waterfront Hotel proposed to be developed at 433 East Cabrillo Boulevard (Exhibit A – Project Exhibits) and its associated parking lot proposed at 103 South Calle Cesar Chavez. The current project applications also include a proposed Zoning Ordinance Amendment, which would amend Chapter 28.95 of the Santa Barbara Municipal Code (SBMC) to allow for approved hotel rooms on the project site to be transferred as hotel rooms to another receiving site(s).

This EIR addendum is prepared in accordance with the California Environmental Quality Act (CEQA), and State CEQA Guidelines Section 15164. An addendum to a prior EIR identifies minor changes to the EIR that make the EIR adequate for the current project permitting decision. This includes changes to reflect project description refinements, mitigation already implemented, changes to environmental conditions on the ground, current criteria used in environmental impact analysis, and changes to project impacts, impact significance, and mitigation measures. The addendum procedure is followed when changes do not involve new significant environmental impacts or a substantial increase in significant impacts previously identified in the EIR and prior addenda, per criteria specified in CEQA Guidelines Section 15162.

The CEQA Guidelines provide that an EIR addendum need not be circulated for a public review and comment period, but is attached to the EIR, and a separate public hearing is not required. This EIR addendum is provided to the public and decision-makers as part of project staff reports issued prior to Planning Commission and City Council hearings on the project. Public comment can be received prior to and at the hearings. The decision-making bodies consider the addendum together with the certified EIR when making decisions on the current project permit applications. The EIR and addendum inform CEQA environmental impact findings that support decision-maker actions on the project.

This EIR addendum has been prepared by City staff based on an environmental Initial Study assessment of the current project in light of the prior project EIR. The Initial Study, dated December 14, 2015, was completed to evaluate the adequacy of the prior project EIR impact analysis for the current project application, and to identify any need for information updates and/or documentation. This EIR addendum summarizes the Initial Study analysis and conclusions.

Completed Development Activities. Since permit issuance, the following development activities have occurred both on the project sites and in the public right-of-way, and including applicable EIR mitigation measures and permit conditions requiring applicant funding for improvements:

- Roadway improvements supporting the hotel and park projects were installed in 1995-1996. These included the Salsipuedes Street (now Calle Cesar Chavez) and Garden Street connections to the Waterfront area; Garden and Salsipuedes Street improvements (street, curb, gutter, and sidewalk); and pedestrian improvements along Garden and Salsipuedes Streets and Cabrillo Boulevard. The Waterfront project applicant funded 60% of the Salsipuedes Street improvements.
- The Chase Palm Park expansion project was completed in 1996, which included an approximate five-acre land dedication from the hotel project applicant.
- An annual park maintenance fee of \$62,500 has been paid by the hotel project applicant to the City.
- A traffic improvement fee of \$124,014 was paid to the City in 2007 for a planned traffic light improvement at the Highway 101/Hot Springs intersection, and an alternate roundabout improvement was subsequently installed at that location.
- An air quality offset fee for the hotel of \$54,000 (60% of the total hotel/park fee) was paid to the Santa Barbara County Air Pollution Control District in 2007 to support a commuter transit program.
- The hotel site and parking lot site were graded and soil remediation was completed in 2008.
- The youth hostel project was completed in 2014.

General Plan Program EIR. A certified Program EIR (SCH #2009011031) for City adoption of the 2011 General Plan Update contains updated cumulative analysis of environmental effects associated with incremental development throughout the City (incorporated herein by reference). The Waterfront Hotel project was considered as an approved project as part of the Program EIR analysis.

CURRENT PROJECT DESCRIPTION

Current Permit Applications. The hotel project applicant requests a new Development Agreement (DA) to extend the time frame for the hotel project development and establish conditions and procedures for an option to consider a revised hotel project and the possible transfer of existing development rights at some future time. The new DA would incorporate the following components:

- All current building permits and public works permits for the hotel project would expire.
- A new 10-year term for the DA would be established.
- Within the first five years, the applicant could proceed with the previously approved 150-room hotel subject to issuance of new building and public works permits consistent with current code requirements.
- If a hotel project other than the previously approved 150-room hotel project is proposed at any time during the 10-year period, the new project would be subject to appropriate environmental review, discretionary planning permits, design review approval, and other applicable permits, consistent with General and Local Coastal Plan policies, codes, and other applicable regulations current at that time.
- If a new or revised hotel project results in less than 150 rooms, the applicant could propose transferring development rights for the remaining room count or square footage to another site, consistent with applicable City ordinance provisions and the DA.

In addition, an amendment is proposed to the City ordinance that governs transfers of development rights (Santa Barbara Municipal Code Chapter 28.95) to ensure that there would be no conflict between the legal provisions of the ordinance and the project DA. The amendment would add a provision to the ordinance that the DA provisions would control in the event of a conflict.

Hotel Project Description. The hotel parcel is approximately three acres and is located at 433 East Cabrillo Boulevard, north of Cabrillo Boulevard and west of Calle Cesar Chavez. The separate parking lot parcel is approximately two acres and is located at 103 South Calle Cesar Chavez, north of the hotel parcel and the

Union Pacific railroad tracks and on the west side of Calle Cesar Chavez. This is the project previously approved by the City for which building permits were issued in 2007 (hotel) and 2008 (parking lot).

Hotel: The 150-room luxury hotel and associated banquet facilities would be approximately 142,000 square feet in size, and two to three stories with a 45-foot maximum height. A basement area would be used for back-of-house facilities (e.g., storage, employee space). Development on the hotel site would also include patios, gardens, a pool, and 10-12 parking spaces.

Parking: Parking spaces on the hotel parcel would provide for initial guest arrivals and accessibility for disabled persons. Employee parking and guest parking would be provided at two offsite locations. Under a lease arrangement, up to 150 regular parking spaces would be available at the existing DoubleTree Hotel parking lot (accommodating more vehicles with valet parking configuration) located at 633 E. Cabrillo Blvd. An additional 111 parking spaces would be available at a new valet parking lot to be developed at 103 South Calle Cesar Chavez as part of the project on the separate parking lot parcel to the north.

Improvements: The following additional improvements would be installed as part of the project. New landscaping would be provided by the applicant along the western and southern edge of the hotel parcel on the adjacent Chase Palm Park property within an area designated as the Transition Area, which is recorded in Parcel Map Book 51, Page 96. A fire lane providing emergency access for the hotel and Chase Palm Park sites would be established within a recorded easement area of approximate 20 foot width along the northern perimeter of the hotel parcel from Calle Cesar Chavez, then running south (perpendicular to Cabrillo Boulevard) following the western border of the Transition Area in the Park. A left-turn pocket would be provided within the Calle Cesar Chavez road right-of-way for cars entering the parking lot parcel from the northbound lane. A habitat restoration plan would be implemented for the portion of El Estero drainage located on the parking lot parcel, per the approved 2007 restoration plan.

Revised Hotel Project and Transfer of Existing Development Rights (TEDR): The new Development Agreement would provide for the option of submitting an application for a revised hotel project. In the event that future project changes result in fewer rooms on the project site, the applicant would have the option of proposing a transfer of remaining rooms to another parcel in the Downtown development area. Any such revisions to the project or proposed transfer of development rights would be reviewed and permits considered under appropriate City regulations, environmental review requirements, and provisions specified in applicable City ordinance provisions and the Development Agreement. The receiving site of a proposed development transfer would also require separate applications, environmental review, and permit approvals.

Changes to project previously reviewed by EIR. Prior addenda to the project EIR provided review of earlier project refinements, including parking changes and the wetland habitat restoration plan.

PROJECT IMPACTS AND MITIGATIONS

This section is organized by impact topics, and provides the following information: (1) hotel project environmental impacts and mitigations identified in the prior 1993 project EIR and subsequent addenda; (2) relevant changes since the project EIR was certified, pertaining to the project description, environmental circumstances, evaluation criteria, or regulations; and (3) environmental impact analysis, including cumulative analysis, for the Development Agreement, which would extend the life of the hotel project. The analysis is supported by the 2015 Initial Study for the current project.

Impacts of Potential Transfer of Existing Development Rights (TEDR) Provisions. The prior approved hotel project was permitted for a 150-room hotel. The proposed Development Agreement (DA) would establish an option and process for the transfer of existing development rights (TEDR). In the event of a revised hotel project proposal with less than 150 rooms, development rights associated with the unconstructed rooms could be proposed for transfer to another site in accordance with the City's Traffic Management Strategy and approval process. An ordinance amendment to SBMC Chapter 28.95 (Transfer of Existing Development Rights) is also proposed, which would provide that the DA would control in the event of a conflict between

the DA and the ordinance provisions in SBMC Chapter 28.95. The effect of this amendment would be to allow the project to propose transfer of approved but not constructed hotel rooms to another site, whereas the ordinance currently allows only the transfer of approved square footage. The DA only includes these provisions for a possible future transfer proposal in the event the approved hotel project is not constructed, and no actual proposal or approval for a transfer of development rights is currently proposed. Any future transfer proposal would require further discretionary permitting and environmental review of impacts at the hotel site and impacts at the receiving site(s) at the time of the proposal. Without any proposal for a transfer of development rights as part of the current project, including the specific number of rooms and location of receiver site(s), it is not possible to evaluate environmental impacts at this time, and any such present analysis would be speculative. The DA provision and ordinance amendment allowing this possible future option for development transfer do not themselves have any environmental impacts.

Visual Resources

1993 Project EIR (§VI.F Visual Resources) and Addenda. Hotel project impacts associated with scenic views, visual character/compatibility, and lighting were identified as less than significant (Class 3). A recommended measure was applied for screening of rooftop equipment through project design review approval.

Changes to Project, Environmental Conditions, Evaluation Criteria, and Regulations. The hotel and parking lot sites have been graded and remediated for soil contamination, and continue to be vacant. The hotel site has sparse non-native vegetation and the parking lot site includes the Laguna Drain with a mix of native and non-native vegetation.

Visual Resources Impact Analysis of Current Project. There is no substantial change to the project EIR visual resources analysis, and no change to impact classifications.

Mountain views are being preserved across the park, and view corridors are provided through Calle Cesar Chavez. The hotel project would be located in an urban area planned through a Specific Plan and zoned for the type of development proposed, and has received previous City Council land use approval with findings of consistency with City visual policies. The project is subject to design review for consistency with visual design guidelines, and received prior Historic Landmarks Commission (HLC) design review approval initially in the 1990's. Subsequent design review of the hotel occurred as minor revisions were proposed and final HLC approval was granted in 2007.

- Scenic Vista Impacts. The hotel project would block some mountain views from limited vantage points, an adverse but *less than significant impact (Class 3)* on scenic vistas.
- Visual Character Impacts. Project design and design review approval provide that project visual character and compatibility impacts would be *less than significant impact (Class 3)*.
- Lighting Impacts. Required project compliance with the City lighting ordinance provides that project lighting would have a *less than significant impact (Class 3)*.

In summary, project impacts to visual resources remain less than significant (Class 3), and no mitigation is required to reduce potentially significant impacts. The project would not conflict with visual resources policies and regulations.

Cumulative Impacts. The 2011 General Plan Program EIR found that with application of General Plan visual resources policies, lighting code provisions, and design review guidelines, incremental citywide development would result in less than significant cumulative impacts on scenic views, community character, and lighting. The hotel project is part of the assumed incremental citywide development and would not result in a considerable contribution to significant cumulative visual resources impacts.

Air Quality

1993 Project EIR (§VI.B Air Quality) and Addenda. The EIR identified significant (Class I) long-term impacts of hotel operations (vehicles, buildings, equipment) associated with criteria air pollutants (precursors to smog

generation: reactive organic compounds and nitrogen oxides). Mitigation measures applied to partially reduce impacts entailed the use of low-volatile materials and energy-efficient building design, transportation demand management, and an air pollution offset in-lieu fee. Short-term construction-related impacts from earthwork and vehicles/equipment (dust/particulates and nitrogen oxides) were identified as significant (Class 1), with dust and equipment mitigation controls applied to partially reduce impacts. Odor impacts were identified as less than significant (Class 3).

Changes to Project, Environmental Conditions, Evaluation Criteria, and Regulations. With addition of the parking lot parcel as part of the project in 2007, an underground parking garage is no longer proposed with the current hotel project, which substantially reduces associated earthwork. Most site preparation grading on the hotel and parking lot sites has been completed in conjunction with soil remediation, with mitigation measures applied. The project applicant paid an air pollution offset fee of \$54,000 to the Santa Barbara County Air Pollution Control District (APCD) to support a commuter transit program (Clean Air Express). Since the time of the project EIR, State air quality regulations have changed (e.g., more stringent auto, industrial, and equipment controls) and air quality has substantially improved. APCD and City impact evaluation criteria have changed, and new computer models and updated trip generation and pollutant emissions factors are used to estimate project emissions. Current CEQA regulations now require analysis of greenhouse gas impacts affecting global climate change.

Air Quality Impact Analysis of Current Project. Air quality impacts of the hotel project are expected to be less than identified in the project EIR and no further mitigation is required beyond standard construction-related provisions.

Updated air pollutant emissions estimates for the project were calculated using the CalEEMod (v. 2013.2.2) computer model, project land use, updated (lower) project vehicle trip generation estimate, updated (lower) State pollutant emissions/vehicle mile factors, and updated impact significance thresholds of the APCD and City (See Initial Study Exhibit C).

- Long-Term Impacts. Project long-term air pollutant emissions would be below the APCD and City impact significance thresholds for vehicle emissions (the thresholds are 25 pounds per day reactive organic gases (ROG) and nitrogen oxides (NO_x), and combined vehicle and stationary source emissions of 240 pounds per day of ROG and NO_x and 80 pounds per day of particulate matter-PM₁₀). Long-term air quality effects of the hotel project would be *less than significant (Class 3)*.
- Short-Term Impacts. The project construction period is estimated at 18-24 months. With application of current standard construction measures for dust suppression and reduction of construction equipment emissions, construction-related air pollutant emissions would be below the APCD and City guideline of 25 tons/year of combined emissions of ROG, NO_x, carbon monoxide, sulfur dioxide, PM₁₀, and PM_{2.5}), a *less than significant impact (Class 3)*.
- Odor Impacts. Ancillary hotel activities such as the restaurant, bar, and banquets or other group events would have negligible odor impacts, a *less than significant impact (Class 3)*.
- Greenhouse Gas Impacts. The City Climate Action Plan provides programmatic mitigation of citywide greenhouse gas generation associated with development under the General Plan. The project is within assumed City development parameters and would incorporate applicable policies, regulations, and design guidelines that reduce mobile and stationary greenhouse gas emissions. Project greenhouse gas emissions from direct and indirect sources would be *less than significant (Class 3)* (See Initial Study Exhibit D).

In summary, hotel project long-term and short-term air pollution, odor, and greenhouse gas emissions impacts are less than significant and no further mitigation is required. The project would not conflict with federal, State, and local air quality and climate change policies and regulations.

Short-term construction-related air quality impacts would be addressed with standard construction provisions for dust suppression and equipment emissions reduction, and would be less than significant, with no further mitigation required.

Cumulative Impacts. Cumulative air quality and greenhouse gas impacts associated with citywide growth were found to be less than significant in the General Plan Program EIR, Clean Air Plan SEIR, and Climate Action Plan Addendum to the Program EIR. The project is within the growth assumptions for these analyses, and applicable policies and regulations for reduction of air pollution and greenhouse gas would be applied to the project. Project air emissions would not constitute considerable contributions to cumulative air pollutant or greenhouse gas impacts.

Biological Resources

1993 Project EIR (§VI.G Biological Resources) and Addenda. Hotel project impacts on habitats, wildlife, and vegetation were found to be less than significant (Class 3).

Changes to Project, Environmental Conditions, Evaluation Criteria, and Regulations. The project sites remain vacant with sparse vegetation. Grading and soil remediation was completed in 2008. A habitat restoration plan on the parking lot parcel was added as a project component in 2007. City master environmental assessment (MEA) biological resources maps and guidelines were updated in 2009.

Biological Resources Impact Analysis of Current Project. There is no substantial change to the project EIR biological resources impact analysis, and no further mitigation is required beyond project description components.

- **Habitat Impacts.** The hotel site has no wetland, riparian, or other natural habitat. The parking lot parcel contains a portion of the El Estero drainage along the southern property line, and an unnamed drainage along the northern property line. Development would be set back from the drainages and a habitat restoration program would be instituted. The restoration plan entails removal of debris and non-native and invasive vegetation, and revegetation with native plantings. At the northern drainage, an existing culvert would be removed and replaced with a vegetated swale. Hotel project impacts associated with wetlands and other habitats would be *less than significant (Class 3)* and the restoration plan would have a *beneficial impact (Class 4)* to water quality and habitat values.
- **Individual Species Impacts.** The hotel and parking lot sites contain no protected native wildlife or plant species or specimen trees. The parking lot setback and restoration of the El Estero drain would protect and enhance any potential habitat for the southwestern pond turtle, an identified species of concern (experiencing habitat loss or species decline) but not listed as threatened or endangered by federal or State wildlife agencies. The project habitat restoration plan also includes a standard measure for minimizing disturbance to any nesting birds during project construction or habitat restoration activities. Project impacts associated with wildlife and vegetation species would be *less than significant (Class 3)*.

In summary, project biological resource impacts would be less than significant; no mitigation is required. The project would not conflict with biological resources policies or regulations.

Cumulative Impacts. The General Plan Program EIR found that cumulative biological impacts associated with citywide growth would be less than significant with protective policies and regulations in place. The project would not result in a considerable contribution to cumulative biological resources impacts in the City or region, and the project habitat restoration component would benefit wetland resources.

Cultural Resources

1993 Project EIR (§§VI.C-Archaeological and VI.D-Historical) and Addenda. No historic or known archaeological resources exist on the project sites. The EIR analysis found that required Historic Landmarks Commission (HLC) design approval would assure that the hotel would have no significant impact to historic resources or the historic Cabrillo Boulevard corridor (Class 3). The sites were identified as potentially sensitive

for subsurface prehistoric and early 20th-century archaeology. Phase 1 archaeological investigation reports were accepted by the HLC for the hotel site (1992) and parking lot site (2007). Project archaeological impacts were found to be less than significant (Class 3). The archaeological reports recommended earthwork monitoring.

Changes to Project, Environmental Conditions, Evaluation Criteria, and Regulations. The HLC approved the final hotel project design on September 5, 2007 and the parking lot development on December 17, 2007. Grading and soil remediation on the hotel and parking lot sites was monitored per project conditions as recommended by archaeological reports, with no important cultural resources found or further mitigation required. Road improvements were subject to standard procedures for unanticipated discovery of subsurface cultural resources, with no important resources found. The City Master Environmental Assessment Guidelines for historical and archaeological resources, including the archaeological sensitivity map, were updated in 1997 and 2002.

Cultural Resources Impact Analysis of Current Project. There is no substantial change to the project EIR assessment of cultural resources impacts, and no mitigation is required beyond standard archaeological resource discovery provisions.

- **Historical Resources Impacts.** The project hotel and parking lot sites have no historic resources. The hotel site is located within the El Pueblo Viejo (EPV) design district and received project design review approval by the Historic Landmarks Commission. The hotel would have a substantial setback from Cabrillo Boulevard and would not negatively impact the historic Cabrillo Boulevard corridor. Project historic resources impacts would be *less than significant (Class 3)*.
- **Archaeological Resources Impacts.** The current MEA identifies the sites as potentially sensitive only for early 20th century era archaeology given prior disturbance from fill and debris deposits. Archaeological studies and site monitoring of earthwork yielded no important resources. Limited remaining earthwork, site preparation, and construction of the current project would have a *less than significant (Class 3)* impact. A standard construction condition which specifies contractor procedures in the event of unanticipated discovery of resources during earthwork, consistent with City General Plan policies, Master Environmental Assessment procedures, and Municipal Code provisions would be required and would further reduce adverse but less than significant impacts associated with archaeological resources.
- **Other Cultural Resources Impacts.** Based on prior cultural resources studies and earthwork monitoring, there is no evidence of human remains, paleontological resources, or tribal cultural resources on the project sites. Project impacts would be *less than significant (Class 3)*. The standard construction discovery procedures would apply if resources are uncovered.

In summary, project cultural resources impacts would be less than significant, and no further mitigation is required. The project would be subject to standard construction discovery procedures. The project would not conflict with cultural resources policies or regulations.

Cumulative Impacts. The 2011 General Plan Program EIR found that with extensive regulations and policies in place to address potential project-specific effects on cultural resources, cumulative cultural impacts associated with citywide growth would be less than significant. Cultural resources impacts of the hotel project would be less than significant and would not represent a considerable contribution to cumulative cultural resources impacts.

Geophysical Conditions

1993 Project EIR (EIR Appendix A) and Addenda. The analysis found that potentially significant impacts associated with earthquake groundshaking, liquefaction, and soil settlement would be mitigated to less than significant levels (Class 2) with incorporation of project design measures identified in the geotechnical reports and required by Building Code. Other seismic, geologic, and soil-related impacts were identified as less than significant (Class 3).

Changes to Project, Environmental Conditions, Evaluation Criteria, and Regulations. In 2007-08, contaminated soils on the project sites were excavated and replaced with clean soils and the sites were re-compacted consistent with State and local regulations to address liquefaction and settlement hazards. State and City building codes have been updated several times since the project EIR analysis, and State and City storm water management requirements that address soil erosion have been adopted. City master environmental assessment (MEA) geologic maps and guidelines have been updated (2009 and 2012).

Geophysical Impact Analysis of Current Project. There is no substantial change to the project EIR assessment of project impacts pertaining to seismic, geologic, and soil conditions, and no mitigation is required beyond grading and building code requirements.

- Seismic and Geologic Impacts. The project has already implemented some EIR-identified mitigation for site preparation (soil overexcavation/ recompaction). The project would be required to further address geophysical hazards through project site, foundation, and building design measures identified in technical report recommendations and current code requirements, as confirmed through a new building permit process. Project seismic and geologic impacts would be *less than significant (Class 3)*.
- Soil Erosion Impacts. The grading permit process applied measures to minimize soil erosion during earthwork already completed on the project sites. The hotel project would be required to implement measures to minimize both construction-related and long-term soil erosion effects consistent with State and City regulations. Project soil erosion impacts would be *less than significant (Class 3)*.

In summary, the project design would be subject to regulatory requirements to address potential seismic, geologic, and soil hazards through the building and grading permit process, and project geophysical-related impacts would be less than significant. The project would not conflict with geophysical policies or regulations.

Cumulative Impacts. The 2011 General Plan Program EIR found that, with extensive regulations and policies in place to address potential project-specific effects pertaining to seismic, geologic, and soil hazards, cumulative impacts associated with citywide growth would be less than significant. The project would not result in a considerable contribution to cumulative seismic, geologic, or soil impacts.

Hazards and Hazardous Materials

1993 Project EIR (§§ VI. I. Hazardous Materials/Waste, H. Risk of Upset, and Appendix A – Fire Hazard and other hazards issues) and EIR Addenda. The EIR analysis identified potentially significant impacts associated with hazardous materials use, contaminated soils, and risk of upset potential from railroad proximity, all mitigated to less than significant levels (Class 2). Fire hazard was identified as a less than significant impact (Class 3).

Changes to Project, Environmental Conditions, Evaluation Criteria, and Regulations. Project-supported roadway circulation improvements were completed in 1995-96. Soil remediation was completed on the hotel site and within the paved parking area on the parking lot site in 2008. The City Fire Code was updated in 2014.

Hazards Impact Analysis of Current Project. There is no substantial change to the EIR assessment of project impacts pertaining to hazardous materials, contaminated soils, emergency response, risk of upset, and fire hazard, and no new mitigation is required. The impact classifications for hazardous materials impacts are reduced for the current project going forward, reflective of prior identified mitigation already implemented and identified mitigation addressed by current regulations.

- Hazardous Materials Impacts. Proposed hotel operations would use small amounts of typical household/commercial products containing hazardous materials for cleaning, landscaping, pool maintenance, vehicle/equipment fuels, etc. Such materials would be subject to regulations for proper storage, application, transportation, and disposal. Project impacts would be *less than significant (Class 3)*. The prior EIR identified mitigation measures requiring a hazardous materials management plan, hazardous materials inventory statement, and hazardous materials business plan for hotel operations if stored hazardous materials exceeded threshold amounts prescribed by government regulations.

- Contaminated Soil Impacts. Past soil contamination was remediated on the project sites to standards safe for hotel and parking uses per State regulations and the Santa Barbara County Site Mitigation Unit (SMU)/Leaking Underground Fuel Tank (LUFT) Program. Impacts of the current project going forward would be *less than significant (Class 3)*. On the parking lot site, additional remediation is required in the area of the habitat restoration (El Estero drain), and a permit is pending for the parking lot site to complete soil remediation within this area. County approval of the remediation stipulates that deed restrictions be recorded on the hotel property providing notification of residual contamination levels and locations.
- Emergency Evacuation and Response. The City has response plans for emergencies (e.g., natural disasters, technological events, security incidents). Response providers (Police and Fire Departments, health care facilities, etc.) also have plans, procedures, resources, and staffing in place for response to day-to-day emergency incidents. The project sites are located about one-half mile from City Fire Station 2. Major roadway improvements installed with project funding support improved area access and circulation, including for emergency evacuation and response. The hotel site development includes installation of an emergency access road that will allow emergency vehicles to access the hotel property and the City park from Calle Cesar Chavez. Hotels have regulatory requirements to post emergency procedures. Project impacts associated with emergency response would be *less than significant (Class 3)*. EIR mitigations as part of the railroad risk of upset section below would also provide upgraded emergency preparedness.
- Risk of Upset/Railroad Impacts. The rail line directly north of the hotel parcel carries daily passenger and freight trains that pass close to the project location. The EIR analysis (using scales of 1 to 5) rated the likelihood of a derailment or collision in this location at 2 (remote, due to parallel tracks and slowing in approach to station), and rated potential severity of public or environmental damage at a 2 (minor) for derailment and 3 (serious but confined) for collision. This potentially significant impact was *reduced to a less than significant level (Class 2)* with application of several mitigation measures that would continue to apply to the current project: (1) special emergency response plan for derailment or hazardous materials spill; (2) hotel safety coordinator and posted safety procedures and evacuation routes; (3) fire sprinklering of buildings per Fire Code and Fire Chief with emphasis on areas that could be affected by train derailment; and (4) design of rear wall of fire lane for maximum resistance, and design of primary hotel structural support in central and southern portions of the site.
- Fire Hazard Impacts. The hotel project sites are located within an urban area, not within designated high fire areas, and with no wildland interface nearby. Existing fire codes and Fire Department resources and staff would adequately address this issue. Project fire hazard impacts would be *less than significant (Class 3)*. Mitigation measures listed above addressing risk of upset and measures for hazardous materials management and emergency response would also benefit fire hazard management. EIR mitigation measure for fire sprinklers and fire-resistant building materials are now code requirements.

In summary, impacts of the current hotel project associated with hazards and hazardous materials would remain less than significant. In the case of risk of upset due to railroad proximity, the impact would continue to be mitigated to a less than significant level. The project would not conflict with policies or regulations pertaining to hazards. Project EIR mitigations access/circulation improvements have already been implemented. Project EIR mitigations for soil remediation has been substantially completed, with some additional remediation required within the habitat restoration area. Earlier project EIR mitigations for hazardous materials business plans, emergency evacuation plans, and fire code building provisions are now regulatory requirements.

Cumulative Impacts. The 2011 General Plan Program EIR found that, with extensive regulations and policies in place that address potential project-specific effects pertaining to hazards and hazardous materials along with identified programmatic mitigations, cumulative hazard impacts associated with citywide growth would be less than significant. The project would be part of the incremental growth assumed in the analysis. Project impacts would not constitute a considerable contribution to cumulative hazard impacts.

Noise

1993 Project EIR (§VI.E Noise) and Addenda. The EIR identified significant short-term construction noise and vibration impacts associated with pile driving for hotel construction, with foundation design/construction technique measures applied to partially mitigate (Class 1). Short-term construction noise effects on surrounding uses would be mitigated to less than significant levels with standard equipment requirements and limitations to construction hours (Class 2). Long-term ambient noise effects to interior noise levels for hotel guests would be mitigated with requirements for window and ventilation design, and a barrier wall on the northern property boundary (Class 2). Long-term noise impacts from hotel rooftop mechanical equipment affecting hotel and park users would be mitigated with equipment design and placement, and noise attenuation measures (Class 2). Exterior noise effects to hotel users from background noise levels and from periodic louder noise from railroad, park events, etc., were identified as adverse but not significant (Class 3), with recommended measures identified for public address system use limitations and railroad track maintenance.

Changes to Project, Environmental Conditions, Evaluation Criteria, and Regulations. The current City master environmental assessment (MEA) noise map (updated 2007) continues to identify average ambient noise levels at the hotel sites between 60 and 70 decibels (dBA) using the Day-Night Noise Level scale (Ldn), with noise largely due to vehicle traffic from nearby roadways. Current updated California and City Building Code requirements require that interior average noise levels for hotel rooms be 45 dBA Ldn or lower. Technological advances have reduced the noise levels of most commercial equipment such as the planned hotel roof-mounted equipment. Much of the project site preparation and grading activities on the hotel and parking lot parcels have already been completed.

Noise Impact Analysis of Current Project. There is no substantial change to the project EIR noise impact evaluation, and no new mitigations are required.

Long-Term Noise Impacts (Project Operations)

- Interior Noise Impacts. The project could provide guest rooms meeting interior noise standards through compliance with code regulations and application of EIR mitigation measures: (1) mechanical ventilation that allows closing of windows, and (2) a noise barrier wall along the northern lot line. Potentially significant interior noise impacts would be *mitigated to a less than significant level (Class 2)*.
- Exterior Noise Impacts. The hotel location would have average ambient outdoor noise levels of 70 dBA Ldn or less, the level identified in the General Plan and Local Coastal Plan (LCP) as acceptable for hotel use. Impacts pertaining to exterior noise impacts would be *less than significant (Class 3)*. The barrier wall mitigation identified above would further reduce noise levels, benefiting outdoor activities. Periodic louder noise effects to hotel users from nearby land uses (e.g., railroad, park public address system, industrial uses) would be adverse but *less than significant (Class 3)*.
- Project Contribution to Ambient Noise. The long-term use of the hotel and parking lot operations would contribute a slight amount of noise to the area similar to that of surrounding uses and would not substantially raise background noise levels of the area. Potential noise impacts to park and hotel users from hotel rooftop mechanical equipment would be mitigated to a *less than significant level (Class 2)* through equipment design, placement, and shielding.

Short-Term Noise and Vibration Impacts (Project Construction)

- Pile Driving. Temporary noise and vibration associated with pile driving for hotel construction could have a significant effect to nearby land uses, such as the nearby park and hotel. Identified mitigation to use alternative foundation design or construction techniques with lower noise levels if technically feasible, and to conduct test drilling and incorporate strategies to address vibration effects at nearby buildings, could partially reduce impacts, but short-term noise and vibration impacts remain *significant and unavoidable (Class 1)*.
- Earthwork and Construction. Most of the site grading has been completed, and additional site preparation/grading would mainly involve building foundation and footings. The project grading and construction processes, estimated at 1½-2 years in duration, would create temporary, intermittent loud

noise that could affect surrounding park and hotel uses, a potentially significant impact. With identified mitigation measures to apply standard equipment mufflers/maintenance, and limitations to construction hours, short-term construction noise effects would be *mitigated to less than significant levels (Class 2)*.

In summary, most short-term construction-related noise impacts would be mitigated to less than significant levels. However, if the project proceeds with a foundation supported by piles, significant short-term ground borne noise/vibration impacts from pile installation could result. Long-term noise would be less than significant relative to the effects of ambient noise on exterior activities, and would be mitigated to less than significant levels for interior noise levels and project mechanical equipment noise. The project would not conflict with noise policies and ordinance provisions.

Cumulative Impacts. The General Plan EIR (2011) found that with compliance of individual projects to current noise policies and regulations, and identified programmatic mitigation, cumulative noise impacts associated with citywide growth would be less than significant, including highway-generated noise from increasing traffic. The project would be part of the growth assumed in the EIR analysis, and the project would result in additional daily vehicle trips from guests and employees. However, added traffic trips would be incremental and not a considerable contribution to cumulative highway noise impacts.

Population and Housing/ Growth-Inducing Impact

1993 Project EIR (§X. Growth Inducement, Appendix A) and Addenda. The analysis identified that the hotel project would generate temporary construction jobs and long-term hotel employment growth with associated housing demand. Hotel employment of 281 full- and part-time positions was analyzed for likely recruitment locally and from outside the area, based on local experience of the DoubleTree and Biltmore hotels. The analysis estimated that 30 low- or moderate-income employees would be expected to be recruited as permanent employees from outside the area, for an additional estimated housing demand of 22 affordable housing units. Housing effects were addressed by housing ordinance provisions for an in-lieu affordable housing fee as a condition of project approval.

Changes to Project, Environmental Conditions, Evaluation Criteria, and Regulations. The City housing mitigation ordinance was repealed in 1995 and conditions on approved projects requiring affordable housing construction or in-lieu fees were eliminated, including for this project. City Council found at that time that, with growth controls and housing programs in place, the anticipated level of non-residential development would not create a significant impact on the Santa Barbara South Coast housing market that would necessitate the ordinance program. They also found the mitigation ordinance approach to be ineffective and outdated, and that programmatic and policy approaches were more effective. Housing development constructed within the City (including both subsidized and market built units, and for-sale and rental units within a range of prices) is estimated at 622 units in the period of 1992-1999, 722 units in the period of 2000-2007, and 592 units in the period of 2008-2014. A total of 2,341 affordable (very low- to low-income) rental units were either constructed or acquired through redevelopment funds and approximately 465 affordable (very low- to upper-middle-income) ownership units were constructed in the period of 1992-2007 (Source: Planning Division growth management tracking).

Housing/Growth-Inducing Impact Analysis of Current Project. There is no substantial change to the project EIR analysis of housing effects, however the impact classification is reduced consistent with current City circumstances, policies, and programs. In 2012, as part of ordinance amendments for implementation of the City's growth management program, City Council eliminated project-specific housing findings, with consideration of evidence of development circumstances and trends (including local trends towards mixed-use development and limits on nonresidential development), and City policies in place to support workforce, rental and affordable housing.

The hotel project would generate short-term construction jobs and long-term hotel employment, as estimated in the project EIR. Hotel staffs include some low salary employees which can contribute to increased affordable housing needs. Project employees would be expected to reside within a range of areas, including in the City,

on the South Coast, and within the larger region. The project would not involve substantial employment growth that would substantially increase population or housing demand beyond planned levels, a *less than significant impact (Class 3)*, and no mitigation is required. The project would not conflict with City growth or housing policies.

Cumulative Impacts. Many factors outside of City land use and housing policies contribute to the overall jobs/housing balance (e.g., larger economic forces, property values/housing costs, employee retirements/replacements, individual choices for where to reside, etc.). A portion of individuals employed within the City reside outside of the City. The 2011 General Plan Program EIR identified that, taken together, the small increment of new growth anticipated within the City in the coming decades would likely balance jobs and housing and would not have a significant cumulative effect to worsen the jobs/housing balance. This assessment is supported by Plan policies limiting non-residential development and supporting affordable and workforce housing development. The project would be within growth assumptions for the citywide General Plan analysis. Hotel employment would incrementally contribute to jobs and housing demand, but would not represent a considerable contribution to a cumulative effect worsening the jobs/housing balance.

Public Services and Utilities

1993 Project EIR (Appendix A §§13 –Water and 9 Public Services) and Addenda. The analysis found that project effects associated with water supply, sewage collection/disposal, storm water drainage, solid waste collection/disposal, fire protection, police protection, and schools would be less than significant (Class 3).

Changes to Project, Environmental Conditions, Evaluation Criteria, and Regulations. Since the EIR analysis, regulations and programs have been adopted toward reducing water consumption and reducing solid waste landfill disposal. Curbside recycling pick-up is in place and the City has an adopted ordinance requiring recycling of construction waste. An updated Long-Term Water Supply Plan was adopted in 2012. Water demand factors for estimating project water use were updated in 2009. Temporary drought management water conservation regulations are presently in place. The City Storm Water Management Program (SWMP) was adopted in 2006, and an implementing ordinance was adopted in 2013. Santa Barbara County solid waste impact significance thresholds used by the City were adopted in 1993.

Public Services and Utilities Impact Analysis of Current Project. All City services and utilities are available to the project sites. There is no substantial change to the EIR analysis of project impacts on services and utilities, and no new mitigation measures are required.

- Water. The project total water use is estimated to be 30 acre-feet per year based on updated demand factors. The site location is near reclaimed water lines, and it is expected that some or all of project landscaping water would feasibly use reclaimed water in accordance with State Water Code and City ordinance provisions, which would lower the estimated annual potable water consumption. The project would be subject to water-conserving requirements of the building code (e.g., low-flow fixtures) and ordinance landscape design standards for water conservation (e.g., low water use irrigation system, drought-tolerant landscaping).

The City is experiencing a multi-year regional drought and has measures in place per adopted drought management plans for securing additional supplies and citywide water use regulations and rates to conserve water. The project building, operations, and landscaping would be required to comply with applicable City water-conserving regulations.

The 2011 City General Plan Program EIR and Long-Term Water Supply Plan evaluated water resource needs and diverse sources for supporting existing development and a small increment of growth, with recognition of periodic drought conditions. At the time the Program EIR was prepared, the 150-room hotel and parking lot project was included as an approved/pending project analyzed as part of anticipated growth. The Program EIR analysis determined that there would be adequate long-term water supply and distribution/treatment facilities to support planned citywide growth. Project water use would represent a *less than significant impact (Class 3)* on water supply and facilities.

- Wastewater. Project wastewater generation is estimated to be 28 acre-feet/year. The project is part of estimated growth analyzed in the 2011 General Plan Program EIR, which concluded adequate wastewater collection and treatment capacity and facilities for planned citywide growth. The project impact on wastewater facilities would be *less than significant (Class 3)*.
- Storm Water. The 1993 EIR concluded that there would not be significant increases in runoff or substantial impacts to existing public drainage systems based on hydrological and hydraulic reports. The parking lot parcel would drain to a detention basin and then the El Estero drain, as addressed in the EIR addendum of 2007. Additional storm drainage lines and drop inlets were installed in conjunction with the park expansion project and Calle Cesar Chavez improvements, with sizing and location anticipating the hotel development. The project would have a *less than significant impact (Class 3)* on storm water facilities.
- Solid Waste. Short-term construction-generated waste is estimated to be 1,738 tons, with 80% anticipated to be recycled (1,389.5 tons) consistent with City ordinance requirements, for a residual 348 tons for landfill disposal, which is less than the impact significance guideline of 350 tons. Long-term solid waste generation is estimated at 120 tons/year, and with curbside recycling in place, it is anticipated that at least 50% would be recycled, leaving a residual of 60 tons/year for landfill disposal, which is less than the significance guideline of 196 tons/year. The project solid waste impact would be *less than significant impact (Class 3)*.
- Other Facilities and Services (Police, Fire, Schools, Utilities). The project site is within City jurisdiction for police and fire protection services and the project can be served with existing resources and staffing. Schools within the Santa Barbara Unified School District are not designated as overcrowded and could accommodate additional students associated with project employees. It is expected that project employees would reside in various areas and their children would attend a variety of schools within the City and surrounding region. The project sites could be served by electric, natural gas, and communications utilities. Project impacts associated with these public facilities and services would be *less than significant (Class 3)*.

In summary, all services would be available for the project, and the project would have less than significant impacts on services and facilities, including for water, wastewater, storm water, solid waste, police, fire protection, schools, and gas, electric, and communications utilities. The project would not conflict with public services policies or regulations.

Cumulative Impacts. Cumulative water, public services, and utility impacts associated with citywide growth were found to be less than significant in the 2011 General Plan Program EIR with compliance with policies and regulations for individual projects, and identified City programmatic mitigation. Facilities, service levels, staffing, and other resources are provided through ongoing planning and budget processes of the City, districts, and service providers. The project would be constructed and operated consistent with current regulations for water use and conservation, energy conservation, recycling and waste management, school fees, etc., which would reduce project effects. The project would not result in a considerable contribution to public services and utility impacts.

Recreation

1993 Project EIR (§VI J Recreation) and Addenda. The EIR identified that recreational demand generated by the hotel and youth hostel projects would constitute a less than significant impact (Class 3) and would also be offset by the Chase Palm Park expansion project required by the Specific Plan. The three projects would have a beneficial effect to recreation facilities and support facilities.

Changes to Project, Environmental Conditions, Evaluation Criteria, and Regulations. Since the EIR analysis, the hotel project applicant donated five acres for the Chase Palm Park expansion project (completed in 1996), and provides park maintenance fees of \$62,500 annually to the City.

Recreation Impact Analysis of Current Project. There is no substantial change to the EIR project recreation impact analysis, and no further mitigation is required.

- **Recreational Demand.** The hotel project provides added lodging capacity and parking for recreational visitors. No on-site recreational facilities are proposed as part of the project. It is estimated that the hotel and youth hostel projects would generate a 15% increase in area recreational demand (45 additional daily visitors to Waterfront area parks), a *less than significant impact (Class 3)*. The Chase Palm Park expansion project supported by the hotel project and ongoing park maintenance fees offset this impact.
- **Recreational Facilities.** The hotel project would not result in loss of or interference with the adjacent park. The current condition of the park near the hotel lot line is somewhat degraded, and this transition area is proposed to be re-landscaped as part of the hotel project development. The Park project and re-landscaping would constitute a *beneficial effect (Class 4)*.

In summary, the project parkland contribution and park maintenance fees, and proposed adjacent (transition area) park landscape improvements offset the project's less than significant impact associated with increasing recreational demand, and results in benefits for recreational facilities and uses.

Cumulative Impacts. Cumulative recreational impacts associated with citywide growth were found to be less than significant in the General Plan EIR (2011). The project would have an incremental effect on recreational demand that would not constitute a considerable contribution to cumulative impacts. By dedicating five acres to the Chase Palm Park expansion, providing an annual maintenance fee, re-landscaping the hotel/park transition area, and providing additional lodging and parking for recreational visitors, the project would benefit recreation resources.

Transportation and Circulation

1993 Project EIR (§VIA Traffic & Circulation) and Addenda. The EIR analysis identified intersections near Highway 101 that were congested during peak hours: the Milpas southbound off- and on-ramps, the Milpas on-ramp at Carpinteria Street, and the Cabrillo Boulevard ramps near Hot Springs Road. The hotel project trip generation was identified as 1,296 average daily trips (ADT) and 108 peak hour trips (PHT) based on Institute of Traffic Engineers (ITE) hotel trip generation rates. When distributed, project-specific peak-hour traffic impacts were determined to be less than significant. Potentially significant cumulative impacts were identified at the Highway 101/ Hot Springs ramps during peak hours. Potentially significant project effects associated with site access and circulation and cumulative traffic were identified. Project mitigation measures were applied, including roadway and pedestrian circulation improvements; funding of a traffic signal at the Highway 101/Hot Springs intersection, transportation demand management measures, and a parking agreement, which together reduced project impacts to less than significant levels for circulation and access (Class 2) and a less considerable contribution to significant cumulative traffic impacts. Short-Term construction-related traffic effects were identified as potentially significant but mitigated to less than significant levels with identified mitigation measures for construction routing, queuing, and parking plans (Class 2). Transit stops and bicycle lanes were determined adequate to serve the project (Class 3 impact).

Changes to Project, Environmental Conditions, Evaluation Criteria, and Regulations. Since certification of the EIR, the transportation setting around the project sites has changed in ways that have improved circulation. A new travel lane was constructed on US Highway 101 between Milpas Street and San Ysidro Road, which created a twelve-mile segment on Highway 101, from Fairview Avenue to San Ysidro Road, with three travel lanes each way. Other US Highway 101 improvements included reconfiguring the Milpas Street on-/off-ramps, closing the northbound Hot Springs Road off-ramp, and adding a roundabout at Hot Springs Road and Coast Village Road.

Project circulation improvements have been installed, including Calle Cesar Chavez and Garden Street extensions to the Waterfront; roadway and pedestrian improvements to Calle Cesar Chavez, Garden Street and Cabrillo Boulevard; and project funding toward a traffic signal improvement at Highway 101 / Hot Springs ramps, which was ultimately installed as a roundabout rather than signal.

Traffic conditions in the City have varied over time. Updated citywide traffic counts and traffic model analysis were conducted for the 2011 General Plan update, identifying 27 intersections that were either impacted or could become impacted by 2030 with anticipated growth. Council findings deemed the citywide significant cumulative traffic effects to be acceptable due to overriding considerations of General Plan benefits.

The Growth Management Program ordinance and Traffic Management Strategy were adopted in 2013. The City traffic impact significance threshold for project-specific impacts was updated in 2014. The State CEQA Guidelines were amended to delete vehicle parking as a CEQA environmental impact issue.

Transportation and Circulation Impact Analysis of Current Project. A traffic analysis of the current project was conducted, which demonstrated that impacts of the project going forward would be less than the impacts identified in the project EIR.

- **Short-Term Construction-Related Traffic Impacts.** The estimated construction period of the project is approximately 24 months and the number of workers would vary among different stages of construction. With most site preparation and grading completed and the hotel no longer proposing below grade parking, the amount of construction traffic arriving and departing during the workday would be reduced to employee commutes, material and equipment deliveries, and periodic hauling of construction waste. Remaining earthwork activities for the hotel parcel would be approximately one month in duration, and approximately one week for the parking lot parcel. During that period, there would be a small number of workers (15 to 20) limited to equipment operators and support personnel. With consideration of traffic levels in the area and the duration of the grading and construction process, temporary construction-related traffic would represent an adverse but *less than significant impact (Class 3)*.
- **Long-Term Traffic Impacts.** The following analysis uses trip generation rates from the City travel demand model. The proposed hotel and parking lot site is in Model Area 2, which represents a portion of the Downtown grid. Land use trip-making characteristics in this Model Area are lower than in the outlying areas of the City, and lower than the generalized rates identified in the ITE manual and used in the project EIR. The project's morning (AM) Peak Hour Trip (PHT) generation rate is 0.14 trips per 1,000 (gross) square feet of hotel building area and the afternoon (PM) PHT rate is 0.19 trips per 1,000 square feet.

The 142,000 square foot hotel project would generate estimated net traffic increases of 293 average daily trips (ADT) and 19 AM and 26 PM PHT. When distributed to the surrounding street system, these trips added to the City grid would not use one percent or more of the intersection capacity at any of the 27 intersections identified as either currently impacted during peak travel times or potentially impacted by the year 2030. Therefore, the project-specific traffic impact would be *less than significant (Class 3)*.

- **Circulation and Safety Hazard Impacts.** The project had the potential to significantly affect vehicle access and circulation in the area, as well as pedestrian circulation. Identified roadway and pedestrian improvements that bettered access and circulation in the area have been installed, thereby mitigating the potential project impacts. The current project impacts going forward would be *less than significant (Class 3)*.
- **Bicycle, Pedestrian, and Transit Impacts.** Both Cabrillo Boulevard and Calle Cesar Chavez Street have bicycle lanes parallel to the project's street frontage. There is existing sidewalk and parkway along the project frontage, which was constructed in 1995 as part of the original Development Agreement, and will continue to serve the area's pedestrian needs. Existing Metropolitan Transit District (MTD) and Downtown shuttle service and bus stops in the area are adequate to serve the project. Project impacts associated with pedestrian, bicycle, and public transit facilities would be *less than significant (Class 3)*.

Cumulative Impacts. Citywide vehicle traffic counts and traffic model analysis were conducted for the 2011 General Plan, identifying 13 intersections that were already impacted during peak hours and up to 14 additional intersections that could become impacted by 2030 with anticipated growth, a significant cumulative traffic impact. Anticipated impacts are lessened by City policies and programs supporting growth limits; focused mixed-use development; multiple modes of transportation; roadway improvements; and programs to reduce

trip generation. The hotel project traffic would be part of the assumed citywide growth and would contribute to the cumulative traffic effects identified in the Program EIR. City Council adoption of the 2011 General Plan included a statement of overriding considerations finding that the benefits of the General Plan outweighed the significant cumulative traffic impacts, deeming the impacts acceptable. These Council findings are applicable for the current project.

Water Quality and Hydrology

1993 Project EIR Appendix A and Addenda. The project EIR and addenda identified hotel and parking lot development impacts associated with water quality and tsunami as less than significant (Class 3). Potential drainage and flooding effects were evaluated with hydrologic and hydraulic studies. With project components addressing drainage and flooding potential, potential project impacts were identified as mitigated to less than significant levels (Class 2).

Changes to Project, Environmental Conditions, Evaluation Criteria, and Regulations. Since the project EIR analysis, additional storm drainage lines and drop inlets were installed in conjunction with the Chase Palm Park expansion project and Calle Cesar Chavez improvements, with sizing and location anticipating the hotel development. Reclaimed water will be available in the area for landscaping. State and City Storm Water Management Program (SWMP) policies have been adopted with provisions toward reducing storm water runoff and improving water quality. The City Creeks Division also implements water quality programs. Potential future effects on projects from sea level rise induced by climate change is now evaluated as part of impact analysis.

Water Quality and Hydrology Impact Analysis of Current Project. There is no substantial change to project water quality and hydrology impacts identified in the EIR, and current regulatory requirements would provide for further reduction in potential storm water-related effects.

- **Groundwater Impacts.** The project involves no wells, septic systems, or other devices that could affect groundwater quantity or quality. Soil remediation of the hotel site and a portion of the parking lot site was completed consistent with State and local regulations. Additional remediation in the area of the restoration is still required on the parking lot site, consistent with State and local regulations. It is likely that reclaimed water would be used for project landscaping, which would not pose a risk to groundwater due to the treatment it receives at the El Estero Wastewater Treatment Plant. Impacts to ground water quantity or quality would be *less than significant (Class 3)*.
- **Drainage, Storm Water Runoff, Flooding Impacts.** A hydraulic report dated November 12, 2004 prepared by MAC Design Associates indicates that the peak runoff flow rate has been accounted for in the design of the project. The current project proposal includes a detention basin to handle the increased runoff from the parking lot, and the basin treats the runoff to reduce pollutants from entering the El Estero drain. The hotel site is not located in a mapped Federal Emergency Management Agency (FEMA) flood hazard zone (it is higher than the elevation of the 0.2-percent-annual-chance flood) or an area prone to regular flooding, and the project would not substantially alter the course or flow of floodwaters. The parking lot parcel is located partially within a 100-year floodplain (Zone A) and that portion of the lot would not be developed, because it is a long, narrow portion of the lot that is mainly occupied by the El Estero Drain and this area will be restored as part of the project. Project hydrology and water quality impacts would be *less than significant (Class 3)*.
- **Impacts to Creeks.** The Chase Palm Park expansion project included a restoration plan for the Laguna Channel drainage area and wetland near the hotel. The hotel parcel is not located adjacent to a creek or other watercourse, and would not alter or impact a creek with erosion, siltation, flooding, or degradation of water quality or biological resources. The project description for the parking lot includes a buffer of approximately twenty-five feet from top-of-bank and habitat restoration of the El Estero Drain, including trash and non-native plant removal, and planting of native vegetation. Compliance with storm water management regulations on the parking lot site would address project water quantity and quality of storm

run-off. Impacts to creek water resources from the current hotel project would be *less than significant (Class 3)*.

- **Tsunami Impacts.** The hotel site is located approximately 400 feet from the coastline at an elevation of 10–12 feet above sea level, and is within a designated tsunami hazard zone. The risk of a tsunami is identified as infrequent (Source: Griggs and Russell, 2012). With existing emergency procedures in place (evacuation signage, public information plans), tsunami risk is considered *less than significant (Class 3)*.
- **Sea Level Rise Impacts.** The current median high water line for Santa Barbara is approximately 53 inches above sea level. The most recent available data indicates that during the estimated 75-year or greater life expectancy of the proposed hotel project, a rise in sea level would range from a minimum of 17 inches to a maximum of 66 inches (National Resource Council 2012 & State Ocean Protection Council 2013 Sea Level Rise Projections for Year 2100). The proposed finished floor elevation of the hotel project is approximately 12'-6" above sea level, approximately 2'-7" above the highest estimated projection of sea level rise, potentially occurring at the end of the project's economic life. The site could be affected periodically by increasing storm surge events. Impacts from sea level rise would be *less than significant (Class 3)*.

Cumulative Impacts. The 2011 General Plan program EIR found cumulative water quality and hydrology impacts associated with citywide to be less than significant with programmatic mitigations identified in the EIR and application of project-specific regulations (e.g., storm water management). Project effects on water quality and hydrology would be incremental, and would not result in a considerable contribution to cumulative water quality or hydrology impacts. The Program EIR analysis identified a potentially significant future citywide effect from climate change-induced sea level rise, to be addressed through identified future City adaptive management programs.

CEQA FINDING AND DETERMINATION

Based on the Initial Study dated December 14, 2015 and the above Addendum review of the current project, and in accordance with State CEQA Guidelines Section 15162, no subsequent Negative Declaration or Environmental Impact Report is required for the current project, because new information and changes in environmental circumstances and criteria, project description, impacts, and mitigations are not substantial and do not involve new significant impacts or a substantial increase in the severity of impacts identified previously in the project EIR and prior EIR addenda.

In accordance with Guidelines Section 15164, an Addendum to the certified project EIR is the appropriate CEQA environmental document to identify and document minor changes to the prior EIR analysis to make the EIR adequate for the current project. This EIR Addendum identifies the current project and minor changes to the project impact analysis. Short-term construction-related noise is identified as a significant impact. Project-related traffic generation would constitute a considerable contribution to significant cumulative traffic impacts. Other environmental impacts of the project would be less than significant or mitigated to less than significant levels with application of identified mitigation measures. This addendum, together with the project Environmental Impact Report (SCH#92091038) and prior EIR addenda, constitutes adequate environmental documentation in compliance with CEQA for the current project.

Prepared by: Allison De Busk Date: December 14, 2015
Allison De Busk, Project Planner

Reviewed by: Renee Brooke Date: December 14, 2015
Renee Brooke, City Planner

Fess Parker's Waterfront Hotel

433 East Cabrillo Blvd., Santa Barbara, CA

Gensior

Architect of Record
2500 Broadway, Suite 300
Santa Monica, CA 90404
Contact: Greg Burnett

ADM International, Inc.

Program Manager
1999 South Bascom Avenue, Suite 700
San Jose, CA 95008
408.479.2678
Contact: Allen Meyer

Contractor

General Contractor
Address: 79
355.555.5555
Contact:

Henry Lemny Design Studio

Architectural Designer
1024 Cindy Lane
San Jose, CA 95013
805.566.3855
Contact: Henry Lemny

Wilson & Associates

Interior Designer
8383 Wilshire Blvd., Suite 611
Beverly Hills, CA 90211
310.551.3234
Contact: Stacey Crockett

Suding Design

Landscape Architect
430 East Carrillo Street
Santa Barbara, CA 93101
805.565.5555
Contact: Phil Suding

Mac Design Associates

Civil Engineers
1933 Cliff Drive, #6
Santa Barbara, CA 93101
Contact: Michael Caccese

Nabih Youssef & Associates

Structural Engineers
800 Wilshire Boulevard, Suite 200
Los Angeles, CA 90017
Contact: David Cheng

PBS Engineers

Mech/Elect/Plumb Engineers
2100 East Route 66, Suite 101
Glendora, CA 91740
661.702.1599
Contact: Karal Shah

Lighting Design Studio

Lighting Design
28039 Smyth Drive, Suite 101
Valencia, CA 91355
661.702.1599
Contact: Jim Decker

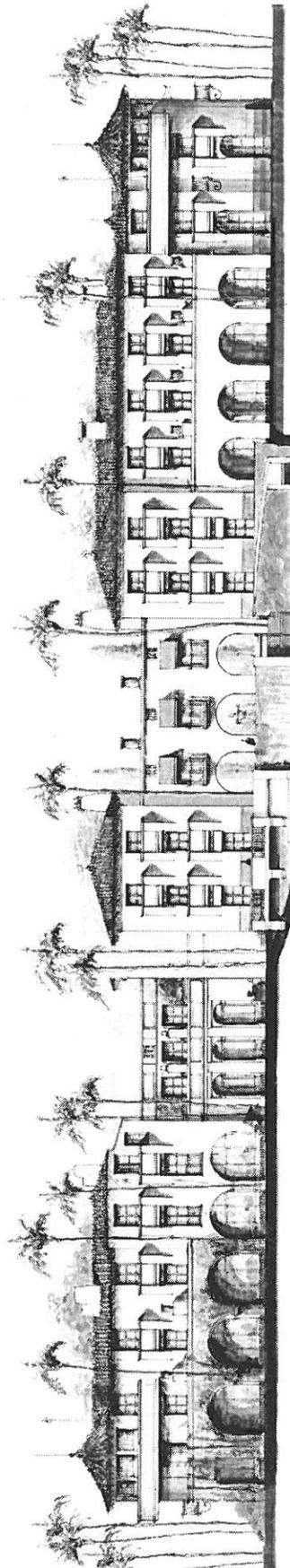
Theodore Barber Consulting

Food Service Design
1715 East Bay Drive, 2nd Floor
Largo, FL 33771
727.581.3522
Contact: Ted Barber

Emmaco Prentiss, Inc.

Audio - Visual Engineer
648 Winston Avenue
San Marino, CA 91108
Contact: John Mayberry

VOLUME 1: CIVIL, ARCHITECTURE, LIGHTING, INTERIORS, AND STRUCTURAL DOCUMENTS



AUGUST 8, 2007
ISSUED FOR BID

**FESS PARKER'S
WATERFRONT
HOTEL**
433 EAST CABRILLO BLVD.
SANTA BARBARA, CA

1200 Broadway
San Francisco, CA 94102
Tel: 415.774.2900
Fax: 415.774.2900

Gensler

NO.	DESCRIPTION	DATE	BY
1	ISSUED FOR PERMITS (PRELIMINARY)	05/07/08	MEC
2	ISSUED FOR PERMITS (FINAL)	05/07/08	MEC
3	ISSUED FOR PERMITS (FINAL)	05/07/08	MEC
4	ISSUED FOR PERMITS (FINAL)	05/07/08	MEC
5	ISSUED FOR PERMITS (FINAL)	05/07/08	MEC
6	ISSUED FOR PERMITS (FINAL)	05/07/08	MEC
7	ISSUED FOR PERMITS (FINAL)	05/07/08	MEC
8	ISSUED FOR PERMITS (FINAL)	05/07/08	MEC
9	ISSUED FOR PERMITS (FINAL)	05/07/08	MEC
10	ISSUED FOR PERMITS (FINAL)	05/07/08	MEC
11	ISSUED FOR PERMITS (FINAL)	05/07/08	MEC
12	ISSUED FOR PERMITS (FINAL)	05/07/08	MEC
13	ISSUED FOR PERMITS (FINAL)	05/07/08	MEC
14	ISSUED FOR PERMITS (FINAL)	05/07/08	MEC
15	ISSUED FOR PERMITS (FINAL)	05/07/08	MEC
16	ISSUED FOR PERMITS (FINAL)	05/07/08	MEC
17	ISSUED FOR PERMITS (FINAL)	05/07/08	MEC
18	ISSUED FOR PERMITS (FINAL)	05/07/08	MEC
19	ISSUED FOR PERMITS (FINAL)	05/07/08	MEC
20	ISSUED FOR PERMITS (FINAL)	05/07/08	MEC



PROJECT: FESS PARKER'S WATERFRONT HOTEL
DATE: 05/07/08
SCALE: AS SHOWN
SHEET: SITE REFERENCE PLAN

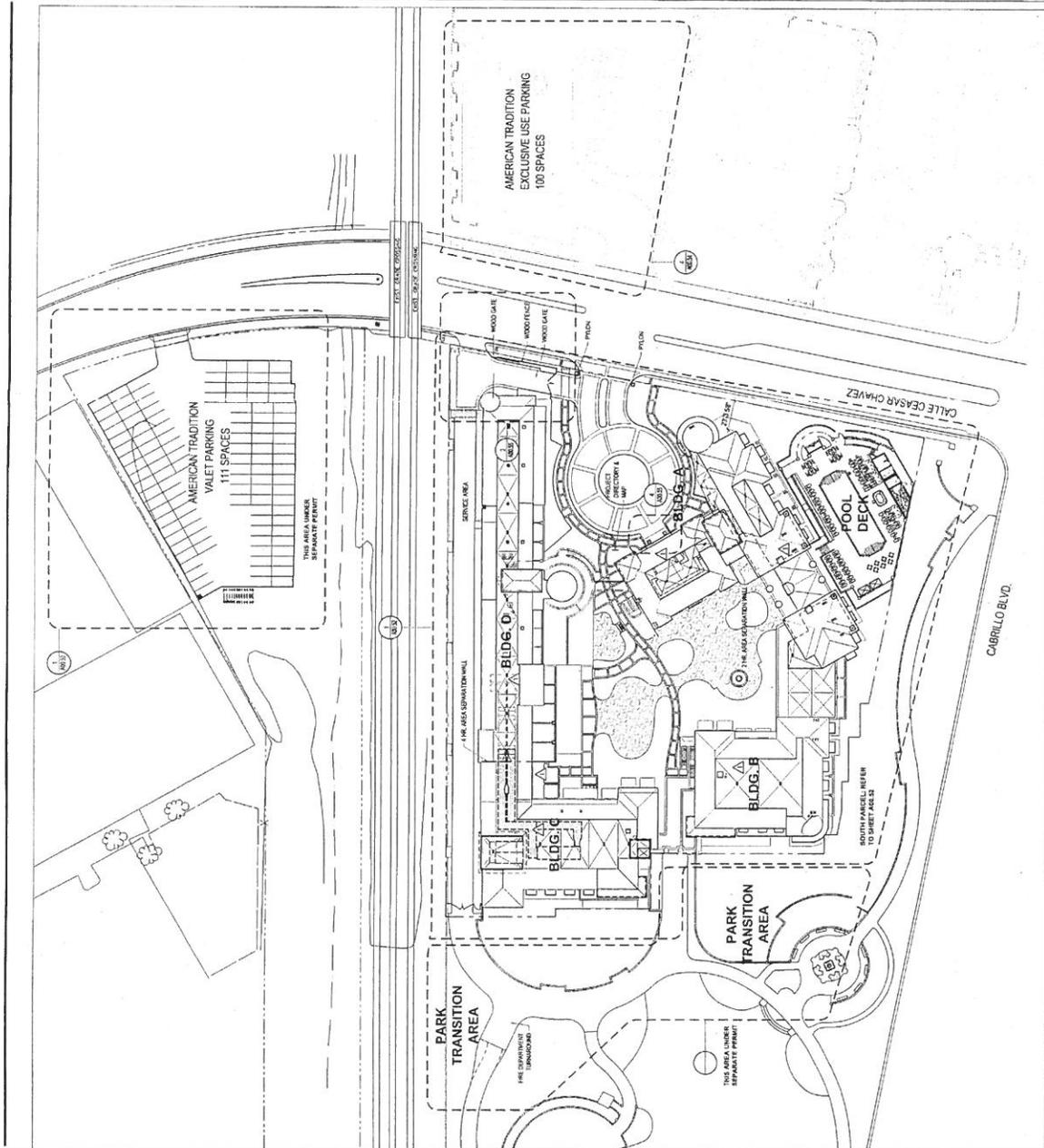


A00.51
SITE REFERENCE PLAN

KEY NOTES

SHEET NOTES

KEY PLAN



SITE PLAN
SCALE: 1/8" = 1'-0"
DATE: 05/07/08