

1 Hon. Elizabeth R. Feffer (Ret.)
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9 ADR SERVICES, INC.

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11 IN THE MATTER OF THE RTC § 99 ARBITRATION BETWEEN

12 CITY OF SANTA MARIA

13 and

14 COUNTY OF SANTA BARBARA

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IN RE: RICHARDS RANCH ANNEXATION

ADRS NO: 25-5560-ERF

ARBITRATOR'S RECOMMENDED OFFER
RE: EXCHANGE OF PROPERTY TAX
REVENUES

Advisory Arbitration Date: February 19, 2026

Hon. Elizabeth R. Feffer (Ret.), Arbitrator

THE UNDERSIGNED ARBITRATOR conducted an advisory arbitration pursuant to California Revenue & Taxation Code §99(e)(1)(C) on February 19, 2026, arising over a dispute over a proposed tax sharing agreement. The matter was heard remotely. The City of Santa Maria ("City") was represented by Thomas T. Watson, Esq. of the Santa Maria City Attorney's office. The County of Santa Barbara ("County") was represented by Anne M. Rierson, Esq. of the Santa Barbara County Counsel's office. In advance of the hearing, both sides submitted briefs and supporting evidence regarding their respective positions on the proposed tax sharing agreement, required by Revenue & Taxation Code §99(b)(8), as it pertains to the Richards Ranch mixed use project.

Subsequent to the hearing, pursuant to Revenue & Taxation Code §99(e)(1)(C), both sides timely submitted their respective last and best offers with respect to the exchange of property tax revenues. The parties also submitted the appropriate language for paragraph 2 of a tax exchange agreement, to be incorporated into an agreement in substantial conformity of their offers.

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1 After consideration of all the briefing (including the law and facts cited therein), evidence
2 submitted, and argument of counsel, the arbitrator hereby selects the offer submitted by the City of
3 Santa Maria, and recommends that offer to the governing bodies of the City and the County. The
4 City of Santa Maria's offer is set forth herein:

- 5 1. The City and County will each receive fifty (50) percent of the Santa Barbara County
6 General Fund portion of the parcel tax. Each entity will receive \$0.0720695 cents out of
7 each assessed dollar following annexation.
- 8 2. The City and County will each receive fifty (50) percent of the Santa Barbara County
9 Fire Protection District portion of the parcel tax. Each entity will receive \$0.0844675
10 cents out of each assessed dollar following annexation.

11 Further, the City of Santa Maria's language for paragraph 2 of a Tax Exchange agreement is
12 attached hereto as Exhibit "1" and incorporated herein by reference.

13 The arbitrator does not recommend any other terms and conditions other than the above
14 exchange of tax revenue to be included in the tax exchange agreement (an example of which is
15 attached as Exhibit 13 to the County's opening brief) other than paragraphs 1-5, which provide
16 definitions, amount exchanged, time of payment, Gan limit, and inclusion of additional parcels.

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19 Respectfully submitted,

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21 DATE: March 3, 2026

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23 Hon. Elizabeth R. Feffer (Ret.)
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EXHIBIT 1

EXHIBIT 1

The Auditor-Controller of Santa Barbara County shall allocated and pay directly to the CITY and the COUNTY General Fund those portions of the Property Tax Revenues generated from the parcels making up the Richards Ranch Reorganization area as expressed in LAFCO Proposal #24-08, which otherwise would be allocated 14.41320673% to Santa Barbara County General Fund, 16.89359992% to Santa Barbara County Fire Protection District, 0.65638060% to County Service Area 5, 0.000000% to County Service Area 32, 0.87015107% to North County Lighting District, and 0.01849269% to Mosquito and Vector Management District of Santa Barbara County. The CITY's future share of the allocation shall be 7.206603365%, which is one half of the allocation to the Santa Barbara County General Fund and 8.44679996%, which is one half of the allocation to the Santa Barbara Fire Protection District, for a total allocation to the CITY of 15.653403325%. The CITY's future share of the allocation shall be equal to 15.653403325% of Property Tax Revenues generated by these parcels and the COUNTY General Fund's and Fire Protection Fund's existing allocation will be adjusted for the difference. The allocation percentages of taxing entities not included in this Reorganization are not affected.

PROOF OF SERVICE

State of California
County of Los Angeles

I certify that I am employed in the County of Los Angeles, State of California. I am over the age of 18 and not a party to the within action; my business address is 1900 Avenue of the Stars, Suite 200, Los Angeles, California, 90067.

On March 3, 2026, I served the foregoing document described as the **ARBITRATOR'S RECOMMENDED OFFER RE: EXCHANGE OF PROPERTY TAX REVENUES** on the interested parties in this action as follows:

SEE SERVICE LIST

- BY ELECTRONIC SERVICE:** I caused the document(s) to be sent to the offices of the addresses via File & ServeXpress Electronic Service pursuant to the terms of the Case Management Order/Pre-Trial Order(s). The transmission was reported as complete and without error.
- BY EMAIL OR ELECTRONIC TRANSMISSION:** I caused a copy of the document(s) to be sent from ella@adrservices.com to the persons at the email addresses listed in the Service List. I did not receive, within a reasonable time after the transmission, any electronic message or other indication that the transmission was unsuccessful.
- BY U.S. MAIL:** I caused such envelope with postage thereon to be placed in the United States mail in Los Angeles, California.
- BY FACSIMILE:** I caused such to be faxed to the attorneys on March 3, 2026.
- BY PERSONAL SERVICE:** I caused such envelope to be delivered by hand to the attorneys on March 3, 2026.
- STATE:** I declare under penalty of perjury under the laws of the State of California that the above is true and correct.
- FEDERAL:** I declare that I am employed in the office of a member of the bar of this Court at whose direction the service was made.
- BY CERTIFIED MAIL:** I caused such envelope with postage thereon to be placed in the United States mail in Los Angeles, California.

Executed on March 3, 2026 in Los Angeles, California by



Ella Fishman



Date: March 3, 2026

Service List

RE: CITY OF SANTA MARIA v. COUNTY OF SANTA BARBARA

ADRS Case No. 25-5560-ERF

COUNSEL

REPRESENTING

Thomas Watson, Esq., Casey Stone, Esq., Heather Whitham, Esq.

CITY OF SANTA MARIA

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Representing Claimant, City of Santa Maria

Anne Rierson, Esq.

SANTA BARBARA COUNTY COUNSEL

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(805) 568-3562

Representing Respondent, County of Santa

Barbara

REQUEST FOR CERTIFIED MAIL

Case Name:	<i>City of Santa Maria v. County of Santa Barbara</i>
Addressee:	Thomas Watson, Esq. Casey Stone, Esq. Heather Whitham, Esq. CITY OF SANTA MARIA 204 East Cook Street Santa Maria, California 93454-5136
AFFIX LABEL HERE:	9589 0710 5270 3637 3251 92
Case Manager:	Ella Fishman
Date:	March 3, 2026

Case Name:	<i>City of Santa Maria v. County of Santa Barbara</i>
Addressee:	Anne Rierson, Esq. SANTA BARBARA COUNTY COUNSEL 105 East Anapamu Street, Room 201 Santa Barbara, California 93101
AFFIX LABEL HERE:	9589 0710 5270 3637 3251 85
Case Manager:	Ella Fishman
Date:	March 3, 2026