

**Notice of Appeal to the Board of Supervisors**  
**REQUEST FOR FACILITATION**

DATE: NOVEMBER 20, 2012  
 TO: MICHAEL GHIZZONI, County Counsel  
 FROM: David Villalobos, PC Hearing Support DMV  
 Case Name: Dos Pueblos Ranch Lot Line Adjustment  
 Case Number: 10LLA-00000-00003  
 PC Hearing: November 7, 2012  
 Appeal Date: November 19, 2012  
 Appellant: Naples Coalition

An appeal to the Board of Supervisors of the Planning Commission's decision on the above case has been filed and will be scheduled for hearing before the Board of Supervisors. A copy of the appeal is attached and a list of the names and addresses of the affected parties are shown below.

Please consult with the case planner in setting facilitation meeting date. Please send a copy of the meeting notification letter to Hearing Support staff of Planning & Development, Attn: David Villalobos at ext. 2058.

**Attachments:**

- Appeal to the Board of Supervisors dated November 19, 2012**
- Planning Commission Action Letter dated November 15, 2012**
- Planning Commission Staff Report dated October 8, 2012**
- Planning Commission Memorandum dated October 30, 2012**
- Planning Commission Memorandum dated November 6, 2012**

**Names/Addresses of affected parties:**

**Appellant:** Naples Coalition, P.O. Box 1099, Goleta, CA 93116

**Attorney (Appellant):** Marc Chytilo, P.O. Box 92233, Santa Barbara, CA 93190; (805) 682-0585

**Owner:** Dos Pueblos Ranch Holdings, LLC, 2927 De La Vina Street, Suite C, Santa Barbara, CA 93101; (805) 563-0821;  
 Contact: James Franzen

**Agent:** Mark Lloyd, L&P Consultants, 3 West Carrillo Street, Suite 205, Santa Barbara, CA 93101; (805) 962-4511

**NOTE TO PLANNERS:** County of Santa Barbara procedures provide for an informal consultation meeting among parties involved in land use permit appeals. The consultation meeting occurs after an appeal is filed, and prior to the Board appeal hearing. County Counsel's office will arrange for the meeting.

The purpose of the meeting is to clarify issues pertaining to the appeal, to identify possible solutions, and to notify parties in dispute of available mediation services which may assist in resolving disagreements. An experienced County meeting



facilitator will conduct the meeting, and will prepare a report for meeting participants and the County decision-maker on issues and options identified which may assist resolution of the appeal.

cc: Case File: 10LLA-00000-00003  
Glenn Russell, Director, Planning and Development  
Dianne M. Black, Assistant Director  
Anne Almy, Supervising Planner  
Errin Briggs, Planner  
Records Management  
David Villalobos, Hearing Support

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**PLANNING COMMISSION DECISION  
 APPEALED TO THE BOARD OF SUPERVISORS  
 NOVEMBER 20, 2012**

<b>Case Number</b> 10LLA-00000-00003 <b>APNs: 079-080-021,</b> <b>079-090-030,</b> <b>081-240-018</b> <b>079-060-066</b>  <b>Area: Gaviota</b>  <b>District: Third</b>	<b>Dos Pueblos Ranch Lot Line Adjustment</b>  <b>Applicant: Mark Lloyd</b>  <b>Appealed by: Marc Chytilo</b>  <b>Date appealed: November 19, 2012 at 3:28 p.m.</b>  <b>Supervising Planner: Errin Briggs x2047</b>		
	<b>Planning Commission</b>		<b>Board of Supervisors</b>
<b>Hearing Dates:</b>	November 7, 2012	Approved the project with revisions to the Findings and Conditions of Approval	
<b>Fee Paid:</b>			\$0 (Coastal Zone)
<b>APPELLANTS REASON FOR APPEAL:</b> See Attached  <b>FACILITATION:</b> To be determined by County Counsel.  <b>OUTCOME OF BOS HEARING:</b>			

cc: Glenn Russell, Director  
 Alice McCurdy, Deputy Director  
 Anne Almy, Supervising Planner  
 Records Management  
 Accounting  
~~Errin Briggs~~, Building & Safety *Petra Leyva*  
 David Villalobos, Hearing Support





PLANNING & DEVELOPMENT  
APPEAL FORM

2012 NOV 19 PM 3:20

COUNTY OF SANTA BARBARA  
CLERK OF THE  
BOARD OF SUPERVISORS

SITE ADDRESS: 100-695 North Dos Pueblos Canyon Road

ASSESSOR PARCEL NUMBER: 079-040-005; 079-060-066; 079-080-021; 079-090-030; 081-240-018

PARCEL SIZE (acres/sq.ft.): Gross 2053 +/- Net 2053 +/-

COMPREHENSIVE/COASTAL PLAN DESIGNATION: AC ZONING: AG-II-100

Are there previous permits/applications?  no  yes numbers: 03GPA-00000-00005; 03GPA-00000-00006;

08MIS-00000-00002; 08ORD-00000-00009; 03RZN-00000-00005; 03RZN-00000-00006;

03ORD-00000-00012; 03ORD-00000-00013; 05AGP-00000-00011;

(include permit# & lot # if tract)

Are there previous environmental (CEQA) documents?  no  yes numbers: 04EIR-00014 State Clearingh  
2005011049

1. **Appellant:** Naples Coalition Phone: 805.683.6631 FAX: \_\_\_\_\_

Mailing Address: PO Box 1099 Goleta, CA 93116 E-mail: info@savenaples.org  
Street City State Zip

2. **Owner:** Schulte Trust Phone: 968-1116 FAX: \_\_\_\_\_

Mailing Address: 220 La Casa Grande Circle, Goleta, CA 93117 E-mail: \_\_\_\_\_  
Street City State Zip

3. **Agent:** \_\_\_\_\_ Phone: \_\_\_\_\_ FAX: \_\_\_\_\_

Mailing Address: \_\_\_\_\_ E-mail: \_\_\_\_\_  
Street City State Zip

4. **Attorney:** Marc Chytilo, LAW OFFICE OF MARC CHYTILO Phone: 682-0585 FAX: 682-2379

Mailing Address: Post Office Box 92233, SB, CA 93190 E-mail: marc@lomcsb.com  
Street City State Zip

COUNTY USE ONLY

Case . **12APL-00000-00018**  
Super SCHULTE/DOS PUEBLOS RANCH LLA:APPEA  
Applie 100 N DOS PUEBLOS CANYON RD 11/19/12  
Projec  
Zonin, GOLETA 079-060-066

Companion Case Number: \_\_\_\_\_  
Submittal Date: \_\_\_\_\_  
Receipt Number: \_\_\_\_\_  
Accepted for Processing \_\_\_\_\_  
Comp. Plan Designation \_\_\_\_\_





Reason of grounds for the appeal – Write the reason for the appeal below or submit 8 copies of your appeal letter that addresses the appeal requirements listed on page two of this appeal form:

- A clear, complete and concise statement of the reasons why the decision or determination is inconsistent with the provisions and purposes of the County’s Zoning Ordinances or other applicable law; and
- Grounds shall be specifically stated if it is claimed that there was error or abuse of discretion, or lack of a fair and impartial hearing, or that the decision is not supported by the evidence presented for consideration, or that there is significant new evidence relevant to the decision which could not have been presented at the time the decision was made.

1. Inadequate and incomplete findings that fail to provide the analytical path between the approval of this project, which will facilitate conveyance, marketing and sale of the property to development interests seeking to effectuate previous residential development approvals affecting the same land

2. Lack of evidence to support the Findings

3. Inadequate CEQA compliance

4. Issues identified in the attached letter and in each prior submittal to the Planning Commission and Agricultural Preserve Advisory Committee

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**Specific conditions imposed which I wish to appeal are (if applicable):**

- a. 

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- b. 

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- c. 

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- d. 

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Please include any other information you feel is relevant to this application.

**CERTIFICATION OF ACCURACY AND COMPLETENESS** Signatures must be completed for each line. If one or more of the parties are the same, please re-sign the applicable line.

Applicant's signature authorizes County staff to enter the property described above for the purposes of inspection.

I hereby declare under penalty of perjury that the information contained in this application and all attached materials are correct, true and complete. I acknowledge and agree that the County of Santa Barbara is relying on the accuracy of this information and my representations in order to process this application and that any permits issued by the County may be rescinded if it is determined that the information and materials submitted are not true and correct. I further acknowledge that I may be liable for any costs associated with rescission of such permits.

Marc Chytilo  LAW OFFICE OF MARC CHYTILO

Print name and sign - Firm 11/19/12

Marc Chytilo  Print name and sign - Preparer of this form 11/19/12

Print name and sign - Applicant Date

Print name and sign - Agent Date

Print name and sign - Landowner Date

# LAW OFFICE OF MARC CHYTILO

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ENVIRONMENTAL LAW

November 19, 2012

Chair Doreen Farr  
Members of the Santa Barbara County Board of Supervisors  
105 E. Anapamu Street  
Santa Barbara, CA 93101

By Hand Delivery to Clerk of the Board

Re: Appeal of Dos Pueblos Ranch Lot Line Adjustment Project Approval

*Dear Chair Farr and Members of the Board of Supervisors:*

This office represents the Naples Coalition, a Santa Barbara community group that has been deeply engaged in issues concerning the Santa Barbara Ranch development proposal, and in particular, the preservation of viable agriculture on Dos Pueblos Ranch. We participated extensively in the County's previous deliberations over the Santa Barbara Ranch development project, as well as the review of the instant lot line adjustment project before the Agricultural Preserve Advisory Committee and Planning Commission. We hereby appeal the Planning Commission's approval of this project for your Board's consideration.

The grounds for this appeal are summarily stated on our appeal form, amplified below, and include by reference letters, materials and argument submitted to the Agricultural Preserve Advisory Committee and Planning Commission as specific appeal issues. We reserve the right to supplement our appeal to include other issues and information.

The purpose of the project is to carve a smaller parcel from Dos Pueblos Ranch explicitly for conveyance to SBRHC. SBRHC is marketing the property for sale and development. The development tentatively approved in 2008 includes residential structures on small lots of generally between 5 and 15 acres. Appellants are particularly concerned for the loss of agricultural viability from the creation of this smaller lot and contend that the county has failed to provide legally adequate findings and comply with CEQA. The contention that this is an isolated project that cannot recognize or consider the relationship with the 2008 tentative subdivision approval is simply incorrect, and in our view, the County must consider and make findings that explains the relationship between the two projects, since they affect the same lands and envision completely different and entirely incompatible uses of these same lands.

## Findings - Agricultural Viability

While the Findings contend the land in question is "high value grazing lands, the FEIR concludes that "grazing operations are not considered commercially viable in both the DPR and SBR properties." FEIR 9.7-2; 3.7-2. The FEIR notes that while orchard agriculture has been successful to the west of Dos Pueblos Creek, on the eastern portion of the property, including the subject 360 acre parcel, "previous attempts to grow citrus trees were unsuccessful." Id.

MARC CHYTILO  
P.O. Box 92233 • Santa Barbara, California 93190  
Phone: (805) 682-0585 • Fax: (805) 682-2379  
Email: marc@lombsb.com

At the APAC Mr. Llyod noted the extremely high potential grazing value assigned to these lands, 0.3 AUM/acre, and attributed this to Mr. Figg, the County's planner for the project. The project findings were changed on the day before the Planning Commission hearing to describe these as "high value grazing lands." Upon closer examination, the FEIR reveals that the source of this number was Mr. Lloyd's partner Brett Daniels, in a "personal communication". "Animal units were derived by estimating the current inventory of cattle and accounting for potential productivity." FEIR 9.7-2; 3.7-2. In other words, these figures are undocumented (except by "personal communication") self-serving estimates of extremely high productivity that are contradicted by 3 paragraphs later in the FEIR.

#### Findings - Agricultural Compatibility

There is no evidence supporting the contention that placing luxury residences surrounded by active agricultural production will not be incompatible. The FEIR references this incompatibility, and finds, for a different project, they may be compatible with certain mitigation. As noted below, although the Project Description changed and the houses increased in density and lot sizes decreased, there has been no further analysis.

#### Findings & Compliance - CEQA

The County's reliance exclusively on the FEIR and the proposed Addendum improperly omits any reference or consideration of the changed Project Description that necessitated the 2008 Addendum. The County purports to rely on the Santa Barbara Ranch FEIR, however that FEIR did not evaluate the effects of the approved project. While the FEIR analyzed the Alt. 1 Project, the Board approved the Alt. 1 B project. The County prepared and relied on an addendum to the FEIR, using the moniker of a "Conforming Analysis." Alt. 1 B's differences from the Alt. 1 project are material - luxury housing is clustered more densely with Alt. 1 B, increasing substantially homeowners' expectations of a residential environment, versus an agricultural one. Conflicts between the Alt. 1 project's residential occupancy and adjacent agricultural operations are identified as a potentially significant impact that can be mitigated. The FEIR does not address the Alt. 1 B, with its increased density higher in agricultural lands, and as such, the potential for the proposed mitigation measures to actually mitigate the increased potential impacts of Alt. 1 B is not addressed. As a consequence, the Board may not rely on the addendum simply referencing the FEIR, since this project variation was not considered in that FEIR.

Significantly, the FEIR also recites "The protection of land within the ACE, used in lieu of paying Williamson Act contract cancellation fees, does not qualify as mitigation for the conversion of agricultural land to urban use." FEIR 9.7-23. This new text was added to the DFEIR,

CEQA - Changed Circumstances

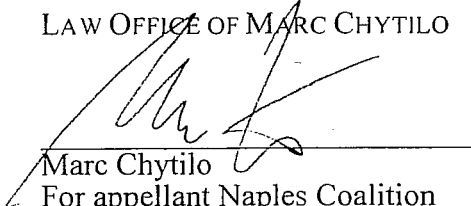
The FEIR's agricultural impact analysis referenced a new 25 acre (later revised to 20 acres) avocado orchard that had been planted and was thriving, giving weight to the claim of Attorney General viability. That orchard has since failed, as is evident from the highway.

Additionally, this condition changes the visual impact of the eventual development that is facilitated by the lot line adjustment project. The FEIR relied upon the "foreground and mid-ground avocado orchards that will remain in place with the proposed Alt. 1 design." FEIR 9.9-6. These roadside tree rows and orchards are relied on to screen visual impacts, as noted in the visual simulations. Several visual impacts were found to be Class II under the expectation of the continued orchards - this changed circumstance has triggered a new potentially significant impact.

Since the purpose and effect of this project is undertaken to facilitate the transfer of the property to SBRHC who is seeking to sell the land for development, the County must examine the whole of the project, including the foreseeable sale and development of the property. As proposed, and with the proposed findings, this project should not be approved.

Sincerely,

LAW OFFICE OF MARC CHYTILO



Marc Chytilo  
For appellant Naples Coalition



LAW OFFICE OF MARC CHYTILO NOV 02 2012

ENVIRONMENTAL LAW

S.B. COUNTY  
PLANNING & DEVELOPMENT  
HEARING SUPPORT

November 2, 2012

AGENDA ITEMS

Chair Michael Cooney  
Members of the Santa Barbara County Planning Commission  
123 E. Anapamu Street  
Santa Barbara, CA 93101

By Email to: Dvillalo@co.santa-barbara.ca.usITEM #: 3MEETING  
DATE: 11/7/12Re: Dos Pueblos Ranch Lot Line Adjustment Proposal, November 7, 2012*Dear Chairman Cooney and Members of the Planning Commission:*

This office represents the Naples Coalition. These comments are joined by the Environmental Defense Center and the Santa Barbara Chapter of the Surfrider Foundation.

1. **The Staff Report, Addendum, Findings and Conditions Must be Revised**

We previously appeared before the Planning Commission to raise concerns regarding this important project. The applicant's agent Mr. Lloyd indicated that staff had mischaracterized the project and the lot configuration was not as described in the Staff Report, and presumably in the CEQA addendum and Findings.

On November 1<sup>st</sup> a one page memorandum was posted to the Planning Commission website, formally revising the Project Description by changing the names of the applicant and agent and revising the lot re-configuration.

In our view, the Staff Report should itself be revised, to ensure that anyone reviewing this project in the future will have a correct understanding of the facts and circumstances. The Addendum must be revised, as it recites the former Project Description and a different lot configuration. The findings similarly must be revised, as they cite to the former Project Description and a different lot configuration, and make various conclusions that are not supported by evidence. And the Project Conditions are similarly inaccurate.

2. **The Findings Fail to Fully Explain and Codify the Alternative Methods of Mitigating Impacts to Agricultural Lands, and Thus Are Inadequate**

Written findings are required by state law and the Santa Barbara County zoning ordinance. Their function is "to bridge the analytical gap" between the facts of the case and the applicable authority, and to provide a roadmap for both reviewing courts and future agency actions. See *Topanga Ass'n for Scenic Community v. County of Los Angeles* (1974) 11 Cal. 3d 596, 516 ("Among other functions, a findings requirement serves to conduce the administrative body to draw legally relevant subconclusions supportive of its ultimate decision; the intended effect is to

facilitate orderly analysis and minimize the likelihood that the agency will randomly leap from evidence to conclusions.”)

In this case, the findings rely on facts not in evidence in this proceeding, subconclusions are absent, and the ultimate decision is presented as a *fait accompli*. The findings themselves do not recite to the specifics of this case. Aside from the gross inaccuracy based on the revisions to the Project Description and thus mis-identification of the salient existing and proposed lots, *supra*, the findings are silent regarding how the Williamson Act contract integrates with the future subdivision of the property and thus what the agricultural viability findings are based on.

While the applicant may offer a neat “either-or” characterization of agricultural lands protection,<sup>1</sup> that concept is not referenced in the findings, nor is it the only possible outcome for the lands in question. The Planning Commission must ignore facts in evidence that a residential subdivision has been tentatively approved on these lands. Agricultural lands preservation on these lands is dependent on the on-going Williamson Act contract and concomitant agricultural production (of which only the first fact is presumptively established by imposition of Condition # 2 that the owner will apply for and record a Williamson Act contract), while there is no evidence on the record regarding how a subsidiary of an out of state bank intends to conduct viable, sustaining agricultural production activities on the site. Given the looming threat of residential subdivision on these lands, it is probable that no tenant farmer will be willing to invest in the infrastructure they must provide for short-term tenant farming, or even cattle grazing. SBRHC has made no commitment of resources to ensure ongoing agriculture on their soon-to-be acquired parcels. There is no evidence that the proposed new bank parcel is even separately fenced, or that it would be upon conveyance. There is a real probability that Proposed Lot 2 will lie fallow sooner or later, and impacts to agriculture result.

More importantly, the potential for this parcel to host residential development in the future is high, based on the tentative subdivision map approved in 2008. The fate of that development is highly uncertain, due to many unrealistic assumptions that factored into its site design and the many changed circumstances that have transpired since 2008. Given the applicant’s public efforts to market the land to other developers, future attempts to perfect and construct some form of development on these lands is reasonably foreseeable. Equally or even more likely is some changes to the Project Description as it was approved in 2008. It is unknown if such changes may be in the form of discretionary revisions to the approved Project Description or in the form of one or more substantial conformity determinations. The previous owner purported to withdraw their application for all development in the coastal zone when the Coastal development

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<sup>1</sup> I.E., that either the property will not be developed, it will be owned by SBRHC or others as agricultural property for at least 10 years and the Williamson Act contract will protect the smaller parcel for at least that long, or the 2008 development will advance, the Williamson Act-Agricultural Conservation Easement Exchange will transpire and these lands will be developed but other compensating lands preserved in perpetuity.



agreement was rescinded, although the import and effect of that action itself is subject to dispute. Regardless, the reality is that the Project Description that was contemplated at the time of the Supervisors' tentative approvals in 2008 is subject to substantially different market conditions, and can be expected to change and evolve into the future as ownership changes. While certainly major changes will be subject to future environmental review, the findings must be modified to describe the specific assumptions and subconclusions staff asks the Planning Commission to make that underpin the conclusion that agricultural lands will be protected under either scenario and to codify the current understanding and commitments so future project changes, including potential changes to a agricultural mitigation measures, may be evaluated from that baseline.

Assuming that the Project Description will evolve over the future, approvals will be modified, and possibly some other portions of the project approvals abandoned, the future record could be muddled regarding the core mitigations relied on by the Board and responsible agencies (specifically the Department of Conservation) in tentatively approving the project in 2008.

It is thus essential that the findings adopted to memorialize this lot line adjustment explain, restate and codify the legal mechanisms for protection of the valuable agricultural resources that are at risk from residential development on lands located in the midst of on-going production on agriculture. These findings will provide a touchstone and baseline for future modifications to the Project Description and/or project mitigation measures.

3. **The Staff Report, Addendum, Conditions and Findings Fail to Describe Existing Infrastructure and Address Violations**

Among the specific findings required under the zoning ordinance are adequate water supply and septic percolation. The Staff Report identifies 5 "farm-employee dwellings" on Lot A. Google imagery shows 2 other<sup>2</sup> houses on the reservoir, plus there is one two-acre development envelope reserved on Lot A as part of the 2008 tentative approvals.

Chapter 21, Article III of the Santa Barbara County Code mandates that applicants for lot line adjustments submit specific information about, *inter alia*, the location and widths of all roads within, affecting and serving the parcels. § 21-91(5). The location, width, status and nature of all existing and proposed easements, recorded and otherwise, to which the property is or will be subject must be mapped. § 21-91(6). The location of all existing buildings on the parcels with notations of lot lines and set backs is mandatory. § 21-91(7). The absence of this information prevents decisionmakers and the public from knowing whether in fact the houses identified actually conform to setback requirements, and if they are part of the illegal and potentially substandard housing that the County is aware exists on parts of Dos Pueblos Ranch. The application does not specify the access for the DPR reserved lot. Since non-conjunctive use roads are counted against the 2 acres of development envelope under County practice, the

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<sup>2</sup> Since the 5 farm-employee houses are not identified, it cannot be verified whether these are part of that set of structures or not.

residential driveway for this lot should be specified in accordance with the zoning ordinance disclosure requirements for lot line adjustments.

The Code requires the application to provide the location of all existing wells and septic systems. § 21-91(11). This plainly is not provided, and is germane to what impacts to subsurface waters may occur if the package treatment systems are not provided (pursuant to the 2008 tentative approvals). The existing water and septic systems must be legally conforming to satisfy the finding that there are no zoning violations on the site. Flood hazards must be identified. § 21-91(9). If the farm employees are in fact in Little Tokyo, they are in the immediate inundation zone below the Dos Pueblos Reservoir. The application is silent, and the Staff Report's analysis absent in addressing this issue.

Specific findings are required if any of the affected parcels are to be considered "residentially developable." §21-93(a)(3)(a). In the absence of this information, no affected parcels may be so classified.

Article III § 21-93 identifies the specific findings the Planning Commission must make, including a finding that the lot line adjustment is "in conformity with the purposes and policies of Chapter 35."

Chapter 35 (the LUDC) provides "the purposes of this Development Code are to:

- A. Provide standards and guidelines for the continuing orderly growth and development of the County that will assist in protecting the character and stability (social and economic) of agricultural, residential, commercial and industrial uses, as well as the character and identity of communities within the County;
- B. Conserve and protect the County's natural beauty and setting, including waterways, hills and trees, scenic vistas, and historic and environmental resources;
- C. Create a comprehensive and stable pattern of land uses upon which to plan transportation, water supply, sewerage, energy, and other public facilities and utilities;
- D. Encourage the most appropriate uses of land in order to prevent overcrowding of land and avoid undue concentration of population, and maintain and protect the value of property; and
- E. Ensure compatibility between different types of development and land use.

As noted in prior comments, the Naples Coalition is worried that carving up one of the largest productive Gaviota Coast ranches to accommodate sale to developers for the express purpose of facilitating urban residential development is neither compatible with orderly growth nor does it conserve and protect the County's natural beauty and setting, scenic vistas and historic cultural landscape and environmental resources. Creating a new smaller lot on prime agricultural land carved from a large productive ranch for the purposes of facilitating sale cannot be considered

part of a comprehensive and stable pattern of land uses upon which to plan infrastructure and utilities - in one breath the applicant admits they want the lot to sell to advance the 2008 approvals, and in the next they want it to impose a new Williamson Act contract and keep in agriculture. While insiders fluent in the backstory may be able to piece this together, the Staff Report and analysis, the findings, addendum and conditions are devoid of elaboration and treatment of these complex and intricate issues. If the findings can in fact be made, which is questionable, the record needs to elaborate these details and may not simply gloss over them.

Findings required under § 21-93(a)(5) mandate that the subject properties be "in compliance with all laws, rules and regulations pertaining to zoning uses, setbacks and any other applicable provisions of this Article [e.g. Article II and III]. Part of the lands in question include a portion of Little Tokyo, which includes various structures that have been characterized as substandard and unpermitted housing. Their compliance status is not addressed in the Staff Report or findings. The Staff Report fails to even identify which are the 5 farm-employee houses, or specifically recognize the houses around the reservoir or the reserved residential development envelope on Lot A.

County Code provisions applicable to inland areas mandate findings concerning the long term agricultural productivity of the parcels or other lands, and that the lot line adjustment is not likely to remove adjacent land from agricultural use. § 21-93(b)(6) & (7). While the project is conditioned to impose a replacement Williamson Act contract upon any new owner, it is also the site of a tentative subdivision map. The findings fail to explain how these inconsistent realities may be reconciled and the exact manner by which the community is assured that there will be no compromise in the long term agricultural productivity of the parcel or other agricultural lands subject to Williamson Act contracts. In tentatively approving the 2008 developments, the County found that the Agricultural Conservation Easement Exchange program provided net benefits to agricultural preservation, as required by the program and its governing statute. Those findings and that reality must be reflected in the record of the instant project for it most certainly affects the same lands and unquestionably, the residential subdivision would impact agricultural productivity. This "stubborn issue" may not simply be swept under the rug but the County's logic and the salient facts must be disclosed and the findings provide the essential nexus between the facts, applicable authority and the ultimate conclusions.

4. **Coastal Zoning Ordinance Findings and are Not Addressed**

The coastal zoning ordinance imposes comparable findings requirements to those of the inland zoning ordinance, but requires also that the lot line adjustment is in conformity with the purposes of the coastal zoning ordinance. Coastal zoning ordinance purposes parallel those of the inland zoning ordinance, but include two other specific purposes with which the Project conflicts.

3. Maximize public access to and along the coast and maximize public recreational opportunities in the Coastal Zone consistent with sound resource

conservation principles and constitutionally protected rights of private property owners.

6. Protect the character and stability (social and economic) of agricultural, residential, commercial, and industrial areas.

§ 35-50.

As previously noted, the Local Coastal Plan specifically provides for coastal recreational access along Dos Pueblos Creek to the Ocean. Although on lands not specifically subject to the lot line adjustment, by virtue of the contractual connection between Dos Pueblos Ranch and SBRHC, it is apparent that the creation of the 360 Acre lot 2 is a distinct step in a predicted chain of events that is programmed to lead to the loss of this coastal access corridor. As such, this finding may not be made.

Similarly, creating a new 360 acre lot, even if it is subject to a Williamson Act contract, will not promote stability in this agricultural area since its specific purpose is to facilitate the sale and eventual conversion of these agricultural lands to residential uses. As such, this finding may not be made.

5. **Coastal Resources Not Identified or Addressed**

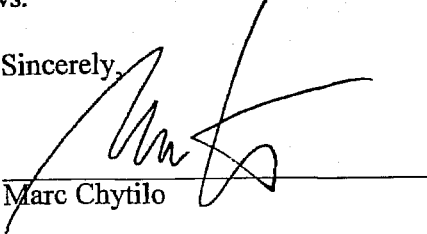
A portion of the project is located in the coastal zone, including areas that once were and may today have riparian natural resources and environmentally sensitive habitat. The specific parcel boundaries are difficult to identify and are not defined on a properly scaled map to allow site and remote investigation. But it is clear that these lands include the relictual portions of Dos Pueblos Creek and which have a hydrological connection to the Naples Reef and associated Marine Protected Areas. These resources are neither identified nor analyzed, and consequently LCP consistency may not be found.

**CONCLUSION**

In conclusion, the record does not support the proposed action. Either the proposal should be rejected, or sent back to staff for re-evaluation and the integration of the revised Project Description with a revised Staff Report, a revised Addendum, revised Findings and revised Conditions.

Thank you for your consideration of our views.

Sincerely,

  
\_\_\_\_\_  
Marc Chytilo

# LAW OFFICE OF MARC CHYTILO

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ENVIRONMENTAL LAW

October 15, 2012

Chair Michael Cooney  
Members of the Santa Barbara County Planning Commission  
123 E. Anapamu Street  
Santa Barbara, CA 93101

By Email to: [Dvillalo@co.santa-barbara.ca.us](mailto:Dvillalo@co.santa-barbara.ca.us)

Re: Dos Pueblos Ranch Lot Line Adjustment Proposal, October 17, 2012

*Dear Chairman Cooney and Members of the Planning Commission:*

This office represents the Naples Coalition, a Santa Barbara community group that has been deeply engaged in issues concerning the Santa Barbara Ranch development proposal, and in particular, the preservation of viable agriculture on Dos Pueblos Ranch. We participated extensively in the County's previous deliberations over the Santa Barbara Ranch development project. These comments are joined by the Environmental Defense Center and the Santa Barbara chapter of the Surfrider Foundation.

1. **Unavailability of documents underlying findings**

We previously appeared at the Agricultural Preserve Advisory Committee to raise Williamson Act concerns for the proposed action. We specifically questioned, inter alia, the existence of applications for replacement Williamson Act contracts and the basis for findings of the agricultural viability of the new smaller parcel that will be conveyed to SBRHC if the lot line adjustment were to be approved.

In response to Williamson Act contract finding questions by the APAC, the applicant's agent Mr. Lloyd stated they had not submitted an application for a replacement Williamson Act contract but that they expected that this would be a condition of the LLA approval. Another agent Ms. Rosenthal (who is also attorney for SBRHC) stated SBRHC intended to include in the replacement contract other nearby and/or adjoining parcels SBRHC had acquired in foreclosure. Naples Coalition would like the opportunity to examine such maps of the other parcels and believe these maps and the oral commitment to include other specific areas in the Williamson Act replacement contract should be part of the materials before the Planning Commission and the public for review before the hearing. I contacted Planning and Development Department planner Errin Briggs last week to see if there were any other documents or materials in the file and available for public review, other than what had then been posted on the Planning Commission website, and was informed there were no other documents. We believe this is information that is germane to a set of highly controversial parcels of land and it is reasonable to have such information available before the hearing.

MARC CHYTILO  
P.O. Box 92233 • Santa Barbara, California 93190  
Phone: (805) 682-0585 • Fax: (805) 682-2379  
Email: [marc@lomcsb.com](mailto:marc@lomcsb.com)

Similarly, the APAC was required to make findings of the agricultural viability and sustainability of both residual parcels following completion of the lot line adjustment, the standards and basis for which were, for the most part, disclosed orally at the APAC hearing. The Naples Coalition questioned the evidence of viability and sustainability for reasons that are developed infra. As part of the applicant's demonstration of agricultural viability of the proposed 360 acre parcel, Ms. Rosenthal contended they have an oral lease implementing the agricultural use of the property and produced to the APAC one or more cancelled business checks purportedly "concerning cattle"<sup>1</sup> that she explained evidenced the viability of the cattle operation on the 360 acre parcel. There was also testimony that such check(s) also reflected economic evidence of agricultural activity on other SBRHC parcels, in particular the coastal SBRHC parcels (south of Highway 101). The check(s) were not offered for public examination and I do not believe they were submitted to the record. The Naples Coalition requests that evidence demonstrating the independent agricultural viability of the 360 acre parcel be produced and submitted into the record and made available for public review in advance of your Commission's deliberations. If the applicant is contending this parcel is currently subject to a cattle operation, is fenced, and being managed under a contract or in coordination with other cattle operations, we believe that information should be made part of the record and subject to public review in advance of any hearing. In the absence of such tangible evidence, an additional showing and analysis of the independent agricultural viability and sustainability of the proposed 360 acre lot should be demonstrated.

We thus request that the Planning Commission continue action on this item until this information is made available to the public for a reasonable inspection period. We do not believe there is specific and tangible evidence that the findings of independent parcel agricultural viability and sustainability may be made.

2. **Lot B is not "adjoining" and thus the lot line adjustment is not authorized**

A lot line adjustment is defined as the realignment of boundaries of existing parcels, and is subject to the Subdivision Map Act.

The Subdivision Map Act, Gov. Code § 66412 allows the use of lot line adjustment procedures only when the parcel whose lot line is being adjusted is adjoining the new parcel. In this case it is not, because the existing Lot B is not next to, connected to or immediately adjacent to the proposed Lot 2. Lot B is an isolated 76 acre parcel far removed from the proposed Lot 2 by an (estimated) thousands of feet from the proposed new lot 2. There are no common boundaries between these two lots.

This is quite different from other lot line adjustments, where a boundary between 2 existing parcels is relocated and the 2 parcels are actually physically adjoining, before and after the lot

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<sup>1</sup> This testimony was vague and this is the drafter's recollection and paraphrasing of Ms. Rosenthal's explanation to the APAC.

line adjustment. In this case, a new parcel is actually proposed to be created using the fiction of a distant parcel as a lot line adjustment.

Under a prior version of the Subdivision Map Act, the proposed action may have been allowed, but not under the current version of the Act. Prior to 2001, the parcels need only to have been “adjacent”, which was specifically interpreted to mean “near or close to.” *San Dieguito Partnership L.P. v. City of San Diego* (1992) 7 Cal. App. 4<sup>th</sup> 748, 757 (applying Gov. Code § 66412(d)). In response to that decision, the Legislature deleted the term “adjacent” in Gov. Code § 66412(d) and substituted the term “adjoining.”

The relevant provisions of the Subdivision Map Act current state:

*(d) A lot line adjustment between four or fewer existing adjoining parcels, where the land taken from one parcel is added to an adjoining parcel, and where a greater number of parcels than originally existed is not thereby created, if the lot line adjustment is approved by the local agency, or advisory agency.*

Gov. Code § 66412(d), emphasis added.

The proposal to create a new lot conforming to a sales contract between Dos Pueblos Ranch and the predecessors to SBRHC may not be effectuated by a lot line adjustment in compliance with the Subdivision Map Act. The lot line adjustment will not take land from B and add it to adjoining Lot 2, because Lot B and Lot 2 are not adjoining. The application proposed, in fact and effect, to eliminate Lot B and create a new Lot 2 far from the original lot line. This is, under the Subdivision Map Act and common sense, the creation of a new lot and thus is not authorized by the Subdivision Map Act as a lot line adjustment.

### 3. CEQA Issues

The action is proposed to be processed under an addendum to the EIR certified as part of the approval of the Santa Barbara Ranch development scheme, which included approval of a 50 lot subdivision on and adjacent to the 360 acre proposed Lot 2.

In the instant Project, which staff has insisted is independent<sup>2</sup> from the prior approvals (addressed infra), there is no review of the proposal to create a smaller agricultural lot from the larger Dos Pueblos Ranch. As acknowledged by Dos Pueblos Ranch attorney David Fainer in correspondence to the APAC (Exhibit 1 hereto), a non-public agreement between Dos Pueblos and SBRHC’s predecessor provides SBRHC “the right to be conveyed fee title to the 360 acre area when it is a separate legal parcel that can be conveyed by grant deed.” Exhibit 1,

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<sup>2</sup> See attachment C to the Staff Report, Memo from Anne Almy to County Planning Commission, 10/17/12, Re: CEQA determination, at page 2.

Memorandum David C. Fainer to Agricultural Preserve Advisory Committee, October 4, 2012,  
Re: Response to Marc Chyttilo's October 2 letter, at page 3.

The Santa Barbara Ranch EIR did not consider the issue of the agricultural viability of a cattle operation on a 360 acre portion of Dos Pueblos Ranch. The EIR did not examine whether this small of a parcel would be independently agricultural viable, sustainable, and what might be the impacts of such intensive grazing on this parcel. If this parcel would be consolidated under one Williamson Act contract with other SBRHC parcels, as indicated by Ms. Rosenthal to the APAC, will there be coordinated management of the relevant parcels? Obviously the additional parcels must be identified and the agricultural operations projected at least in general terms so this changed use can be evaluated against the EIR's Project Description. There should be evidence submitted to the record of enforceable commitments to all of the elements of the agricultural operation necessary to support the Article III lot line adjustment findings at § 21-93(b), including specific treatment of the respective agricultural viability of the new lots. Proposed Findings 2.1(B)(5) and (6) fail to detail how the LLA basically exchanges lower-valued grazing agriculture on the new Lot B for the extremely high agricultural value avocado orchard on Lot 2. While a farmer needs flexibility in choice of crops, the effect of leaving the least productive cattle lands on a new single parcel needs to justify its continued viability and sustainability.

A specific proposal for the uses of these lands is necessary to be able to evaluate whether the agricultural viability of adjacent lands will not be compromised or removed from agricultural use.

Only when the complete Project Description is disclosed can the adequacy of the EIR to evaluate this new project's impacts be determined.

4. **This project cannot be considered independent from the approved subdivision on the same lands**

This application requires decisionmakers to ignore reality like that demanded by the Wizard of Oz - "Pay no attention to the man behind the curtain". Your Planning Commission labored in multiple hearings in 2008 to approve a residential subdivision project on the very same lands here at issue, and ultimately recommended approval of approximately 50 homes. The Board of Supervisors approved the subdivision as well as a development agreement that the County, landowner and applicant appear to believe remains in effect. The agricultural lands here are issue are, according to the County's own record of proceedings, slated and approved for rezoning, massive homes, grassy yards and Ocean-view infinity pools. Decisionmakers must willfully ignore facts in the record specifically applicable to these lands to find that the agricultural viability of these lands will be protected by the replacement Williamson Act contract. Although it is uncertain whether the Santa Barbara Ranch project's preliminary approvals will ever make it to a California Coastal Commission agenda, and even more unlikely that the ACE will ever be recorded, the Commission cannot deny that these decisions have been



made and development authorized for the same lands. Since these authorizations are entirely inconsistent with the applicant's proposal and linked at least by the fact that the same lands are involved, the Commission must acknowledge these entirely inconsistent set of uses and thus the impossibility of making the necessary findings of agricultural viability and sustainability.

In fact, the permitting history record reflects the fact that this is not an independent step but undertaken to facilitate a transfer in ownership that enhances the marketability of the property for sale and development. This is evidenced in a recorded document summarizing a Memorandum of Agreement RE: Lot Line Adjustment, recorded on 12/5/2007(attached as Exhibit 2). The Purchase Agreement and Joint Escrow Instructions dated October 23, 2007, attached as Exhibit 3, establishes the clear intention of DPR to allow the Alternative 1 residential development on the subject lands. Attachment K to the Purchase Agreement and Joint Escrow Instructions dated October 23, 2007 defines the proposed residential use of the lands in question.

Thus an essential link in the logical chain necessary to approve this lot line adjustment is broken when the approved residential development is considered. Even if the Planning Commission accepts the lot line adjustment and replacement Williamson Act contract may be viewed independently, which commenters believe is impossible, the uncertain future of the lands in question makes the probability that necessary investment in the long term agricultural productivity of these lands, as is necessary to achieve economic viability and sustainability, will not be committed and the stated intention to maintain agricultural activities is a fiction.

5. **The purpose of the lot line adjustment is to facilitate conveyance of the 360 acres to SBRHC and improve the marketability of the property for development, impacting coastal and other resources**

The Santa Barbara Ranch development involves 71 large homes on both Santa Barbara Ranch and Dos Pueblos Ranch lands that are currently zoned agricultural (AG-II) and are, in large part, currently subject to Williamson Act contract 77-AP-14. Since the 2008 County approvals, the economy generally and the local real estate market specifically has dropped precipitously. Dos Pueblos Ranch has been actively listed for sale on the market, and it remains unclear whether they or a future owner intends to actually execute the Agricultural Conservation Easement and allow the approved development on their lands. The Santa Barbara Ranch property went into foreclosure and is now owned by SBRHC, a subsidiary of the foreclosing bank, FirstBank.

Exhibit 3, the Purchase Agreement between DPR and SBRHC's predecessors, describes the creation of the 360 acre lot is a step in the process of creating separate ownership to facilitate the approved development of the property.

SBRHC has themselves attempted to market the project for sale since 2010, but remains owner of record. The consequence of the requested lot line adjustment would be to allow the 360 acre

parcel in question to be separated from its parent parcel and made available for sale and development.

A consequence of the lot line adjustment, sale and development process will be loss of an important coastal access corridor. Dos Pueblos Ranch declared in the County approval process that it has conditioned its participation in the Williamson Act Agricultural Conservation Easement Exchange upon: 1) final approval for a specific number of homesites located in the midst of active agricultural lands in the coastal zone and subject to the jurisdiction of the California Coastal Commission; and 2) the absence of a public access requirement on Dos Pueblos Ranch lands, despite the Local Coastal Plan Policy 7-18 which identifies Dos Pueblos Canyon as a public coastal access corridor. These DPR conditions are of record. See Letter David Fainer to C.J.Jackson, Santa Barbara County Planning Commission, 6/16/2008, attached as Exhibit 4. See also Exhibit 3, at page 6 (stating the conditions of DPR's recordation of the ACE. Should this development proceed, as facilitated by the lot line adjustment and conveyance of 360 acres of Dos Pueblos Ranch's productive agricultural lands to an out of state bank, the LCP's coastal access requirements will be thwarted.

**6. No evidence for some findings**

Article II imposes a number of specific requirements to lot line adjustment applications, including the location, names widths, etc. of all existing and proposed roads, easements, wells and septic systems on all affected parcels. § 21-91 5, 6 and 11. The application for this entitlement lacks most of this information, specifically that applying to the 1693.50 acre DPR remainder parcel (proposed Lot 1). DPR has reserved a house site on that parcel

Section 21-93(a)(5) requires evidence of compliance with all zoning requirements. The Dos Pueblos Ranch and Santa Barbara Ranch have a long history of unpermitted development and illegal development, including signage, fencing, stockpiles, farmworker housing, trailers, crossings, water pipelines, roadways, among others. See, for example, Letter, Mark Lloyd to Jackie Cambell, Santa Barbara County Planning and Development Department, RE: Santa Barbara Ranch Process Questions, February 13, 2003, attached as Exhibit 5. The status of all reported and known zoning violations, unpermitted development and proposed corrective actions must be addressed as part of the Planning Commission's review of this matter.

**7. Water system description**

The applicant is required to describe the "source of the water supply and the method of providing an adequate water supply to each parcel affected". § 21-91(d). The water system for the subject parcels is convoluted and quite complex. The information provided to date is insufficient to fully describe such system.

While a prior water supply agreement described the operations of the water system to address this inquiry, the Purchase Agreement contemplates a completely revised Water Agreement as follows:

5. Replacement Water Agreement and No Physical Contingencies.
  - (a) The Property is subject to various documents relating to water and water rights, including, without limitation, that certain Declaration of Covenants, Conditions and Restrictions, Grant of Easements and Agreement Regarding Water Allocations and Water System made as of December 6, 1984 and recorded in the Official Records of Santa Barbara County, California on December 20, 1985, as Instrument No. 1 985-068732, as the same may have been amended from time to time (the "**Water Agreement**"). Seller and Buyer intend to completely amend and restate the Water Agreement so as to clarify the parties' rights and obligations with respect to the water sources on the Seller Land now subject to the Water Agreement, and so as to re-allocate the water under the Water Agreement. Seller and Buyer shall use best efforts to enter into an amended and restated water agreement (the "**Replacement Water Agreement**") prior to the Closing Date, defined below. The allocation of water to Buyer's and Seller's respective properties will be reallocated in the Replacement Water Agreement so that Seller retains thirty percent (30%) of the water producible by the Water System, as defined in the Water Agreement, and Buyer is allocated seventy percent (70%) of such water. If the Replacement Water Agreement is not entered into prior to the Closing Date, then prior to the close of escrow, the parties shall execute an amendment to the Water Agreement allocating the water deliverable through the Water System, as defined in the Water Agreement, thirty-five percent (35%) to Seller and sixty-five percent (65%) to Buyer.

The Purchase Agreement revises allocation of water rights and references a different method of water system operation and ownership from that on record. This revised Water Agreement must be provided to satisfy the requirements of § 21-91(d).

### CONCLUSION

In conclusion, the Naples Coalition, Environmental Defense Center and Surfrider Foundation ask that the Planning Commission defer action and direct the applicant to submit a complete and adequate Project Description evidencing satisfaction of all informational requirements of the applicable County Code. From that, CEQA compliance can be evaluated.

In the event the Planning Commission considers moving forward with this application, we note that this lot line adjustment is not authorized under California law and must be rejected on that basis.

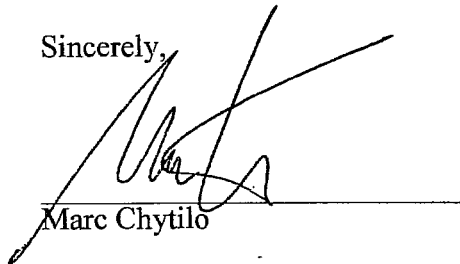
October 15, 2012

Page 8

Finally, should the Planning Commission determine to nevertheless move forward, it must address the issues of Local Coastal Plan inconsistency due to DPR's stated unwillingness to accept coastal access in accordance with its provisions in Dos Pueblos Canyon. This affects not only the development of the property as facilitated by this lot line adjustment, but also the independent agricultural viability of the 360 acre parcel in the hands of an institutional landowner.

Thank you for your consideration of our views.

Sincerely,



Marc Chytילו

CC: Errin Briggs

**Exhibits**

1. Memorandum David C. Fainer to Agricultural Preserve Advisory Committee, October 4, 2012, Re: Response to Marc Chytילו's October 2 letter
2. Memorandum of Agreement RE: Lot Line Adjustment, recorded on 12/5/2007
3. Purchase Agreement and Joint Escrow Instructions dated October 23, 2007
4. Letter David Fainer to C.J.Jackson, Santa Barbara County Planning Commission, 6/16/2008
5. Letter, Mark Lloyd to Jackie Campbell, Santa Barbara County Planning and Development Department, RE: Santa Barbara Ranch Process Questions, February 13, 2003

David C. Fainer, Jr.  
Attorney at Law

1114 State Street, Suite 200 • Santa Barbara, CA 93101  
phone 805-899-1300 • fax 805-963-5988 • dfainer@fainerlaw.com

**By Hand Delivery at October 5, 2012 Meeting**

TO: Agriculture Preserve Advisory Committee (“APAC”)  
FROM: David C. Fainer, Jr.  
DATE: October 4, 2012  
RE: Response to Marc Chyttilo’s October 2, 2012 Letter

I represent the owners of Dos Pueblos Ranch, whose real property is the subject of an application for a lot line adjustment (“LLA”).

The purpose of this memorandum is to respond to a few points in Marc Chyttilo’s October 2, 2012 letter to the APAC. While my client and I dispute just about everything in Mr. Chyttilo’s letter, we will limit the response to a few key points.

**1. Response to Mr. Chyttilo’s request that the APAC hearing be delayed.**

The LLA is scheduled for hearing at the Planning Commission on October 17. A staff report will be provided with the agenda for that October 17 hearing in accordance with standard Planning & Development Department procedure, or the October 17 hearing will not go forward as scheduled.

Mr. Chyttilo’s request that APAC defer commenting on the LLA as to matters in APAC’s purview because the Planning Commission staff report has not been released is a transparent effort at delay.

If the APAC was to defer its hearing today, then Mr. Chyttilo likely would argue on October 17 that the Planning Commission should not go forward on October 17 because the Planning Commission would not have the benefit of the APAC’s comments on those matters within the purview of the APAC.

**2. Response to Mr. Chyttilo’s Williamson Act-ACE Exchange Argument**

Mr. Chyttilo’s essential position is that the LLA should not be approved unless an Agriculture Conservation Easement (“ACE”), which is different than an Agriculture

**EXHIBIT 1**

Preserve Contract, is recorded. That is not a legitimate or allowable condition to a lot line adjustment in these circumstances.

The proposal is for a LLA with all of the lands in the LLA area, which are now in an Agriculture Preserve, continuing as Agriculture Preserve lands.

Mr. Chyttilo's argument that the LLA would "allow the 360 acre parcel in question to be separated from its parent parcel and made available for development while the projected underlying protection of agricultural resources, the Agriculture Conservation Easement, would never be executed and recorded" is completely false.

The truth is that the residential subdivision that Mr. Chyttilo opposes cannot go forward within the 360 acre area unless a final map is recorded and that cannot happen unless an ACE is recorded. That is the "Williamson Act-ACE Exchange" of the Santa Barbara Ranch Alternative 1B Project approved by the Board of Supervisors in 2008, and recently affirmed by the Superior Court (which rejected Mr. Chyttilo's efforts to set aside such approvals, including a challenge to the Williamson Act-ACE Exchange).

Whether the LLA is approved or not, there will be no final map recorded for a residential subdivision unless an ACE is recorded.

Mr. Chyttilo's statements are an effort to confuse and commingle two completely separate applications: the Santa Barbara Ranch Alternative 1B Project applications (previously approved) and the LLA application (pending).

An ACE is not a lawful or appropriate condition for this LLA. In contrast, the requirement of recordation of an ACE for a Williamson Act-ACE Exchange is appropriate.

Whether the LLA is approved or not will have no effect on whether the Santa Barbara Ranch Alternative 1B project will go forward or not.

Mr. Chyttilo's arguments are without merit and his assertion of fact as quoted above is false.

### **3. Response to Mr. Chyttilo's Uniform Rules Arguments**

Mr. Chyttilo's statement that "Dos Pueblos Ranch has noticed non-renewal of its Williamson Act contract" is false. All of his subsequent arguments are based on this factual inaccuracy and such arguments fail because such false factual assertion is central to Mr. Chyttilo's arguments.

Mr. Chyttilo argues that a LLA of two agricultural parcels totaling 2363 acres, currently divided into one parcel less than 80 acres and one parcel of about 2,280 acres,

into parcels of about 360 and 2003 acres affects the agriculture viability of the land and “condemns” the long term agriculture viability of the 360 acre parcel. The argument is absurd on its face, especially when it is considered that the lands involved are within an Agriculture Preserve both before and after the LLA.

4. **Response to Mr. Chyttilo’s Transfer of Ownership Arguments**

Mr. Chyttilo’s statement that “[r]eportedly, SBRHC holds a security interest in the 360 acre area ...” is inaccurate. SBRHC holds an easement over the 360-acre area and also has the right to be conveyed fee title to the 360-acre area when it is a separate legal parcel that can be conveyed by grant deed.

Mr. Chyttilo’s statement that “[r]eportedly, the conveyance [of the 360-acre area] will occur as a matter of law upon perfection of the lot line adjustment, thus the application is incomplete until that part of the project is disclosed and addressed” is also false.

Mr. Chyttilo’s arguments are an effort to confuse matters. The situation is actually quite simple, contrary to Mr. Chyttilo’s efforts to confuse them.

If/when a LLA is completed, the owner of Dos Pueblos Ranch will record a grant deed, conveying fee title to the newly-created 360-acre parcel to SBRHC and SBRHC would receive title to the 360-acre parcel subject to it being in an Agriculture Preserve. Such arrangement is the subject of a private agreement between the owner of Dos Pueblos Ranch and SBRHC’s predecessor.

Nothing will occur “as a matter of law” and the argument that a transfer of ownership by operation of law renders the LLA application incomplete is false.

5. **Conclusion**

Mr. Chyttilo’s arguments lack merit and should not influence the actions of the APAC on the LLA.

End memo.

2007-0082809

2007-0082809

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Official Records County of Santa Barbara CONFORMED COPY 1.00  
Joseph E. Holland

08:00PM 05-Dec-2007 NA Page 1 of 8

RECORDING REQUESTED BY  
CHICAGO TITLE

Recording Requested By:  
When Recorded Return To  
Charles D. Kimbell  
Allen & Kimbell, LLP  
317 East Carrillo Street  
Santa Barbara, California 93101  
(805) 963-8611

B  
cc

SPACE ABOVE THIS LINE FOR RECORDER'S USE

MEMORANDUM

OF

AGREEMENT RE LOT LINE ADJUSTMENT

DP SUNSET, LLC, a California limited liability company, MOUNTAIN MIST RIDGE, LLC, a California limited liability company, JAMES H. FRANZEN, STEPHEN R. WELCH AND HOWARD M. SIMON as Trustees of the RUDOLF SCHULTE TRUST, U/A/D 3/22/91 (collectively, "Schultes") and Santa Barbara Ranch, LLC, a California limited liability company ("Santa Barbara Ranch"), hereby give notice that they have entered into an Agreement Re Lot Line Adjustment dated November 30, 2007 ("Agreement") with respect to that certain real property described in Attachment "1" attached hereto ("Property"). Such Agreement provides for, among other matters, (i) adjusting a lot line on the Property in order to establish a portion of the Property described in Attachment "2" ("Conveyance Parcel") as a separate legal parcel or engaging in such other procedures as determined by Santa Barbara Ranch to allow the Conveyance Parcel to be conveyed to Santa Barbara Ranch or its designee, and (ii) conveying fee to title to the Conveyance Parcel to Santa Barbara Ranch, LLC or its designee

The Agreement further provides, among other things, Without the prior written approval of Santa Barbara Ranch (which approval may be granted or withheld in Santa Barbara Ranch's sole discretion), DP Sunset shall not (a) enter into any lease or similar agreement for the Conveyance Parcel or any portion thereof, (b) sell, agree to sell or grant any option to purchase all or any portion of the Conveyance Parcel, (c) grant any easements, rights of way or similar restrictions affecting the Conveyance Parcel, or (iv) otherwise take any actions, or permit any actions to be taken, that affect the physical condition of, or title to, the Conveyance Parcel. The foregoing provision shall not prohibit DP Sunset from selling, conveying, contracting to sell, leasing, granting an option on or otherwise affecting the Property provided that any such transaction is expressly made subject to the provisions of this Agreement and the exhibits hereto

EXHIBIT 2



that pertain to or affect the Property. In such event, the prior written approval of Santa Barbara Ranch shall not be required.

Interested parties should refer to the Agreement for more particulars.

Executed on 11/20/07, 2007, at Santa Barbara, County of Santa Barbara, State of California.

DP SUNSET, LLC, a California limited liability company

By:   
Michael R. Franzen, Manager

By:   
Henry Schulte, Manager


MOUNTAIN MIST RIDGE, LLC, a California limited liability company

By: DOS PUEBLOS HOLDINGS, LLC, a California limited liability company, its sole member

By:   
James H. Franzen, Vice President

By:   
Stephen R. Welch, Secretary

JAMES H. FRANZEN, AS TRUSTEE OF THE RUDOLF SCHULTE TRUST, U/A/D 3/22/91

By:   
Its: TRUSTEE

STEPHEN R. WELCH, AS TRUSTEE OF THE RUDOLF SCHULTE TRUST, U/A/D 3/22/91

By:   
Its: TRUSTEE

# ATTACHMENT 1

## LEGAL DESCRIPTION

### Parcel One:

Parcel A of Parcel Map 12,264, in the County of Santa Barbara, State of California, as shown on map recorded in Book 16, Pages 53 through 56, inclusive, of Parcel Maps, in the Office of the County Recorder of said County.

Except therefrom that portion of said Parcel A, described as follows:

Beginning at the northeasterly corner of Block 200 of the Official Map of the Town of Naples, in the County of Santa Barbara, State of California, as shown on map recorded in Book 99, Pages 4 through 9, inclusive, of Official Maps, in the Office of the County Recorder of said County;

Thence West along the northerly line of said Block 200 a distance of 5,984.07 feet;

Thence N.11°00'33"E., a distance of 1,896.85 feet;

Thence N.18°12'50"E., a distance of 1,370.94 feet;

Thence N.89°27'14"E., a distance of 3,766.10 feet to a point in the easterly line of said Parcel A;

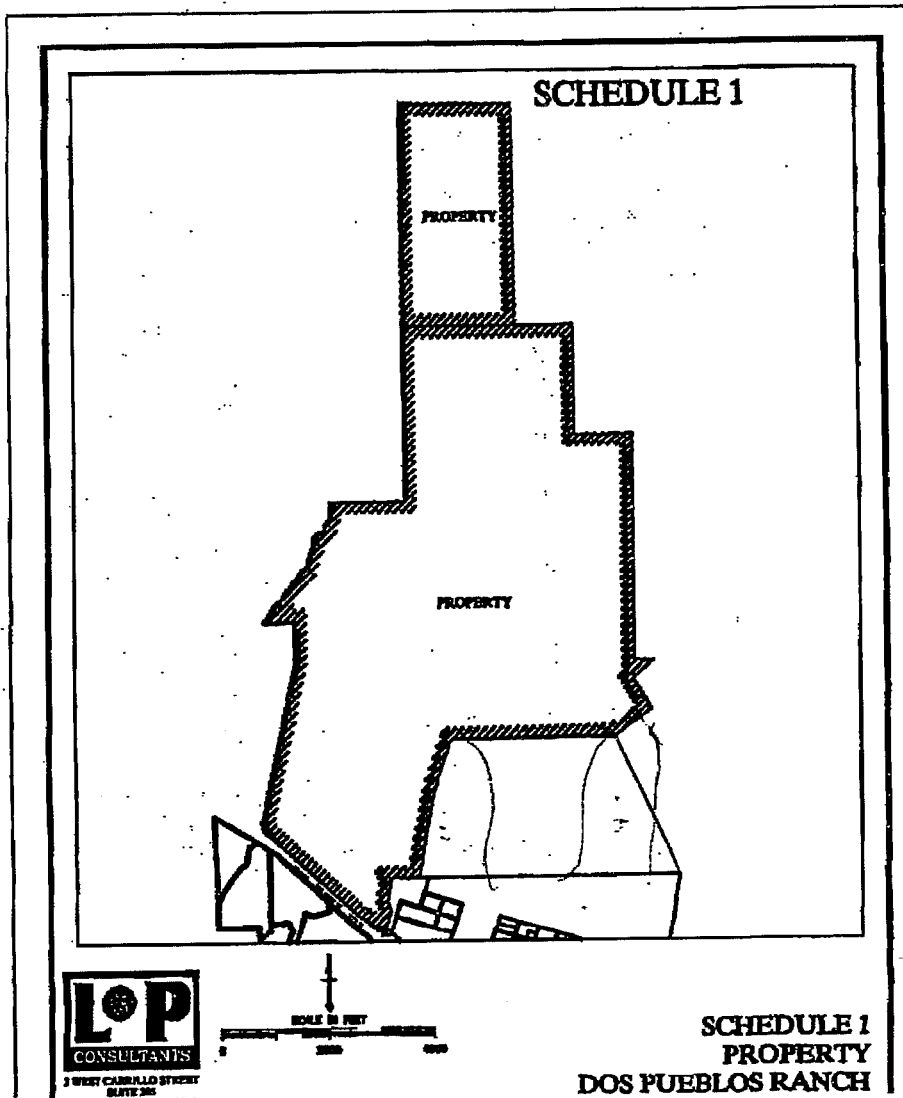
Thence southerly along said easterly line S.24°02'22"E., a distance of 3,504.00 feet to the POINT OF BEGINNING.

### Parcel Two:

The West Half of the Southwest Quarter of Section 29, Township 5 North, Range 29 West, San Bernardino Meridian, in the County of Santa Barbara, State of California, according to the Official Plat thereof filed in the General Land Office.

### Parcel Three:

Parcel B of Parcel Map 12,264, in the County of Santa Barbara, State of California, as shown on map recorded in Book 16, Pages 53 through 56, inclusive, of Parcel Maps, in the Office of the County Recorder of said County. Said Parcel map was amended by two Certificates of Correction, recorded December 13, 1976 in Book 2637, Page 33 of Official Records and June 28, 1984 as Instrument No. 84-34789 of Official Records, records of said County.



**PURCHASE AGREEMENT AND JOINT ESCROW INSTRUCTIONS**

THIS PURCHASE AGREEMENT AND JOINT ESCROW INSTRUCTIONS (this "**Agreement**") is made as of October 23, 2007 (the "**Effective Date**"), by and among MOUNTAIN MIST RIDGE, LLC, a California limited liability company ("**Mountain Ridge**"), MOONLIGHT REFLECTIONS, LLC, a California limited liability company ("**Moonlight**"), DP SUNSET, LLC, a California limited liability company ("**DP**" and together with Mountain Ridge and Moonlight, collectively, "**DPLLCs**"), JAMES H. FRANZEN, STEPHEN R. WELCH AND HOWARD M. SIMON, AS TRUSTEES OF THE RUDOLF SCHULTE TRUST, U/A/D 3/22/91 ("**Rudolf Trust**," and together with DPLLCs, collectively, jointly and severally, "**Seller**"), on the one hand, and SANTA BARBARA RANCH, LLC, a California limited liability company ("**Buyer**"), on the other hand, as follows:

**RECITALS**

A. Seller is the fee owner of two (2) parcels of real property ("**Parcels 1 & 2**"), as depicted on Exhibit A-1, and an additional area of land ("**Parcel 3**"), as depicted on Exhibit A-2, located within Rancho Dos Pueblos, in the County of Santa Barbara, State of California, altogether comprising approximately 556.20 acres and depicted on Exhibit A-3 attached hereto and incorporated herein by this reference, together with all rights and appurtenances pertaining to such property, including, without limitation, any right, title and interest of Seller in and to mineral, oil and gas rights, adjacent streets, alleys, rights-of-way, easements and appurtenances (collectively, the "**Land**"); provided, however, that any water rights relating to the Land shall be subject to the provisions of Section 5 below.

B. Buyer desires to purchase Parcels 1 and 2 and an exclusive easement over Parcel 3, with the right to acquire title to Parcel 3 at such time as Parcel 3 is incorporated into Parcels 1 or 2 by way of a lot line adjustment or is legally established as a separate legal parcel or by any other method or process under which fee title can be transferred or otherwise provided to Buyer consistent with the Subdivision Map Act, and, subject to the terms and conditions set forth herein, Seller is willing to sell to Buyer Parcels 1 and 2 and provide an exclusive easement over Parcel 3, with the right to convey title to Parcel 3 at such time as Parcel 3 is incorporated into Parcels 1 or 2 by way of a lot line adjustment or is legally established as a separate legal parcel or any other method or process under which fee title can be transferred or otherwise provided to Buyer consistent with the Subdivision Map Act.

C. In addition to the Land, Seller is also the fee owner of that certain real property located within Rancho Dos Pueblos, in the County of Santa Barbara, State of California, comprising approximately 2,218 acres and depicted on Exhibit A-4 attached hereto and incorporated herein by this reference, together with all rights and appurtenances pertaining to such property, including, without limitation, any right, title and interest of Seller in and to mineral, oil and gas rights, adjacent streets, alleys, rights-of-way, easements and appurtenances (collectively, the "**Seller Land**"). The Seller Land consists of approximately 2003 acres of Seller Land located north of Highway 101 (the "**North Seller Land**"), as depicted on Exhibit A-5 and approximately 215 acres of Seller land located south of Highway 101 (the "**South Seller Land**"), as depicted on Exhibit A-6.

D. Buyer has a beneficial interest in property that is adjacent to the Land, which is commonly known as "Santa Barbara Ranch," which is depicted for informational purposes on Exhibit A-7, attached hereto. Buyer is proposing to develop a single family residential project on Santa Barbara Ranch (the "Project") In connection with the development of the Project, Buyer has proposed an alternative development that would include development on the Land, which is commonly referred to as "Alternative 1." Alternative 1 would include the Seller Land Reconfiguration as described in Section 6(c).

E. The Land and North Seller Land are in an agricultural preserve pursuant to The California Land Conservation Act of 1965, as amended, (the Williamson Act) at Chapter 7 (commencing with Section 51200), Part 1, Division 1, Title 5 of the California Government Code and is currently covered by a Williamson Act contract limiting the use of the Land and the North Seller Land (the "Williamson Act Contract").

F. The Property to be sold by Seller shall not include the name "Dos Pueblos Ranch" or "Rancho Dos Pueblos," all of the rights to which shall be retained by Seller.

### AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, Buyer and Seller hereby agree that the above recitals are true and correct and further agree as follows:

I. Purchase and Sale of Property. Seller agrees to sell and Buyer agrees to purchase the Property under the terms and conditions of this Agreement. The "Property" consists of the following:

(a) Parcels 1 and 2;

(b) The "Parcel 3 Easement" in the form of that attached as Exhibit B. This Agreement is intended to provide Buyer (and Buyer is paying consideration for) permanent rights to Parcel 3 starting with easement rights and becoming fee ownership rights in the future ("Permanent Rights"). Seller agrees to fully cooperate with Buyer, and execute such additional documents as may be requested by Buyer so that Buyer has now and in the future such permanent rights to Parcel 3 consistent with law and regulation. Seller shall provide Buyer, without additional consideration (given such consideration has already been paid) with any document or confirmation (such as a power of attorney, or conveyance document – such a license) under which Buyer receives documented rights which are consistent with the Permanent Rights;

(c) The "Intangibles" which are any and all of Seller's right, title and interest in and to any intangible property used in connection with Parcels 1 and 2, including, without limitation, (i) all architectural and engineering plans, analyses and specifications relating to the Land, (ii) all existing permits, licenses, approvals and authorizations issued by any governmental authority in connection with the Land, and (iii) all guarantees and warranties relating to the Land, to the extent owned by Seller:



(d) the "Entitlements" which are all of Seller's right, title and interest in and to any and all buildable lot entitlements for the Seller Land in excess of seven (7) buildable lots, and shall be assigned by Seller to Buyer pursuant to the terms and conditions of the Assignment of Entitlements attached hereto as Exhibit C; and

(e) The "Water Facilities Easement" as described in Exhibit D.

2. Purchase Price

(a) The purchase price for the Property (the "Purchase Price") shall be an amount equal to Nine Million Dollars (\$9,000,000). The Purchase Price shall be further allocated to Parcels 1 & 2 and Parcel 3 as follows: (a) Four Million Five Hundred Thousand Dollars (\$4,500,000) for Parcels 1 & 2 (the "Parcels 1 & 2 Allocated Purchase Price") and (b) Four Million Five Hundred Thousand Dollars (\$4,500,000) for Parcel 3 (the "Parcel 3 Allocated Purchase Price").

(b) In the event that Alternative 1 (or variation thereof that provides for at least ten (10) lots on Parcel 3) is approved, Buyer shall further compensate Seller as provided in the Agreement re Entitlement Compensation attached as Exhibit R.

Notwithstanding any other provision herein, Buyer shall have the unilateral right to locate and place densities on any portion of the Land, as and when determined by Buyer.

3. Opening of Escrow. Upon the execution of this Agreement, Seller and Buyer shall open an escrow (the "Escrow") with Chicago Title Company ("Escrow Holder"), located at 1101 Anacapa St., Santa Barbara, CA 93101, Attn: Leslee Colunga, by delivering a fully executed copy of this Agreement to Escrow Holder. Escrow Holder will execute copies of this Agreement and return fully executed copies hereof to Buyer and Seller when Escrow has opened. Escrow shall be deemed open upon Escrow Holder's execution hereof. The parties agree to be bound by the standard escrow General Provisions attached hereto as Exhibit E and incorporated herein by this reference. In the event of any discrepancy between this Agreement and such General Provisions, the provisions of this Agreement shall prevail.

4. Deposit. Upon execution of this Agreement, Buyer shall deposit Five Hundred Thousand Dollars (\$500,000.00) (the "Deposit") with Escrow Holder. The Deposit shall be released to Seller without any further instructions from any party immediately upon being deposited into escrow by Buyer., which shall be credited to the purchase price at the close of escrow.

Seller Initials: MS

Buyer Initials: \_\_\_\_\_

If Buyer fails to fund the Deposit within three (3) business days of execution of this Agreement, then, without further notice or demand by Seller, this Agreement will automatically lapse and terminate by reason of the failure of a condition precedent, and Buyer and Seller will be released and relieved from all obligations and liabilities hereunder.

(d) the "Entitlements" which are all of Seller's right, title and interest in and to any and all buildable lot entitlements for the Seller Land in excess of seven (7) buildable lots, and shall be assigned by Seller to Buyer pursuant to the terms and conditions of the Assignment of Entitlements attached hereto as Exhibit C; and

(e) The "Water Facilities Easement" as described in Exhibit D.

2. Purchase Price

(a) The purchase price for the Property (the "Purchase Price") shall be an amount equal to Nine Million Dollars (\$9,000,000). The Purchase Price shall be further allocated to Parcels 1 & 2 and Parcel 3 as follows: (a) Four Million Five Hundred Thousand Dollars (\$4,500,000) for Parcels 1 & 2 (the "Parcels 1 & 2 Allocated Purchase Price") and (b) Four Million Five Hundred Thousand Dollars (\$4,500,000) for Parcel 3 (the "Parcel 3 Allocated Purchase Price").

(b) In the event that Alternative 1 (or variation thereof that provides for at least ten (10) lots on Parcel 3) is approved, Buyer shall further compensate Seller as provided in the Agreement re Entitlement Compensation attached as Exhibit R.

Notwithstanding any other provision herein, Buyer shall have the unilateral right to locate and place densities on any portion of the Land, as and when determined by Buyer.

3. Opening of Escrow. Upon the execution of this Agreement, Seller and Buyer shall open an escrow (the "Escrow") with Chicago Title Company ("Escrow Holder"), located at 1101 Anacapa St., Santa Barbara, CA 93101, Attn: Leslee Colunga, by delivering a fully executed copy of this Agreement to Escrow Holder. Escrow Holder will execute copies of this Agreement and return fully executed copies hereof to Buyer and Seller when Escrow has opened. Escrow shall be deemed open upon Escrow Holder's execution hereof. The parties agree to be bound by the standard escrow General Provisions attached hereto as Exhibit E and incorporated herein by this reference. In the event of any discrepancy between this Agreement and such General Provisions, the provisions of this Agreement shall prevail.

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Seller Initials: SGW

Buyer Initials: \_\_\_\_\_

If Buyer fails to fund the Deposit within three (3) business days of execution of this Agreement, then, without further notice or demand by Seller, this Agreement will automatically lapse and terminate by reason of the failure of a condition precedent, and Buyer and Seller will be released and relieved from all obligations and liabilities hereunder.

(d) the "Entitlements" which are all of Seller's right, title and interest in and to any and all buildable lot entitlements for the Seller Land in excess of seven (7) buildable lots, and shall be assigned by Seller to Buyer pursuant to the terms and conditions of the Assignment of Entitlements attached hereto as Exhibit C; and

(e) The "Water Facilities Easement" as described in Exhibit D.

2. Purchase Price

(a) The purchase price for the Property (the "Purchase Price") shall be an amount equal to Nine Million Dollars (\$9,000,000). The Purchase Price shall be further allocated to Parcels 1 & 2 and Parcel 3 as follows: (a) Four Million Five Hundred Thousand Dollars (\$4,500,000) for Parcels 1 & 2 (the "Parcels 1 & 2 Allocated Purchase Price") and (b) Four Million Five Hundred Thousand Dollars (\$4,500,000) for Parcel 3 (the "Parcel 3 Allocated Purchase Price").

(b) In the event that Alternative 1 (or variation thereof that provides for at least ten (10) lots on Parcel 3) is approved, Buyer shall further compensate Seller as provided in the Agreement re Entitlement Compensation attached as Exhibit R.

Notwithstanding any other provision herein, Buyer shall have the unilateral right to locate and place densities on any portion of the Land, as and when determined by Buyer.

3. Opening of Escrow. Upon the execution of this Agreement, Seller and Buyer shall open an escrow (the "Escrow") with Chicago Title Company ("Escrow Holder"), located at 1101 Anacapa St., Santa Barbara, CA 93101, Attn: Leslee Colunga, by delivering a fully executed copy of this Agreement to Escrow Holder. Escrow Holder will execute copies of this Agreement and return fully executed copies hereof to Buyer and Seller when Escrow has opened. Escrow shall be deemed open upon Escrow Holder's execution hereof. The parties agree to be bound by the standard escrow General Provisions attached hereto as Exhibit E and incorporated herein by this reference. In the event of any discrepancy between this Agreement and such General Provisions, the provisions of this Agreement shall prevail.

4. Deposit. Upon execution of this Agreement, Buyer shall deposit Five Hundred Thousand Dollars (\$500,000.00) (the "Deposit") with Escrow Holder. The Deposit shall be released to Seller without any further instructions from any party immediately upon being deposited into escrow by Buyer., which shall be credited to the purchase price at the close of escrow.

Seller Initials: HMS

Buyer Initials: \_\_\_\_\_

If Buyer fails to fund the Deposit within three (3) business days of execution of this Agreement, then, without further notice or demand by Seller, this Agreement will automatically lapse and terminate by reason of the failure of a condition precedent, and Buyer and Seller will be released and relieved from all obligations and liabilities hereunder.



(d) the "Entitlements" which are all of Seller's right, title and interest in and to any and all buildable lot entitlements for the Seller Land in excess of seven (7) buildable lots, and shall be assigned by Seller to Buyer pursuant to the terms and conditions of the Assignment of Entitlements attached hereto as Exhibit C; and

(e) The "Water Facilities Easement" as described in Exhibit D.

2. Purchase Price

(a) The purchase price for the Property (the "Purchase Price") shall be an amount equal to Nine Million Dollars (\$9,000,000). The Purchase Price shall be further allocated to Parcels 1 & 2 and Parcel 3 as follows: (a) Four Million Five Hundred Thousand Dollars (\$4,500,000) for Parcels 1 & 2 (the "Parcels 1 & 2 Allocated Purchase Price") and (b) Four Million Five Hundred Thousand Dollars (\$4,500,000) for Parcel 3 (the "Parcel 3 Allocated Purchase Price").

(b) In the event that Alternative 1 (or variation thereof that provides for at least ten (10) lots on Parcel 3) is approved, Buyer shall further compensate Seller as provided in the Agreement re Entitlement Compensation attached as Exhibit R.

Notwithstanding any other provision herein, Buyer shall have the unilateral right to locate and place densities on any portion of the Land, as and when determined by Buyer.

3. Opening of Escrow. Upon the execution of this Agreement, Seller and Buyer shall open an escrow (the "Escrow") with Chicago Title Company ("Escrow Holder"), located at 1101 Anacapa St., Santa Barbara, CA 93101, Attn: Leslee Colunga, by delivering a fully executed copy of this Agreement to Escrow Holder. Escrow Holder will execute copies of this Agreement and return fully executed copies hereof to Buyer and Seller when Escrow has opened. Escrow shall be deemed open upon Escrow Holder's execution hereof. The parties agree to be bound by the standard escrow General Provisions attached hereto as Exhibit E and incorporated herein by this reference. In the event of any discrepancy between this Agreement and such General Provisions, the provisions of this Agreement shall prevail.

4. Deposit. Upon execution of this Agreement, Buyer shall deposit Five Hundred Thousand Dollars (\$500,000.00) (the "Deposit") with Escrow Holder. The Deposit shall be released to Seller without any further instructions from any party immediately upon being deposited into escrow by Buyer., which shall be credited to the purchase price at the close of escrow.

Seller Initials: \_\_\_\_\_

Buyer Initials: \_\_\_\_\_

If Buyer fails to fund the Deposit within three (3) business days of execution of this Agreement, then, without further notice or demand by Seller, this Agreement will automatically lapse and terminate by reason of the failure of a condition precedent, and Buyer and Seller will be released and relieved from all obligations and liabilities hereunder.

5. Replacement Water Agreement and No Physical Contingencies.

(a) The Property is subject to various documents relating to water and water rights, including, without limitation, that certain Declaration of Covenants, Conditions and Restrictions, Grant of Easements and Agreement Regarding Water Allocations and Water System made as of December 6, 1984 and recorded in the Official Records of Santa Barbara County, California on December 20, 1985, as Instrument No. 1985-068732, as the same may have been amended from time to time (the "Water Agreement"). Seller and Buyer intend to completely amend and restate the Water Agreement so as to clarify the parties' rights and obligations with respect to the water sources on the Seller Land now subject to the Water Agreement, and so as to re-allocate the water under the Water Agreement. Seller and Buyer shall use best efforts to enter into an amended and restated water agreement (the "Replacement Water Agreement") prior to the Closing Date, defined below. The allocation of water to Buyer's and Seller's respective properties will be reallocated in the Replacement Water Agreement so that Seller retains thirty percent (30%) of the water producible by the Water System, as defined in the Water Agreement, and Buyer is allocated seventy percent (70%) of such water. If the Replacement Water Agreement is not entered into prior to the Closing Date, then prior to the close of escrow, the parties shall execute an amendment to the Water Agreement allocating the water deliverable through the Water System, as defined in the Water Agreement, thirty-five percent (35%) to Seller and sixty-five percent (65%) to Buyer.

(b) Buyer has no contingencies whatsoever regarding the physical condition of the Property, its entitlement status or any other matter whatsoever. The parties' obligations to close the transactions contemplated hereunder are unconditional except as expressly set forth herein (such as the condition to comply with the Subdivision Map Act with respect to Parcel 3):

6. Seller and Buyer Obligations and Covenants With Respect to Land Development. Seller is aware that a critical consideration for Buyer's agreement to purchase the Land is Buyer's ability to obtain entitlements to develop Alternative I or a variation of Alternative I on the Land. Seller acknowledges that implementation of Alternative I or variation thereof requires with respect to the Seller Land that the Williamson Act Contract must be cancelled as to the Land, subject to terms approved by the County of Santa Barbara ("County") and the California Department of Conservation ("DOC").

(a) North Seller Land. It is presently contemplated that cancellation of the Williamson Act Contract as to the Land will require that the North Seller Land be reconfigured into one parcel as depicted in Exhibit F and be subject to a new Williamson Act contract and an agricultural conservation easement ("ACE"), which shall provide for (i) an approximately two (2) acre development envelope on the North Seller Land capable of being improved with one (1) additional single family residence, a guest house or second residential unit and accessory buildings and related improvements to the extent permitted by currently applicable zoning ordinances and (ii) retention of the existing legal non-conforming housing on the North Seller Land to the extent permitted by currently applicable zoning ordinances. The ACE will be substantially in the form of that attached hereto as Exhibit G. Buyer will indemnify and hold Seller, and its successors as to the North Seller Land, harmless from any liability or obligation whatsoever arising from any violation of the Williamson Act Contract caused directly or indirectly by the transactions taking place under this Agreement, including providing a legal

defense for and correcting any violations asserted by governmental agencies in connection with the any violation of the Williamson Act Contract. Notwithstanding any other provision in this Agreement, the North Seller Land shall not be included as part of the Alternative I Project area, the owner of the North Seller Land will not be included as a project applicant with respect to the North Seller Land, and all of the foregoing conditions would be an offsite requirement of Alternative I or a variation thereof.

(b) South Seller Land. It also is presently contemplated that cancellation of the Williamson Act Contract will require that the South Seller Land be subject to an ACE, substantially in the form of that attached hereto as Exhibit G, which will allow seller to maintain and/or construct no more than a total of six (6) single family residences on the South Seller Land in building envelopes as depicted in Exhibit I along with maintaining the existing employee housing on the South Seller Land. In addition, it is presently contemplated that as a condition of approval of Alternative I or variation thereof, the Seller will be required to merge, obtain a lot line adjustments or otherwise reconfigure the lot boundaries of the South Seller Land to be comprised of no less than six (6) primary residential lots capable of being improved with a single family residence, a guest house or second residential unit and accessory buildings to the extent permitted by currently applicable zoning ordinances and two (2) additional non-residential lots as depicted in Exhibit I.

(c) Reconfigured Land. The reconfiguration of the Seller Land as described above, the implementation of the ACE on the Seller Land and the execution of a new Williamson Act contract on the North Seller Land shall be referred to as the "Seller Land Reconfiguration." The total cost of the Seller Land Reconfiguration shall be at Buyer's sole cost and expense, and this allocation of expense is a significant element of the consideration being paid by Buyer to Seller under this Agreement. Notwithstanding the foregoing, Seller shall be responsible for the costs to comply with any conditions requiring that existing structures on the Property are brought into compliance with Santa Barbara County planning, zoning or other land use requirements and to retain its own counsel, including all attorney fees and costs incurred by such, with respect to with any legal action brought to rescind prior land transactions and quiet title (and other cause of action in such legal action) in order to effectuate the Seller Land Reconfiguration. Buyer shall reasonably cooperate with and assist Seller in connection with such legal action, including, without limitation, preparation of draft pleadings in form and content sufficient to file to seek the necessary rescission.

(d) Seller's Acceptance of Conditions and Requirements. Subject to any express conditions contained herein including, but not limited to those set forth in Exhibit G, Seller agrees to accept the foregoing restrictions and conditions on the use and development of the North Seller Land and South Seller Land in the event that Alternative I or a version thereof is approved and the Williamson Act Contract is cancelled and the Seller Land Configuration is completed. Seller accepts all of the findings, terms and conditions in the following documents and exhibits (collectively known as the "Land Documents") and that development and use of the North Seller Land and South Seller Land shall be in substantial conformity with the Land Documents in the event that Alternative I or a version thereof is approved and the Williamson Act Contract is cancelled in connection with therewith:

(i) The site plans attached as Exhibit J;

- (ii) The Alternative 1 project description submitted by L&P Consultants to the County attached as Exhibit K except any provisions relative to processing entitlements for new development on the North Seller Land as part of Alternative 1
- (iii) The form of ACE attached as Exhibit G; and
- (iv) The form of Williamson Act contract attached as Exhibit L.

(e) Seller Acceptance of Additional Conditions. Seller shall accept any condition in connection with approval of Alternative 1 or a version thereof that substantially conforms to the Land Documents or that shall have substantially similar impacts on the North Seller Land and the South Seller Land. Seller shall have no obligation to accept additional conditions that substantially deviate from the Land Documents and/or from the terms and conditions of this Agreement; *provided, however*, that if such conditions materially affect the ability of the Seller to use the North Seller Land and/or the South Seller Land or affect the market value thereof, Seller may accept such conditions if Buyer offsets the effect of such conditions in a manner acceptable to Seller in Seller's absolute discretion. Without limiting the generality of the foregoing, Seller shall not be required to accept [i] any condition for public access of any type on the Seller Land (except an easement for a public trail adjacent to and northerly of the Highway 101 right of way as provided for by the De Anza Easement as defined below.) [ii] any obligations to restore, enhance or rehabilitate Dos Pueblos Creek or its riparian habitat; [iii] any changes in zoning that limit the size, nature or height of buildings which can be placed on the Seller Land beyond those presently in effect under the current zoning ; or [iv] any requirement that current legally non-conforming uses or structures on the Seller Land be terminated or removed except to the extent required by currently applicable County ordinances or other currently applicable land use regulations, provided that Seller shall accept any conditions required to bring non-conforming structures into compliance with current standards and any conditions that require removal of any non-legal non-conforming structures.

(f) Seller Assistance and Cooperation. Seller shall at all times reasonably cooperate with Buyer to facilitate approval of Alternative 1 or a version thereof and the Land Reconfiguration which meets the foregoing criteria and to obtain a cancellation of the Williamson Act Contract, including, without limitation, by promptly executing any applications, conveyance documents, consents, authorizations, ACEs, Williamson Act contracts as to the North Seller Land only, covenants, deed restrictions and other documents requested by any governmental agency or reasonably requested by Buyer, so long as such documents conform to the provisions of this Agreement. This entitlement program and Buyer's cooperation with same to the extent of the Seller Land Reconfiguration constitutes a critical consideration to this transaction. In the event there is delay in the performance of the obligations of Seller with respect to the Seller Land Reconfiguration, such actions shall seriously harm Buyer. In recognition of such harm, Buyer shall have the right of specific performance to enforce the Seller Land Reconfiguration. This provision shall control in the event of any inconsistency with any other section of this Agreement or any of the documents to be executed and delivered pursuant to this Agreement.

(g) De Anza Trail. In connection with the approval of Alternative 1 or any variation thereof and without any additional consideration, Seller will dedicate a public easement for construction, maintenance and operation of a public trail on the North Seller Land adjacent to and contiguous with the right of way for Highway 101 (the "De Anza Easement"), in approximately the location depicted in Exhibit M. The parties intend that such easement will be in substantially the form of that attached as Exhibit M and that Exhibit M will be presented to the County in fulfillment of this condition. The parties agree to make reasonable efforts to obtain County acceptance of Exhibit M. In the event the County does not accept the terms of Exhibit M, Seller shall accept such terms as the County may reasonably impose, provided that such terms state that the De Anza Easement will be fenced or otherwise established with a barrier that would prevent public access onto the remainder of the North Seller Land. This agreement to convey the De Anza Easement represents an offsite condition for Alternative 1 and does not otherwise involve the North Seller Land in Alternative 1 project description.

(h) Overriding Agreement re Seller's Separation from Buyer's Project. The Parties acknowledge that in connection with the foregoing Section, Seller has an overriding objective to complete the separation of the North Seller Land from the Land so that the marketability of the North Seller Land is unimpaired by further entanglement with the Land and Buyer's Project. Notwithstanding anything to the contrary in this Agreement,

[i] all terms of this Agreement shall be interpreted to effect the completion of the land division separating Parcel 3 from the North Seller Land and the replacement of the Williamson Act Contract for the North Seller Land and implementation of the ACE on the North Seller Land as soon as reasonably practicable.

[ii] upon the County and DOC approval of the form of ACE and replacement Williamson Act Contract for the North Seller Land within the parameters set forth in this Agreement ("Accepted ACE"), *Buyer will have no further rights whatsoever under this Agreement with respect to the North Seller Land except for the right to require that the Accepted ACE and replacement Williamson Act Contract be executed and recorded and except for the rights and obligations under and in connection with the documents required by this Agreement to be executed including, without limitation, the De Anza Easement and the Lot Line Adjustment Agreement.*

Buyer will diligently pursue approval of a lot line adjustment or other process under the Subdivision Map Act to have Parcel 3 severed from the remaining North Seller Land as promptly as reasonably possible, including, to the extent reasonably practicable, under a separate process apart from Buyer's overall project. The foregoing agreements will be incorporated into an "Agreement re Lot Line Adjustment" in the form of that attached hereto as Exhibit T to be executed and a memorandum thereof recorded at the Closing.

(i) Buyer will reasonably inform Seller (or Seller's designated consultant) with respect to the status of the processing entitlements necessary to give effect to the Seller Land Reconfiguration and will provide Seller with copies of documents reasonably requested by Seller. In any event, Buyer will cause the following to be provided to Seller or his designated consultant:

- (a) All staff reports and other reports generated by County staff.
- (b) Notice of any public hearings at which Alternative 1 will be discussed.

In addition, Seller or his designated consultant may request periodic briefings by Buyer's consultants to be kept informed on the status of the processing of Alternative 1.

7. Additional Easements. Seller hereby agrees to reserve or grant and record the following easements upon Closing:

(a) Recreational Easement. Seller will reserve an easement of access to and recreational use of the existing lake on the Land (the "Recreational Easement"), such easement to be in the form of the reservation set forth in the Grant Deed attached as Exhibit O.

(b) Water and Electricity Facilities Easement. Seller will record an easement for utility purposes (the "Water Facilities Easement") in the form of that attached as Exhibit D.

8. Closing.

(a) Time and Place. The Closing shall take place through Escrow on the thirtieth (30th) calendar day after the Effective Date (the "Closing Date"). At the Closing, Buyer shall deposit into Escrow (a) the unpaid balance of the Purchase Price and (b) Buyer's share of closing costs, in cash or by wire transfer of immediately available federal funds, and Seller and Buyer shall each perform the obligations set forth in, respectively, Sections 8(c) and 8(d) below, the performance of which shall be concurrent conditions. When all required funds and instruments have been deposited into Escrow by the appropriate parties, and the obligations of each of Seller and Buyer set forth in Sections 8(c) and 8(d) hereof have been satisfied, Escrow Holder shall (i) record the Deed for Parcels 1 & 2, the Recreation Easement, the Water Facility Easement, the Memorandum of Agreement Re Lot Line Adjustment and the Parcel 3 Easement (ii) issue the title policy and binder pursuant to Section 8(b) below, (iii) deliver to Buyer the Assignment of Intangibles (as defined below) and the Assignment of Entitlements (as defined below), (iv) deliver to each of Buyer and Seller the Replacement Water Agreement (if agreed upon or if not, the amendment to the Water Agreement) and (v) release the Purchase Price to Seller.

(b) Title Policy. As a condition to the Closing for Buyer's benefit, Seller shall cause the Title Company to be prepared or committed to deliver to Buyer (a) a CLTA Owner's Policy of Title Insurance with a policy limit of \$4,500,000 with regional exceptions for Parcels 1 & 2 and the Parcel 3 Easement upon the Closing, and (b) a binder for issuance of a CLTA Owner's Policy of Title Insurance with a policy limit of \$4,500,000 with regional exceptions upon the recording of the Parcel 3 Deed pursuant to Section 10 ("Parcel 3 Title Insurance Binder"). If Buyer requires an extended coverage ALTA Owner's Policy of Title Insurance or endorsements for either policy, Buyer shall notify Escrow Holder of such requirement and deliver to Escrow Holder, at Buyer's sole cost and expense and in a timely manner so as to not delay the Closing, an ALTA survey adequate for the issuance of such ALTA extended coverage policy, and Buyer shall bear any other additional costs required for the ALTA

upgrade. The title policy for the Parcels 1 and 2 and the Parcel 3 Easement shall show title to the Land and easement rights vested in Buyer subject only to:

(A) The usual printed Title Company exceptions;

(B) Those exceptions 1 through 42, 45 and 46 as set forth in that certain Preliminary Title Report number\_06-77500529 -B-AM issued by Chicago Title Insurance Company.

(C) All other exceptions approved in writing by Buyer or caused by Buyer.

(c) Seller's Obligations. At or prior to Closing, Seller shall deliver, or cause to be delivered, to Buyer through Escrow:

(A) a duly executed and notarized grant deed (the "Deed") in the form attached hereto as Exhibit Q, conveying Parcels 1 & 2 to Buyer or Buyer's designee, reserving the Recreation Easement and such affidavits and other instruments as may be customarily and reasonably required by the Title Company;

(B) a duly executed Assignment of Intangibles (the "Assignment of Intangibles") for the Intangibles, in the form attached hereto as Exhibit P;

(C) a duly executed and notarized Parcel 3 Easement;

(D) a duly executed and notarized Water Facility Easement;

(E) a duly executed assignment of entitlements in the form of Exhibit C attached hereto (the "Assignment of Entitlements");

(F) the Replacement Water Agreement, duly executed by Seller and Buyer if completed pursuant to Section 5 or the amendment to the Water Agreement specified by Section 5 if the Replacement Water Agreement is not completed;

(G) a FIRPTA certificate along with any applicable State or local law equivalent in the forms customarily used by the Title Company duly executed by Seller; and

(H) the Agreement re Lot Line Adjustment and Memorandum thereof in the form of that set forth in Exhibit T.

(I) such additional documents as shall be reasonably required to consummate the transaction contemplated by this Agreement.

(d) Buyer's Obligations. At or prior to the Closing, Buyer shall deliver to Seller through Escrow:

- (A) the Purchase Price, plus Buyer's share of closing costs;
- (B) the Assignment of Intangibles, duly executed by Buyer;
- (C) a duly executed Assignment of Entitlements;
- (D) a duly executed and notarized Parcel 3 Easement;
- (E) the Replacement Water Agreement, duly executed by Buyer if completed pursuant to Section 5 or the amendment to the Water Agreement specified by Section 5 if the Replacement Water Agreement is not completed.; and
- (F) a duly executed and notarized Water Facilities Easement;
- (G) a duly executed Agreement re Lot Line Adjustment and Memorandum thereof in the form of that set forth in Exhibit T.
- (H) such additional documents as shall be reasonably required to consummate the transaction contemplated by this Agreement.

9. Costs and Prorations.

(a) Escrow and Title Fees. Upon the Closing Date, Buyer and Seller shall each pay one-half (1/2) of the Escrow fees. Seller shall bear the cost of (a) all documentary transfer taxes, (b) the premium required for the CLTA Owner's Policy of Title Insurance with regional exceptions issued by Chicago Title Company (the "Title Company"), insuring Buyer in the amount of the Parcels 1 & 2 Allocated Purchase Price, and the Parcel 3 Title Insurance Binder and (c) recording the Deed, the Water Facilities Easement and the Memorandum of Agreement Re Lot Line Adjustment. Buyer shall bear the cost of (a) any increased premium attributable to endorsements requested by Buyer, and (b) any increased premium attributable to the delivery of an extended coverage ALTA Owner's Policy of Title Insurance.

(b) Taxes and Assessments. All current real property taxes and all payments on general and special bonds and assessments for Parcels 1 and 2 shall be prorated as of the Closing Date. Notwithstanding that Buyer will not be acquiring fee title to Parcel 3 at the Closing Date, all current real property taxes and all payments on general and special bonds and assessments on Parcel 3 shall be prorated through Escrow between Buyer and Seller as of the Closing Date based upon the latest available tax information, using the customary escrow procedures. The property taxes for Parcel 3 will be calculated by multiplying the land portion of the property taxes assessed against Parcel 3 and the North Seller Land less Parcels 1 and 2 by a fraction the numerator of which is the acreage of Parcel 3 and the denominator of which is the acreage of the North Seller Land less Parcels 1 and 2 plus Parcel 3. Buyer shall continue to pay the portion of the property taxes assessed against Parcel 3 in accordance with the foregoing allocation until Parcel 3 is conveyed at the Parcel 3 Transfer Date. Any taxes levied under the



Supplemental Tax Roll applicable to the period prior to the Closing Date (as defined below) shall be paid by Seller prior to delinquency and any such taxes applicable to the period from and after the Closing Date shall be paid by Buyer.

10. Parcel 3.

(a) Parcel 3 Transfer. Seller shall convey Parcel 3 to Buyer pursuant to the provisions of this Section (the "Parcel 3 Transfer"). Buyer and Seller acknowledge and agree that Parcel 3 is currently part of a separate legal parcel. The parties intend to adjust a lot line on the North Seller Land in order to establish Parcel 3 as a separate legal parcel. If the parties cannot obtain approval for such a lot line adjustment, the parties shall pursue, at Buyer's sole option, a land division creating Parcel 3 as a separate legal parcel, a lot line adjustment incorporating Parcel 3 into Parcel 1 and/or Parcel 2 or any other method or process under which fee title can be transferred or otherwise provided to Buyer consistent with the Subdivision Map Act has occurred. Legal title to Parcel 3 shall not be conveyed by Seller to Buyer until a lot line adjustment establishing the boundaries of Parcel 3 as a separate legal parcel or as part of Parcels 1 or 2 is obtained or a land division creating Parcel 3 as a separate legal parcel has occurred or any other method or process under which fee title can be transferred or otherwise provided to Buyer consistent with the Subdivision Map Act has occurred. Buyer and Seller hereby further acknowledge and agree that Buyer shall be responsible, at its sole cost and expense, for processing such lot line adjustment, and Buyer shall process such lot line adjustment as promptly as possible; *provided, however*, Seller shall at all times reasonably cooperate with Buyer to effectuate the same, including satisfying any conditions imposed on the approval of the lot line adjustment regarding bringing existing structures on the North Seller Land into compliance with Santa Barbara County planning, zoning and other land use requirements. Furthermore, in the event that the lot line adjustment for Parcel 3 is not approved by the County of Santa Barbara, the Seller agrees to cooperate with Buyer to effectuate a subdivision for Parcel 3 as a separate legal parcel or any other method or process under which fee title can be transferred or otherwise provided to Buyer consistent with the Subdivision Map Act.

The Parcel 3 Transfer is conditioned upon and shall not occur until such time as [i] Parcels 1 & 2 have been transferred to Buyer and [ii] a lot line adjustment is approved establishing the boundaries of Parcel 3 as a separate legal parcel or as part of Parcels 1 or 2 or a land division creating Parcel 3 as a separate legal parcel has occurred or any other method or process under which fee title can be transferred or otherwise provided to Buyer consistent with the Subdivision Map Act has occurred. Within five (5) days of the recordation of a lot line adjustment, parcel map, tract map or other form of land division as set forth herein, Seller shall promptly deliver, or cause to be delivered, to Buyer through Escrow a duly executed and notarized grant deed in form and substance similar to Exhibit Q attached hereto, conveying Parcel 3 (and quitclaiming any interest in Parcel 1 or 2, if a lot line adjustment is obtained incorporating Parcel 3 into such parcel) to Buyer or Buyer's designee (the "Parcel 3 Deed"), together with such affidavits and other instruments as may be customarily and reasonably required by the Title Company, and the date of such transfer by Seller to Buyer shall hereinafter be referred to as the "Parcel 3 Transfer Date." Concurrently with the delivery and recording of the Parcel 3 Deed, Buyer and Seller shall execute the "Agreement re Entitlement Compensation" in the form of that attached hereto as Exhibit R, and record a "Memorandum of Agreement" in the form of that attached hereto as Exhibit S.

The conveyance of title to Parcel 3 shall include all "Intangibles" which are any and all of Seller's right, title and interest in and to any intangible property used in connection with Parcel 3, including, without limitation, (i) all architectural and engineering plans, analyses and specifications relating to the Land, (ii) all existing permits, licenses, approvals and authorizations issued by any governmental authority in connection with the Land, and (iii) all guarantees and warranties relating to the Land, to the extent owned by Seller.

(b) Parcel 3 Transfer Closing. Upon the Parcel 3 Transfer Date, Buyer and Seller shall each pay one-half (1/2) of the Escrow fees. Seller shall bear the cost of [i] all documentary transfer taxes, [ii] the premium required for the CLTA Owner's Policy of Title Insurance with regional exceptions issued by the Title Company pursuant to the Parcel 3 Title Insurance Binder, insuring Buyer in the amount of the Parcel 3 Allocated Purchase Price ("Seller's Premium Share"), and [iii] recording the Parcel 3 Deed. Buyer shall bear the cost of [iv] any increased premium attributable to endorsements requested by Buyer, and [v] any increased premium attributable to the delivery of an extended coverage ALTA Owner's Policy of Title Insurance. Seller shall be obligated to pay the premium for a CLTA Owner's Policy of Title Insurance with regional exceptions insuring Buyer in the amount of the Parcel 3 Allocated Purchase Price, but only to the extent that such premium does not result in Seller paying in excess of Seller's Premium Share. All other costs or expenses not otherwise provided for in this Agreement shall be apportioned or allocated between Buyer and Seller in the manner customary in Santa Barbara County, California. Seller and Buyer shall each perform the obligations set forth in, respectively, Sections 10(d) and 10(e) below, the performance of which shall be concurrent conditions. When all required funds and instruments have been deposited into Escrow by the appropriate parties, and the obligations of each of Seller and Buyer set forth in Sections 10 (d) and 10(e) hereof have been satisfied, Escrow Holder shall (i) record the Parcel 3 Deed and (ii) issue the title policy pursuant to Section 10(c) below.

(c) Title Policy. As a part of the Parcel 3 Closing for Buyer's benefit, Seller shall cause the Title Company to issue to Buyer a CLTA Owner's Policy of Title Insurance with regional exceptions for Parcel 3 upon the Parcel 3 Transfer Date pursuant to the binder obtained by Seller for Buyer at the Closing pursuant to Section 8(b). If Buyer requires an extended coverage ALTA Owner's Policy of Title Insurance or endorsements for the policy, Buyer shall notify Escrow Holder of such requirement and deliver to Escrow Holder, at Buyer's sole cost and expense and in a timely manner so as to not delay the Closing, an ALTA survey adequate for the issuance of such ALTA extended coverage policy, and Buyer shall bear any other additional costs required for the ALTA upgrade and/or endorsements. The title policy for Parcel 3 shall insure Buyer in an amount equal to the Parcel 3 Allocated Purchase Price and shall show title to Parcel 3 and appurtenant easement rights vested in Buyer subject only to:

- (A) The usual printed Title Company exceptions;
- (B) Those exceptions 1 through 42, 45 and 46 as set forth in that certain Preliminary Title Report number 06-77500529 -B-AM issued by Chicago Title Insurance Company.
- (C) All other exceptions approved in writing by Buyer or caused by Buyer

(d) Seller's Obligations. At or prior to Parcel 3 Transfer Date, Seller shall deliver, or cause to be delivered, to Buyer through Escrow:

(A) a duly executed and notarized Parcel 3 Deed and such affidavits and other instruments as may be customarily and reasonably required by the Title Company;

(B) a FIRPTA certificate along with any applicable State or local law equivalent in the forms customarily used by the Title Company duly executed by Seller; and

(C) the Agreement re Additional Compensation and the Memorandum of Agreement; and

(D) such additional documents as shall be reasonably required to consummate the transaction contemplated by this Agreement.

(e) Buyer's Obligations. At or prior to the Closing, Buyer shall deliver to Seller through Escrow:

(A) the Agreement re Additional Compensation and the Memorandum of Agreement; and

(B) All documents as shall be reasonably required to consummate the transaction contemplated by this Agreement.

11. Failure to Close; Termination. If either party fails to perform its obligations prior to the Closing, the following shall apply.


(a) Buyer's Default. Except as provided in Section 4 above, if Buyer is in material default of this Agreement (including, without limitation, as a result of a failure by Buyer to satisfy, comply with or perform any material covenant, agreement or obligation on its part required within the time and in the manner required in this Agreement, or the inaccuracy of any material representation or warranty made by Buyer in or pursuant to this Agreement), Seller shall provide Buyer with written notice of such material default. Buyer shall have twenty (20) business days after Buyer's receipt of such written notice to cure a monetary default and thirty (30) days (or such longer period as reasonably necessary provided Buyer is diligently pursuing such cure to completion) after Buyer's receipt of such notice to cure a material non-monetary default. If Buyer does not cure a monetary default within twenty (20) business days after Buyer's receipt of such written notice, or if Buyer does not cure the material non-monetary default within thirty (30) days (or such longer period as reasonably necessary provided Buyer is diligently pursuing such cure to completion) after Buyer's receipt of such written notice, then Seller may terminate this Agreement by written notice of such termination to Buyer and Escrow Holder prior to the date that Buyer cures such default, in which case, subject to Section 22 below (i) the Deposit which has been released to Seller shall constitute Seller's liquidated damages in accordance with Section 11(d) below, (ii) this Agreement and the Escrow shall terminate and (iii) the parties shall have no further obligation to one another with respect to this Agreement, except as otherwise expressly provided herein.

(b) Seller's Default. If Seller is in material default of this Agreement (including, without limitation, as a result of a failure by Seller to satisfy, comply with or perform any material covenant, agreement or obligation on its part required within the time and in the manner required in this Agreement, or the inaccuracy of any material representation or warranty made by Seller in or pursuant to this Agreement), Buyer shall provide Seller with written notice of such material default. Seller shall have thirty (30) days (or such longer period as reasonably necessary provided Seller is diligently pursuing such cure to completion) after receipt of such notice to cure the material default. If Seller does not cure the material default within thirty (30) days (or such longer period as reasonably necessary provided Seller is diligently pursuing such cure to completion) after Seller's receipt of such written notice, then Buyer may (i) commence an action for specific performance of this Agreement; (ii) terminate this Agreement by written notice of such termination to Seller and Escrow Holder prior to the date Seller cures such default, in which case (A) Seller shall return to Buyer the Deposit released to Seller; and (B) Buyer shall be entitled to pursue any and all legal remedies to which it is entitled at law and in equity, including all actual damages incurred by Buyer; or (iii) pursue any other remedy available at law or in equity.

(c) Cancellation Charges. If a Closing does not occur due to the default of one of the parties, the defaulting party shall bear the sole and full liability for paying any escrow and title cancellation fees and charges. If the failure to close is not due to the default of one of the parties, the parties shall split equally any escrow and title cancellation fees and charges.

(d) LIQUIDATED DAMAGES. BUYER AND SELLER EACH AGREE THAT IN THE EVENT OF A MATERIAL DEFAULT HEREUNDER BY BUYER, WHICH MATERIAL DEFAULT IS NOT CURED WITHIN THE CURE PERIOD PROVIDED IN THIS AGREEMENT, THE DAMAGES TO SELLER WOULD BE EXTREMELY DIFFICULT AND IMPRACTICABLE TO ASCERTAIN, AND THEREFORE, IF ESCROW DOES NOT CLOSE DUE TO AN UNCURED MATERIAL DEFAULT BY BUYER, THE DEPOSIT PAID BY BUYER PRIOR TO SUCH DATE SHALL SERVE AS LIQUIDATED DAMAGES FOR SUCH MATERIAL DEFAULT BY BUYER, AS A REASONABLE ESTIMATE OF THE DAMAGES TO SELLER, INCLUDING COSTS OF NEGOTIATING AND DRAFTING THIS AGREEMENT, COSTS OF COOPERATING IN SATISFYING CONDITIONS TO CLOSING, COSTS OF SEEKING ANOTHER BUYER, OPPORTUNITY COSTS IN KEEPING THE PROPERTY OUT OF THE MARKETPLACE, AND OTHER COSTS INCURRED IN CONNECTION HEREWITH. RETENTION OF SUCH DEPOSIT BY SELLER SHALL BE SELLER'S SOLE AND EXCLUSIVE REMEDY AGAINST BUYER RELATING TO A FAILURE OF CLOSING DUE TO AN UNCURED MATERIAL DEFAULT BY BUYER, AND SELLER WAIVES ANY AND ALL RIGHT TO SEEK OTHER RIGHTS OR REMEDIES AGAINST BUYER, INCLUDING WITHOUT LIMITATION, SPECIFIC PERFORMANCE. THE PAYMENT AND RETENTION OF SUCH AMOUNT AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1671, 1676 AND 1677. SELLER HEREBY WAIVES THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 3389.

Seller's Initials:

 \_\_\_\_\_

Buyer's Initials: \_\_\_\_\_

12. Time of Essence. Time is of the essence of every provision of this Agreement in which time is an element. Subject to Section 11 above, failure by one party to perform any obligation within the time and on the terms and conditions required hereunder shall discharge the other party's duties and obligations to perform hereunder upon written notice or demand from the other party.

13. Representations and Warranties of Buyer. Buyer hereby represents and warrants to Seller as follows, which representations and warranties shall be deemed to have been made again as of both the Closing Date and the Parcel 3 Transfer Date, as applicable, and which such representations and warranties of Seller shall survive each of the Closing and the Parcel 3 Transfer, as applicable:

(a) Buyer is a valid, legal and duly constituted limited liability company, organized and in good standing under the laws of the State of California, and the persons executing this Agreement and the documents at Closing on behalf of Buyer are and will be duly authorized so as to fully and legally bind Buyer.

(b) This Agreement has been, and on the date of Closing, all documents to be executed by Buyer hereunder will have been, duly authorized, executed and delivered by Buyer, and constitute and will constitute the valid and binding obligations of Buyer enforceable against it in accordance with their respective terms.

(c) No consent, approval or other authorization of, or registration, declaration or filing with, any governmental authority is required for the due execution and delivery of this Agreement, and/or any of the documents to be executed by Buyer hereunder, or for the performance by or the validity or enforceability thereof against Buyer, other than the recording or filing for recordation of the Deed, and the Parcel 3 Easement and obtaining the appropriate approval under the Subdivision Map Act and local regulations to permit the execution and delivery of the Parcel 3 Deed.

(d) Buyer is acquiring the Property "AS IS, WHERE IS" without representation by Seller except as expressly set forth in this Agreement or implied in the Deed, the Parcel 3 Deed and the Parcel 3 Easement, as applicable.

14. Representations and Warranties of Seller. Seller hereby represents and warrants to Buyer as follows, which representations and warranties shall be deemed to have been made again as of both the Closing Date and the Parcel 3 Transfer Date, as applicable, and which such representations and warranties of Seller shall survive each of the Closing and the Parcel 3 Transfer, as applicable:

(a) Each of DPLLCs has been duly organized, is validly existing and in good standing under the laws of the State of California, and the persons executing this Agreement and the documents at each of the Closing and the Parcel 3 Transfer Date, as applicable, on behalf of Seller are and will be duly authorized so as to fully and legally bind Seller.



Seller's Initials: SPW

Buyer's Initials: \_\_\_\_\_

12. Time of Essence. Time is of the essence of every provision of this Agreement in which time is an element. Subject to Section 11 above, failure by one party to perform any obligation within the time and on the terms and conditions required hereunder shall discharge the other party's duties and obligations to perform hereunder upon written notice or demand from the other party.

13. Representations and Warranties of Buyer. Buyer hereby represents and warrants to Seller as follows, which representations and warranties shall be deemed to have been made again as of both the Closing Date and the Parcel 3 Transfer Date, as applicable, and which such representations and warranties of Seller shall survive each of the Closing and the Parcel 3 Transfer, as applicable:

(a) Buyer is a valid, legal and duly constituted limited liability company, organized and in good standing under the laws of the State of California, and the persons executing this Agreement and the documents at Closing on behalf of Buyer are and will be duly authorized so as to fully and legally bind Buyer.

(b) This Agreement has been, and on the date of Closing, all documents to be executed by Buyer hereunder will have been, duly authorized, executed and delivered by Buyer, and constitute and will constitute the valid and binding obligations of Buyer enforceable against it in accordance with their respective terms.

(c) No consent, approval or other authorization of, or registration, declaration or filing with, any governmental authority is required for the due execution and delivery of this Agreement, and/or any of the documents to be executed by Buyer hereunder, or for the performance by or the validity or enforceability thereof against Buyer, other than the recording or filing for recordation of the Deed, and the Parcel 3 Easement and obtaining the appropriate approval under the Subdivision Map Act and local regulations to permit the execution and delivery of the Parcel 3 Deed.

(d) Buyer is acquiring the Property "AS IS, WHERE IS" without representation by Seller except as expressly set forth in this Agreement or implied in the Deed, the Parcel 3 Deed and the Parcel 3 Easement, as applicable.

14. Representations and Warranties of Seller. Seller hereby represents and warrants to Buyer as follows, which representations and warranties shall be deemed to have been made again as of both the Closing Date and the Parcel 3 Transfer Date, as applicable, and which such representations and warranties of Seller shall survive each of the Closing and the Parcel 3 Transfer, as applicable:

(a) Each of DPLLCs has been duly organized, is validly existing and in good standing under the laws of the State of California, and the persons executing this Agreement and the documents at each of the Closing and the Parcel 3 Transfer Date, as applicable, on behalf of Seller are and will be duly authorized so as to fully and legally bind Seller.

Seller's Initials:

HMS

Buyer's Initials: \_\_\_\_\_

12. Time of Essence. Time is of the essence of every provision of this Agreement in which time is an element. Subject to Section 11 above, failure by one party to perform any obligation within the time and on the terms and conditions required hereunder shall discharge the other party's duties and obligations to perform hereunder upon written notice or demand from the other party.

13. Representations and Warranties of Buyer. Buyer hereby represents and warrants to Seller as follows, which representations and warranties shall be deemed to have been made again as of both the Closing Date and the Parcel 3 Transfer Date, as applicable, and which such representations and warranties of Seller shall survive each of the Closing and the Parcel 3 Transfer, as applicable:

(a) Buyer is a valid, legal and duly constituted limited liability company, organized and in good standing under the laws of the State of California, and the persons executing this Agreement and the documents at Closing on behalf of Buyer are and will be duly authorized so as to fully and legally bind Buyer.

(b) This Agreement has been, and on the date of Closing, all documents to be executed by Buyer hereunder will have been, duly authorized, executed and delivered by Buyer, and constitute and will constitute the valid and binding obligations of Buyer enforceable against it in accordance with their respective terms.

(c) No consent, approval or other authorization of, or registration, declaration or filing with, any governmental authority is required for the due execution and delivery of this Agreement, and/or any of the documents to be executed by Buyer hereunder, or for the performance by or the validity or enforceability thereof against Buyer, other than the recording or filing for recordation of the Deed, and the Parcel 3 Easement and obtaining the appropriate approval under the Subdivision Map Act and local regulations to permit the execution and delivery of the Parcel 3 Deed.

(d) Buyer is acquiring the Property "AS IS, WHERE IS" without representation by Seller except as expressly set forth in this Agreement or implied in the Deed, the Parcel 3 Deed and the Parcel 3 Easement, as applicable.

14. Representations and Warranties of Seller. Seller hereby represents and warrants to Buyer as follows, which representations and warranties shall be deemed to have been made again as of both the Closing Date and the Parcel 3 Transfer Date, as applicable, and which such representations and warranties of Seller shall survive each of the Closing and the Parcel 3 Transfer, as applicable:

(a) Each of DPLLCs has been duly organized, is validly existing and in good standing under the laws of the State of California, and the persons executing this Agreement and the documents at each of the Closing and the Parcel 3 Transfer Date, as applicable, on behalf of Seller are and will be duly authorized so as to fully and legally bind Seller.



Seller's Initials: \_\_\_\_\_

Buyer's Initials: \_\_\_\_\_

12. Time of Essence. Time is of the essence of every provision of this Agreement in which time is an element. Subject to Section 11 above, failure by one party to perform any obligation within the time and on the terms and conditions required hereunder shall discharge the other party's duties and obligations to perform hereunder upon written notice or demand from the other party.

13. Representations and Warranties of Buyer. Buyer hereby represents and warrants to Seller as follows, which representations and warranties shall be deemed to have been made again as of both the Closing Date and the Parcel 3 Transfer Date, as applicable, and which such representations and warranties of Seller shall survive each of the Closing and the Parcel 3 Transfer, as applicable:

(a) Buyer is a valid, legal and duly constituted limited liability company, organized and in good standing under the laws of the State of California, and the persons executing this Agreement and the documents at Closing on behalf of Buyer are and will be duly authorized so as to fully and legally bind Buyer.

(b) This Agreement has been, and on the date of Closing, all documents to be executed by Buyer hereunder will have been, duly authorized, executed and delivered by Buyer, and constitute and will constitute the valid and binding obligations of Buyer enforceable against it in accordance with their respective terms.

(c) No consent, approval or other authorization of, or registration, declaration or filing with, any governmental authority is required for the due execution and delivery of this Agreement, and/or any of the documents to be executed by Buyer hereunder, or for the performance by or the validity or enforceability thereof against Buyer, other than the recording or filing for recordation of the Deed, and the Parcel 3 Easement and obtaining the appropriate approval under the Subdivision Map Act and local regulations to permit the execution and delivery of the Parcel 3 Deed.

(d) Buyer is acquiring the Property "AS IS, WHERE IS" without representation by Seller except as expressly set forth in this Agreement or implied in the Deed, the Parcel 3 Deed and the Parcel 3 Easement, as applicable.

14. Representations and Warranties of Seller. Seller hereby represents and warrants to Buyer as follows, which representations and warranties shall be deemed to have been made again as of both the Closing Date and the Parcel 3 Transfer Date, as applicable, and which such representations and warranties of Seller shall survive each of the Closing and the Parcel 3 Transfer, as applicable:

(a) Each of DPLLCs has been duly organized, is validly existing and in good standing under the laws of the State of California, and the persons executing this Agreement and the documents at each of the Closing and the Parcel 3 Transfer Date, as applicable, on behalf of Seller are and will be duly authorized so as to fully and legally bind Seller.

(b) Seller is the owner of the Land and the Seller Land and has the full right and authority to enter into this Agreement, to transfer all of the Land and to consummate or cause to be consummated the transaction contemplated by this Agreement with respect to the Land and the Seller Land.

(c) This Agreement has been, and on the date of both the Closing Date and the Parcel 3 Transfer Date, as applicable, all documents to be executed by Seller hereunder will have been, duly authorized, executed and delivered by Seller and constitute and will constitute the valid and binding obligations of Seller, enforceable against it in accordance with their respective terms.

(d) No consent, approval or other authorization of, or registration, declaration or filing with, any governmental authority is required for the due execution and delivery of this Agreement, and/or any of the documents to be executed by Seller hereunder, or for the performance by or the validity or enforceability thereof against Seller, other than the recording or filing for recordation of the Deed, and the Parcel 3 Easement and obtaining the appropriate approval under the Subdivision Map Act and local regulations to permit the execution and delivery of the Parcel 3 Deed.

(e) Except as disclosed herein, Seller has not made any commitments to third parties (including, without limitation, governmental entities or adjoining landowners) with respect to the future use of the Land, and there are no written or oral agreements, arrangements, or understandings under which Seller is or could become obligated to convey any interest in the Land to a third party.

(f) The execution and delivery of this Agreement, and all other documents to be executed by Seller hereunder, compliance with the provisions hereof and thereof and the consummation of the transactions contemplated hereunder and thereunder will not result in (i) a breach or violation of (A) any governmental requirement applicable to Seller or the Land now in effect; (B) the organizational documents of Seller; (C) any judgment, order or decree of any governmental authority binding upon Seller; or (D) any agreement or instrument to which Seller is a party or by which it is bound or (ii) the creation of any lien, encumbrance or other matter affecting title to the Land.

(g) There is no litigation, action, suit, arbitration, unsatisfied order or judgment, government investigation or proceeding (whether relating to condemnation, land use issues or otherwise) pending or, to Seller's best knowledge, threatened against Seller or the Land which, if adversely determined, could individually or in the aggregate materially interfere with the consummation of the transactions contemplated by this Agreement or would materially affect the Land.

(h) Seller has not received written notice that the Land is in violation of any applicable laws, ordinances, rules, regulations, judgments, orders or covenants, conditions and restrictions, whether federal, state, local or private. Seller has not received any written request to modify or terminate any use of the Land from a governmental or quasi-governmental authority.

15. No Brokers. Buyer and Seller each acknowledge that neither party has engaged a broker with respect to the transactions contemplated by this Agreement. Each party hereto agrees that if any person or entity makes a claim for brokerage commissions or finder's fees related to the sale of the Land by Seller to Buyer, and such claim is made by, through or on account of any acts or alleged acts of said party or its representatives, said party will protect, indemnify, defend and hold the other party free and harmless from and against any and all loss, liability, cost, damage and expense (including reasonable attorneys' fees) in connection therewith. The provisions of this paragraph shall survive both the Closing Date and the Parcel 3 Transfer Date and any termination of this Agreement.

16. Waiver, Consent and Remedies. Each provision of this Agreement to be performed by either party shall be deemed both a covenant and a condition and shall be a material consideration for the other party's performance hereunder, and any breach thereof by either party shall be deemed a material default hereunder. Either party may specifically and expressly waive in writing any portion of this Agreement or any breach thereof, but no such waiver shall constitute a further or continuing waiver of any preceding or succeeding breach of the same or any other provision. The consent by one party to any act by the other for which such consent was required shall not be deemed to imply consent or waiver of the necessity of obtaining such consent for the same or any similar acts in the future. No waiver or consent shall be implied from silence or any failure of a party to act, except as otherwise specified in this Agreement. Subject to Section 11 above, all rights, remedies, undertakings, obligations, options, covenants, conditions and agreements contained in this Agreement shall be cumulative and no one of them shall be exclusive of any other. Subject to Section 11 above, either party may pursue any one or more of its rights, options or remedies hereunder or may seek damages in the event of the other party's breach hereunder, or may pursue any other remedy at law or equity, whether or not stated in this Agreement.

17. Miscellaneous.

(a) Notices. Any notices or other communications to be given or other documents to be delivered by any party hereto may be delivered in person to such party, or may be deposited in the United States mail, duly certified or registered, return receipt requested, with postage prepaid or delivered by Express-Mail of the U.S. Postal Service or Federal Express or any other courier guaranteeing overnight delivery, charges prepaid. Notices and other communications may also be transmitted by facsimile. All notices, communications and/or payments should be addressed to the party for whom intended, as follows:

Seller:	Mountain Mist Ridge, LLC 2927 De la Vina Street, Suite C Santa Barbara, CA 93105 Facsimile: (805) 569-7032 Attention: James Franzen
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Moonlight Reflections, LLC  
2927 De la Vina Street, Suite C  
Santa Barbara, CA 93105  
Facsimile: (805) 569-7032  
Attention: James Franzen

DP Sunset, LLC  
9001 Calle Real  
Goleta, CA 93117  
Attention: Henry Schulte

James R. Franzen, Trustee  
Stephen R. Welch, Trustee  
Howard M. Simon, Trustee  
2927 De la Vina Street, Suite C  
Santa Barbara, CA 93105  
Facsimile: (805) 569-7032

Buyer: Santa Barbara Ranch, LLC  
18401 Von Karman, Suite 350  
Irvine, California 92612  
Facsimile: (949) 253-7139  
Attention: Matt Osgood

Title Company: Chicago Title Company  
1101 Anacapa St.  
Santa Barbara, CA 93101  
Facsimile: (805) 564-7488  
Attention: Leslee Colunga

Any party hereto may from time to time, by written notice to the other, designate a different address which shall be substituted for the one above specified. Any notice, document or payment sent by registered or certified mail shall be deemed served or delivered seventy-two (72) hours after the mailing thereof as above provided. Any notice, document or payment sent by overnight service shall be deemed delivered twenty-four (24) hours after delivery of the same, charges prepaid, to the carrier. If any notice is transmitted by facsimile transmission or similar means, the same shall be deemed served or delivered upon confirmation of transmission thereof. Any notice or other document sent by any other manner shall be effective only upon actual receipt thereof.

(b) Attorneys' Fees. In the event of any action or proceeding instituted between Seller, Buyer and/or Escrow Holder in connection with this Agreement, then as between Buyer and Seller, the prevailing party shall be entitled to recover from the losing party all of its costs and expenses, including, without limitation, court costs, all costs of appeals and reasonable attorneys' fees.

(c) Entire Agreement. This Agreement, including the exhibits and schedules hereto, contains the entire agreement between the parties hereto pertaining to the subject matter hereof and fully supersedes all prior written or oral agreements and understandings between the parties pertaining to such subject matter.

(d) Further Assurances. Each party agrees that it will execute and deliver such other documents and take such other action, whether prior or subsequent to the Closing or the Parcel 3 Transfer Date, as applicable, as may be reasonably requested by the other party to consummate the transactions contemplated by this Agreement. The provisions of this subsection shall survive Closing.

(e) Captions. The captions used herein are for convenience only and are not a part of this Agreement and do not in any way limit or amplify the terms and provisions hereof.

(f) Governing Law. This Agreement and the exhibits attached hereto have been negotiated and executed in the State of California and shall be governed by and construed under the laws of the State of California.

(g) Severability. If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall nonetheless remain in full force and effect; provided that the invalidity or unenforceability of such provision does not materially adversely affect the benefits accruing to any party hereunder.

(h) Amendments. No addition to or modification of any provision contained in this Agreement shall be effective unless fully set forth in writing by both Buyer and Seller.

(i) Counterparts; Facsimile Signatures. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument. In order to expedite the transaction contemplated herein, telecopied signatures may be used in place of original signatures on this Agreement or any document delivered pursuant hereto, and Seller and Buyer intend to be bound by the signatures on the telecopied document.

(j) Binding Agreement. Except as stated otherwise in this Agreement or in the exhibits hereto, this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.

(k) Joint and Several. The liability of each person or entity comprising Seller under this Agreement shall be joint and several.

(l) Construction. The parties acknowledge that each party and its counsel have reviewed and approved this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments or exhibits hereto.

18. Condemnation. If prior to the Closing, any portion of the Land is taken by any entity by condemnation or with the power of eminent domain, or if the access thereto is materially reduced or restricted thereby (or is the subject of a pending taking which has not yet been consummated), Seller shall immediately notify Buyer of such fact. In such event, Buyer shall have the right, in Buyer's sole and absolute discretion, to terminate this Agreement upon written notice to Seller and Escrow Holder not later than twenty (20) business days after receipt of Seller's notice thereof. If this Agreement is so terminated, all documents and funds shall be returned by Escrow Holder to each party who so deposited the same, Seller shall immediately return to Buyer the Deposit which has been released to Seller, and neither party shall have any further rights or obligations hereunder, except for payment of escrow cancellation fees, which shall be borne equally by Buyer and Seller. If Buyer fails to terminate this Agreement within such twenty (20) business day period, Buyer shall be deemed to have elected to proceed to consummate the transaction herein, in which event (a) Seller shall be entitled to receive and keep, any and all awards up to the amount of the Purchase Price made or to be made in connection with such condemnation or eminent domain, (b) the Purchase Price shall be reduced by an amount equal to any awards made or to be made, (c) Seller shall assign and turn over and Buyer shall be entitled to receive and keep, the amounts of any awards above the Purchase Price, and (iv) the parties shall proceed to the Closing pursuant to the terms hereof.

19. Transfer and Leases Prohibited. Without the prior written approval of Buyer (which approval may be granted or withheld in Buyer's sole discretion), Seller shall not (a) enter into any lease or similar agreement for the Land or any portion thereof, (b) sell, agree to sell or grant any option to purchase all or any portion of the Land, (c) grant any easements, rights of way or similar restrictions affecting the Land, or (iv) otherwise take any actions, or permit any actions to be taken, that affect the physical condition of, or title to, the Land. The foregoing provision shall not prohibit Seller from selling, conveying, contracting to sell, leasing, granting an option on or otherwise affecting the North Seller Land provided that any such transaction is expressly made subject to the provisions of this Agreement and the exhibits hereto that pertain to or affect the North Seller Land.

20. Survival Clause. Any provision of this Agreement which pertains to any action, restriction, covenant, warranty or representation by a party or the parties after the Closing and/or Parcel 3 Transfer Date shall survive the Closing and/or Parcel 3 Transfer Date.

*[Signature Page Follows]*

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written and such date shall be deemed the date of this Agreement.

SELLER:

MOUNTAIN MIST RIDGE, LLC, a California limited liability company

By: J. B. Franzen  
Its: Vice President

MOONLIGHT REFLECTIONS, LLC, a California limited liability company

By: J. B. Franzen  
Its: Vice President

DP SUNSET, LLC, a California limited liability company

By: [Signature]  
Its: Manager

JAMES H. FRANZEN, AS TRUSTEE OF THE RUDOLF SCHULTE TRUST, U/A/D 3/22/91

By: J. B. Franzen  
Its: \_\_\_\_\_

STEPHEN R. WELCH, AS TRUSTEE OF THE RUDOLF SCHULTE TRUST, U/A/D 3/22/91

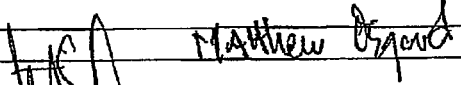
By: Steph Welch  
Its: \_\_\_\_\_

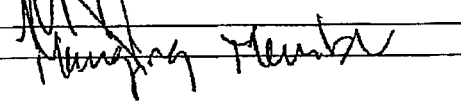
HOWARD M. SIMON, AS TRUSTEE OF THE RUDOLF SCHULTE TRUST, U/A/D 3/22/91

By: Howard M. Simon  
Its: \_\_\_\_\_

BUYER:

SANTA BARBARA RANCH, LLC, a California  
limited liability company

By: \_\_\_\_\_  
Its: \_\_\_\_\_  Matthew Byard

By: \_\_\_\_\_  
Its: \_\_\_\_\_ 



**EXHIBIT K**

**L&P CONSULTANTS ALTERNATIVE 1 PROJECT DESCRIPTION**

P.N. 01-003.03

November 20, 2006

Tom Figg, Project Manager  
County of Santa Barbara  
Planning & Development Department  
123 E. Anapamu Street  
Santa Barbara, CA 93101

**Subject: Santa Barbara Ranch; 03DVP-0000-00041 et al.  
Project Description; Project Alternative No. 1 (Applicant Alternative)**

Dear Mr. Figg:

We are pleased to present a Project Description for the Santa Barbara Ranch Alternative No. 1, the Applicant Alternative. It is our understanding that the Applicant Alternative No. 1 will be included in the Project Alternatives analysis of the project Environmental Impact Report (EIR), being one of the Alternatives included along with those outlined in the Naples Memorandum of Understanding between the County of Santa Barbara and the Santa Barbara Ranch (SBR) property owners.

The information as presented herein is intended to supersede and update any previous information regarding the applicants Alternative No. 1 proposal, and to provide the County, the EIR consultant and interested public members detailed information and plans defining the elements of Alternative No. 1. [Specifically, please note that Alternative No. 1 now includes a revised lot configuration on the south side of the freeway which results in one additional lot and house site on DP-20 and the removal of a house site on DP-17.] The Project Description and information contained herein is supplemented with the following project level information and plans of the Alternative for review and analysis by the County and EIR consultant:

- Three (3) copies of an Oversized (11"x17") Bound Book titled "Santa Barbara/Dos Pueblos Ranch Application Alternative", dated May 19, 2006;
- Three (3) copies of Preliminary Design Guidelines;
- Three (3) copies of Applicant Alternative 1, Preliminary Landscape Plan;

## PROJECT DESCRIPTION FOR APPLICANT ALTERNATIVE

### I. Purpose of Request

The purpose of the Alternative is to seek all requisite governmental approvals for the development of seventy-two (72) lots with primary single-family residences and associated structures, agricultural support facilities, open space recreational support structures, and establish an agricultural conservation easement which would include substantial amounts of open space and wild land preservation areas. Five (5) additional lots are contained within the extent of the project and include two (2) lots with existing primary residential structures (Santa Barbara Ranch Lot 132 and Dos Pueblos Ranch Lot DP-14), and three (3) lots committed to private agricultural uses, (SBR Lot 57, DP-17 and DP-18). In all, a total of 77 lots would be included in this proposal contained within 3,237 acres of the Gaviota Coast.

### II. PROJECT SETTING

This section will disclose project setting information relevant to location; title interests affecting the project site; site land use and zoning designations; surrounding land use and zoning designations; and site access.

#### 1. A. Project Site Location

The Santa Barbara Ranch Alternative No. 1 project site is comprised of the Santa Barbara Ranch (SBR) property and the adjoining Dos Pueblos Ranch (DPR) property located along the Gaviota Coast area of Santa Barbara County approximately one (1) mile westerly of the City of Goleta, California. The project site encompasses 233 of 274 legal lots from the Official Map of the Town of Naples recorded in 1995, and significant acreage within the historic Rancho Dos Pueblos. The project site is divided into southerly and northerly areas by State Highway 101, with 77 parcels (72 SBR; 5 DPR) within approximately 2830 acres lying northerly of Highway 101, and 165 parcels (147 SBR; 21 DPR) within 419 acres lying southerly of the highway. Of the 242 parcels within the properties, 233 are shown on the Official Map of the Townsite of Naples as recorded in 1995.

1) B. Title Interests

Affecting Project Site

The existing ranch properties are affected by a number of title interests including easements for electrical utilities to Southern California Edison, Southern California Gas Company, Goleta County Water District, Verizon Company, and access road and pipeline easements to the State of California.

- Replacement water pipelines to the Morehart properties south of Highway 101 were incorporated into the Santa Barbara Ranch project, as well as the Project Alternative No. 1.
- The repaving of the roadway to the water tank on K-1 West at the previously existing agricultural road width of 16 feet was postponed, and also included within the Santa Barbara Ranch and Project Alternative No. 1.
- Additional widening of the road on K-1 West within the coastal zone to a fully improved width of 24 feet, was agreed to be deferred to a Coastal Development Permit application, now also included within the Santa Barbara Ranch and Applicant Alternative No. 1 Project.

It is our understanding that all other concerns raised previously have been resolved to the satisfaction of County Staff.

### **III. PROJECT DESCRIPTION**

#### **A. The Santa Barbara Ranch Component**

The Santa Barbara Ranch / Dos Pueblos Ranch Applicant Alternative No. 1 is comprised of the 485 acre Santa Barbara Ranch property that is the subject of the MOU project application, and the addition of the 2,752 acre Dos Pueblos Ranch property owned by the Rudolf Schulte Trust and other family members. The alternative proposes to maintain most of the current SBR component application in regards to combining lots and/or extinguish development rights to reduce the number of lots and/or development sites; development of lots; an agricultural support facility and an equestrian farm employee dwelling; creation of a new zone district, Naples Planned District (NPD), and the subsequent rezone of the coastal area properties to NPD; a Coastal Land Use Plan Amendment to conform the new NPD zone district to a new Naples Planned District that reconciles agricultural and open space uses with the lot density and development consistent with current Coastal Land Use Policy 2-13; a Development Agreement to give assurances to the property owners that upon Final Approval of the Coastal Project, residential coastal development may proceed in accordance with existing policies, rules and regulations; Minor CUPs for road improvements, water distribution lines, wastewater collection systems, storm drain and utility infrastructure, and the farm employee dwelling; and Final Development Plans for development of the Coastal and Inland properties.

The exception to the Santa Barbara Ranch project applications is the relocation of development from Lots 26, 47, 52B, 103, 110, 131, 138, 139, 158, 159, 161, 163, 167 and 243 (14 lots) from the SBR project site to Naples Block Lots 21 and 200 as shown on the Naples Townsite Official Map, as well as extensions of necessary road and utility infrastructure. Naples Block Lots 21 (14 acres) and 200 (189 acres) are within the DPR property, and are located adjacent to and northerly of the SBR project site. The owner of DPR and the owners of SBR have an option agreement which includes a provision wherein the SBR owners can purchase Naples Block Lots 21 and 200

4. Lot 51 (APN 079-140-037), 3.81 Acres – A Land Use Permit for a new 6,360 square foot single residential dwelling unit, 1,508 square foot 5-car garage, 800 square foot guest house, and associated house, driveway and utility improvements.

5. Lot 52A (APN 079-140-053), 3.8 Acres – A Land Use Permit for a new 5,712 square foot single residential dwelling unit, 1,196 square foot 4-car garage, 800 square foot guest house, and associated house, driveway and utility improvements.

6. Lot 104 (APN 079-140-014), 3.8 Acres – A Land Use Permit for a new 3,467 square foot single residential dwelling unit, 547 square foot 2-car garage, and associated house, driveway and utility improvements.

7. Lot 105 (APN 079-140-022), 3.8 Acres – A Land Use Permit for a new 4,700 square foot single residential dwelling unit, 814 square foot 3-car garage, and associated house, driveway and utility improvements.

8. Lot 107A (APN 079-140-061), 3.01 Acres – A Land Use Permit for a new 5,322 square foot single residential dwelling unit, 693 square foot 3-car garage, and associated house, driveway and utility improvements.

9. Lot 107B (APN 079-140-062), 0.79 Acres – A Land Use Permit for a new 3,990 square foot single residential dwelling unit, 450 square foot 2-car garage, and associated house, driveway and utility improvements.

10. Lot 108 (APN 079-140-013), 3.8 Acres – A Land Use Permit for a new 5,180 square foot single residential dwelling unit, 1,289 square foot 4-car garage, 800 square foot guest house, and associated house, driveway and utility improvements.

11. Lot 133 (APN 079-150-034), 3.8 Acres – A Land Use Permit for a new 5,210 square foot single residential dwelling unit, 1,188 square foot 3-car garage, 800 square foot guest house, and associated house, driveway and utility improvements.

12. Lot 134 (APN 079-150-028), 3.8 Acres – A Land Use Permit for a new 5,304 square foot single residential dwelling unit, 885 square foot 3-car garage, 800 square foot guest house, and associated house, driveway and utility improvements.

13. Lot 135 (APN 079-150-017), 7.6 Acres – A Land Use Permit for a new 5,163 square foot single residential dwelling unit, 977 square foot 3-car garage, 800 square foot guest house, and associated house, driveway and utility improvements. The proposal includes the combining lots and/or extinguish development rights to reduce the number of lots and/or development sites of Naples Lot 135 with Lot 162.

14. Inland Area Rezone Zone Map Amendment to Rezone the property within the Inland Area from “U” to “NPD” (Unlimited, 10 Acre minimum lot size per Building Site to Naples Planned District).

- g. Lot 93 (APN 079-180-022), 15.4 Acres – A Coastal Development Permit for a new 13,319 square foot single residential dwelling unit, 1,200 square foot 4-car garage, 800 square foot guest house, and associated house, driveway and utility improvements. The proposal includes combining lots and/or extinguish development rights to reduce the number of lots and/or development sites of Naples Lot 93 with Lots 94, 95 and 96.
- h. Lot 119 (APN 079-190-001), 15.06 Acres – A Coastal Development Permit for a new 10,000 square foot single residential dwelling unit, 1,665 square foot 4-car garage, 800 square foot guest house, 284 square foot cabana, and associated house, driveway and utility improvements. Additionally, a public trail and stairway to the beach is proposed via Lot 119. The proposal includes combining lots and/or extinguish development rights to reduce the number of lots and/or development sites of Naples Lot 119 with Lots 117 and 118.
- i. Lot 122 (APN 079-190-007), 14.95 Acres – A Coastal Development Permit for a new 7,017 square foot single residential dwelling unit, 981 square foot 4-car garage, 800 square foot guest house, 583 square foot storage area, and associated house, driveway and utility improvements. Additionally, a public trail and an overlook, which includes sitting benches and a new 256 square foot Marine Wildlife Interpretive Pavilion is proposed on Lot 122. The proposal includes combining lots and/or extinguish development rights to reduce the number of lots and/or development sites of Naples Lot 122 with Lots 121, 123 and 124.

## 2. Equestrian Village -

- j. Lot 41 (APN 079-160-051), 10.03 Acres – A Coastal Development Permit for a new 5,605 square foot single residential dwelling unit, 731 square foot 3-car garage, 800 square foot guest house, 1,271 square foot ranch office, 2,067 square foot horse barn, and associated house, driveway and utility improvements. The proposal includes combining lots and/or extinguish development rights to reduce the number of lots and/or development sites of Naples Lot 41 with Lot 60.
- k. Lot 42 (APN 079-160-050), 7.39 Acres – A Coastal Development Permit for a new 5,192 square foot single residential dwelling unit, 813 square foot 3-car garage, 800 square foot guest house, 2,067 square foot horse barn, and associated house, driveway and utility improvements. The proposal includes combining lots and/or extinguish development rights to reduce the number of lots and/or development sites of Naples Lot 42 with Lot 59.
- l. Lot 43 (APN 079-160-048), 4.69 Acres – A Coastal Development Permit for a new 6,040 square foot single residential dwelling unit, 710 square foot 3-car garage, 800 square foot guest house, 1,272 square foot ranch office, and associated house, driveway and utility improvements. The proposal includes combining lots and/or extinguish development rights to reduce the number of lots

### 3. Eastern Region-

- q. Lot 109 (APN 079-140-023), 3.8 Acres – A Coastal Development Permit for a new 4,992 square foot single residential dwelling unit, 688 square foot 3-car garage, 800 square foot guest house, and associated house, driveway and utility improvements.
- r. Lot 133 (APN 079-150-034), 3.8 Acres – A Coastal Development Permit for a new 5,210 square foot single residential dwelling unit, 1,188 square foot 3-car garage, 800 square foot guest house, and associated house, driveway and utility improvements.
- s. Lot 136 (APN 079-150-015), 7.6 Acres – A Coastal Development Permit for a new 5,807 square foot single residential dwelling unit, 807 square foot 3-car garage, 800 square foot guest house, and associated house, driveway and utility improvements. The proposal includes combining lots and/or extinguish development rights to reduce the number of lots and/or development sites Naples Lot 136 with Lot 161.
- t. Lot 137 (APN 079-150-015), 3.8 Acres – A Coastal Development Permit for a new 7,957 square foot single residential dwelling unit, 840 square foot 3-car garage, 800 square foot guest house, and associated house, driveway and utility improvements.
- u. Lot 160 (APN 079-150-026), 3.8 Acres – A Coastal Development Permit for a new 5,546 square foot single residential dwelling unit, 1,327 square foot 5-car garage, 800 square foot guest house, and associated house, driveway and utility improvements.
- v. Lot 164 (APN 079-150-009), 7.6 Acres – A Coastal Development Permit for a new 3,919 square foot single residential dwelling unit, 660 square foot 3-car garage, and associated house, driveway and utility improvements. The proposal includes combining lots and/or extinguish development rights to reduce the number of lots and/or development sites of Naples Lot 163 with Lot 164.
- w. Lot 185 (APN 079-150-002), 10.23 Acres – A Coastal Development Permit for a new 7,423 square foot single residential dwelling unit, 1,049 square foot 4-car garage, 800 square foot guest house, and associated house, driveway and utility improvements. The proposal includes combining lots and/or extinguish development rights to reduce the number of lots and/or development sites of Naples Lot 185 with Lots 196 and 246.

Contract 77-AP-14. Please see details under Dos Pueblos Ranch Property Component – Applications, later in this letter.

- dd. A new Entry Gatehouse at Langtry Lane of 150 square feet.
- ee. A new 423 square foot Public Access Restroom facility.
- ff. A new 256 square foot Marine Wildlife Interpretive Pavilion.
- gg. Three new Mailbox/Callbox Shelters

**D. Minor Conditional Use Permits (Minor CUPs)**

1. As stated above, Lot 97 (APN 079-180-003), 37.47 Acres – includes a request for a Minor CUP for a two dwelling unit duplex of 2,610 square foot with a 687 square foot 3-car garage, for not to exceed four employees of the owner or lessee of the land engaged full time in agriculture on the farm or ranch upon which the dwelling is located.
2. All storm drains, water and wastewater distribution lines, roads and streets, and all other utility lines for gas, electricity, television, or similar utilities, proposed to serve five (5) or more connections, and include more than 20,000 square feet of total development within the coastal zone (Sec. 35-147.2.a – j.)

**E. Santa Barbara Ranch Option Property Component - Applications**

1. Lot 201, (Portion of APN 079-090-029) 6.97 Acres – A Land Use Permit for a new 4,302 square foot single residential dwelling unit, 1,172 square foot 4-car garage, 800 square foot guest house, and associated house, driveway and utility improvements..
2. Lot 202, (Portion of APN 079-090-029) 9.60 Acres – A Land Use Permit for a new 5,712 square foot single residential dwelling unit, 1,196 square foot 4-car garage, 800 square foot guest house, and associated house, driveway and utility improvements.
3. Lot 203, (Portion of APN 079-090-029) 6.28 Acres – A Land Use Permit for a new 7,957 square foot single residential dwelling unit, 840 square foot 3-car garage, and associated house, driveway and utility improvements.
4. Lot 204, (Portion of APN 079-090-029) 5.82 Acres – A Land Use Permit for a new 6,360 square foot single residential dwelling unit, 1,508 square foot 5-car garage, 800 square foot guest house, and associated house, driveway and utility improvements.
5. Lot 205, (Portion of APN 079-090-029 and -030) 3.18 Acres – A Land Use Permit for a new 3,721 square foot single residential dwelling unit, 589 square foot 2-car garage, 800 square foot guest house, and associated house, driveway and utility improvements.

17. Inland Area Rezone Zone Map Amendment to Rezone the property within the Inland Area from “AG-II-100” to “NPD” (Agriculture, 100 Acre Minimum Lot Size to Naples Planned District).

Proposed Residential Development Matrix (SBR Option Property) - The homes and associated structures proposed for these 16 properties are detailed in the table below:

<b>Lot Number</b>	<b>House Size (Sq Ft)</b>	<b>Guest House (Sq Ft)</b>	<b>Garage Size (Sq Ft)</b>	<b>Lot Size (Ac)</b>
Lot 201	4302	800	1172	6.97
Lot 202	5712	800	1196	9.6
Lot 203	7957	800	840	6.28
Lot 204	6360	800	1508	5.82
Lot 205	3721	800	589	3.18
Lot 206	4700	n/a	814	3.11
Lot 207	5163	800	977	3.29
Lot 208	5304	800	885	4.71
Lot 209	5807	800	807	13.79
Lot 210	5546	n/a	1327	19.77
Lot 211	3990	n/a	450	7.76
Lot 212	4032	800	720	10.2
Lot 213	6280	800	1303	4.02
Lot 214	5807	800	807	18.1
Lot 215	5047	800	991	4.12
Lot 216	4000	800	670	4.67

Each of the entitlement requests are listed below for Dos Pueblos Ranch:

**F. The Dos Pueblos Ranch Components -**

The Dos Pueblos Ranch includes a number of application components associated with the disposition of the Ranch. Lot combining and/or extinguish development rights reduce legal lot and/or development density south of Highway 101; a Lot Line Adjustment between two (2) lots, and a Lot Line Adjustment between four (4) lots south of the Highway will result in a revised parcel configuration; and an inland subdivision north of the Highway will relocate the development potential of ten (10) of the coastal lots to the ranch property above the “Option



**J. Extinguish Legal Lots within Coastal Zone, and Establish Development within Inland Subdivision**

The Applicant Alternative proposes to utilize approximately 123 acres northerly of the SBR Option Property to establish ten (10) residential lots which would technically be created as part of the overall inland subdivision. These ten (10) ranchette lots (DP-1 through DP-10) are proposed to be located on 10 acre minimum parcels, outside of public viewsheds, Class II Soils, and the coastal zone. Concurrently, potential primary residential development located on highly productive agricultural land much of it on Class II Soils, within fifteen (15) DPR lots will be extinguished in the Coastal Zone.

Infrastructure and access to these ten inland lots would extend from the SBR project site, in essence clustering the SBR and DPR ranchette development into one localized area, with minimal visual impacts. This 10 lot subdivision component also includes a remainder lot (DP-11) which is the main acreage component of the DOC ACE process. New homes and associated improvements are proposed for each of these eleven lots, DP-01 – DP-11. The new lots associated with this development proposal are coupled with the same Tract Map as the SBR “Option Parcel” 16 lots component), and would also require an Inland Area Rezone to NPD.

**K. Williamson Act Contract Cancellation and Replacement with Agricultural Conservation Easements (DOC Process Including DP-11)**

Currently, the Dos Pueblos Ranch property north of Highway 101 functions under a Williamson Act Contract, Number 77-AP-14. This Contract encompasses 2,566 acres. In order to cancel the existing contract, state law allows for the replacement of equal or greater numbers of acres into an Agricultural Conservation Easement (ACE).

The Application Alternative No. 1 proposes to rescind the existing Contract #77-AP-14 in favor of a new contract which will cover 2,305 acres currently covered by the existing contract (proposed lot DP-11), and add 339 acres of which will be covered by a new State authorized Agricultural Conservation Easement (ACE).

The cancellation application contemplates replacing the current contract with an DOC ACE which would contain multiple properties north of Highway 101 including Santa Barbara Ranch Lot 188 totaling 129 acres, and the large Dos Pueblos Ranch remainder property, DP-11 which totals 2,305 acres. Additionally, properties south of Highway 101 would also be contained in the DOC ACE, including Santa Barbara Ranch Lot 57, and Dos Pueblos Ranch lots DP-12-DP18, and DP-20, totaling 210 acres, for a grand total of 2,644 acres to be placed in an agricultural easement. The 2,305 acre property will remain in Williamson Act Contract. The Applicant Alternative 1 project would cancel the existing Agricultural Contract, and reconfigure both ranch properties through lot combining and/or extinguishment of development rights, and subdivisions in order to provide for a combination of residential uses within designated development envelopes, and agricultural and open space uses within the designated Agricultural Conservation Easement.

1 - Dairy Area with Barns, Silos, Shop Equipment, Meatpacking and Garage Buildings

1 - Office and Maintenance Area with Horse Stables, Storage Barns, Feed Buildings, Maintenance Garages, Metal Shops, Storage Sheds and Main Office

Existing Ranch Structures and Uses North of Highway 101:

2 - Reservoirs

5 - Employee Dwellings

1 - Barn/Corral Area

#### **M. Dos Pueblos Ranch Property Component - Applications**

1. DP-01 (Portion of APN 079-090-030) 12.77 Acres – A Land Use Permit for a new 5,701 square foot single residential dwelling unit, 726 square foot 3-car garage, 800 square foot guest house, and associated house, driveway and utility improvements.

2. DP-02 (Portion of APN 079-090-030), 11.09 Acres – A Land Use Permit for a new 7,017 square foot single residential dwelling unit, 981 square foot 3-car garage, 800 square foot guest house, 583 square foot storage structure, and associated house, driveway and utility improvements.

3. DP-03 (Portion of APN 079-090-030), 10.38 Acres – A Land Use Permit for a new 6,360 square foot single residential dwelling unit, 1,508 square foot 5-car garage, 800 square foot guest house, and associated house, driveway and utility improvements.

4. DP-04 (Portion of APN 079-090-030), 20.76 Acres – A Land Use Permit for a new 5,492 square foot single residential dwelling unit, 1,031 square foot 5-car garage, 800 square foot guest house, and associated house, driveway and utility improvements.

5. DP-05 (Portion of APN 079-090-030) 17.83 Acres – A Land Use Permit for a new 6,661 square foot single residential dwelling unit, 1,198 square foot 5-car garage, 800 square foot guest house, and associated house, driveway and utility improvements.

6. DP-06 (Portion of APN 079-090-030) 10.16 Acres – A Land Use Permit for a new 5,217 square foot single residential dwelling unit, 927 square foot 4-car garage, 800 square foot guest house, and associated house, driveway and utility improvements.

15. DP-15 (Portion of 079-080-027 and -030), 34.63 Acres – A Coastal Development Permit for a new 5,256 square foot single residential dwelling unit, 715 square foot 3-car garage, and associated house, driveway and utility improvements. This property will be designated as a portion of the Replacement Agricultural Conservation Easement associated with the cancellation of Williamson Act Contract 77-AP-14.

16. DP-16 (APN 079-080-028, -031, and Portion of 079-080-027), 16.98 Acres – A Coastal Development Permit for a new 3,956 square foot single residential dwelling unit, 1,200 square foot 3-car garage/shop, 800 square foot guest house, and associated house, driveway and utility improvements. The new house will be located in the same general footprint of an existing home which will be demolished. This property will be designated as a portion of the Replacement Agricultural Conservation Easement associated with the cancellation of Williamson Act Contract 77-AP-14.

17. DP-17 (APN 079-160-086, -076, -075, -082, -079, -083, -080, -084, 085, and -081), 31.68 Acres – The proposal includes combining lots and/or extinguish development rights to reduce the number of lots and/or development sites of Naples Lot 5, 9, 10, 14A, 14B, 14C, 14D, 15, 16, and Lot 17. Residential development right dedication is proposed for this lot. This combined property will be designated as a portion of the Replacement Agricultural Conservation Easement associated with the cancellation of Williamson Act Contract 77-AP-14.

18. DP-18 (APN 079-160-026), 2.83 Acres – A new Agricultural Support Facility including a 8,486 square foot agricultural storage building, 3,010 square foot workshop, 2,800 square foot equipment storage, 1,404 square foot employee building, 497 square foot nursery, and associated driveway and utility improvements. Residential development right dedication is proposed for this lot. This property will be designated as a portion of the Replacement Agricultural Conservation Easement associated with the cancellation of Williamson Act Contract 77-AP-14.

19. DP-19 (APN 079-160-014, -015, and 079-080-020), 17.26 Acres –

**DP-19 HAS BEEN FORMALLY DELETED FROM PROJECT**

20. DP-20 (APN 079-080-028 and a Portion of APN 079-080-031), 15.02 Acres – A Coastal Development Permit for a new 5,304 square foot single residential dwelling unit, 885 square foot 3-car garage, 800 square foot guest house, and associated house, driveway and utility improvements. This property will be designated as a portion of the Replacement Agricultural Conservation Easement associated with the cancellation of Williamson Act Contract 77-AP-14.

21. Subdivision Tract Map (Northside of Highway 101) – A subdivision of Dos Pueblos Ranch property on the north side of Highway 101 which creates 16 parcels within 125 acres on the Santa Barbara Ranch “Option Property”, 10 parcels within 123 acres on Dos Pueblos Ranch property, and one (1) large designated remainder parcel of 2,305 acres as a Department of Conservation Agricultural Conservation Easement.

DP-8	7423	800	1049		
DP-9	5304	800	885		
DP-10	6172	800	937		
DP-11	7423	800	1049		
DP-12	6040	800	710	1272 Ranch Office	2067 Barn
DP-13	5304	800	885		
DP-14	Existing	Dos Pueblos	Casa Grande	House	
DP-15	5256	n/a	715		
DP-16	3956	800	1200		
DP-20	5304	800	885		

#### N. Major Conditional Use Permits (Major CUP)

1. Major Conditional Use Permit (Major CUP) – The project proposal includes two (2) wastewater treatment package plant facilities for disposal of wastewater within the Inland Zone Area (Sec. 35-315.3.x). These facilities will include connections to all uses within the inland portion of Santa Barbara Ranch, the Option Property (proposed lots 201-216) and proposed lots DP-01 through DP-10 of the Dos Pueblos Ranch.

2. Major Conditional Use Permit (Major CUP) – The project proposal includes a wastewater treatment package plant facility for disposal of wastewater within the coastal zone (Sec. 35-147.3.c and e). This facility will include connections to all uses within the coastal zone portion of Santa Barbara Ranch.

3. Major Conditional Use Permit (Major CUP) - The project proposes an extension of the De Anza Trail network, and as such would require a Major CUP for any portion of the trail that extend through AG-II-100 zoned property within the coastal zone boundary (Sec. 35-69.4.2).

#### O. Final Development Plans (FDP)

1. An Inland Final Development Plan for the 12 Santa Barbara Ranch Residential Units and Associated Improvements, and the Residential Units included in the Subdivision Map those being 16 Santa Barbara Ranch Option Property Residential Units, 11 Dos Pueblos Ranch Property Residential Units, and Associated Improvements, all pursuant to Sec. §35-317.6.6 and 35-317.4.

the aforementioned Inland Area waste water treatment plant. Potable and fire suppression water for the lots will be provided by an extension of water mains from the existing potable and raw water pipelines as shown. Dry utilities will be extended from existing electrical, telephone and natural gas facilities located on the project site as shown on the plans.

Private road access and utility infrastructure to serve SBR Option Property Lots 215, 216 and Dos Pueblos Ranch Lots DP-6 through DP-10 is proposed to be extended from the existing Santa Barbara Ranch project area roadways and utility corridors as shown on the accompanying plans. Currently, an existing 16 foot wide paved road runs from the Calle Real entry northerly through and beyond the Coastal Zone up to the existing water storage tank site on Lot 51. This road will require widening from the current 16 feet to a proposed 24 feet wide in order to meet Fire Dept. requirements for access to more than 2 units. Waste water disposal for the lots is proposed to be collected through a series of sewer mains and treated by the aforementioned Inland Area waste water treatment plant. Potable and fire suppression water for the lots will be provided by an extension of water mains from the existing potable and raw water pipelines as shown. Dry utilities will be extended from existing electrical, telephone and natural gas facilities located on the project site as shown on the plans.

Dos Pueblos Ranch Lot DP-11 is proposed to be accessed by an existing road network of paved and unpaved roads. The road access will be upgraded as necessary to meet County Fire Department standards for access to a single rural lot containing a primary residence, farm workers housing and agricultural support structures, as indicated on the plans. Waste water disposal will be provided by septic tank and leach field/drywell disposal, subject to soils percolation testing results. Potable water will be provided from existing water well sources and pipeline systems as detailed in reports previously provided. Other "dry" utilities will be served to the lot through lateral extensions from existing onsite mains.

Dos Pueblos Ranch Lots DP-12 through DP-20, all located southerly of Highway 101, are proposed to be accessed by an existing road network of paved and unpaved roads. The road access will be upgraded as necessary to meet County Fire Department standards for access to a rural lot containing a primary residence, farm workers housing and agricultural support structures. Waste water disposal will be provided by existing and proposed septic tank and leach field/drywell disposal, subject to soils percolation conditions. Potable water will be provided from existing water well sources as detailed in reports previously provided. Other "dry" utilities will be served to the lot through lateral extensions from existing onsite mains.

## **R. Wastewater Disposal Systems**

The Alternative 1 project expands the application of packaged waste water treatment facilities to now include all development within the Santa Barbara Ranch property and development proposed for DP-1 through DP10 ranchette lots. Existing and proposed development on Lots DP-11 through DP-20 shall remain on individual disposal systems (IDS). Currently, we are proposing the Smith & Loveless FAST system or the Orenco Advantex System. Both systems are factory built, pre-engineered modular apparatus with small treatment tanks (12,000 gallons or

flows are estimated at 45,000gpd. WWTP improvements will require seven (10) Advantex modules covering a 90-foot by 50-foot area, two (2) 15,000 gallon primary tanks (10-foot by 30-foot, two (2) 15,000 gallon recirculation tank (10-foot by 40-foot) and one (1) 25,000 gallon dosing tank (40-foot by 40-foot), all proposed to be buried in a 100-foot by 80-foot by 16-foot excavation. The FAST system components would cover a slightly smaller footprint.

The system will be designed to handle daily wastewater flows of 60,000 gallons minimum. As described above, the effluent byproduct is advanced treated to a tertiary water quality level appropriate for shallow (12" or less) subsurface irrigation purposes. We have designed the system for an irrigation application rate of 0.1 gallons per square foot of application area per day (0.1 gal/sq.ft/day). WWTP 1 byproduct will require an application area of 90,000 sq. ft. (2.1 acres). The application area will be over portions of Lot 48. WWTP 2 byproduct will require an application area of 195,000 sq. ft. (4.5 acres) The application area will be over portions of Lots 105, 107, 108, 133 and 134 . WWTP 3 byproduct will require an application area of 250,000 sq. ft. (5.7 acres). The application area will be over portions of Lot 97.

## 2. Water Supply

The Naples Water Company (NWC), a private water company, which currently operates under a Domestic Water Supply permit issued by the Santa Barbara County Environmental Health Services (EHS), provides water to the project. NWC provides water to the Santa Barbara Ranch properties, as well as properties owned by Morehart Land Co. and other Morehart related interests, and to a single residence on Naples Lot 106. These other properties consist of 15 legal lots with approximately 21 "services". The water system involves four (4) main components: water supply, treatment, storage and distribution.

Water supply consists of a contracted 200 acre feet a year (AFY) allotment of raw (untreated) water from the State Water Project (SWP), and an allocation of 253 AFY surface run-off, creek and well water sources stored in off-site reservoirs. The SWP allocation is delivered by means of an existing 33" water transmission line ("highline") owned by the Goleta Water District (GWD) through the Goleta West Conduit under the operation of a water delivery contract between NWC and GWD. The highline runs in an east-west direction through about 3,000 feet north of Highway 101. An existing private 12" pipeline connects to the highline and runs southerly through Dos Pueblos Ranch along the easterly side of Dos Pueblos Creek to the Santa Barbara Ranch property. Surface run-off, creek and well water sources stored in off-site reservoirs either drain to the reservoir, or are piped from wells and weirs.

Water treatment for potable water is performed by an existing water treatment plant located on Naples Lot 47. The treatment plant is housed in an existing 20' by 40' building. The treatment unit is a packaged "Waterboy" unit manufactured by U.S. Filter Corp. The plant is manually activated by a certified Class IV operator contracted by NWC and is regulated by County EHS. The plant is capable of treating water from both SWP and reservoir water sources, although treated water is currently produced only from SWP supply. The plant currently produces potable water at rates ranging from 20 to 50 gallons per minute, depending on demand. The existing yearly demand has been about 16 AFY, which is about twice the normal statistical demand from

The Santa Barbara Ranch property landforms are characteristic of the gently sloping to near level coastal terraces predominating the coastal regions of Santa Barbara County. The project area northerly of Highway 101 consists of north to south gently sloping (20% or less) covered with non-native grasses, with several steeply incised seasonal drainage draws. The project area southerly of Highway 101 consists of near level (3% or less) non-native grass covered coastal terrace running to an abrupt coastal bluff 70 to 100 feet in height above the shoreline. Numerous slightly incised seasonal drainage draws run from the Union Pacific Railroad right-of-way to the coastal bluff. The project landform on the whole offers superior opportunity for access to most any part thereof, and is criss-crossed with existing access and ranch roads.

Most of the proposed road access is along existing improved private roads or along existing ranch roads. Access for the proposed project will either utilize the existing road improvements, require minor grading for widening of existing ranch roads, or require grading of a entirely new access route.

The roadway over the northwesterly portion of the project site serving Lots 48, 49, 50, 51, 52A, 215, 216 and DP-6 through DP-10 (12 lots total) is an existing 20 to 30 foot wide road bed with 16 foot wide double chip sealed surface. This road is proposed to be widened to a 24-foot paved surface through both the Coastal and Inland Zone areas. Additional new grading in this area will involve construction of several cul-de-sac improvements, and minor realignment of the Calle Real entry area.

The roadway network over the central project area north of Highway 101 serving SBR Lots 104, 105, 106 (not a SBR-DPR project lot), 107A, 107B, 108, 109, 132, 133, 134, 135, 136, 137, 160, 201 through 214 and Lots DP-1 through DP-5 (33 lots total) generally consists of existing access roads. The road from Calle Real through the Coastal Zone up into the inland zone area of Lot 108 is improved to 24 feet wide and does not require additional grading or surfacing. The majority of the "loop road" consists of an existing 20-foot roadbed with 16-foot double chip sealed surface. This road is proposed to be widened to a 28-foot roadbed and 24 foot surface, along with a complete realignment of a 600-foot section along Lot 138. An existing 16-foot wide surfaced roadway serves Lots 104 and 106. A new 24 foot wide paved roadway connecting is proposed to serve Lots 138, 139, 158 and 159.

The roadway network over the easterly portion of the site northerly of Highway 101, serving SBR Lots 185, 186, 187, 188, 193 and 195 involves grading and construction of new roads, including a new road from the easterly property line Calle Real terminus and a new road linking the easterly area to the central area. In general, grading for roadway improvements or widening is relatively minor, with the vast majority of cuts or fill being less than 2 to 3 feet, with slopes "laid" back similarly in height. The exception is the northwesterly cul-de-sac and the concrete box culvert fill for the seasonal drainage course crossing of the central area to easterly connector road. Both of these fills cover limited areas and are 10 foot or less.

The roadway networks over the project site southerly of Highway 101 include the currently improved "Langtry Avenue" access, with minor grading and widening of existing ranch roads to access the development in this area. Grading of roadways and driveways is generally less than a foot.

#### **IV. APPLICANT ALTERNATIVE 1 PROJECT PROCESSING**

The Applicant Alternative 1 consists of numerous application requests, some of which are in the Coastal Zone while others within the Inland Areas. Dependant on the location of the application request, numerous processing steps and timeframes apply, some of which are concurrent while others diverge. The application requests that require California Coastal Commission review and approval will necessarily take longer to complete than the Inland Area requests.

Further, the Transferable Development Rights Feasibility Analysis which was required by Coastal Policy 2-13, has been completed and distributed. The Analysis, in part, concludes that it is feasible to transfer some, but not all, of the development from the Santa Barbara Ranch project. The amount of time necessary to create and fund a TDR process and associated elements is yet undetermined and would be dependant on a local jurisdiction's interest and priority status given to such a program.

Given these timing differences, we believe the following accurately depicts the order of application processes:

**SBR and DPR Inland Project, and DPR Coastal Project not Appealed: County Jurisdiction** – Prior to the issuance of any Building Permit for construction of new residential structures, the following conditions shall apply:

➤ If the County Approves Applicant Alternative 1 -

The Inland Project consisting of Dos Pueblos and Santa Barbara Ranch components, including legislative actions (NPDD redesignation/rezone, "U" consistency rezone for inland DP Ranch south of Hwy 101); land use entitlements (FDP/CUP/LUPs); combining lots and/or extinguish development rights to reduce the number of lots and/or development sites as proposed and subdivision approval for the inland portion of the Alternative 1 Project (seeking authority to develop 39 residential lots) would move forward with the following conditions:

- The applicant will complete combining lots and/or extinguish development rights to reduce the number of lots and/or development sites per Alternative 1 within the Coastal Zone north of Hwy 101 (resulting in 12 reconfigured lots and/or development sites per Alternative 1 configuration, in addition to existing developed Lot 132). The resultant lots would be SBR-109, 132, 133, 136, 137, 160, 164, 185, 186, 187, 188 (DOC ACE Lot), 193 and 195.



until Coastal Commission action on shared jurisdictional project components as follows:

- ▶ The Initial Obligation to stay development and pledge the Development Credits for potential transfer shall lapse the sooner of:
  - (i) 18 months from the date of County approvals; or
  - (ii) action by the Coastal Commission to approve or deny the Alternative 1 project.
- ▶ In the event that establishment and capitalization of a feasible Development Transfer Program is initiated and diligently pursued during the Initial Obligation Period, then the Initial Obligation period shall be extended for another 18 months for selected lots amounting to an established value equal to the capacity and valuation of receiver sites.
- ▶ In the event that an offer is made to purchase any or all of the Development Credits by private third parties, the Developer shall sell the Development Credits for a price that reflects market value.

**SBR Coastal Project: Shared County/Coastal Commission Jurisdiction** – Prior to the issuance of any Building Permit for construction of new residential structures, the following conditions shall apply:

- If the County has approved Dos Pueblos Ranch Coastal Zone Component to implement the Alternative 1 Project consisting of Lot Line Adjustments, lot combinations and/or development site reductions, and Coastal Development Permits for Dos Pueblos Ranch, authorizing residential development on four (4) reconfigured lots (DP-12, 13, 15 and 20) and one (1) replacement residential development on a fifth reconfigured lot (DP-16), south of Hwy 101, under current AG II zoning; and
- If the County has approved Santa Barbara Ranch Coastal Zone Component to implement the Alternative 1 Project consisting of: (i) approvals for submission to the Coastal Commission of NPDD LCP and Coastal Zoning Ordinance Amendments; (ii) FDP, CUPs and CDPs for 28 residential lots, and (iii) directing staff to file appropriate applications with the Coastal Commission (“CCC Application”).
  - Coastal Commission Certification of the new NPDD LCP and Coastal Zone Ordinance Amendment; and
  - The applicant will effectuate the remaining seven (7) lot combinations and/or development site reductions for Santa Barbara Ranch, south of Hwy 101, resulting in the final disposition of the 17 lots (16 residential and the DOC ACE Lot 57 agricultural property).
  - The applicant will dedicate the coastal access, coastal recreational trail and open space associated with the Santa Barbara Ranch, south of Hwy 101.

Attorneys  
At Law



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GEORGE H. ALLEN  
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June 16, 2008

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Estate and Probate Law  
\*\* Certified Specialist - Real Estate Law,  
The State Bar of California  
Board of Legal Specialization

Chairperson C.J. Jackson and Members of  
Santa Barbara County Planning Commission  
c/o Planning & Development Dept.  
105 East Anapamu Street  
Santa Barbara, CA 93101

By Hand Delivery

**Re: Dos Pueblos Ranch Participation in "Alternative 1"  
of the Santa Barbara Ranch Project**

Dear Chairman Jackson and Planning Commissioners:

We represent Dos Pueblos Ranch ("DPR"), being the beneficiaries of the trusts which own the lands depicted in Exhibit "A" (the "DPR Land"). The DPR Land currently consists of:

1. Approximately 2363 acres located north of Highway 101 (the "North DPR Land"), which is comprised of at least two legal parcels (existing lot lines not shown),
2. Approximately 198 acres located south of Highway 101 and north of the Railroad Right of Way (the "South DPR Land"), which is comprised of multiple legal parcels including DPR's Naples Lots (existing lot lines not shown), and
3. Approximately 17 acres south of the Railroad Right of Way and north of tidelands, which is comprised of separate lots (existing lot lines not shown) and was referred to in prior Planning Commission workshops as "DP-19."

DPR and "SBR," the applicants for the Santa Barbara Ranch "MOU Project," have negotiated and agreed on terms of participation by DPR in "Alternative 1" to the MOU Project. DPR's agreement to participate is subject to specific limitations which are discussed below.

Alternative 1 involves 360 acres of the North DPR Land and all of the South DPR Land. For purposes of this letter, Alternative 1 includes both (i) Alternative 1 as analyzed in the recently-completed EIR, and (ii) SBR's recently-proposed Alternative 1(B).

**EXHIBIT 4**

**DPR understands that Alternative 1, as it relates to the DPR Land, is as follows:**

- Alternative 1 includes a new residential development that would subdivide 360 acres (“**Subdivided Area**”) of the North DPR Land. For the area of North DPR Land to be subdivided into lots (proposed lot lines not shown), see Exhibit “A.”
- The remaining 2003 acres of the North DPR Land which are not within the Subdivided Area (the “**Designated Remainder**”) are not part of Alternative 1 and the Designated Remainder is *offsite* of the Alternative 1 project. See Exhibit “A.”
- Implementation of Alternative 1 requires that, with respect to the North DPR Land, the Williamson Act Contract must be cancelled as to the Subdivided Area, subject to terms approved by the County of Santa Barbara and the California Department of Conservation.
- Alternative 1 does not include DP-19, for which no change is sought or proposed, and DP-19 is *offsite* of the Alternative 1 project.
- Alternative 1 will involve a “**DPR Land Reconfiguration**” and recordation of an agricultural conservation easement (“**ACE**”), as follows:
  - With respect to the North DPR Land, cancellation of the Williamson Act Contract as to the Subdivided Area will require that the North DPR Land outside the boundaries of the Subdivided Area must ultimately be reconfigured into one legal parcel and such single, 2003-acre parcel shall be subject to a new Williamson Act contract and an ACE. Such ACE shall provide for (i) an approximately two (2) acre development envelope on the North DPR Land (as depicted for informational purposes on the current site plan, but not included in the Alternative 1 project) capable of being improved with one (1) additional single family residence, a guest house or second residential unit and accessory buildings and related improvements to the extent permitted by currently applicable zoning ordinances and (ii) retention of the existing legal non-conforming housing on the North DPR Land to the extent permitted by currently applicable zoning ordinances.
  - With respect to the South DPR Land, cancellation of the Williamson Act Contract on the Subdivided Area will require that the South DPR Land become subject to an ACE. Such ACE shall allow DPR (or its assignees) to maintain and/or construct no more than a total of six (6) single family residences on the South DPR Land in building envelopes as depicted in Exhibit “B” – and also to maintain the existing employee housing on the South DPR Land. As a condition of approval of Alternative 1, DPR will be required to merge, obtain lot line adjustments or otherwise reconfigure the lot boundaries of the South DPR Land to be comprised of no less than six (6) primary residential lots capable of being improved with a single family residence, a guest house or second residential unit and accessory buildings to the extent permitted by currently applicable zoning

June 16, 2008

ordinances, plus two (2) additional non-residential lots, provided that coastal development permits for such residential development have been approved.

***Subject to limitations set forth below, DPR has agreed to participate in Alternative 1 and to accept the above-summarized restrictions and conditions on use and development of the North DPR Land and South DPR Land in the event that Alternative 1 is approved.***

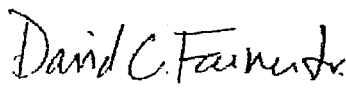
***DPR has the express right not to participate in Alternative 1 in the event that EITHER the County or Coastal Commission imposes conditions of approval that would substantially alter Alternative 1 as described above, OR if the County or Coastal Commission imposes any of the following conditions:***

- Any condition of any type concerning DP-19;
- Any condition for public access on or public use of the South DPR Land or the Designated Remainder, *except that DPR will grant an easement for a public trail adjacent to and northerly of the Highway 101 right of way (the DeAnza Trail);*
- Any obligation to restore, enhance or rehabilitate Dos Pueblos Creek or its riparian habitat;
- Any changes in zoning that limit the size or nature of buildings which can be placed on the Designated Remainder or the South DPR Land beyond those presently in effect under the current zoning or limit the height of such buildings to less than 25 feet or less than current zoning; or
- Any requirement that current legally non-conforming uses or structures on the DPR Land be terminated or removed except to the extent required by currently applicable County ordinances or other currently applicable land use regulations, provided that DPR will accept any conditions required to bring non-conforming structures into compliance with current standards and any conditions that require removal of any non-legal non-conforming structures.

If you have any questions, please do not hesitate to contact me.

Very truly yours,

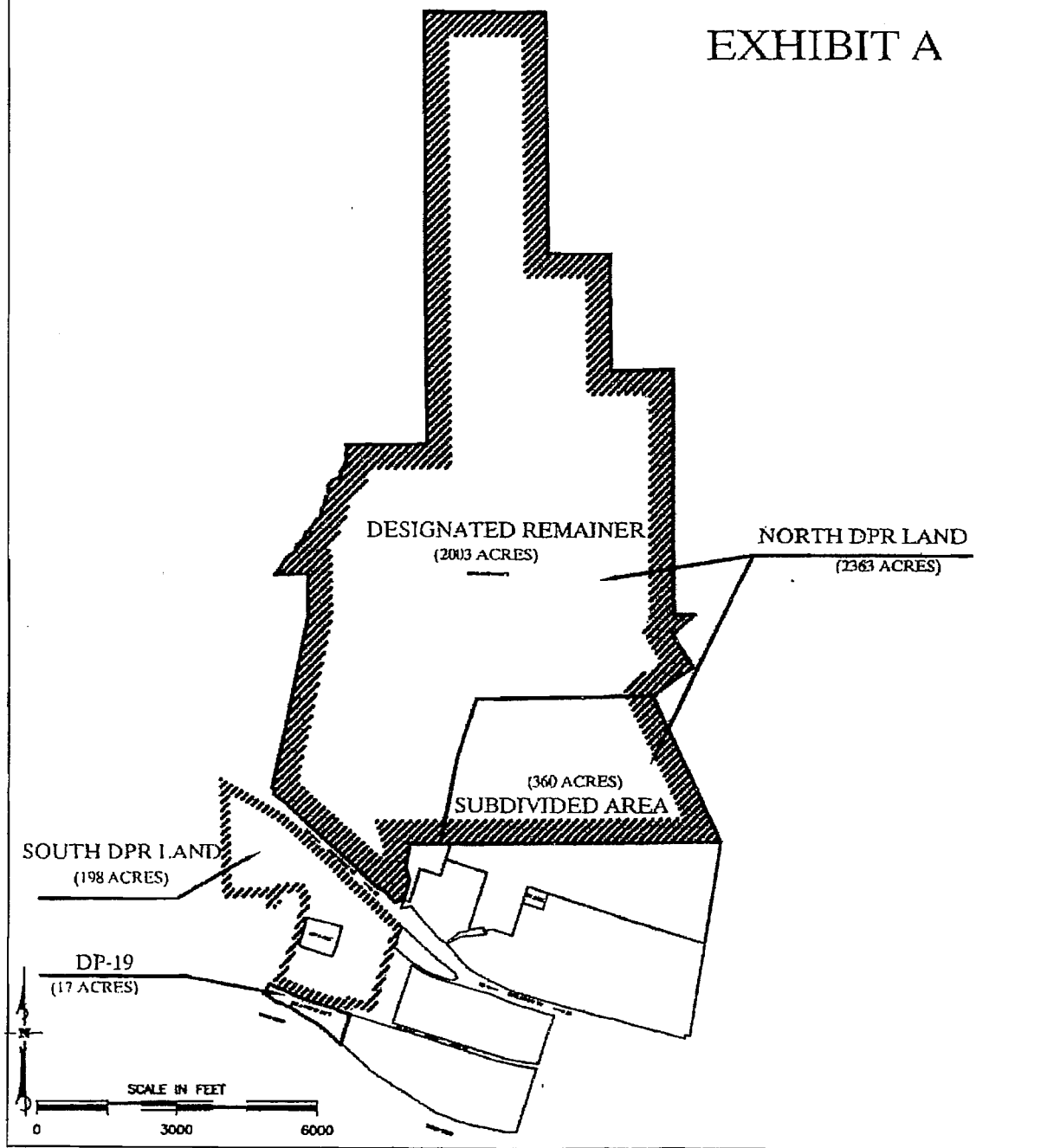
ALLEN & KIMBELL, LLP

By 

David C. Fainer, Jr.  
Of Counsel

Exhibits Attached  
DCF/dob  
cc: Schulte Beneficiaries  
101243

# EXHIBIT A



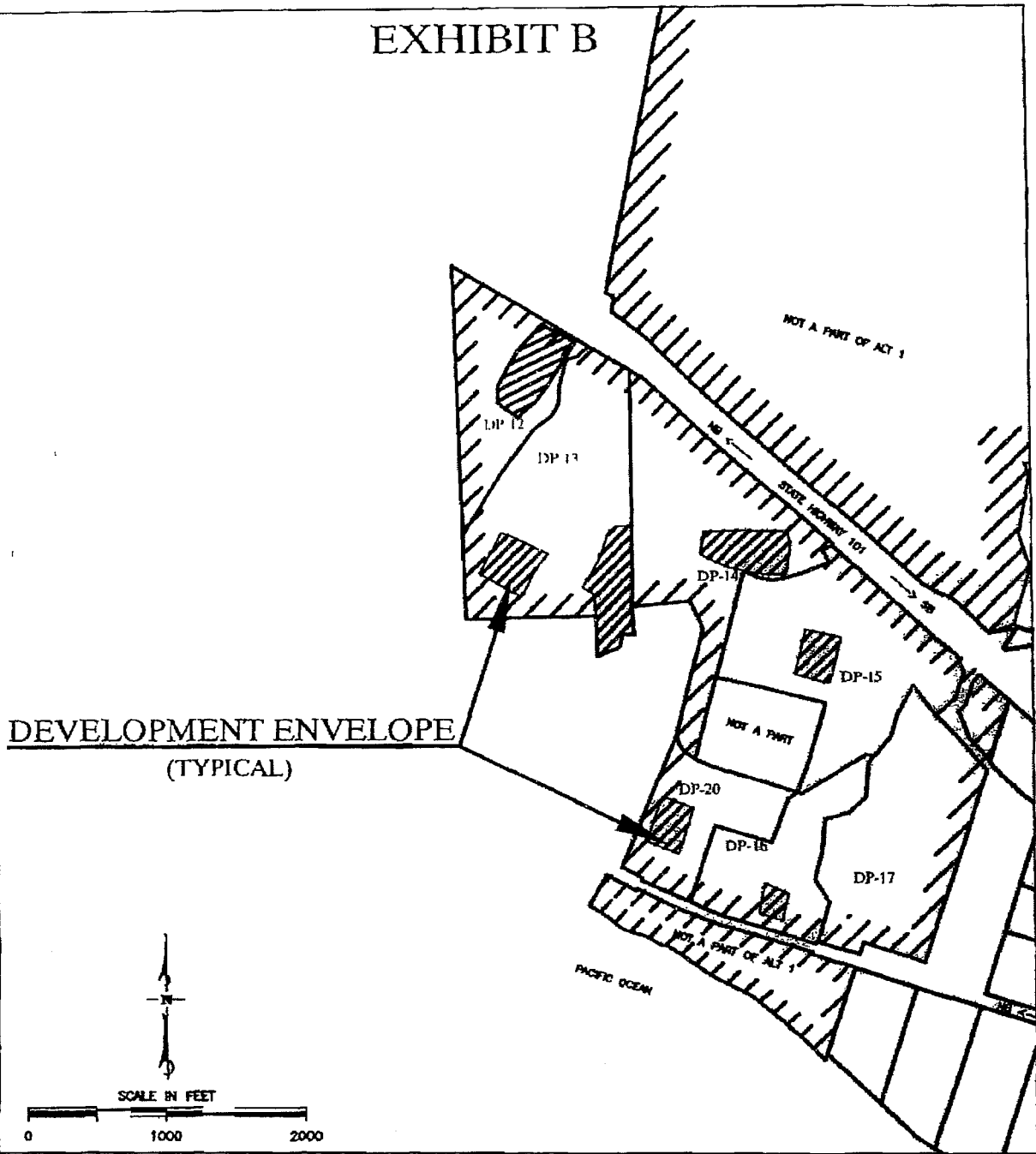
3 WEST CARRILLO STREET  
SUITE 205  
SANTA BARBARA, CA 93101  
(805) 962-4611

P.N. 01-003.03 1"=3000'

DPR LAND  
DOS PUEBLOS RANCH  
COUNTY OF SANTA BARBARA, CALIFORNIA

PA EXH 09-07

# EXHIBIT B



3 WEST CARRILLO STREET  
SUITE 205  
SANTA BARBARA, CA 93101  
(805) 962-4611

P.N. 01-003.03

1"=1000'

SOUTH DPR LAND  
AND DEVELOPMENT ENVELOPES  
DOS PUEBLOS RANCH  
COUNTY OF SANTA BARBARA, CALIFORNIA

PA EXH 09-07



3 West Carrillo Street, Suite 205 Santa Barbara, CA 93101  
ph: 805.962.4611 fax: 805.962.4161 www.landpconsultants.com

P.N. 01-003.02

February 13, 2003

Jackie Campbell, Supervising Planner  
Planning & Development  
County of Santa Barbara  
123 E. Anapamu Street  
Santa Barbara, CA 93101

**Subject: Santa Barbara Ranch Process Questions**

Dear Ms. Campbell:

Thank you for meeting with us on February 6<sup>th</sup> regarding the processing of the subject project. We believe that we have a good understanding of the necessary elements required for the submittal package. Per your suggestion, we would like to present additional questions for your consideration and response.

- As you are aware, there exist many drywells throughout the Santa Barbara Ranch. We would like the ability to re-test these existing drywell (both in and out of the coastal zone) in order to determine absorption rates of the soils for waste disposal. The tests would consist solely of metering water in the existing drywells, no additional holes would be required. Can we re-test the existing drywells without the requirement of a CDP or a Minor CUP?
- As we discussed, Coastal Policy 2-10 may raise a consistency issue with respect to the concept of treating waste disposal at Santa Barbara Ranch with a packaged treatment plant. Our reading of the policy suggests that no inconsistency exists in that we would not be "annexing into a sanitary district" nor "extending sewer lines into rural areas." Does County Staff believe that an inconsistency exists regarding a proposed self-contained treatment plant and Coastal Policy 2-10?
- You agreed that we would submit permit applications now to remedy the zoning violations. Our applications will include CDP and LUP permits for the soil stockpiling on Lot 50, removal of the temporary crossing at Lot 26, completion of replacement water pipelines to the Morehart properties southerly of Highway 101, and the repaving of the roadway to the water tank on K-1 West at the previously existing agricultural road width of 16 feet. Additional widening of the

**EXHIBIT 5**

road that was considered as a grading violation will be noted as being deferred to a CDP application to be included with our overall "Coastal Project" application package.

- We also showed you a representation of a fence and gates that are to be placed on the property. You questioned whether the gates required a CDP and a sign permit. Attached herewith we have provided a scaled drawing of the fence and gate plans for your review to determine whether it is exempt from coastal processing. Additionally, we have reviewed the Sign Ordinance and believe that Section 35-16.3a, applies in this instance, which describes signs permitted in Agricultural Zones, and states -

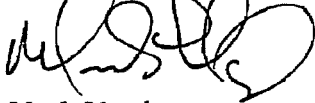
"3. Identification Signs.

- a. Limited to identifying a ranch, farm or other use existing and permitted on the property."

Is it correct to assume that a certificate of conformance is required for these identification signs on the gates? (See attached rendering of identification sign)

We appreciate your assistance in clarifying these additional questions. If you require any further information to respond, please feel free to contact me. Thank you in advance for your time and effort involved in completing these requested responses.

Very truly yours,  
L & P Consultants



Mark Lloyd  
Agent for Santa Barbara Ranch

Cc: Dianne Meester, Interim Director  
Alan Seltzer, County Counsel  
Santa Barbara Ranch  
Richard Monk  
Jana Zimmer  
File



# LAW OFFICE OF MARC CHYTILO

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ENVIRONMENTAL LAW

October 2, 2012

Agricultural Preserve Advisory Committee  
c/o Planning and Development Department  
Hearing Support  
County of Santa Barbara  
123 E. Anapamu Street  
Santa Barbara, CA 93101

By Email to: [sfoster@co.santa-barbara.ca.us](mailto:sfoster@co.santa-barbara.ca.us)

Re: Dos Pueblos Ranch Lot Line Adjustment Proposal, October 5, 2012 Agricultural Preserve Advisory Committee Meeting

*Dear Chairman Tingos and Members of the Agricultural Preserve Committee:*

This office represents the Naples Coalition, a Santa Barbara community group that has been deeply engaged in issues concerning the Santa Barbara Ranch development proposal, and in particular, the preservation of viable agriculture on Dos Pueblos Ranch. We participated extensively in the APAC's previous deliberations over the Santa Barbara Ranch development project. These comments are joined by the Environmental Defense Center and the Santa Barbara chapter of the Surfrider Foundation.

1. The Hearing Should Be Delayed Until Specific Information Is Made Available

Unfortunately, there is little specific information pertaining to this request, and the Planning and Development Department Planner assigned to this case, Errin Briggs, is on vacation and unavailable until October 10. This issue is scheduled to be heard by the Santa Barbara County Planning Commission on October 17, 2012, but no materials pertaining to that hearing have been made available to the public. We request that the Agricultural Preserve Advisory Committee defer this item until the specifics of the proposal are released and made available to the public.

2. The Santa Barbara Ranch -Dos Pueblos Ranch Williamson Act Agricultural Conservation Easement Exchange Agreement Will Likely Never Be Executed and Recorded

The Santa Barbara Ranch development involves 71 large homes on both Santa Barbara Ranch and Dos Pueblos Ranch lands that are currently zoned agricultural (AG-II) and are, in large part, currently subject to Williamson Act contract 77-AP-14. The developer has proposed to terminate a portion of the Williamson Act contract on Dos Pueblos Ranch lands and record a Williamson Act Agricultural Conservation Easement on portions of each ranch, bringing under the Agricultural Conservation Easement lands not under contract owned by both Santa Barbara Ranch and Dos Pueblos Ranch.

MARC CHYTILO  
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Phone: (805) 682-0585 • Fax: (805) 682-2379  
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The Williamson Act Agricultural Conservation Easement Exchange Agreement was proposed by the developer as an element of the 2008 approvals, but the Agricultural Conservation Easement has never been executed by Dos Pueblos Ranch. Since the 2008 County approvals, the economy generally and the local real estate market specifically has dropped precipitously. Dos Pueblos Ranch has been actively listed for sale on the market, and it remains unclear whether they or a future owner intends to actually execute the Agricultural Conservation Easement and allow the approved development on their lands. Dos Pueblos Ranch declared in the County approval process that it has conditioned its participation in the Williamson Act Agricultural Conservation Easement Exchange upon: 1) final approval for a specific number of homesites located in the midst of active agricultural lands in the coastal zone and subject to the jurisdiction of the California Coastal Commission; and 2) the absence of a public access requirement on Dos Pueblos Ranch lands, despite the Local Coastal Plan which identifies Dos Pueblos Creek as a public access corridor. The Local Coastal Plan and California Coastal Act contain policies and requirements that make the satisfaction of Dos Pueblos Ranch's mandatory conditions unlikely if not impossible. To date, the County has twice submitted Notices of Final Action for the 2008 development approvals to the California Coastal Commission, only to be twice rejected. The Santa Barbara Ranch property went into foreclosure and is now owned by SBRHC, a subsidiary of the foreclosing bank, FirstBank.

SBRHC has themselves attempted to market the project for sale since 2010, but remains owner of record. It is doubtful that the development scheme approved in 2008 will ever be accomplished, and so the Agricultural Conservation Easement may never be recorded. The consequence of the requested lot line adjustment would be to allow the 360 acre parcel in question to be separated from its parent parcel and made available for development while the projected underlying protection of agricultural resources, the Agricultural Conservation Easement, would never be executed and recorded. We thus strongly urge the Agricultural Preserve Advisory Committee to state its opposition to the proposed lot line adjustment as proposed, until such time as the Agricultural Conservation Easement is executed and recorded on all relevant parcels of the property.

### 3. Santa Barbara County Uniform Rules Do Not Allow This Lot Line Adjustment

In addition to the practical enforceability of agricultural protections noted above and associated policy concerns, the proposed lot line adjustment fails to comply with the requirements of the County's Uniform Rules and must be rejected on those grounds.

Uniform Rule 1-3 governs lot line adjustments for parcels under Williamson Act contracts. The Uniform Rules allow approval of a lot line adjustment "only . . . provided the Landowner(s) and the County agree to rescind the contract or contracts and simultaneously enter into a new contract or contracts pursuant to the requirements set forth in this Rule, and the Board of Supervisors finds all of the following:" (emphasis added).

*(B) The new contract or contracts would enforceably restrict the adjusted boundaries of the parcel for an initial term of at least as long as the unexpired term of the rescinded contract or contracts, but for not less than 10 years.*

Dos Pueblos Ranch has noticed the non-renewal of its Williamson Act contract and thus a new contract is required to accomplish the minimum 10 year duration. There is no evidence, and it appears that the Landowners' intentions are not to maintain the Williamson Act contract in place for the period required by the Uniform Rules. The Landowner has preliminary approval of a Tract Map that further adjusts the internal boundaries by creating approximately 50 new residential parcels.

*(E) After the lot line adjustment, the parcels of land subject to contract will be large enough to sustain their agricultural use.*

*(F) The lot line adjustment would not compromise the long-term agricultural productivity of the parcel or other agricultural lands subject to a contract or contracts.*

There is no evidence that the 360 acre parcel to be created through this lot line adjustment will be viable for agricultural use, particularly in light of the pending subdivision thereon. It is currently part of the 2566 acre Dos Pueblos Ranch. The developer and his EIR previously indicated that orchards were not viable on the lands proposed for parcelization under the lot line adjustment, leaving grazing as the remaining existing and potential future agricultural use. Grazing a single 360 acre parcel under separate ownership is not economically viable nor sustainable. The long term agricultural productivity of the 360 acre parcel is essentially condemned by this lot line adjustment, which will cause the loss of the agricultural resources and the agricultural opportunity that are currently present. The application materials offer no evidence to support these findings, and thus the record, common sense and the Agricultural Preserve Advisory Committee's experience establish that these two findings cannot be made.

#### 4. The Application Omits Transfer of Ownership

Uniform Rule 6-2 addresses transfer of ownership of contracted land, which is an automatic consequence of the requested lot line adjustment. Reportedly SBRHC holds a security interest in the 360 acre area that cannot be conveyed from Dos Pueblos Ranch to SBRHC until the lot is created - this is the very purpose for this application. Reportedly the conveyance will occur automatically as a matter of law upon perfection of the lot line adjustment, thus the application is incomplete until that part of the project is disclosed and addressed. The Uniform Rules plainly require the application for a new Williamson Act contract to protect the integrity of the County's Williamson Act program upon conveyance of a portion of a parcel subject to a Williamson Act contract. New Williamson Act contracts are required, and if the transfer of ownership creates a parcel that does not qualify under the eligibility criteria, a notice of nonrenewal should be

recorded, a significant impact under CEQA that was not considered in the Santa Barbara Ranch EIR.

In short, the APAC should recommend that the Board of Supervisors reject the proposed lot line adjustment due to the ineligibility of the 360 acre parcel to qualify for the Williamson Act program. If the applicant admits that the effect of this action will be the loss of Williamson Act protections for these lands, a CEQA analysis is required.

Thank you for your consideration of our views.

Sincerely,



Marc Chytilo

CC: Errin Briggs