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Attorney for PARK MANAGEMENT OF NOMAD VILLAGE MOBILE HOME PARK

ARBITRATION PROCEEDINGS UNDER THE SANTA BARBARA COUNTY  
MOBILEHOME RENT CONTROL ORDINANCE

IN RE NOMAD VILLAGE MOBILE HOME PARK	)	
	)	REMAND ARBITRATION
	)	HEARING BRIEF BY PARK
	)	MANAGEMENT OF NOMAD
	)	VILLAGE MOBILEHOME PARK
	)	[UPON FURTHER REMAND]
	)	
	)	
	)	
	)	[STEPHEN BIERSMITH, Esq.,
	)	Arbitrator]
	)	
	)	
	)	THIRD REMAND
	)	ARBITRATION HEARING:
	)	HEARING DATE: March 2, 2017
	)	TIME: 10:00 A.M.
	)	LOCATION: Planning Commission
	)	Hearing Room
	)	123 East Anapamu St.

1 PARK MANAGEMENT OF NOMAD VILLAGE MOBILE HOME PARK (“Park  
2 Management”) hereby submits its Remand Hearing Brief for the Arbitration Hearing on the  
3 additional Remand ordered by the Santa Barbara County Board of Supervisors (“Board”) in  
4 response to another appeal filed yet again by the homeowners of Nomad Village Mobile Home  
5 Park (collectively “homeowners”) appealing the August 28, 2016, Opinion and Award (Revised  
6 on Remand) (“Remand Award”) in the above-referenced Arbitration proceedings, as follows:  
7

8 I

9 INTRODUCTION

10  
11 This Remand Hearing Brief is submitted by Park Management pursuant to the  
12 Arbitrator’s invitation. The Board has remanded this matter to the Arbitrator to make further  
13 findings in support of certain aspects of the Remand Award (Award Numbers 5,7,8 and 13).  
14 Park Management believes that the Remand Award contains appropriate and sufficient findings  
15 to support the award, and that the Board had no basis for ordering the remand. Nevertheless,  
16 based upon the existing record, further findings may be stated to support all of the holdings of  
17 the Remand Award. Under the applicable rules and law previously submitted by Park  
18 Management, the Arbitrator may, but is not required to, receive and consider further evidence  
19 regarding the elements of the rent increase that are the subject of this Arbitration.  
20

21 This Remand Hearing Brief summarizes the relevant background leading up to the  
22 present remand hearing, and for each of the four awards remanded, discuss the evidence in the  
23 record on which further findings may be made to support them. The background regarding the  
24 Arbitration proceedings and analysis of each of the Arbitration Awards is discussed in detail in  
25 Park Management’s Hearing Briefs submitted for the February 17, 2016 and August 10, 2016  
26 Remand Hearings.

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II

**FACTUAL AND PROCEDURAL BACKGROUND**

**Initial Arbitration Hearing and Evidentiary Record**

The homeowners of Nomad Village Mobile Home Park (“Park”) in 2011 filed a petition for arbitration regarding a rent increase issued by Park Management resulting from increased operating costs of the Park and specific capital costs related to the operation of the Park. Pursuant to the terms of the Santa Barbara County Mobilehome Rent Control Ordinance (“Ordinance”) and the Mobilehome Rent Control Rules for Hearing (“Rules”), the County duly appointed an Arbitrator, who conducted an Arbitration Hearing on September 19 and 20, 2011, at which both sides were represented by experienced mobilehome lawyers and expert witnesses. The Arbitration Hearing was reported by a Court Reporter, who prepared a Reporter’s Transcript (“RT1 and RT2”). The homeowner Petitioners called witnesses (Dr. Kenneth Barr, and Dan Waltz) and introduced Petitioner’s Exhibits 1-8. Park Management Respondents also called witnesses (Dr. Michael St. John, Ken Waterhouse and Ruben Garcia) and introduced Respondents’ Exhibits A-T. There were also exhibits received by Stipulation, Joint Exhibits 1 & 2. This is the evidentiary Record discussed and cited in this Remand Hearing Brief. (For convenient reference and due to the large size of the record and the extraordinarily long time (over 5 years) since the hearing, certain excerpts from the Record are attached to this Remand Arbitration Brief.)

After the Arbitration Hearing, the parties submitted a series of post-hearing briefs. Following the briefing, the Arbitrator issued an Opinion and Award on December 20, 2011 (“Arbitration Award”). The Arbitration Award granted some but not all of the rent increases noticed by Park Management, finding that Park Management was entitled to a space rent increase under the terms of the Ordinance, a Permanent Increase of \$25.59 and a Temporary Increase of \$67.09, for a total increase of \$92.68, as supported by Park Management’s Exhibit T attached to the Award.

1 ///

2 **Appeal to Board of Supervisors I**

3 The homeowners appealed the Arbitration Award to the Board, which vacated all of the  
4 rent increases granted by the Arbitration Award.  
5

6 **Writ of Mandate Litigation**

7 Park Management obtained a Writ of Mandate against the Board, which ordered the Board  
8 to rescind its illegal order vacating the Arbitration Award and to remand to the Arbitrator for  
9 further proceedings consistent with the law and the Court's Order. The Superior Court entered  
10 its Order on Writ of Mandate ("Order"), which attached a detailed 31-page decision  
11 ("Decision"), which for the most part either upheld the Arbitration Award or remanded for  
12 further findings.  
13

14 **Board of Supervisors Remand Hearing I**

15 After inexplicably waiting over a year, the Board finally held a remand hearing, as  
16 ordered by the Court, and finally rescinded its illegal order vacating any rent increase to Park  
17 Management, as also ordered by the Court, and voted to remand to the Arbitrator Awards  
18 numbered 4, 5, 6, 7, 8, 11, and 12.  
19

20 **Remand Arbitration Hearing I**

21 On February 19, 2016, the Arbitrator conducted a Remand Arbitration Hearing, and on  
22 March 5, 2016, issued his Remand Award, awarding Park Management a permanent space rent  
23 increase of \$25.59 and temporary increase of \$39.44, as itemized therein.  
24

25 **Appeal to Board of Supervisors II & III**

26 The homeowners again appealed to the Board. Park Management again opposed the  
27 appeal, pointing out that the March 5, 2016 Remand Award complied with the Court's Order.  
28

1 The Board voted to remand certain of the Awards to the Arbitrator for further findings in support  
2 of the Award. Another Remand Arbitration Hearing was held on August 10, 2016, and thereafter  
3 the Arbitrator issued the Remand Award currently at issue, which affirmed all of the rent  
4 increases awarded in the March 5, 2016 Award.

5 The homeowners again appealed to the Board and Park Management again opposed the  
6 appeal. Ultimately the Board voted to uphold certain Awards in the Remand Award and to  
7 remand certain other Awards to the Arbitrator for further findings in support of the Award. The  
8 instant Remand Arbitration Hearing has followed.

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10 **III**

11 **DISCUSSION OF AWARDS REMANDED TO ARBITRATOR AND MATERIAL IN**  
12 **RECORD TO SUPPORT FURTHER FINDINGS**

13  
14 The following is a discussion of each of the separate awards remanded to the Arbitrator  
15 for further findings, and a discussion of the evidence in the record upon which further findings  
16 supporting each of the Awards may be made.

17  
18 **Award No. 5 (previously No. 4) - Amortization Rate**

19 Award No. 5 sets forth the amortization rate for the temporary rent increases awarded, the  
20 number of years over which the temporary rent increases are to be paid, and the annual interest  
21 rate to be applied for the amortization period, during which Park Management has had to wait to  
22 recover the expenses that it incurred prior to the 2011 rent increase, and states as follows:

23 “5. All granted temporary increases are to be amortized at 9% for seven (7) years.”

24 The finding in support of that Award is as follows:

25 “Exhibit C and the expert testimony of Michael St. John regarding the same  
26 supported a finding that all temporary increases be amortized at 9% for seven (7)  
years.”

27 The record clearly supports the amortization rate of 9% and period of 7 years.  
28

1 Notwithstanding the fact that the Board has remanded this matter to the Arbitrator, **the**  
2 **Court has already affirmed the Arbitration Award as to the amortization:** “The record  
3 shows that there was substantial evidence to support the Arbitrator’s decision of seven years and  
4 nine percent. Park Management presented this amortization schedule [Exhibit C] and Dr. St.  
5 John testified that these numbers were the result of his professional judgment.” (Decision, p. 30;  
6 see Attachment 1.)

7 Moreover, the Board has already similarly found that the amortization award was proper  
8 and that the findings supported this Award, and had merely remanded this item in light because  
9 the other matters were remanded. The Board’s July 19, 2016 minutes (made after the Arbitrator  
10 had awarded the temporary increases in all of the amounts at issue here) reflect that the Board  
11 specifically found as follows: “Find that the Arbitrator did not abuse his discretion; however,  
12 remand Award No. 4 in light of other remanded Awards;” (See Attachment 2 hereto.)

13 Accordingly to the extent that the Board’s latest remand Order purports to require the  
14 Arbitrator to make further and additional findings different from those that the Board and the  
15 Court has already approved, it would exceed the scope of the Court’s Order, **as the Board has**  
16 **already acknowledged.**

17 Exhibit C (see Attachment 3) previously cited by the Arbitrator, remains relevant to the  
18 amortization calculation as it addresses each of the areas of temporary rent increases allowed by  
19 the Arbitration Award. The fact that the awarded amounts are different than the amounts noticed  
20 was no impact on the amortization period or interest calculation.

21 Exhibit C prepared by Dr. Michael St. John, setting forth the amortization period for all  
22 temporary rent increases, and the expert testimony of Dr. St. John, who testified that in his  
23 professional judgment seven years at nine percent interest were appropriate for each of the  
24 temporary rent increases at issue (RT1 pp. 68-70) support a finding that that all temporary  
25 increases be amortized at 9% for seven (7) years, **as found by the Superior Court.** In addition,  
26 Exhibit J (see Attachment 4) itemizes the capital expense and improvement items, and seven  
27 years is a reasonable estimate of their useful life. (Each of these Exhibit J capital cost items were  
28

1 included in the \$320,000 of capital costs previously approved by the Arbitrator in the initial  
2 Arbitration Award; the capital items itemized on Exhibit J were later separately approved by the  
3 Arbitrator in Award No. 6 in the Remand Award, which the Board upheld.) The homeowners, as  
4 Petitioners at the Arbitration Hearing, did not establish that 7 years was not a reasonable  
5 determination of the useful life of the items listed on Exhibit J.  
6

7  
8 **Award No. 7 (previously No. 6) - Professional Fees.**

9 Award No. 7 is that the homeowners are to pay a rent increase based upon \$25,000  
10 incurred by Park Management for professional fees associated with the capital expenses and  
11 improvements:

12 “7. The original request of \$50,973 in professional fees for payment by the  
13 Homeowners is reduced to \$25,000, which is a reasonable amount for  
14 services associated with the capital expenses and improvements.”

15 As the Court specifically found, the Ordinance clearly allowed Park Management to  
16 recover through a rent increase such professional fees as a capital cost (Decision, pp. 27-28; see  
17 Attachment 1):

18 “Section 11A-6, subdivisions (a)(1) and (b)(1), provides for passing through the  
19 “cost of capital improvements and capital expenses. “Costs” are not defined  
20 specifically to include or to exclude professional fees. Thus, where professional  
21 fees may be correctly categorized as a cost of either a capital improvement or  
22 capital expense, such fees may be passed on.”

23 The record clearly supports the following:

24 Park Management sought to recover for \$50,973 in legal fees incurred through  
25 December, 2010, for legal matters related to the Park. This work is itemized in detail in the  
26 statement in evidence as Exhibit Q, and the areas of work relating to capital expenses and  
27 improvements are summarized in page 2 of Exhibit K. (See Attachments 5 and 6.) Mr.  
28 Waterhouse testified that he reviewed the billing statement and the fees were incurred and paid  
by Park Management as a normal and legitimate operating expense. (RT2 145:6-14.) Dr. St.  
John testified that legal fees of this type are properly the basis of a rent increase, and properly

1 treated as a temporary rent increase by amortizing them over a period of years, instead of as a  
2 single shot item. (RT1 135:1-8, 95:3-15, 96:1-4.) Dr. St. John's testimony supports amortizing  
3 the professional fees spent on capital items. (*Id.*) This testimony also supports the amortization  
4 as set forth in Award 5.

5 The summary (Exhibit K, 2d page) shows that the categories of work listed in the exhibit  
6 related to capital expenses and improvements. A careful review of the itemized statement  
7 (Exhibit Q) shows that it reflects entries supporting at least \$25,000 in legal time spent on issues  
8 related to the capital items of the Park, and were reasonably and actually incurred by Park  
9 Management, and entries in Exhibit Q reasonably relating to capital items, exceeding \$25,000 in  
10 time, are highlighted in Attachment 6.

11  
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13 **Award No. 8 (previously No. 7) - Architecture and Engineering Fees**

14 Award No. 8 is that the homeowners are to pay \$40,000 for fees incurred by Park  
15 Management in purchasing plans and drawings and permits from the prior operator, in order to  
16 proceed with capital improvements of the Park:

17 "8. The Homeowners are to pay \$40,000 for the A&E fees associated with the  
18 capital improvements."

19 As the Court specifically found, the Ordinance clearly allowed Park Management to  
20 recover for such Architecture and Engineering fees (Decision, pp. 27-28, see Attachment 1):

21 "The same analysis (as for the professional fees in Award No. 6) applies to Award  
22 No.7 for architecture and engineering (A&E) fees. As with other professional  
23 fees, the Ordinance provides for passing on such fees to the extent such fees are  
24 properly categorized as "costs" of capital improvements and expenses."

25 The record clearly supports the following:

26 Park Management sought to recover costs that it incurred for architectural and  
27 engineering fees related to the preparation of plans and CAD drawings for the entire Park.

28 Mr. Waterhouse testified he purchased these plans and drawings for the Park to facilitate  
evaluating and then moving forward on capital improvements for the Park, and that these plans  
and drawings were and remained valuable to Park Management as the current operator in moving



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forward with capital improvements for the Park. (RT2 144:6-145:5.) These plans are therefore of ongoing value to the Park operator for a variety of different purposes related to the improvements to and operations of the Park, and are an appropriate capital improvement and expense item.

The fees for these plans and drawings are itemized in Exhibit J (See Attachment 4), and the supporting invoices are Exhibit L, and total over \$50,000.00.

The \$40,000 awarded reflects reasonable compensation for the expense of these plans and drawings, and excludes any permit fees, which may have become stale. (Exhibits J and L.)

**Award No. 13 (previously No. 12) – Total Permanent and Temporary Increase**

Award No. 13 is the calculation of the total rent increase:

- 13. The Permanent Increase is to be \$25.59 and the Temporary Increase \$39.44 as supported by the attached.

The Board found that the Arbitrator did not abuse his discretion in calculating the total Permanent and Temporary increases. However, the Board stated that because the Board was remanding the other Awards, and because the Remand Award did not have a calculation sheet attached, it was remanding Award 13, as well.

A proposed calculations sheet, based upon the Arbitrator’s prior Remand Award, tracking each itemization of the approved rent increase amounts (based upon each of the Award numbers stated in the prior Remand Award) is attached (see Attachment 8), and available to be used for attachment to the further Remand Award issued in this case.

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3 **NO WAIVER OF RIGHTS BY PARK MANAGEMENT**

4 Park Management’s participation in these remand proceedings is without waiver of its  
5 rights, and to exhaust its administrative remedies

6 The California Supreme Court in *Galland v. Clovis* (2001) 24 Cal.4th 1003, 1027-1028,  
7 has made it clear that municipal administrative mobilehome rent control proceedings that subject  
8 Park Management to undue delay and expense are confiscatory and violate Park Management’s  
9 constitutional rights. The repeated delays caused by the Board have caused Park Management to  
10 incur a significant delay in obtaining a final resolution of the homeowners’ challenge to its  
11 legitimate rent increase and to subject Park Management to extraordinary expense. The Board  
12 improperly took well over one year in which to set aside its order vacating the initial Arbitration  
13 Award, as ordered by the Court. Thereafter the Board has repeatedly delayed in acting upon the  
14 homeowners’ appeals (in the instant case, the Board waited nearly six months after the August,  
15 2016, Remand Award in which to act on it) and its orders remanding the Arbitrator’s remand  
16 awards have been groundless; the Arbitrator’s awards and findings have been perfectly  
17 appropriate under the law, and particularly the terms of the Ordinance and the Rules, which are  
18 designed to provide for a relatively rapid and informal proceeding. The exacting standard of  
19 findings to which the Board has suddenly subjected these Arbitration proceedings exceeds any  
20 standard indicated by the Ordinance and Rules. It also contradicts the Board’s own filings in the  
21 Writ Proceedings:

22 “However, findings need not be stated with the precision required in judicial  
23 proceedings, may be formal or informal, must simply ‘expose the mode of  
24 analysis, not expose every minutia’, and are ‘sufficient if the apprise interested  
25 parties and the courts of the bases for the administrative action.’” (Board’s  
26 “Opposition to Petition for Writ of Administrative Mandamus,” filed March 10,  
27 2014, p. 17, line 26 - p. 18, line 3, quoting *Topanga Assn. for a Scenic Community*  
28 *v. County of Los Angeles* (1974) 11 Cal.3d 506; and *Mountain Defense League v.*  
*Board of Supervisors* (1977) 65 Cal.App.3d 723.)

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CONCLUSION

In accordance with the foregoing, the Arbitrator properly took the following action with respect to the following Awards:

5 Continued to employ the amortization calculations set forth in the Arbitration Award, upheld by the Court, and ordered as follows: All granted temporary increases are to be amortized at 9% for seven (7) years.

7. Ordered that the homeowners are to pay \$25,000 for legal fees associated with capital improvements and expenses of the Park, pursuant to Exhibits K, p.2, and Q, finding that was a reasonable amount for services associated with the capital items.

8. Ordered that the homeowners are to pay \$40,000 for the A&E fees associated with the capital improvements, as partial reimbursement for the plans and drawings for the entire Park, pursuant to Exhibits J and L, finding that amount was warranted and the fees were associated with capital expenses and improvements.

13. Final calculations in accordance with the Arbitrator's rulings are attached as Attachment 8.

These awards may be supported by the additional findings from the record, as set forth above.

Dated: February 23, 2017

  
\_\_\_\_\_  
JAMES P. BALLANTINE  
Attorney for Park Management  
LAZY LANDING MHP, LLC;  
WATERHOUSE MANAGEMENT CORP.

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**LIST OF ATTACHMENTS**

- ATTACHMENT 1: Superior Court Decision Granting Writ of Mandate, pages 27 – 30
- ATTACHMENT 2: Board’s July 19, 2016 Minutes Affirming the Arbitrator’s Amortization Award and Findings
- ATTACHMENT 3: Respondents’ Arbitration Exhibit C
- ATTACHMENT 4: Respondents’ Arbitration Exhibit J
- ATTACHMENT 5: Respondents’ Arbitration Exhibit K, Page 2
- ATTACHMENT 6: Respondents’ Arbitration Exhibit Q
- ATTACHMENT 7: Portions of September 19-20, 2011 Arbitration Hearing Transcript
- ATTACHMENT 8: Arbitration Award Calculations

**ATTACHMENT “1”**

Board's decision an abuse of the Board's discretion in two regards. First, the Board has not proceeded in the manner required by law by reversing Award No. 5 in its entirety rather than by remanding Award No. 5 to the arbitrator to make findings as to the \$62,145.55 claim. The \$62,145.55 claim was properly raised before the arbitrator and the arbitrator was required to make a written decision including the findings upon which the decision is based. (Hearing Rules, rule 18.) "When the administrative agency's findings are not adequate, an appropriate remedy is to remand the matter so that proper findings can be made." (*Glendale Memorial Hospital & Health Center v. State Department of Mental Health* (2001) 91 Cal.App.4th 129, 140.)

Second, to the extent the Board's reversal of Award No. 5 was intended to overturn the arbitrator's ruling even as to the \$62,145.55 claim, the Board's limited discussion provides no basis upon which this court can meaningfully review the propriety of the Board's action. Although the Board need not make elaborate findings and the Board may adopt as its findings the reasoning set forth in a staff report or otherwise, findings solely in the language of the applicable legislation are improper. (*Dore v. County of Ventura* (1994) 23 Cal.App.4th 320, 328.)

The Board has not proceeded in the manner required by law. The court will remand Award No. 5 to the Board so that the Board may expressly address the \$62,145.55 claim, take appropriate action, and make appropriate findings.

Award No. 6 is that the homeowners are to pay \$25,000 for professional fees associated with the capital improvements. The arbitrator found as follows:

"The professional fees spent on capital improvement item should not be treated as a one shot expense, but rather amortized (Ex. K & Q). After considering the objections raised by the Homeowners, a good portion of the line items submitted by the Park Owner do not appear to be relevant to any capital improvements, therefore, a reduction of \$25,000 from the original request is warranted. The remaining \$25,000 is to be charged to the Homeowners."

The Board's limited comment from Supervisor Wolf was: "No. 6 is professional fees; No. 7 is A&E fees; No. 11 is legal fees. None of those are noted in the ordinance. That's one reason I would state that there was abuse of discretion and going back to the record, from the expert witness testimony and the comments by the Arbitrator. So for those items, No. 6, No. 7 and 11, I say that there was an abuse of discretion and that they not be reconsidered." (5 AR 1489-1490.)

Section 11A-6, subdivisions (a)(1) and (b)(1), provides for passing through the "cost of" capital improvements and capital expenses. "Costs" are not defined specifically to include or to exclude professional fees. Thus, where professional fees may be correctly categorized as a cost of either a capital improvement or capital expense, such fees may be passed on. To the extent that the Board bases its reversal of Award No. 6 on a categorical exclusion of such fees, the reversal is based upon an erroneous interpretation of the Ordinance and the Board fails to proceed in the manner required by law. However, the arbitrator does not identify which professional fees are awarded and which

professional fees are not except by the total amount awarded. In light of the arbitrator's lack of findings in awarding capital improvement and capital expense costs, discussed above, which will be the subject of further proceedings, the arbitrator's findings here may have been influenced by its erroneous determination as to the \$320,000 escrow funds. Remand is appropriate as to this award as well. (See *American Funeral Concepts v. Board of Funeral Directors & Embalmers* (1982) 136 Cal.App.3d 303, 311.)

The same analysis applies to Award No. 7 for architecture and engineering (A&E) fees. As with other professional fees, the Ordinance provides for passing on such fees to the extent such fees are properly categorized as "costs" of capital improvements and expenses. The arbitrator's findings are as follows:

"Waterhouse testified he purchased certain plans to facilitate evaluating and then moving forward on certain capital improvements for the park. Given the age on some of the supporting documentation, some of this work appears stale. Although the Park Owner represented that the County will work with them with such things as expired permits, some of this work may have little or no value as of this date. A more reasonable amount to be charged would [be] \$40k." (1 AR 20.)

As County points out, the arbitrator did not identify in his findings how the total was reduced to \$40,000, as for example, whether particular items were disallowed or whether the total was simply adjusted. Especially in light of the above discussion regarding the lack of findings as to permissible capital improvements and capital expenses, the arbitrator's findings are insufficient to determine whether the allowed fees are or are not "costs" of capital improvements or capital expenses as permitted by the Ordinance. In addition, the arbitrator's findings here may have been influenced by its erroneous determination as to the \$320,000 escrow funds. Remand is appropriate as to this award, too.

#### (iv) Legal Fees

Award No. 11 is that the "Homeowners are to pay \$110,000 for legal fees associated with the challenge to the rent increase." The arbitrator found as follows:

"After reviewing the itemizations submitted by the Park Owner for expert and legal services expended in this matter (Ex. R & S) and the Homeowners response, a reasonable amount to be paid by the [latter] would be \$110,000." (1 AR 21.)

The Ordinance does not expressly include or exclude legal fees incurred in connection with rent increase notices and proceedings. The Ordinance provides: "[T]he arbitrator shall consider all relevant factors to the extent evidence thereof is introduced by either party or produced by either party on request of the arbitrator. [¶] (1) Such relevant factors may include, but are not limited to, increases in management's ordinary and necessary maintenance and operating expenses, insurance

and repairs ....” (S.B. County Code, ch. 11A, § 11A-5(f)(1).)

The above quotation of the comments of the Board for Award No. 6 was also directed to Award No. 11. By this comment, the basis for the Board reversing Award No. 11 was the absence of an express inclusion of legal fees in the list of relevant factors. Legal fees may under appropriate circumstances be considered as operating expenses. Some mobilehome rent control ordinances expressly include attorney’s fees as allowable operating expenses (see *Carson Harbor Village, Ltd. v. City of Carson Mobilehome Park Rental Review Board* (1999) 70 Cal.App.4th 281, 293); some ordinances expressly exclude attorney’s fees as allowable operating expenses (see *Oceanside Mobilehome Park Owners' Association v. City of Oceanside* (1984) 157 Cal.App.3d 887, 895). The categorization of legal fees for rent increase applications as generally within the ambit of operating expenses and the absence of any textual basis for categorically excluding attorney’s fees leads to the conclusion that inclusion of attorney’s fees as operating expenses is a matter to be considered by the arbitrator as a relevant factor subject to the other requirements of the Ordinance.

The arbitrator was presented with evidence as to legal fees by both the homeowners and petitioners at the arbitration hearing. Baar, the homeowners’ expert, testified on examination:

“[Q.] Now, with respect to the anticipated professional fees relating to the rent increase, as I understand your position there, you don’t necessarily quarrel with the idea that the park owner is entitled to recover professional fees relating to the rent increase?

“A. That’s right.

“Q. Nor do you argue with the methodology employed here, which is to do it as a temporary as opposed to the base for a permanent rent increase?

“A. Right, that’s correct. [¶] ... [¶]

“Q. ... So, your sole quarrel is with the number?

“A. That’s correct.” (3 AR 957-958.)

Baar’s testimony is substantial evidence that legal fees, if reasonable in amount, are appropriately included as a basis for a rent increase as an ordinary and necessary operating expense.

Petitioners submitted itemized statements of fees. (2 AR 569-585 [exhibits R, S].) Baar testified that in his opinion the amount of the fees requested was out of line for a typical rent increase application. (3 AR 958-959.) The arbitrator resolved this factual dispute as to the reasonable amount of the fees by determining the reasonable fees to be \$110,000. This evidence constitutes substantial evidence to support the factual determination. Thus, the arbitrator did not abuse his discretion in making this award.

The Board did not proceed in the manner required by law by reversing Award No. 11 on the grounds that these legal fees were not to be considered by the arbitrator under the terms of the



Ordinance.

**(v) Amortization**

Award No. 4 is that “[a]ll granted temporary increases are to be amortized at 9% for seven (7) years.” The Ordinance provides for amortization over the useful life of a capital expense. (S.B. County Code, ch. 11A, § 11A-6(b)(2).) The Ordinance otherwise provides no guidance as to either the time span for amortization or the interest rate.

The arbitrator provided no findings or analysis to support this award apart from the award itself. (1 AR 17-23.) The Board, by Supervisor Wolf, commented that arbitrator abused his discretion: “Why? Because the expert witnesses, one Mr. [Baar], and a seven percent amortization rate was a possibility but he wasn’t sure. ... Mr. Waterhouse, on the nine percent in seven years, he thought 15 years was okay. Mr. St. [John] said, would not contest a longer period like 15 years for streets and electrical replacements. So in my mind it’s very, very discretionary and an abuse of discretion and it’s not, and again, the most important thing is that it’s not noted in the ordinance.”

Supervisor Farr responded: “And I would agree with that. I think that this was picked right out of what the financing terms were in another agreement. So I thin – I would agree with you, Supervisor Wolf, and disagree with this finding.” (5 AR 1487-1488.)

The Board’s consideration of Award No. 4 was incomplete. Award No. 4 addressed all temporary increases; the Board’s disposition was to reverse all temporary increases. As it stood at the conclusion of the May 15 hearing, Award No. 4 was superfluous.

The record shows that there was substantial evidence to support the arbitrator’s decision of seven years and nine percent. Petitioners presented this amortization schedule (2 AR 327 [exhibit C]) and St. John testified that these numbers were the result of his professional judgment (3 AR 792). As Supervisor Wolf noted at the Board’s hearing, there would also be an evidentiary basis for other amortization schedules.

However, the evidence supporting the seven years and nine percent amortization schedule also indicates that this schedule for a uniform amortization is predicated upon temporary increases including the \$320,000 escrow funds and other capital expenses which are subject to further proceedings as discussed above. Because amortization is based upon useful life of the items and the items subject to amortization may change as a result of the further proceedings, Award No. 4 must also be subject to reconsideration. (See *American Funeral Concepts v. Board of Funeral Directors & Embalmers*, *supra*, 136 Cal.App.3d at p. 311.)

While the Board did not err in remanding Award No. 12 for recalculation, the arbitrator’s final

# ATTACHMENT “2”

**Departmental Item No. 5) Time Certain: 1:00 PM**5) GENERAL SERVICES16-00514

HEARING - Consider recommendation regarding the Arbitrator's March 5, 2016 Opinion and Award (Revised on Remand) as to Awards 4, 5, 6, 7, 8, 11, and 12 in the matter of arbitration between Nomad Village Mobilehome Homeowners and Nomad Village Mobilehome Park pursuant to Rule 23 of the Mobilehome Rent Control Rules for Hearings and Chapter 11A, Section A-4 of the Santa Barbara County Code, Second District, as follows: (EST. TIME: 1 HR.)

a) Make the following determinations as supported by the findings;

i) Find that the Arbitrator did not abuse his discretion; however, remand Award No. 4 in light of other remanded Awards;

ii) Find that the Arbitrator abused his discretion and remand Award No. 5 to the Arbitrator for adequate findings on specific items of incurred costs in the amount of \$62,145.55;

iii) Find that the Arbitrator abused his discretion and remand Award No. 6 to the Arbitrator for adequate findings about the nature of the fees;

iv) Find that the Arbitrator abused his discretion and remand Award No. 7 to the Arbitrator for adequate findings about the nature of the fees;

v) Find that the Arbitrator abused his discretion and remand Award No. 8 to the Arbitrator for adequate findings about the nature of the payment;

vi) Find that the Arbitrator abused his discretion and remand Award No. 11 to the Arbitrator for adequate findings about the nature of the fees; and

vii) Remand Award No. 12 to the Arbitrator for recalculation in light of other remanded items; and

b) Determine that the proposed action is an administrative activity of the County which will not result in direct or indirect physical changes in the environment and is therefore not a "project" as defined for purposes of the California Environmental Quality Act (CEQA) under State CEQA Guidelines Section 15378(b)(5).

COUNTY EXECUTIVE OFFICER’S RECOMMENDATION: POLICY

*HEARING TIME: 1:37 PM - 2:25 PM (48 MIN.)*

**Received and filed staff presentation and conducted public hearing.**

**A motion was made by Supervisor Farr, seconded by Supervisor Lavagnino, that this matter be acted on as follows:**

**Adopted the following procedural motion:**

**In accordance with Rules 13 and 23(b) of the Mobilehome Rent Control Rules for Hearings, the Board limits its review of the Arbitrator's decision to the paper record alone, attached to the Board Agenda Letter dated July 12, 2016, which consists of the Arbitrator's Opinion and Award on Remand included as attachment BB and Attachments A-X. The Board will not consider any new evidence, and receives oral argument and Brown Act public comment as argument that focuses on evidence that is already contained in the record, rather than as new evidence.**

**The motion carried by the following vote:**

**Ayes:**        5 - Supervisor Carbajal, Supervisor Wolf, Supervisor Farr, Supervisor Adam, and Supervisor Lavagnino

**A motion was made by Supervisor Wolf, seconded by Supervisor Carbajal, that this matter be acted on as follows:**

**a) i) through vii) Approved.**

**b) Approved.**

**The motion carried by the following vote:**

**Ayes:**        5 - Supervisor Carbajal, Supervisor Wolf, Supervisor Farr, Supervisor Adam, and Supervisor Lavagnino

# ATTACHMENT “3”

	A	B	C	D	E	F	G	H	I
1	<b>NOMAD VILLAGE SPACE RENT INCREASE (May, 2011)</b>								
2									
3	<b>PERMANENT INCREASES:</b>								
4						2008	2009	Increase	Notes
5	1 Property Tax Increase								
6					Tax Bill	70,598	121,111		1
7					Sewer Fees	-50,145	-54,588		1
8					Taxes per se	20,453	66,523	46,070	1
9									
10	2 Lease Payment Increase				Rental Income	549,053	563,090		
11					Rate	10%	20%		
12					Lease Payment	54,905	113,527	58,622	2
13	Total Permanent Increases							104,692	
14									
15									
16	<b>TEMPORARY INCREASES:</b>								
17									
18	Amortization:				rate:	0.09	years:	7	3
19									
20	3 Capital Improvements								
21					A&E Fees	90,000			4
22					Professional Fees	50,000			5
23					Infrastructure	320,000			6
24					Total	460,000			
25	Amortization:							91,398	
26									
27	4 Uncompensated Increases				Annual	Monthly	Total		
28					Supplemental Tax Increase	46,070	3,839.15	130,531	7
29					Increased Land Lease	58,622	4,885.15	166,095	8
30					Uncompensated for (X) months:		34	296,626	9
31	Amortization:							58,937	
32									
33	5 Anticipated professional fees relating to Property Taxes						50,000		10
34	Amortization:							9,935	
35									
36	6 Anticipated professional fees relating to rent increase						125,000		11
37	Amortization:							24,836	
38	Total Temporary Increases				931,626			185,105	
39									
40	Total Permanent and Temporary Increases							289,797	
41									
42	TOTAL PER MONTH PER SPACE - PERMANENT				(150 spaces)			58.16	12
43	TOTAL PER MONTH PER SPACE - TEMPORARY				(150 spaces)			102.84	13
44	TOTAL PER MONTH PER SPACE - PERMANENT AND TEMPORARY							161.00	
45									

**EXHIBIT C**

	A	B	C	D	E	F	G	H	I
46									
47	NOTES:								
48	1	See tax bills. Note: property tax increase will be challenged. If challenge is successful,							
49		this amount will not be passed through to residents.							
50	2	2008 figure is calculated because change came at time of sale, mid-year.							
51		2009 figure is from books of record.							
52	3	Amortization rate and term.							
53	4	Architectural and Engineering fees for infrastructure improvements.							
54	5	Professional fees in connection with infrastructure improvements.							
55	6	Estimated cost of infrastructure improvements - 2011 and 2012.							
56	7	Supplemental tax increase from date of sale to time of increase. Tax increase paid in advance							
57		of allowed space rent increase should be reimbursed.							
58	8	Ditto for increased land lease payments.							
59	9	The new lease was signed at the end of July, 2008. The temporary increase for these two							
60		categories should be computed to the date space rent increases begin.							
61	10	Anticipated cost of appeal to S.B. County re property tax increase.							
62	11	Anticipated cost of professional fees in connection with the proposed space rent increase.							
63	12	Space rent increases that will increase lawful rents permanently.							
64	13	Space rent increase that should be imposed as a temporary surcharge.							
65									
66									

**NOMAD VILLAGE CAPITAL EXPENSES INCURRED**

ITEM	VENDOR	DATE	AMOUNT	CAT. TOTAL
<b>Capital Improvement Expenses Incurred by Waterhouse Management, Inc.:</b>				
Gate & Fence	S.B. Fence	9/10/08	\$3,800.00	
Fencing Improvements	S.B. Fence	9/15/08	\$6,367.50	
Front & Pool Fencing	S.B. Fence	9/26/08	\$5,450.00	
Improvements	Cusac Construction	11/29/08	\$20,760.00	
Consulting and Regulatory	Dan Fitzgerald Consulting Services	1/15/09	\$1,854.46	
Sewer Repairs	Roto-Rooter	2/8/09	\$6,575.00	
Consulting and Regulatory	Dan Fitzgerald Consulting Services	3/16/09	\$56.25	
Consulting and Regulatory	Dan Fitzgerald Consulting Services	4/15/09	\$1,219.98	
Permit	S.B. County Planning & Development	8/14/09	\$1,557.49	
Consulting and Regulatory	Dan Fitzgerald Consulting Services	2/16/10	\$767.20	
Plans and Consulting	JMPE	11/30/10	\$3,070.00	
Permit	S.B. County Planning & Development	1/10/11	\$1,222.97	
Permit	S.B. County Planning & Development	1/19/11	\$251.08	
Permit	S.B. County Planning & Development	1/19/11	\$971.65	
Permit	S.B. County Planning & Development	1/19/11	\$2,000.00	
Plans and Consulting	JMPE	4/2/11	\$2,060.00	
Plans and Consulting	JMPE	7/28/11	\$2,940.00	
Permit	S.B. County Planning & Development	7/29/11	\$971.65	
Permit	S.B. County Planning & Development	7/29/11	\$250.32	
<b>TOTAL:</b>				<b>\$62,145.55</b>
<b>Legal Work Re: Park Infrastructure, Capital Improvements, Regulatory Issues, Etc.</b>				
Legal Fees and Expenses	James Ballantine	12/1/10	\$50,973.00	<b>\$50,973.00</b>
<b>Capital Improvement Expenses Incurred by Nomad Village Inc.:</b>				
<b>Engineering and Surveying Work Re: Infrastructure:</b>				
Engineering and Surveying	Penfield & Smith	6/18/04	\$9,148.40	
Engineering and Surveying	Penfield & Smith	7/13/04	\$6,730.28	
Engineering and Surveying	Penfield & Smith	9/15/04	\$6,826.65	
Engineering and Surveying	Penfield & Smith	10/12/04	\$4,083.00	
Engineering and Surveying	Penfield & Smith	11/16/04	\$3,615.00	
Engineering and Surveying	Penfield & Smith	1/14/05	\$1,013.25	
Engineering and Surveying	Penfield & Smith	2/16/05	\$2,109.75	
Engineering and Surveying	Penfield & Smith	3/17/05	\$859.00	
Engineering and Surveying	Penfield & Smith	6/6/05	\$1,791.00	
Engineering and Surveying	Penfield & Smith	7/5/05	\$3,195.75	
Engineering and Surveying	Penfield & Smith	8/9/05	\$3,472.76	
Engineering and Surveying	Penfield & Smith	9/14/05	\$940.25	
Engineering and Surveying	Penfield & Smith	11/15/05	\$2,036.75	
Engineering and Surveying	Penfield & Smith	12/7/05	\$121.75	
Engineering and Surveying	Penfield & Smith	1/6/06	\$1,186.50	
Engineering and Surveying	Penfield & Smith	2/16/06	\$2,556.30	
Engineering and Surveying	Penfield & Smith	3/15/06	\$308.37	
Engineering and Surveying	Penfield & Smith	4/13/06	\$455.50	
<b>SUBTOTAL</b>				<b>\$50,450.26</b>
Pipeline Engineering	Mechanical Engineering Consultants		\$11,564.00	
Plans and Consulting	JMPE		\$7,920.00	
Plan and Review	S.B. County Planning & Development		\$3,100.25	
Plan and Review	S.B. County Planning & Development		\$1,700.00	
Permit Fees	S.B. County Road		\$320.00	
Plan and Review Fees	Goleta Sanitary District		\$7,257.34	
Plan and Review Fees	Goleta Water District		\$6,900.00	
<b>TOTAL</b>				<b>\$89,211.85</b>

**EXHIBIT J**



# ATTACHMENT “5”

# **JAMES P. BALLANTINE**

**ATTORNEY AT LAW**

**CLIENT: WATERHOUSE MANAGEMENT CORPORATION**

## **SUMMARY OF LEGAL WORK PERFORMED:**

- Represent client's interests with respect to lawsuit against prior operator regarding park infrastructure, including communications and memoranda with client and third parties, representation of client at depositions of client and County Development personnel, representation of client in motion proceedings regarding inspections of client Park infrastructure and premises, representation of client with respect to subpoenae of client documents regarding Park infrastructure;
- Representation of client with respect to Notices issued by County as to Park infrastructure, including communications with County Planning and Development and County Counsel, representation of client in administrative hearings at Santa Barbara County, representation of client in writ proceedings against Santa Barbara County in Santa Barbara Superior Court, settlement negotiations and documentation with County Counsel;
- Analysis and assessment of situation regarding County's position regarding the Homeowner at Space 23 to obtain County Approval for installation of Mobilehome, including review of facts and documents and preparation of memoranda;
- Representation of Park in negotiations with County regarding assisting Homeowner of Space 23 to obtain County Approval for installation of Mobilehome, including attending meetings, preparation of correspondence to County and review of documents and communications from County, telephone conversations with County and client, and preparation of memoranda and correspondence to client;
- Represent client with respect to dealings with Goleta Water District, including communications with client and District and land owner
- Represent client in dealings with land owner with respect to park infrastructure issues, including communications with counsel for landowner and client;
- Communications and interface with experts regarding Park infrastructure, including HCD regulatory consultant, electrical engineer, plumber, and contractors
- Analysis and assessment and communications with client regarding infrastructure and regulatory issues regarding Space 11
- Communications and interface with prior operator regarding issues relating to Park infrastructure

**Period: October, 2008, to November, 2010**

**Total Hours: 153.4 hours**

**Rate: \$325/hour**

**Total for Hours: \$49,855.00**

**Expenses: \$1,118.00**

**Total: Fees and Expenses: \$50,973.00**

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# ATTACHMENT “6”

STATEMENT OF ACCOUNT

Client: Waterhouse Management Corporation  
 Matter: Representation in matters concerning Nomad Village Mobilehome Park  
 Infrastructure, building, and related regulation Issues  
 Period: August 12, 2008 - November 30, 2010

DATE	DESCRIPTION OF PROFESSIONAL SERVICES PERFORMED/EXPENSE INCURRED	HOURS	EXPENSE
12-Aug-08	Conferences w/ Ken Waterhouse and Ruben Garcia of Waterhouse Management regarding <del>Infrastructure, building, and related regulation Issues</del> ; Notes to file	N/C	
26-Sep-08	Review e-mails from and T-call: Ken Waterhouse regarding his meeting at County and reports	N/C	
13-Oct-08	Detailed review and analysis of file documents related to Jerrie Taylor and Tracy Taylor's tenancy in Space 11; Review and analyze Space 11 file from Nomad Village, Inc.; Review and analyze Civil Code sections 798 et seq., relating to Taylor violations relative to <b>Park infrastructure</b> and Park rules	1.0	
14-Oct-08	T-calls: Ken Waterhouse and Ruben Garcia regarding status	N/C	
15-Oct-08	Outlining and drafting of letter to Waterhouse Management regarding proceeding against <del>Waterhouse Management</del>	1.0	
16-Oct-08	Further drafting of letter to Waterhouse Management, etc.	1.0	
17-Oct-08	Further drafting, revise and finalize letter to Ken Waterhouse regarding proceeding against Taylor and <b>Taylor tenancies in Spaces 11 and 23 relating to their abuse of electrical infrastructure</b> ; T-call: Ruben Garcia; E-mail to Ruben Garcia	1.5	
23-Oct-08	Review and analyze letter from attorney Raymond Chandler for Jerrie Taylor; Drafting of letter response to Taylor attorney Chandler; Review file documents regarding letter, Motion for Summary Judgment decision, County letter, etc.	1.0	
24-Oct-08	Further drafting of letter to Taylor attorney Chandler regarding <b>Spaces 11 and 23</b> ; Draft & finalize e-mail to Ken Waterhouse and Ruben Garcia regarding <del>draft letter and notice and opinion regarding Spaces 11 and 23</del> ; Draft & finalize e-mail to Ken Waterhouse and Ruben Garcia <b>regarding dealing with County</b> ; Review and respond to Ruben Garcia's e-mail regarding	1.5	
27-Oct-08	T-call: Ken Waterhouse regarding <del>notice to Taylor and proceeding, etc.</del> ; Notes to file	N/C	
1-Nov-08	Costs: Personal service of Notices on Taylor by Associated Attorney Services		\$110.00
3-Nov-08	Revise letter to Chandler to reflect issue regarding 3/60 and 7-Day Notice and related issues; Assemble exhibits to letter; Arrange for service on Chandler; Draft & finalize e-mail to Ken Waterhouse and Ruben Garcia regarding <del>conflicting notices of service on Chandler</del>	1.0	
3-Nov-08	Courier: Hand service letter and exhibits on Attorney Chandler		\$25.00
5-Nov-08	Review and analyze letter from attorney Dennis Shea regarding Jerrie Taylor and Space 23; Review voice mail from Miguel regarding he received check from Taylor; T-call: Miguel; Review and analyze letter from Shea regarding Space 11; T-call: Shea (L/M)	1.2	
6-Nov-08	Draft & finalize letter to Shea; Draft & finalize fax transmittal to client	0.3	
12-Nov-08	Return call to Ken Waterhouse regarding status	N/C	
12-Nov-08	T-call: Dennis Shea regarding status of his <b>client's placement of new mobilehome on Space 11 and related issues</b>	0.2	
12-Nov-08	Review Dennis Shea's voice mail; T-call: Dennis Shea (lengthy) to discuss case background and status of his client's efforts to purchase mobilehome for Space 23; T-call: Ken Waterhouse to update on status, etc.	0.8	
13-Nov-08	Travel to and from Nomad Village Mobilehome Park for <b>Site visit with mobilehome dealer</b> and Taylor and Taylor's attorney and Taylor's daughter-in-law	1.5	

JAMES P. BALLANTINE, ATTORNEY AT LAW

DATE	DESCRIPTION OF PROFESSIONAL SERVICES PERFORMED/EXPENSE INCURRED	HOURS	EXPENSE
14-Nov-08	Review and analyze documents delivered by Taylor's attorney regarding proposed mobilehome Plot Plan; etc; Fax transmittal to client; T-call: Ken Waterhouse regarding same; T-call: Neil	1.0	
17-Nov-08	Travel to and from Nomad Village Mobile Home Park to meet with Neil to review plot plan with him; Review Park Rules and architectural standards regarding the Plot Plan compliance, etc.; Review voice mail and e-mail from Ruben Garcia; <del>_____</del> ; T-call: Ruben Garcia regarding status; Check Jerrie Taylor rental agreement on Space 23; Review and respond to Ruben Garcia's e-mails (several)	2.0	
18-Nov-08	Draft & finalize letter to Dennis Shea transmitting Plot Plan by hand-delivery with instructions regarding Plot Plan and dealing with County, etc.; T-call: Shea in response to his client's calls to the Park manager and regarding status; Draft & finalize e-mail to client	1.0	
18-Nov-08	Courier: Hand-deliver: Package to Shea		\$25.00
20-Nov-08	Review and analyze letters (2) from Taylor's attorney regarding mobilehome on Space 23; Draft & finalize fax transmittal to client; T-calls: Shea, installer Tom Minkel, Ken Waterhouse regarding status; Notes to file	1.2	
21-Nov-08	Review e-mails from Ruben Garcia; Prepare for t-call with County Building Inspector Philip Oates: review Plot Plan, his April 13, 2007 letter, Notice of Violation, etc.; T-call: Oates (L/M); T-call: Darren Epps; Draft of letter to Shea in response to his correspondence	1.0	
24-Nov-08	T-call: County Building Inspector Philip Oates (L/M)		N/C
25-Nov-08	Review voice mail from County Building Inspector Philip Oates		N/C
26-Nov-08	T-call: County Building Inspector Philip Oates regarding Nomad notices of violations, why Taylor Plot Plan not approved, schedule meeting, etc.; Notes to file; T-call: Ruben Garcia regarding Oates' call, plan for meeting, etc.; T-call: Norm Bremer (L/M); Review letter from Taylor's attorney	0.8	
30-Nov-08	T-call: Norm Bremer regarding copies of plans (L/M); Draft, revise and finalize letter to Taylor's attorney regarding status, etc.; Draft & finalize e-mail to client	1.0	
2-Dec-08	Prepare for meeting w/ County Building Inspector Philip Oates at Santa Barbara County; Meeting w/ Philip Oates at Santa Barbara County Planning and Development Department (lengthy); Review and analyze documents in his file; Notes to file; T-call: Ken Waterhouse regarding meeting; T-call: Maloney (L/M); Review letter from Shea	2.5	
3-Dec-08	T-call: John Maloney (L/M); Draft & finalize correspondence to electrical engineer Maloney	0.3	
4-Dec-08	Review John Maloney's voice mail; T-call: Maloney (L/M)		N/C
5-Dec-08	T-call: John Maloney to review background and report that I need; Notes to file	0.4	
9-Dec-08	T-call: John Maloney regarding status of his report L/M with Assistant		N/C
10-Dec-08	Review draft letter from electrical engineer John Maloney; T-call: John Maloney to review his letter and discuss additions; Review prior Maloney reports; Draft & finalize e-mail to Maloney regarding providing additional language for his letter	1.0	
12-Dec-08	Review e-mail from electrical engineer John Maloney and attached revised report; Draft & finalize e-mail back to Maloney regarding revisions to Letter regarding Space capacities; Review and analyze further revised report by John Maloney; T-call: Norm Bremer regarding <del>_____</del> ; Draft & finalize e-mail to John Maloney and additional language regarding the 100-amp service	1.0	
13-Dec-08	T-call and meeting w Norm Bremer to review document regarding electrical permit for 100 amp service		N/C

JAMES P. BALLANTINE, ATTORNEY AT LAW

DATE	DESCRIPTION OF PROFESSIONAL SERVICES PERFORMED/EXPENSE INCURRED	HOURS	EXPENSE
15-Dec-08	E-mail to and from electrical engineer John Maloney regarding status of revised letter; Review e-mail from Maloney office with letter copy; T-call: Maloney office - letter still needs revision; Review and finalize letter	0.5	
15-Dec-08	Courier: Pick-up letter from Maloney's office; Deliver to County Planning and Development Department		\$25.00
16-Dec-08	T-call: electrical engineer Philip Oates; Draft & finalize e-mail regarding status and forwarding final Maloney letter; Review Garcia e-mail	N/C	
17-Dec-08	Drafting, revise and finalize letter to Philip Oates at County urging approval of Plot Plan; Draft & finalize e-mails to Ruben Garcia with letter, etc.	1.5	
18-Dec-08	Review e-mails: Ruben Garcia, Norm Bremer; T-call: Norm Bremer	0.2	
19-Dec-08	T-call: electrical engineer Philip Oates (L/M) (no return call)	0.2	
27-Jan-09	Lengthy conversation with Taylor attorney Dennis Shea regarding status; Conversation with former attorney Marty Cohn	0.3	
2-Feb-09	Review and analyze motion to compel inspection of Nomad Village infrastructure against Lazy Landing and Waterhouse Management Corp. as third parties by Plaintiff in Failure to Maintain Action; Outlining and drafting of Opposition	2.0	
2-Feb-09	Review and analyze letter from Oates at Santa Barbara County responding to correspondence; T-call: Maloney regarding Oates letter; Draft & finalize fax transmittal: Maloney, Waterhouse Management Company; Review letter from Shea	0.5	
3-Feb-09	T-calls: David Dunbar, Ken Waterhouse regarding status; Further drafting and revision of Opposition to Motion to Compel; Drafting of Declarations of Ken Waterhouse and David Dunbar	2.5	
4-Feb-09	Further drafting, revise and finalize Opposition to motion to compel and declarations in support of motion; T-calls to and e-mails to and from Ken Waterhouse and David Dunbar; Arrange for service	1.5	
5-Feb-09	Draft & finalize fax and e-mail response to electrical engineer John Maloney; T-call Dan Fitzgerald regarding electrical issue and County is not a proper grounds, etc.	0.4	
5-Feb-09	Paralegal: assemble exhibits to Opposition to motion to compel		\$90.00
5-Feb-09	Fax, copy and mailing costs of Opposition to motion to compel		\$22.50
5-Feb-09	Courier: file Opposition at Santa Barbara Superior Court		\$25.00
9-Feb-09	Review J. Maloney e-mail regarding County letter; Draft & finalize e-mail to John Maloney with draft language for County letter	0.8	
12-Feb-09	Draft and finalize letter to Reich regarding subpoenas; Review voice mail from David Dunbar and return call regarding Heater call; Review e-mail; Draft & finalize e-mail to David Dunbar regarding subpoenas	1.2	
16-Feb-09	Review and analyze Reply and Reply documents; Outline objections to declarations	1.0	
17-Feb-09	Draft & finalize e-mail to Reich; Draft & finalize Objections to Heater declaration and supplemental declaration; Draft & finalize objections to Reich declaration and supplemental declaration	1.5	
17-Feb-09	Courier: file Objections in Santa Barbara Superior Court		\$25.00
18-Feb-09	Draft & finalize e-mail to Linda Reich; T-call: Ken Waterhouse; Check Court website for tentative ruling on motion	0.5	
19-Feb-09	Review and analyze Court's tentative ruling; Prepare for and appear at hearing in Santa Barbara Superior Court	2.0	
22-Feb-09	T-calls: Ken Waterhouse, Juanita	0.3	
23-Feb-09	Travel to and from Nomad Village to check on status of inspection and observe inspectors; Draft & finalize e-mail to Linda Reich; Fax documents to Linda Reich	2.0	

JAMES P. BALLANTINE, ATTORNEY AT LAW

DATE	DESCRIPTION OF PROFESSIONAL SERVICES PERFORMED/EXPENSE INCURRED	HOURS	EXPENSE
24-Feb-09	Drafting of letter to County regarding Park infrastructure; Draft e-mail to Maloney regarding need him to revise his letter to delete reference to 100 Amp; T-calls: Ken Waterhouse, DF regarding meeting	1.0	
25-Feb-09	Meeting w/ Ken Waterhouse to prepare for his deposition; Represent Ken Waterhouse at his deposition; Meeting: Darren Epps, Dan Fitzgerald, Ken Waterhouse, etc. regarding status, condition of Nomad infrastructure	5.0	
25-Feb-09	Host lunch meeting at University Club		N/C
26-Feb-09	Review revised letter by Maloney; Attend depositions of County officials Mike Zimmer and Philip Oates; Notes to file	4.0	
3-Mar-09	Return t-call: CopyPro regarding document subpoena	0.2	
3-Mar-09	Finalize letter to Oates	0.3	
4-Mar-09	Courier: Personal delivery of letter to Oates and Zimmer at County		\$25.00
4-Mar-09	T-call: Ken Waterhouse	N/C	
5-Mar-09	Outline questions to Jerrie Taylor at deposition; Review file documents; Draft & finalize e-mail to client (1/2 of time spent)	1.0	
6-Mar-09	Attend continued deposition of Jerrie Taylor; Notes to file (1/2 of time spent)	2.0	
12-Mar-09	Brief review of deposition transcript; Arrange to have it copied and sent to client; Draft & finalize letter to Ken Waterhouse transmitting deposition transcript by overnight mail	0.5	
12-Mar-09	Overnight mailing costs		\$26.50
12-Mar-09	Courier to overnight mail		\$25.00
16-Mar-09	Return call: Juanita	N/C	
17-Mar-09	T-call: Juanita to discuss situation w/ Taylor: Space 23 not maintained, no payment of rent on Space 23 or 11; Review bills faxed from Juanita; T-call: Mike Zimmer, Santa Barbara County Building Department	0.3	
19-Mar-09	Review Ruben's e-mail and attachments regarding bills from County; Review documents; Draft & finalize response e-mail to Ruben Garcia; Conference with Darren Epps regarding: does he have any knowledge of prior billings to be paid by Nomad	0.4	
20-Mar-09	Review and analyze Ken Waterhouse deposition transcript	1.0	
31-Mar-09	Attend Jerrie Taylor deposition; Notes to file; Conference w/ Darren Epps	N/C	
2-Apr-09	Review Kelly's voice mail; T-call: Ruben Garcia; T-call: Goleta Water District Jim Henderson	0.4	
6-Apr-09	Review Juanita's voice mail T-call: Juantia regarding Space 23, 11; T-call: Jim Henderson at Goleta Water District	0.3	
27-Apr-09	T-call: Ken Waterhouse (L/M); T-call: Norm Bremer regarding Goleta Water District issue	N/C	
30-Apr-09	Return Juanita call; T-call: Juanita regarding status of various park issues, etc.; Notes to file	0.5	
1-May-09	T-call: Carrie at Goleta Water District (L/M)	N/C	
4-May-09	T-call: Mike Zimmer (L/M); T-call: Carrie Bennett at Goleta Water District; T-call: Juanita	0.2	
5-May-09	T-call: Mike Zimmer regarding potential meeting; Notes to file	0.2	
6-May-09	Site visit to Space 23	1.0	
12-May-09	T-call: Ken Waterhouse	N/C	
13-May-09	T-call: Zimmer	0.2	
15-May-09	T-call: Juanita	N/C	
18-May-09	T-call: Zimmer (L/M); regarding meeting; Review fax from Juanita	0.2	
19-May-09	T-call: Mike Zimmer	0.2	
21-May-09	Review voice mail from Zimmer's office regarding meeting; T-calls: Zimmer's office regarding schedule, Maloney's office	0.3	
22-May-09	Review voice mail from Zimmer's office; T-call: Zimmer's office	N/C	

JAMES P. BALLANTINE, ATTORNEY AT LAW

DATE	DESCRIPTION OF PROFESSIONAL SERVICES PERFORMED/EXPENSE INCURRED	HOURS	EXPENSE
4-Jun-09	Preare for and represent client at meeting with County Building official Mike Zimmer and his staff and electrical engineer John Maloney at County of Santa Barbara relating to all our electrical connections at Park; Confer with John Maloney; Notes to file	2.0	
15-Jun-09	Review Philip Oates' voice mail, return call (L/M)	N/C	
16-Jun-09	Review Philip Oates' e-mail, return call (L/M); Draft & finalize letter to Maloney regarding status, response to memo draft	0.2	
17-Jun-09	T-call: Philip Oates (L/M)	N/C	
18-Jun-09	Review Philip Oates' voice mail	N/C	
23-Jun-09	Review and analyze letter from County building inspector Oates allowing mobilehome installation at Space 23; Review and respond to e-mail from Ruben Garcia regarding same	0.4	
24-Jun-09	Review voice mail; e-mail from Ruben Garcia; T-calls: Ruben Garcia regarding water district issues(2); Draft & finalize e-mail to Ruben Garcia	0.4	
25-Jun-09	Review e-mail from Ruben Garcia; T-calls: Shari at Waterhouse Management, Ruben Garcia; Review and analyze e-mail fro Shari and attachments: Power of Attorney document, Title Report for leasehold interest; Review and analyze Ground Lease regarding maintenance duties, etc.; T-call: Norm Bremer regarding GWD status, contact with Bells; T-call: Jim Henderson at GWD; T-call: Von Dolen (L/M); Prepare Authorization of Agent document	2.0	
26-Jun-10	Review and respond to e-mail from Ruben Garcia regarding Bell authorization; T-calls: John Bell (L/M), Robert Bell (L/M) Von Dolen's office (He's N/A); John Bell (2), Ruben Garcia (2); Draft & finalize e-mail to Ruben Garcia regarding Authorization form and status; Review e-mail document from Ruben Garcia; Review voice mail from Bob Bell and return call	1.5	
29-Jun-09	Review Ground Lease; Review original Authorization sent by overnight delivery by Waterhouse Management; Draft letter to Von Dolen; Draft e-mail to Ruben Garcia transmitting Von Dolen letter draft	2.0	
1-Jul-09	T-call: Von Dolen regarding status of Authorization; T-call; Ruben Garcia regarding status update, etc.	0.5	
8-Jul-09	Review check from client; T-call: P & D (N/A); T-call: Von Dolen regarding status - where is the Authorization	0.2	
9-Jul-09	Review and analyze letter from Bell attorney Von Dolen regarding side agreement regarding Goleta Water District authorization; Review Ground Lease; Prepare response letter with revisions to agreement; Draft & finalize e-mail for Ruben Garcia and Ken Waterhouse	1.0	
10-Jul-09	T-call: Ruben Garcia regarding Von Dolen response; Finalize Von Dolen response; Draft & finalize e-mail to Ruben Garcia	0.8	
13-Jul-09	Review Goleta Water District report sent by Norm Bremer; T-call: Norm Bremer regarding Goleta Water District test results; Fax Goleta Water District document to client, etc.	0.4	
27-Jul-09	Review and respond to Ruben Garcia's e-mail; T-call: Von Dolen regarding authorization	0.2	
28-Jul-09	Draft & finalize letters to Von Dolen, Carrie Bennett at Goleta Water District	0.2	
28-Jul-09	Courier: Von Dolen's office		\$20.00
28-Jul-09	Courier: Goleta Water District		\$40.00
31-Jul-09	Brief conference w/ Dennis Shea re: condition of Space 23	N/C	
7-Aug-09	Review and analyze Shea correspondence; T-call: Dennis Shea regarding status Confer with Miguel Lopez; view Space 23; Review Jerrie Taylor bills	1.5	
12-Aug-09	T-call: Shea; Review Jerrie Taylor bills	0.2	
14-Aug-09	Conference at S.B. County Building and Safety personnel regarding issues regarding approval for Space 23, etc.; Notes to file; Review and analyze Shea correspondence	1.0	
17-Aug-09	Review Shea letter and plot plan; analyze Nomad bills regarding rent due	0.4	
21-Aug-09	Review letter from Taylor to Waterhouse forwarded by Ruben Garcia; Draft & finalize e-mail to Ruben Garcia regarding status; T-call Ruben Garcia (L/M)	0.6	



JAMES P. BALLANTINE, ATTORNEY AT LAW

DATE	DESCRIPTION OF PROFESSIONAL SERVICES PERFORMED/EXPENSE INCURRED	HOURS	EXPENSE
24-Aug-09	T-call: Ruben Garcia (L/M)	N/C	
25-Aug-09	T-call: Ruben Garcia regarding status regarding Taylor issues and <b>Nomad infrastructure</b> issues; Notes to file	0.3	
27-Aug-09	Draft & finalize letter to Shea regarding will approve a <b>plot plan</b> and have further response for him	0.4	
31-Aug-09	Review Shea letter	0.2	
1-Sep-09	Return Shea call (L/M)	N/C	
2-Sep-09	Review file documents; Drafting of letter to Shea regarding history regarding Space 23 and 11 and status of Space 23 <b>plot plan</b>	1.0	
3-Sep-09	Return t-call: Miguel Lopez; Further drafting of letter to Shea; e-mail draft to Ruben Garcia	1.5	
4-Sep-09	Finalize Shea letter; Review documents	1.0	
5-Sep-09	Review voice mail from Ken Waterhouse; Review documents delivered by Shea's office; T-call: Ken Waterhouse regarding status: settlement, Taylor, <b>County</b> , moving forward with the <b>Park improvements</b> , etc.	0.5	
9-Sep-09	Brief conference w/ Shea regarding status	N/C	
16-Sep-09	Review and analyze correspondence documents regarding <b>new mobilehome</b> forwarded by Shea; Review Taylor documents regarding prior <b>application for approval</b> ; Notes to file; T-call: Shea (N/A)	1.0	
18-Sep-09	Review Shea's voice mail; T-call: Shea; Review Shea voice mail; T-call: Shea (L/M)	0.2	
22-Sep-09	Draft & finalize e-mail to Ruben Garcia and Ken Waterhouse regarding status and latest correspondence; T-call: Ruben Garcia, T-call: Shea (L/M)	0.8	
23-Sep-09	Draft & finalize letter to Ruben Garcia transmitting Taylor check; Review Shea's voice mail; T-call: Shea (L/M)	0.3	
24-Sep-09	Lengthy t-call: Shea to review status, deficiencies with his documents submitted, etc.; Review and analyze documents; T-call: Shea	0.8	
25-Sep-09	Review letter from dealer submitted by Shea and Shea e-mail; Draft & finalize e-mail to Shea <b>regarding infrastructure</b>	0.6	
28-Sep-09	Review and analyze additional documents regarding Taylor's <b>proposed 30-amp mobilehome</b> sent by Shea; T-call: Shea to review documents and discuss deficiencies	1.0	
29-Sep-09	Review and analyze further documents sent by Shea: <b>Plot Plan</b> and letter from installer; Draft & finalize e-mail to Ruben Garcia regarding same	0.5	
30-Sep-09	Review Miguel's voice mail; T-call: Miguel; T-call: Ruben Garcia (L/M); Review letter from Shea	0.2	
1-Oct-09	T-call: Ruben Garcia (L/M); T-call: Shea	0.2	
2-Oct-09	T-call: Ruben Garcia, Shea	0.2	
5-Oct-09	Brief conference w Miguel; T-call: Shea (L/M)	0.2	
6-Oct-09	T-call: Miguel; T-call: Shea (L/M)	0.2	
7-Oct-09	Return call: Shea (L/M); Draft & finalize letter to Shea regarding <b>plot plan and installation issues</b> , etc.	1.5	
8-Oct-09	Return e-mail to Shea	0.2	
8-Oct-09	Courier: correspondence and plot plan to Shea		\$25.00
9-Oct-09	Draft & finalize e-mail to Ruben Garcia regarding status	N/C	
12-Oct-09	Review Ruben Garcia's e-mail	N/C	
21-Oct-09	Review analyze correspondence from Shea; Review <b>voice mail from installer</b> ; Return call (L/M); Draft & finalize e-mail to Ruben Garcia	0.5	
22-Oct-09	Review voice mail from installer, return call (L/M)	N/C	
26-Oct-09	Review voice mail from installer; T-call: <b>installer</b>	0.3	
27-Oct-09	Review e-mails from Ruben Garcia; T-call: Ruben Garcia	0.2	

JAMES P. BALLANTINE, ATTORNEY AT LAW

DATE	DESCRIPTION OF PROFESSIONAL SERVICES PERFORMED/EXPENSE INCURRED	HOURS	EXPENSE
19-Mar-10	Confer w/ Taylor attorney Shea regarding status of <b>mobilehome installation in Space 23</b>	0.3	
25-Mar-10	Review and respond to Ruben Garcia's e-mail regarding <del>notice from County regarding Park infrastructure</del> ; Review Von Dolen letter to County; T-call: Ruben Garcia; Draft & finalize e-mail to Von Dolen; E-mails to and from Ruben Garcia	1.0	
31-Mar-10	Review and analyze e-mails from and forwarded by Ruben Garcia regarding <del>County Planning &amp; Development Director's letter regarding condition of Park infrastructure (see below)</del> ; T-call: Ruben Garcia regarding status, how to proceed, etc.	0.5	
1-Apr-10	Further review documents/e-mails forwarded by Ruben Garcia regarding issue of fine regarding condition of Park <b>infrastructure</b> ; Legal research: review and analyze SB County Code regarding procedures regarding issuance of administrative fines and appeals; Outline letter of appeal to County	1.5	
2-Apr-10	Further drafting, revise and finalize letter to <b>County Planning &amp; Development Director</b> regarding appeal of administrative fine for condition of <b>Park infrastructure</b> ; Draft & finalize supplemental letter of Appeal; Draft & finalize letter to Kevin Greene regarding notices, etc.; Draft & finalize e-mail to Von Dolen	2.0	
2-Apr-10	Draft & finalize e-mail to Ruben Garcia and Ken Waterhouse regarding copies, status, etc.	0.5	
2-Apr-10	Courier: Hand-deliver letter to Planning & Development		\$25.00
5-Apr-10	Return t-call to Ruben Garcia; Discussion w/ Ruben Garcia regarding status of appeal, <b>infrastructure issues</b>	N/C	
4-May-10	Review e-mails and voice mail from Ruben Garcia, <b>Norm Bremer to review what financial records</b> he has, etc.; he will review and call back; Notes to file	1.0	
5-May-10	T-calls: Norm Bremer regarding record review; Review e-mail: Ruben Garcia to Mr. St. John; Review voice mail from Mr. St. John; <b>Lengthy t-call: Mr. St. John</b> regarding a number of background issues <b>regarding Santa Barbara County Mobilehome Rent Control Ordinance</b> , background of prior rent control <b>arbitrations</b> , potential issues <b>regarding rent increase</b> and approaches to rent increase application regarding follow-up conference, <b>Park infrastructure</b>	1.5	
6-May-10	<b>Review and analyze County letter responding to notice of appeal</b> ; Legal research: Government Code section cited in letter; Review and analyze cases citing relevant Government Code section, including Santa Paula case	1.5	
7-May-10	Review legal research and County documents and preparation of outline of proceeding; T-calls: St. John (L/M), Ruben Garcia (L/M)	0.5	
8-May-10	Outlining and begin drafting Petition for writ of mandate and appeal of County decision regarding appeal of Notices of Determination of Fine, etc., <b>regarding Park infrastructure</b>	2.5	
10-May-10	Further drafting of <b>Petition for writ</b>	1.0	
11-May-10	Revise and finalize <b>Writ Petition</b> ; T-calls and e-mail to Ruben Garcia; e-mails to and from St. John; Lengthy t-call with Mr. St. John regarding <b>rent increase and rent control issue</b> ; Notes to file	3.0	
11-May-10	Courier: Filing Writ of Mandate in Santa Barbara Superior Court		\$30.00
11-May-10	Copies of Writ of Mandate		\$15.50
11-May-10	Santa Barbara Superior Court Fee for filing Writ of Mandate		\$355.00
12-May-10	Review and analyze <b>memo from Michael St. John regarding rent increase issues</b> ; Draft & finalize response; Draft & finalize e-mail to County regarding appeal hearing; T-call: Von Dolen; Review e-mail from Co.; Calendar date, etc.	1.5	
24-May-10	T-call: Von Dolen regarding preparation for County appeal hearing	0.2	
25-May-10	Review e-mail from Ruben Garcia and from Mr. <b>St. John's</b> office; <b>T-call: Norm Bremer</b> ; Prepare for <b>hearing at County</b> ; review and analyze County Code provisions, documents provided by County; Prepare outline of arguments at appeal hearing; Review file documents: <b>Maloney's reports</b> , etc.	2.0	

JAMES P. BALLANTINE, ATTORNEY AT LAW

DATE	DESCRIPTION OF PROFESSIONAL SERVICES PERFORMED/EXPENSE INCURRED	HOURS	EXPENSE
26-May-10	Copies: exhibits for hearing		\$10.00
26-May-10	Further preparation for hearing; T-call: Von Dolen; Represent client at hearing at County on issue regarding administrative fine and violations; Review County documents; Notes to file; Confer w/ Von Dolen; Confer w/ County Counsel	3.5	
4-Jun-10	T-call: Norm Bremer regarding Nomad financial documents	0.3	
11-Jun-10	T-call: Norm Bremer	0.3	
29-Jun-10	Lengthy t-call: Von Dolen regarding status; County Hearing issue, appeal, property tax issue, etc.	0.5	
10-Sep-10	Review e-mail from Ruben Garcia; Draft & finalize reply e-mail to Ruben	0.3	
15-Sep-10	T-call: Ruben Garcia; T-call: Miguel; Further review of documents from Ruben Garcia: Taylor issue	0.7	
17-Sep-10	Brief review of e-mail from St. John	0.2	
17-Sep-10	Review and analyze documents sent by County regarding Park infrastructure; Notice of Violation; Notice of Determination of Fine; E-mail County document to John Maloney; T-call: John Maloney, electrical engineer; T-call: Ruben Garcia regarding Taylor, property tax, County documents	2.0	
21-Sep-10	T-call: Richard Abbott at D.A.'s office (N/A); T-call: Ruben Garcia (L/M); T-call: Ruben Garcia; T-call: Ken Waterhouse regarding status of various matters; Notes to file	1.0	
22-Sep-10	Review and analyze County notices; Review County Code and file documents; Drafting of memo regarding potential responses to County notices	1.5	
23-Sep-10	Review and analyze memo from St. John regarding rent increase issues; T-conference w/ St. John regarding rent increase issues and additional information needed etc.; Notes to file; Draft & finalize e-mail from Ruben Garcia; T-calls: Maloney, Ruben Garcia regarding <del>_____</del> ; T-call: Norm Bremer regarding accounting issues	2.0	
24-Sep-10	T-call: Von Dolen on Notice of Determination of Fine, NOV asnd property tax issue; Further draft, revise and finalize memo on NOV issue to client	1.0	
27-Sep-10	Review and analyze e-mail from Michael St. John regarding the rent control issues and attached spreadsheets; Review and analyze letter draft prepared by John Maloney and forwarded by e-mail; Draft Amended Petition against County regarding electrical issues, etc.	3.5	
28-Sep-10	Courier: File Amended Petition at Santa Barbara Superior Court		\$25.00
30-Sep-10	Draft & finalize appeal letter to Santa Barbara County regarding infrastructure issue	0.5	
30-Sep-10	Courier: Hand-serve appeal letter to Planning Department of Santa Barbara County		\$25.00
1-Oct-10	Return call to Von Dolen regarding application; Draft & finalize e-mails to Von Dolen transmitting appeals; Draft & finalize e-mail from motion for summary judgment regarding rent increase, etc.	0.5	
2-Oct-10	Review and analyze e-mail from Michael St. John regarding rent increase, etc.	0.2	
8-Oct-10	Drafting of memo on property tax issue	1.0	
22-Oct-10	Review Ruben Garcia's e-mail; Review file documents; Review St. John documents; T-call: St. John (L/M); T-call: Norm Bremer; T-call: Eric Snyder at County; T-call: Maloney (L/M); Draft & finalize e-mail to Ruben Garcia (L/M)	1.0	
25-Oct-10	T-calls: John Maloney, Michael St. John, Eric Snyder at County (L/M); Ruben Garcia regarding status; Conference w/ Norm Bremer regarding capital costs	0.5	
26-Oct-10	Further drafting, revise and finalize memo on property tax issue; Review and respond to Ruben Garcia's voice mails and e-mails; T-calls: Eric Snyder at County, Maloney regarding meeting regarding electrical; Prepare for conference call: Ken Waterhouse, St. John; Review documents; prepare notes; Conference call with Ken Waterhouse and Michael St. John; Notes to file; Review Michael St. John analysis regarding increase; T-call: Ken Waterhouse	2.5	

JAMES P. BALLANTINE, ATTORNEY AT LAW

DATE	DESCRIPTION OF PROFESSIONAL SERVICES PERFORMED/EXPENSE INCURRED	HOURS	EXPENSE
27-Oct-10	Review voice mail from Snyder; T-call: Von Dolen regarding property tax, County fine issue; Return call: Richard Abbott at District Attorney's office (L/M); T-calls: St. John (L/M), Ruben Garcia, Ken Waterhouse, Michael St. John; Review St. John's e-mails; Notes to file; Draft & finalize e-mail regarding recent history of rent increases at Nomad; Research CPI	2.0	
28-Oct-10	Return t-call: Ken Waterhouse; Review and analyze e-mails and documents forwarded by Ruben Garcia; e-mail to Ruben Garcia; T-call: County Counsel Jerry Czuleger regarding settlement of Planning & Development issues; Review voice mail from Eric Snyder regarding application hearing; T-call: Snyder (L/M); T-call: Abbott (L/M)	1.0	
1-Nov-10	Assemble files for meeting w/ John Maloney and Eric Snyder at Santa Barbara County Building & Safety Department and attend meeting; Notes to file; Confer with John Maloney; T-call: County Counsel Czuleger (L/M); T-call: Richard Abbott; T-call: Ken Waterhouse; Review voice mail from Eric Snyder	1.5	
2-Nov-10	Draft letter to Eric Snyder regarding resoluition of County issues; Draft e-mail to client; T-call: Jerry Czuleger (L/M); T-call: Ruben Garcia; T-call: Ken Waterhouse	2.0	
3-Nov-10	Finalize letter to County; Assemble exhibit	0.4	
4-Nov-10	Courier: deliver letter to County		\$25.00
8-Nov-10	Review Ruben Garcia's e-mail; T-call: Michael St. John regarding status and proceeding	0.3	
10-Nov-10	Return call to Jerry Czuleger regarding status; Draft letter to Czuleger regarding waiver of time limit; E-mail to client; Drafting of letter to lender; Review file documents for drafting of letter to lender	1.5	
11-Nov-10	Reivew Czuleger e-mail; Review and respond to Ruben Garcia's e-mail; Drafting of letter to lender	1.0	
12-Nov-10	Draft & finalize revised letter to Czuleger regarding waiver of fine limit; Finalize draft of letter to lender; E-mails to Ruben Garcia and Ken Waterhouse; T-call: Czuleger (L/M)	1.5	
17-Nov-10	Review and analyze letter from Czuleger regarding County settlement; T-call: Maloney; Review Ruben Garcia e-mail regarding revision to lender letter; Draft & finalize revision to lender letter and e-mail to Ruben Garcia, Ken Waterhouse; Draft & finalize e-mail to Ken Waterhouse and Ruben Garcia regarding County settlement	1.5	
22-Nov-10	T-call: Jerry Czuleger regarding status and agreement	0.3	
23-Nov-10	T-call: John Maloney regarding status; Review plans forwarded by John Maloney; Drafting of Agreement with County regarding Infrastructure improvements	2.0	
24-Nov-10	Further drafting of Settlement Agreement with County; Draft & finalize e-mail to Ken Waterhouse and Ruben Garcia regarding Settlement Agreement draft	1.5	
29-Nov-10	Draft & finalize e-mail to Ken Waterhouse and Ruben Garcia regarding status	0.3	
30-Nov-10	Review and respond to e-mail from Ruben Garcia; Draft & finalize e-mail to Von Dolen; T-calls: Czuleger (L/M), St. John (L/M)	0.5	
	Toll charges - for entire period		\$98.50
	Miscellaneous copies, postage, facsimile charges - for entire period		\$42.50
	TOTAL HOURS	153.4	HOURS
	TIMES	\$325.00	PER HOUR
	TOTAL FOR HOURS	\$49,855.00	
	TOTAL FOR EXPENSES	\$1,118.00	
	TOTAL FOR HOURS AND EXPENSES FOR PERIOD	\$50,973.00	

# ATTACHMENT “7”

1 reduced rent increase that would be awardable and  
2 justifiable.  
3 I think there were a few, what we saw to be  
4 and what my brief talks about, miscalculations or  
5 omissions in the first MNOI analysis we saw. I think  
6 there may have been some corrections to those, so at  
7 this point I won't speak to those any further.  
8 But that's essentially a summary of our  
9 position, your Honor. We are confident that if the  
10 ordinance is very carefully applied, and if the law,  
11 as the reasonableness that the ordinance requires,  
12 especially with respect to the sub-metered energy and  
13 ground lease payments is properly applied, that the rent  
14 increase number, which is kind of hard to calculate,  
15 it's kind of a moving target at this point, but that it  
16 will be significantly less.  
17 And Dr. Baar, I think, as the hearing officer  
18 will find, has extensive qualifications to talk about  
19 the MNOI and the categories that you would typically  
20 include there and the base year issues.  
21 Thank you.  
22 THE ARBITRATOR: Thank you, Mr. Stanton.  
23 Couple housekeeping matters. Let's go back and probably  
24 should mark the ordinance as a Joint 1. Any objections?  
25 MR. BALLANTINE: The ordinance?

1 THE ARBITRATOR: Yes.  
2 MR. BALLANTINE: That's fine.  
3 (Exhibit Joint 1 was received into  
4 evidence.)  
5 THE ARBITRATOR: Then the notice of hearing,  
6 Joint 2?  
7 MR. BALLANTINE: No objection.  
8 (Exhibit Joint 2 was received into  
9 evidence.)  
10 THE ARBITRATOR: Okay.  
11 Gentlemen, I've been hearing some comments  
12 that maybe some things may not be at issue. If during  
13 the break, you can run the cost of living index support,  
14 we'll get a stipulation on the record when you get back  
15 and we'll take those issues off the table.  
16 MR. BALLANTINE: Sure.  
17 THE ARBITRATOR: With that, Mr. Ballantine,  
18 please call your first witness.  
19 MR. BALLANTINE: Thank you, your Honor.  
20 Your Honor, I would like to call Dr. Michael  
21 St. John.  
22 Your Honor, I just need a moment with my  
23 witness.  
24 THE ARBITRATOR: Let's take a five-minute  
25 break and we'll be back on the record in five minutes.

1 (A brief recess was taken.)  
2 THE ARBITRATOR: I need to make one correction  
3 of the joint exhibit. It's not the ordinance, it's the  
4 rules for hearing.  
5 With that change, Dr. St. John, would you like  
6 to take a seat up here, sir.  
7 MR. BALLANTINE: Your Honor, may I approach  
8 the witness and give him the exhibit book?  
9 THE ARBITRATOR: Yes.  
10 Sir, please raise your right hand.  
11  
12 MICHAEL ST. JOHN,  
13 Called as a witness,  
14 having been sworn, was examined  
15 and testified as follows:  
16  
17 THE ARBITRATOR: Please state and spell your  
18 name for the record.  
19 THE WITNESS: Michael St. John, M-i-c-h-a-e-l  
20 St. J-o-h-n.  
21 THE ARBITRATOR: Mr. Ballantine, you may  
22 proceed.  
23 MR. BALLANTINE: Thank you, your Honor.  
24  
25 DIRECT EXAMINATION

1 BY MR. BALLANTINE:  
2 Q. Dr. St. John, what is your profession?  
3 A. I'm an economist.  
4 Q. Can you tell us a bit about your background in  
5 becoming an economist? Start with educational  
6 background, please.  
7 A. Yes. I went to UC Berkeley and got a master's  
8 in economics in 1984 and Ph.D. in economics in 1989.  
9 Q. And tell us, did you have an undergraduate  
10 degree before going to Berkeley?  
11 A. I had a B.A. from Harvard College.  
12 Q. All right. And as an economist, have you  
13 focused your area of study in any particular areas?  
14 A. Rent control, one could say.  
15 Q. Okay.  
16 A. My dissertation was on the effects of rent  
17 control on property value.  
18 Q. Tell us a little bit about your academic  
19 experience in the area of rent control studies.  
20 A. There are no courses in rent control at  
21 graduate schools, so I studied microeconomics, I studied  
22 regulatory economics, but there was no coursework  
23 explicitly on rent control.  
24 Q. Have you, then, either during the course of  
25 education or subsequent to that, performed any studies

SANTA BARBARA SANTA MARIA  
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1 were signalling to the residents that there was a  
2 challenge to the property taxes that was contemplated  
3 being pursued, and that if that challenge were  
4 successful then the rent increase amount would not be  
5 passed through to the residents?

6 A. That's right, that's what I wanted to convey.

7 Q. You also convey that in meet and confers with  
8 the residents as well?

9 A. Oh, yes, we talked about that.

10 Q. All right. Let's go on to the next item here  
11 in Exhibit C, No. 2. You've got lease payment increase.  
12 Tell us about that.

13 A. The lease payments under the old management  
14 was 10 percent and under the new it's 20 percent. And  
15 doing the math, you can see the lease payments  
16 approximately doubled. So that indicates, since, in my  
17 view, ground lease payments are a legitimate item of  
18 expense in MNOI calculations, that there should be a  
19 pass-through of \$58,622 to compensate for that increase.  
20 That is a cash amount that the park is paying that's  
21 greater by that amount than what's being paid in 2008.

22 Q. All right. And a couple of questions on that.  
23 One, did you look at the books of account of both  
24 operators and determine that those amounts were being  
25 paid?

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1 amount and for residents to know what impact that has on  
2 the actual rent increase, you have to turn to Table 1.

3 Q. Now, you do have, though, a permanent  
4 increase, a total number per space per month down on  
5 line 42 under column H, correct?

6 A. Yes, it's there for the whole thing, but it is  
7 not there for the line items.

8 Q. For the line item, right.

9 But we can see that in Table 1?

10 A. Yes.

11 Q. And we'll look at that in a second.

12 So basically, you've got a \$58.16 per month  
13 per space increase, permanent increase based upon these  
14 two items up at the top, 1 and 2, the property tax and  
15 the lease payment?

16 A. That's right. The math of it is simply the  
17 figure \$104,692 divided by 12 months and by 150 spaces,  
18 gives you \$58.16.

19 Q. Thank you. Let's go down to temporary  
20 increases. Tell us about how you did the calculations  
21 for the capital improvements.

22 A. Well, can I ask your question this way?

23 First, talk about the amortization as a general  
24 category. Do the amortization calculations apply to  
25 items 3, 4, 5 and 6? So the ordinance makes it clear

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1 A. Yes.

2 Q. And with respect to the increase, did you  
3 perform an assessment and determine that that was an  
4 appropriate expense to pass through to the residents?

5 A. Yes.

6 Q. And that would be under the applicable  
7 ordinance?

8 A. Yes.

9 Q. All right. So would it be the case that you  
10 determined these two items and you got a number, the  
11 \$104,000, and from that number you came up with what  
12 that would work out to be as a specific rent increase  
13 per space?

14 A. Yes. And I should point out that Table 1  
15 gives the per-space-per-month analog, and had I thought  
16 about it at the time, I would have put on this chart,  
17 but I didn't. Actually, at the meet and confers, as I  
18 recall, the residents asked that I put it on this chart  
19 and that's why our -- it is shown on the current tables  
20 that we're using.

21 Q. And by that you mean, that would be just the  
22 sub-breakdown between, for example, what we've looked as  
23 permitted items 1 and 2, is that correct?

24 A. Well, I'm just talking about the fact that  
25 column H on this page, Exhibit C, just gives the dollar

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1 that for capital improvements amortization is  
2 appropriate, and what amortization means is spreading  
3 the cost item out over several years and then having it  
4 terminate then at that time.

5 The ordinance also says that it's to be done  
6 at interest, that the interest should be included. So  
7 the question was, what rate of interest is appropriate  
8 and what number of years is appropriate, and both of  
9 these are debatable. It could have been a different  
10 number of years, could have been shorter, could have  
11 been longer, could have been a higher rate of interest,  
12 lower rate of interest. Nine percent seemed to me like  
13 a reasonable rate of interest in these contexts, and  
14 seven years seemed like a reasonably average time  
15 period.

16 I've seen amortization periods considerably  
17 longer and some somewhat less. Residents, interestingly  
18 enough, sometimes argue for shorter rather than longer  
19 because residents understand that if it's amortized out  
20 over a longer time period they're going to pay more  
21 interest in the long run and are therefore willing to  
22 pay a larger amount sooner in order to have a lower  
23 amount later. But some residents don't feel that way  
24 and they want the lowest dollar amount possible right  
25 now. So these things are debatable and they are often

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1 debated, but 9 percent and seven years seemed like an  
2 average kind of figure to use.  
3 The ordinance, by the way, doesn't specify  
4 either one. They don't specify what rate of interest  
5 and they don't specify how many years, so we really  
6 don't have much guidance. Some ordinances do. Or in  
7 some jurisdictions, there are rules or regulations that  
8 spell out the amortization periods, but that is not true  
9 for Santa Barbara County.  
10 Q. Would it be accurate to say you used your  
11 professional judgment and experience in this area to  
12 come up with a number that you thought was appropriate?  
13 A. Yes, I was going to go on to say that figure  
14 in column H, \$91,398, is the number that the computer  
15 generates when you tell it to amortize \$460 at 9 percent  
16 over seven years. So the actual calculation is kind of  
17 hidden from view, but that's the number that is  
18 produced.  
19 Q. I take it, though, the calculation that you  
20 reference is based upon the rate that you do put there,  
21 the 9 percent and the number of years there at seven?  
22 A. Yes.  
23 Q. And then just to go through the component  
24 numbers, the A&E fees, those were provided to you as the  
25 amount that the prior operator had incurred during

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1 planning and permitting?  
2 A. That's right. The \$90,000 for A&E, the  
3 \$50,000 for professional fees and the \$320,000 for  
4 infrastructure costs were all given to me, and that's  
5 why I put them down there.  
6 Q. For the infrastructure costs of \$320,000, did  
7 you also see a statement -- let me have you look at  
8 Exhibit K.  
9 A. Yeah, I've seen this statement.  
10 Q. The Berkadia statement, were you provided with  
11 this as the amount of money that currently had been paid  
12 into an escrow as of this date?  
13 A. Yes, this was January of 2011, and it says up  
14 top the reserve balance in this account was \$327,000 and  
15 change.  
16 Q. All right. And the operator told you that's  
17 money they have escrowed for capital improvements to  
18 this park?  
19 A. Yes, it's my understanding this is in an  
20 escrow account.  
21 Q. All right, so we've looked at those three  
22 figures. Let's go down item 4 down the sheet,  
23 "Uncompensated Increases." Tell us about those.  
24 A. Well, the tax increase computed at the top is  
25 \$46,070 being incurred at the time that the park came

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1 under new management.  
2 Q. And that was August 1st, 2008?  
3 A. I think it was August 1st, 2008. I don't  
4 remember exactly but basically August of 2008, yes.  
5 And the County isn't quick, usually, in  
6 changing the tax rates, they wait a while and then they  
7 eventually change the taxes and then they send our  
8 supplemental tax bills. So I use the term  
9 "supplemental," but that's not -- I don't mean to say  
10 the supplemental tax bill, I mean to say that the extra,  
11 the increased tax amount was \$46,070 between 2008 and  
12 2009.  
13 Then the question is, how long will it be  
14 before the park owner begins being compensated for that  
15 tax increase? And the answer is, until May 1, 2011.  
16 The increases that were imposed, effective May 1, 2011,  
17 covered that amount, so from then forward the park owner  
18 is whole, but for the period from August 2008 to May  
19 2011 the park owner was obligated to pay these amounts  
20 but the residents were not obligated -- before this  
21 proceeding, or otherwise, wouldn't be obligated to pay  
22 it.  
23 But in my view, these are amounts that  
24 residents, in the end, have to pay. This is an  
25 increase, it's a legitimate increase, it's government

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1 imposed, it's not within the park owner's discretion, it  
2 is an extra cost.  
3 So I think Mr. Stanton might tell us, maybe he  
4 did, I don't know, oh, well, you should have petitioned  
5 right away. Well, okay, but that would imply that we  
6 have to petition kind of for every year, every single  
7 time an increase comes up we're going to have to  
8 petition, petition, petition, and these petition  
9 processes are quite time consuming, if you don't know.  
10 And so to my mind, it simply does not make good sense  
11 to, in effect, command the park owners do an entire NOI  
12 fair return petition every year. That doesn't make good  
13 sense, and the way to not do that is to allow park  
14 owners to do this kind of a fair return hearing  
15 periodically, when appropriate, when it feels  
16 appropriate, and then to be compensated for -- to be  
17 compensated after the arbitrator has decided on the  
18 justification for the increases in question, to be  
19 compensated for the past. The topic I'm addressing here  
20 is really known in the literature as regulatory lag.  
21 Q. Regulatory lag?  
22 A. Regulatory lag. And the PUC knows all about  
23 it, and PG&E and the other electric utilities and the  
24 other utilities, they argue this all the time, and they  
25 talk to the PUC and they say, wait a minute, you're



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1 I think it's quite appropriate that in the materials  
2 that we're presenting we're suggesting that the electric  
3 system, for example, should be -- which may require very  
4 major replacement, should be considered as a capital  
5 improvement in spite of the fact that this differential  
6 exists to cover the maintenance.  
7 And I might note that in Table 3-A and 3-B, I  
8 took out what might be considered maintenance items in  
9 2010 for the utility systems, gas, electric.  
10 Q. Would it be fair to say that Tables 3-A and  
11 3-B, they don't account in any way for utility expenses  
12 for costs?  
13 A. There's no utility expenses for costs in the  
14 analysis, that's true.  
15 Q. All right. And let me ask you one other thing  
16 in regard to utilities. To the degree that parks incur  
17 expenses such as professional expenses, legal fees or  
18 engineering fees or things like that that relate to  
19 county -- or relate to regulatory agencies, is that  
20 something that typically is included as some sort of an  
21 operating expense by a park?  
22 A. Can you repeat that?  
23 Q. Sure.  
24 A. I'm sorry, I was looking for numbers while you  
25 spoke. I'm sorry.

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1 Q. That's okay. With respect to professional  
2 fees, such as legal fees and for professional  
3 consultants, is it related to dealings with regulatory  
4 agencies and the like, is that something that's  
5 typically an expense that's included in an expense  
6 calculation, either through MNOI or through another kind  
7 of amortized pass-through?  
8 A. In my experience it is. I should say, I have  
9 known cases, ordinances that actually deny, but it's my  
10 understanding that the majority of cases do allow, and I  
11 think that there's case law on that, but you'd know  
12 better about that than I do.  
13 Q. Well, fair enough. But let me ask you, as to  
14 this ordinance that we're dealing with in Santa Barbara  
15 County, do you see anything that told you to not include  
16 such costs?  
17 A. No, no, there's nothing in this ordinance that  
18 I saw about that.  
19 Q. Okay. And then, final questions for you, if  
20 you would look at Exhibits N and O, starting with N, I'm  
21 not going to ask you to go through the whole thing, but  
22 Exhibit N, does it appear to you that this looks like  
23 financial statements regarding the current operator of  
24 the park that you reviewed in preparation for your  
25 documents?

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1 A. Yes. These are the source documents that I  
2 used in creating the charts.  
3 Q. Okay. And this is for the current operator,  
4 Lazy Landing, correct?  
5 A. Yes, that's true.  
6 Q. And going to final Exhibit O, and again,  
7 without asking you to look at every page, does this look  
8 like the financial data sheets that you looked at and  
9 relied upon in doing your analyses regarding the prior  
10 operator, Nomad Village, Inc.?  
11 A. That's right. These are those.  
12 MR. BALLANTINE: Thank you, your Honor.  
13 Nothing further of Dr. St. John right now.  
14 THE ARBITRATOR: Before we excuse Dr. St. John  
15 for now, I noticed the Nomad -- the previous operator's  
16 financials were unaudited. What about the existing  
17 financials?  
18 THE WITNESS: It's my belief that they're  
19 all unaudited. I don't think any of these, and it's not  
20 common in my experience for these kinds of accountant  
21 summaries to be audited. There may be parts that do,  
22 but in my experience, they usually are not. There's no  
23 requirement, as far as I know, that they be audited.  
24 THE ARBITRATOR: Thank you.  
25 Sir, please step down, subject to recall.

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1 With that, let's switch sides here and call  
2 your expert, Mr. Stanton.  
3 MR. STANTON: Thank you, your Honor.  
4 We call out of order Dr. Ken Baar.  
5 THE ARBITRATOR: Mr. Ballantine, before  
6 Dr. St. John is excused, will those documents that he  
7 referred to be submitted into evidence?  
8 MR. BALLANTINE: Yes. Thank you for the  
9 reminder.  
10 And if it would help, unless Mr. Stanton has  
11 any issues, I would move our exhibits into evidence at  
12 this point. If there's objections we can take it up,  
13 but that gets it out of the way.  
14 Mr. Stanton?  
15 MR. STANTON: I have no objection to moving  
16 them in, subject to our ability to object, comment or  
17 explain to certain data that's contained therein. I  
18 wouldn't want to be admitting accuracy, in other words,  
19 of all the contents.  
20 MR. BALLANTINE: Sure. I don't mean to  
21 include argument as to what it means. I think it's  
22 really foundational.  
23 MR. STANTON: For that purpose, I don't have  
24 any objection.  
25 THE ARBITRATOR: Let the record show that

1 mean to say this procedure will be, but many such  
2 procedures in rent control contexts are quite fickle.  
3 Q. You don't know going into it --  
4 A. You don't know going in how it comes out. I  
5 mean, a lot of this is dealing with the government, and  
6 we know that the government has been exceedingly  
7 difficult -- I've been told the government has been  
8 difficult on these questions like the electric  
9 infrastructure, the government has not made the park  
10 owners' life easy, and that's part of the risk.  
11 Q. And it's your opinion, as an economist, that  
12 that creates risk?  
13 A. It does.  
14 Q. Did you hear Dr. Baar also say the other basis  
15 for why the less than 100 percent indexing is okay in  
16 this case is because the owner's equity increases?  
17 A. Yes.  
18 Q. Do you agree with that in this case?  
19 A. No, because he's thinking about equity in the  
20 sense that the park owner owns the land and the park  
21 owner in this case doesn't own the land.  
22 THE ARBITRATOR: The park lessor?  
23 THE WITNESS: The park lessor. Thank you.  
24 BY MR. BALLANTINE:  
25 Q. I think we talked about this, but I want to

1 make sure. With respect to the uncompensated increases,  
2 Dr. Baar suggested that too much time had passed about  
3 the increases. Have you ever heard a standard before?  
4 A. No.  
5 Q. Have you ever heard of a specific standard --  
6 well, Dr. Baar also opined that there should be  
7 essentially, a one-year standard, almost a one-year  
8 statute of limitations.  
9 A. I think I spoke to this before. I think it's  
10 unworkable. It would require that park owners bring  
11 rent increase notices often and immediately, and there's  
12 no point in it. It makes much better sense for a park  
13 owner to accumulate a number of different reasons for  
14 rent increase, as has happened in this case -- again, I  
15 said park owners, but in this case the park  
16 management -- and not to do it every year. It's  
17 burdensome on the residents, it's burdensome on the  
18 City, it's burdensome on the park manager.  
19 Q. Would you say that all parties concerned are  
20 better off with fewer rather than more rent increase  
21 notices and rent control proceedings?  
22 A. Absolutely.  
23 Q. There was question raised about, and the point  
24 made that the \$90,000 figure under the capital expense  
25 improvements were in fact initially incurred by the

1 prior operator. Are you aware of anything in rent  
2 control analyses that would prevent recovery for an  
3 expense, assuming it's an expense legitimately incurred  
4 for the benefit of the park, that would prevent recovery  
5 in a proceeding by the subsequent operator?  
6 A. No.  
7 MR. BALLANTINE: Thank you, your Honor. I  
8 have nothing further for Dr. St. John.  
9 THE ARBITRATOR: Thank you.  
10 Any further questions.  
11 MR. STANTON: Nothing further.  
12 THE ARBITRATOR: Can the witness be excused?  
13 MR. BALLANTINE: Yes.  
14 MR. STANTON: He can.  
15 THE ARBITRATOR: Thank you, sir.  
16 Do we have another witness?  
17 MR. BALLANTINE: I do. Can I have a couple  
18 minutes? I have two more, Mr. Garcia and  
19 Mr. Waterhouse. I'm not sure the order I'll call them  
20 but they will both be brief.  
21 THE ARBITRATOR: Sure, I'll give you five to  
22 save 10.  
23 (A brief recess was taken.)  
24 MR. BALLANTINE: We're going to call  
25 Mr. Waterhouse.

1 THE ARBITRATOR: Mr. Waterhouse, please take  
2 the stand.  
3  
4 **KEN WATERHOUSE**  
5 having been sworn, was examined  
6 and testified as follows:  
7  
8 THE ARBITRATOR: Would you state and spell  
9 your name for the record.  
10 THE WITNESS: Ken Waterhouse, K-e-n  
11 W-a-t-e-r-h-o-u-s-e.  
12 THE ARBITRATOR: Mr. Ballantine, you may  
13 proceed with your witness.  
14  
15 DIRECT EXAMINATION  
16 BY MR. BALLANTINE:  
17 Q. Mr. Waterhouse, what's your relationship to  
18 Nomad Village Mobile Home Park?  
19 A. We purchased a land lease from the Bells, the  
20 lessor.  
21 Q. And who is "we"?  
22 A. Myself and my partner, Ronald Ubaldi. That's  
23 R-o-n-a-l-d U-b-a-l-d-i.  
24 Q. And did you do so as members of Lazy Landing,  
25 LLC?

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1 amounts that the taxes were saved?  
2 A. Yes, we did.  
3 Q. Did you tell them that in the event -- well,  
4 let me ask you about the numbers now. Please flip to  
5 Exhibit C in the notebook. Do you see that?  
6 A. Yes.  
7 Q. Let me ask you about it. Dr. St. John has  
8 gone through the preparation of this document and the  
9 numbers at some length. I'm not going to go through it  
10 again, but I just want to direct your attention to a few  
11 of the numbers and then ask you about some of the  
12 details relating to some of the numbers.  
13 We've been talking about the property tax  
14 appeal. Item No. 5 references anticipated professional  
15 fees relating to property taxes. Do you see that?  
16 A. Yes.  
17 Q. Was that a figure that you were quoted as to  
18 what Waterhouse Management was likely to be charged for  
19 that appeal?  
20 A. Yes.  
21 Q. Based on your experience as an experienced  
22 operator, did that appear to be a legitimate number?  
23 A. Yes, very legitimate number.  
24 Q. And on that one, during the meet-and-confer  
25 process did you tell the homeowners that in the event

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1 that it didn't cost Waterhouse Management that much that  
2 they would receive a rent credit for anything not  
3 charged or paid?  
4 A. Yes.  
5 Q. And let's go to item No. 6, also. We've heard  
6 a lot about that. It's the anticipated professional  
7 fees relating to the rent increase, but I'll ask a  
8 similar question: Was that the amount of money you were  
9 told it was likely to cost to go through full rent  
10 control proceedings?  
11 A. Yes.  
12 Q. And again, in your experience as an  
13 experienced operator, did that appear to be a legitimate  
14 number?  
15 A. Yes.  
16 Q. Did you have a conversation with the residents  
17 about whether or not they would get a credit if you  
18 didn't spend that kind of money?  
19 A. Yes.  
20 Q. What did you tell them?  
21 A. We told them again we'd give them a credit if  
22 we did not spend those amounts.  
23 Q. What was their response to any of that?  
24 A. They didn't want anything to do with it.  
25 Q. Let me draw your attention, under 3, to

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1 capital improvements, A&E, the \$9,000. I think we've  
2 established that that was -- we have another spreadsheet  
3 that itemizes it, but that was essentially money paid by  
4 the prior operator for engineering and so forth?  
5 A. Yes.  
6 Q. Did you make an agreement with the prior  
7 operator regarding their plans and permits that they had  
8 obtained?  
9 A. Yes, I did.  
10 Q. Tell us about that.  
11 A. I told them I would pay for all of his plans  
12 and the expenses that he had, to get all of his plans,  
13 engineering plans for ourselves.  
14 Q. Now, were you provided by the prior operator  
15 with all the plans?  
16 A. Yes.  
17 Q. And tell us about that, what did they  
18 constitute?  
19 A. Numerous plans, numerous CAD drawings,  
20 numerous reports that were going over the system of the  
21 park itself -- water, sewer, gas, electric -- and went  
22 as far as replacing everything all the way down to  
23 replacing the electric.  
24 Q. Did that include a complete diagram of the  
25 entire park?

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1 A. Yes, like a CAD drawing, complete diagram of  
2 the park.  
3 Q. And were those plans that you purchased, were  
4 those valuable to you as the current operator?  
5 A. Yes, they were.  
6 Q. And then the \$50,000 in professional fees,  
7 essentially to my office, was that a bill incurred by  
8 your office and paid?  
9 A. Yes.  
10 Q. And again, as an experienced mobile home park  
11 operator, did you review that bill?  
12 A. Yes.  
13 Q. And did that appear to be legitimate to you?  
14 A. Very legitimate.  
15 Q. And moving down, let's talk about the  
16 infrastructure, the \$320,000. Does that track the money  
17 that you paid to the escrow account with Berkadia?  
18 A. Yes.  
19 Q. And look at Exhibit K.  
20 A. Yes.  
21 Q. Do you recognize that Berkadia statement?  
22 A. Yes, I do.  
23 Q. And tell us, what is that?  
24 A. Each month is our mortgage payment. It's a  
25 bill that we get each month that breaks down the

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1 and written any scholarly reports on rent control  
2 issues?  
3 A. Well, the major study that is relevant to  
4 these proceedings is a paper that I did initially, I  
5 think it was 1993, called "Fair Return Under California  
6 Courts." It was a comprehensive analysis of the  
7 principle of fair return as it is applied in a  
8 regulatory context in California with applicability to  
9 various lawsuits and cases.  
10 Q. And was that particular study focused on  
11 mobile home rent control?  
12 A. It was focused on mobile home rent control.  
13 It's fully applicable to both mobile home and  
14 residential rent control, but, yes, it had a strong  
15 focus on mobile home rent control.  
16 Q. Have you also done -- have you done particular  
17 work in the mobile home rent control area?  
18 A. Yes. I have appeared, as I'm appearing today,  
19 in cases. I've also been hired by cities to advise them  
20 on fair return issues --  
21 Q. So -- I'm sorry.  
22 A. And I'm just thinking, I don't have my bio in  
23 front of me, but I also was hired in several of the key  
24 lawsuits, the Cotati suit, for example, and others that  
25 had fair return implications.

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1 Q. And speaking of your bio, let me direct your  
2 attention to Exhibit E in the binder.  
3 A. Yes.  
4 Q. And we've got a biographical note. Is that a  
5 biographical that summarizes your work in the rent  
6 control area?  
7 A. Yes.  
8 Q. Yes.  
9 A. You know, when I came up to this stand I  
10 didn't bring my glasses and it would be very helpful if  
11 I got them.  
12 Q. Go ahead.  
13 A. All right.  
14 Q. Okay. Now that you have your glasses, does  
15 Exhibit E look familiar?  
16 A. Yes.  
17 Q. This is a summary, the first page,  
18 biographical note, is that a summary of some of your  
19 background and experience in rent control?  
20 A. Yes, it is.  
21 Q. And I think this is the biographical note from  
22 the article you just referred to, "Fair Return Under  
23 California Courts."  
24 Then the next page and the following pages, is  
25 that, essentially, your CV?

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1 A. Yes, it is.  
2 Q. So you've served as an expert witness in  
3 mobile home rent control proceedings, is that correct?  
4 A. I have several times.  
5 Q. And you have also been hired as a consultant  
6 for municipalities?  
7 A. Yes.  
8 Q. Has that been in the area of mobile home rent  
9 control as well?  
10 A. Yes. I was about hired by the City of  
11 Lancaster, I was hired by the City of Marina, and by --  
12 I can't recall if it was the City of Santa Rosa or  
13 Sonoma County, they have combined rent control system  
14 and I don't remember which one of the two hired me.  
15 Q. Okay. And you indicated you appeared in a  
16 number of key lawsuits relating to mobile home rent  
17 control?  
18 A. That's true.  
19 Q. And you listed some of them here on the last  
20 page of your CV?  
21 A. Yes, that's true.  
22 Q. Are you familiar with what Mr. Stanton was  
23 talking about, the MNOI analysis, are you familiar with  
24 that?  
25 A. Yes.

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1 Q. Tell us about what, what does it stand for?  
2 A. MNOI stands for maintenance of net operating  
3 income. It's sometimes BYMNOI, which would be base year  
4 maintenance of net operating income.  
5 Q. And is that a system that's utilized sometimes  
6 in mobile home rent control?  
7 A. It is.  
8 Q. Tell us a little bit about that in general.  
9 A. The MNOI system is a creative system to  
10 approximate a fair return. It's not, technically  
11 speaking, a fair return on investment system, but it's a  
12 very good approximation that is now, thanks to  
13 Dr. Baar's work, it's now in current use throughout  
14 California.  
15 It is easier to use than strict fair return on  
16 investment systems. The numbers are easier, the  
17 calculations are easier and, as has been mentioned, it's  
18 not subject to manipulation in the way that fair return  
19 on investment systems conceivably might be.  
20 Q. Describe for us a little bit of the difference  
21 between the fair return on investments versus the MNOI  
22 system.  
23 A. Well, the typical fair return on investment  
24 system, one actually uses the investment amount and the  
25 rate of return, would do the math and would say the park

# ATTACHMENT “8”

**NOMAD VILLAGE - Rent Schedule Calculations Pursuant to  
Arbitration Award (Revised on Remand — 3/2/17 Remand Hearing)  
(Item Numbering follows numbering in Award)**

1 n/a

2 CPI increases - as noticed. *variable*

3 n/a

4 Property Tax Increase: Per year: 46,070 Per Month per Space: 25.59

5 Amortization applied per award (9% for 7 years) see below

Amortization:	rate:	0.09	years:	7	PER MONTH	PER SPACE
---------------	-------	------	--------	---	-----------	-----------

6 Capital Improvements 62,145.55 1,000 6.67

7 Professional Fees 25,000 402 2.68

8 A&E Fees 40,000 644 4.29

9 Supplemental Tax Payments 130,531 2,100 14.00

10 n/a

11 Anticipated professional fees relating to Property Tax Appeal 0 0.00

12 Legal Fees re: space rent increase 110,000 1,770 11.80

TOTAL PERMANENT INCREASES

CPI Increase	[variable]
Property Tax Increase	25.59

TOTAL TEMPORARY (7-YEAR) INCREASES	39.44
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TOTAL INCREASES AWARDED	65.03
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## DECLARATION OF SERVICE BY E- MAIL

I, LISA M. PAIK, declare:

I am, and was at the time of the service hereinafter mentioned, over the age of 18 years and not a party to the within action. My business address is 329 East Anapamu Street, Santa Barbara, California 93101, and I am a resident of Santa Barbara County, California.

On February 23, 2017, I served the foregoing document described as REMAND ARBITRATION HEARING BRIEF OF PARK MANAGEMENT OF NOMAD VILLAGE MOBILEHOME PARK on the interested parties in this action by e-mailing a true and correct copy thereof as follows:

Stephen Biersmith, Arbitrator  
e-mail: sbiersmith@aol.com

Don Grady, Clerk of the Ordinance  
County of Santa Barbara  
Real Property Division  
e-mail: dgrady@countyofsb.org

Jenna Richardson, Esq.  
Deputy County Counsel  
Office of County Counsel of Santa Barbara County  
e-mail: jrichardson@co.santa-barbara.ca.us

Debra Hamrick  
Nomad Village Homeowners Representative  
e-mail: Ianmipres@gmail.com

I caused such document to be e-mailed to the addressees.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on February 23, 2017, at Santa Barbara, California.

  
\_\_\_\_\_