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9	ARBITRATION PROCEEDINGS UNDER THE SANTA BARBARA COUNTY		
10	MOBILEHOME RENT CONTROL ORDINANCE		
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12		)	
13	IN RE NOMAD VILLAGE MOBILE HOME PARK	) RESPONSE BY PARK ) MANAGEMENT OF NOMAD	
14		<ul><li>) MANAGEMENT OF NOMAD</li><li>) VILLAGE MOBILE HOME PARK</li></ul>	
15		) TO THE PETITION FOR ) REVIEW FILED BY	
16		) HOMEOWNERS OF THE ) ARBITRATOR'S REMAND	
17		) OPINION AND AWARD ) DATED 3/13/17	
18		)	
19		<ul><li>(Stephen Biersmith, Esq.,</li><li>Arbitrator]</li></ul>	
20		) ) REMAND ARBITRATION	
21		) HEARING DATE: March 2, 2017	
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3	RESPONSE BY PARK MANAGEMENT OF NOMAD VILLAGE MOBILE HOME PARK TO THE PETITION FOR REVIEW FILED BY HOMEOWNERS OF THE ARBITRATOR'S REMAND OPINION AND AWARD DATED 3/13/17		

LAW OFFICES
JAMES P. BALLANTINE

PARK MANAGEMENT OF NOMAD VILLAGE MOBILE HOME PARK ("Park Management") hereby submits its Response to the Petition for Review by the Homeowners' Representative on behalf of the homeowners of Nomad Village Mobile Home Park collectively ("homeowners") and purportedly (but improperly) served on Park Management's counsel on April 24, 2017, appealing the Opinion and Award (Revised on Remand) ("Final Remand Award") issued by the Arbitrator on March 13, 2017, in the above-referenced Arbitration proceedings, as follows:

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### **INTRODUCTION**

The homeowners of Nomad Village Mobile Home Park in 2011 filed a petition for arbitration regarding a rent increase issued by Park management in January, 2011, resulting from increased operating costs 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") an arbitration hearing was conducted by an Arbitrator appointed by the Board of Supervisors, Stephen Biersmith, Esq., an experienced attorney on the Board's panel of arbitrators.

The Arbitration Hearing was duly noticed and occurred on September 19 and 20, 2011. The homeowners were represented by Attorney Bruce Stanton, and called witnesses and introduced exhibits. Thereafter, the parties stipulated to a briefing schedule and submitted a series of post-hearing briefs. Following the briefing, the Arbitrator prepared a draft award on November 22, 2011, following which time the parties submitted a stipulated series of calculations, which were incorporated into the final Opinion and Award which was issued by the Arbitrator on December 20, 2011 ("Arbitrator's Award"). Thereafter, the homeowners appealed the Arbitrator's Award for review by the Board of Supervisors ("Board").

The Board patently violated the rights of Park Management by engaging improper exparte communications with the homeowners. The Santa Barbara Superior Court later found

these communications to be in violation of the law and improper. The Board further acted illegally by vacating in its entirety the rent increases granted by the Arbitrator's Award. Park Management thereafter sued the Board, and after extensive proceedings, which were unnecessarily protracted by the homeowners, the Court ruled in favor of Park Management and against the Board and the homeowners and set aside the Board's illegal order vacating the rent increases, and remanded the matter for further proceedings consistent with the law and the Court's Order. The Arbitrator conducted another hearing upon remand on February 17, 2016. Both parties, the homeowners and Park Management, appeared through counsel. The Arbitrator did not admit any further evidence, but heard argument and received briefing from both parties. The Arbitrator issued his Remand Award dated March 5, 2016. The homeowners then filed yet another Petition for Review to the Board. On July 19, 2016, over the objection of Park management, the Board voted to remand the matter back to the Arbitrator to make certain further findings On August 10, 2016, the Arbitrator conducted a remand hearing, and again did not hear any further evidence, but received pre-hearing briefs and heard argument from both parties, and allowed the parties an opportunity to file post arbitration hearing briefs. On August 28, 2016, the Arbitrator issued his Opinion and Award (Revised on Remand) making the same awards as before and in which he set forth additional findings in support of each of his awards. The Arbitrator again awarded Park Management a permanent space rent increase of \$25.59 and temporary increase of \$39.44. The homeowners then filed yet another Petition for Review to the Board. On February 7, 2017, notwithstanding the fact that there was no legal basis for doing so and in violation of Rule 23, the Board yet again remanded portions of the Remand Award back to the Arbitrator for further findings to support the award, and despite the fact that the Remand Award contained appropriate and sufficient findings to support the award, and that the Board had no basis for ordering the remand. Specifically, the Board remanded the matter to the Arbitrator to make further findings in support of certain aspects of the Remand Award (Award Numbers 5,7,8 and 13). The Arbitrator conducted another remand arbitration hearing on March 2, 2017. The Arbitrator gave the parties an opportunity to submit further briefing and present further argument. On March 13, 2017, the Arbitrator issued his Opinion and Award (Revised on

Remand) making the same awards as before and in which he set forth additional findings in support of each of his awards. The Arbitrator again awarded Park Management a permanent space rent increase of \$25.59 and temporary increase of \$39.44.

The homeowners then filed yet another Petition for Review to the Board.

# A. THE HOMEOWNERS' PETITION REVEALS ON-GOING IMPROPER VIOLATIONS OF THE RULES OF PROCEEDING INCLUDING ON-GOING IMPROPER REFERENCES TO ALLEGED MATTERS NOT APPEARING IN THE RECORD

The homeowners' latest Petition continues to be governed by Rule 23. The Rules (Rule 23(b)) require that the Board make its determination based upon the arbitration "record alone" and may not consider evidence outside of the record. The homeowners' Petition again improperly violates Rule 23, as it is not based solely on the record of proceedings. Moreover, the homeowners' Petition is not based on any legitimate grounds for review, but is an improper attempt by homeowners to reargue their case (based largely on spurious claims not on the Record), and get the Board to improperly substitute their own judgment for that of the Arbitrator, and make a different finding not based on the record, but on the homeowners' unsupported and false claims of alleged matters that do not appear in the Record. In addition, the homeowners' latest Petition also repeatedly refers to ex-parte communications with the County outside of any hearing to which Park Management was never a party, showing that the County again continues to engage in improper conduct and further violate Park Management's rights.

# B. THE DELAY IMPOSED BY THESE RENT PROCEEDINGS IS VIOLATING PARK MANAGEMENT'S RIGHTS AND UNCESSARILY SUBJECTING THE HOMEOWNERS TO INCREASED RENTS AND THE COUNTY TAXPAYERS TO GREAT EXPENSE

This proceeding involves a legitimate rent increase that was first noticed by Park Management over six years ago. Aside from the patently illegal conduct by the Board in

overturning the Arbitrator's Award, the Arbitrator has repeatedly reaffirmed the Award, and the Superior Court has ruled that the Board violated the law and set aside the Board's illegal conduct, and found Supervisor Wolf's ex-parte communications with homeowners to have been "improper" and "inappropriate" and in violation of governing law. Park Management is further suffering harm from the significant delay that to which the County process has subjected it. The County was a party to significant delay in submitting the administrative record to the Superior Court and having the writ proceeding be heard by the Court. Inexplicably, the County took well over a year to actually set aside its illegal order vacating the Arbitration Award, after being ordered to do so by the Court. Then the County further protracted these proceedings by yet again unnecessarily vacating the Arbitrator's award and remanding the matter back to the Arbitrator yet again; now the Arbitrator has reaffirmed exactly the same rent increases that he previously awarded. The Arbitrator's decision is well reasoned and amply supported by the record from the 2-day arbitration hearing at which the homeowners were represented by counsel and an expert witness and presented significant evidence and argument.

The California Supreme Court in Galland v. Clovis (2001) 24 Cal.4th 1003, 1027-1028, has made it clear that municipal administrative mobilehome rent control proceedings that subject Park Management to undue delay and expense are confiscatory and violate Park Management's constitutional rights. The Supreme Court has further made it clear that Park Management is entitled to recover all legal and administrative costs of the proceedings to which the County has subject it, either through a rent increase and/or monetary judgment against the County. Therefore, the County's conduct in these proceedings is having the effect of subjecting all of the homeowners to increased rents and the taxpayers of Santa Barbara County to significant costs.

The homeowner's Petition for Review is patently improper and without merit, and should be promptly rejected by the Board of Supervisors. Should the Board fail to do so, Park Management will be forced to pursue all available legal rights against it.

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### FACTUAL AND PROCEDURAL BACKGROUND

Nomad Village Mobile Home Park ("Park") is a 150-space mobile home park, located at 4326 Calle Real, Santa Barbara, CA, 93110, between El Sueño Road and San Marcos Pass. The Park was first developed in the late 1950's and was operated for many years by Nomad Village, Inc., pursuant to a ground lease or series of ground leases, which expired on July 31, 2008, and were not renewed. Commencing August 1, 2008, a new ground lessee, Lazy Landing MHP, LLC ("Lazy Landing"), entered into a 34-year ground lease for the property on which the Park is located, pursuant to arms-length negotiations with the ground lessor and fee owner of the property, the Bell Trust, at which time Waterhouse Management Corp. ("Waterhouse Management"), became the management company in charge of the operation of the Park. At the Arbitration hearing, Park Management confirmed on the record that they, Lazy Landing MHP, LLC, and Waterhouse Management were indeed "Management" of the Park pursuant to the terms of the Ordinance.

The Park is located in the unincorporated area of Santa Barbara County, and therefore is subject to the jurisdiction of Santa Barbara County ("County"), and is subject to the provisions of the Ordinance and the Rules for Hearing adopted pursuant to the Ordinance. (A copy of the Ordinance and Rules are Arbitration Joint Exhibit 1.) The Park is one of four mobilehome parks located in the area between El Sueño Road and San Marcos Pass on the west and east, respectively, and Calle Real and Cathedral Oaks Road in the south and north respectively, and are located in the second Supervisorial District. The Park is a rental park, in which the mobilehomes are all owned by homeowners who rent their spaces in the Park from Park Management. The tenancies are subject to the terms of the Ordinance. Some homeowners entered into settlement agreements with Park Management and therefore are not subject to those Arbitration proceedings.

### **Notice of Rent Increase**

On January 26, 2011, the Park delivered to all homeowners in the Park notices of rent increases to be effective on May 1, 2011, (Hearing Exhibit A) issued pursuant to the terms of the Ordinance and the California Mobilehome Residency Law ("MRL"). The notice covered the standard CPI increase allowed under the Ordinance, which varied slightly by space, plus a proposed \$161 per space increase, comprising of a permanent increase of \$58.16 per space and proposed temporary increase of \$102.84 per space. The Residents were given a detailed breakdown of the rent increase (Hearing Exhibit C). The prior space rent increase at the Park was made by Nomad Village, Inc., and was effective May 1, 2008. There had not been any space rent increases in the Park at all since Park Management had taken over management in 2008. Expenses, on the other hand, had increased significantly, including due to the County tripling the Park's property taxes. There were capital projects planned and some \$320,000 had been paid by Park Management into a reserve account to accomplish capital improvements, and the Park Management had incurred other capital or one-time expenses.

### Homeowners' Petition for Arbitration

In April 2011, Park Management was notified that a Petition challenging the Park's rent increase had been filed with Santa Barbara County. Park Management filed a response. The terms of the Ordinance and the Rules set forth a detailed process for the selection of an arbitrator to hear challenges to rent increases, and for the noticing and conduct of the hearing. Pursuant to the terms of the Ordinance and the Rules for Hearing, the County appointed Stephen Biersmith, Esq., as Arbitrator and noticed an Arbitration Hearing.

# **Arbitration Hearing**

The Arbitration Hearing was held on September 19 and 20, 2011, presided over by Mr. Biersmith, Arbitrator. Prior to the hearing, the Petitioner homeowners and Park Management both submitted arbitration briefs. The homeowners were represented by San Jose Attorney Bruce Stanton, and called witnesses and introduced Petitioner's exhibits, Exhibits 1-8.

Witnesses called by the homeowners were: Dr. Kenneth Barr, and Dan Waltz. Respondent Park Management was represented by Santa Barbara Attorney James Ballantine, and also called witnesses and introduced exhibits, Respondent's Exhibits A-T. Witnesses called by Park Management were: Dr. Michael St. John, Ken Waterhouse and Ruben Garcia. There were also exhibits received by Stipulation, Joint Exhibits 1 & 2.

The Arbitration Hearing was transcribed by a court reporter who prepared a Reporter's Transcript (referred to herein as RT1 for the September 19, 2011 hearing and RT2 for the September 20, 2011 hearing).

At the conclusion of the Arbitration hearing, the parties stipulated to a briefing schedule, including submission of billing statements in support of Park Management's claim for reimbursement of professional fees (RT2 206:20 – 207:25) and submitted a series of post-hearing briefs, and pursuant to the Stipulation, Park Management submitted exhibits documenting its professional fees incurred (Exhibits Q, R & S). Following the post-hearing briefing, the Arbitrator prepared a draft award on November 22, 2011, and then Park Management submitted revised rent calculations pursuant to the Arbitrator's directions, which were incorporated into the final Opinion and Award which was issued by the Arbitrator on December 20, 2011 ("Arbitration Award").

The Arbitration Award found that Park Management was entitled to a space rent increase under the terms of the Ordinance, finding: The Permanent increase is to be \$25.59 and the Temporary Increase \$67.09, for a total increase of \$92.68, as supported by Respondent's Exhibit T. The Arbitrator expressly maintained jurisdiction until March 1, 2012, to oversee the effectuation of the Award.

# Appeal to Board of Supervisors I

Notwithstanding the Arbitrator's reservation of jurisdiction, in January 2012, Deborah Hamrick, as homeowners' representative of the homeowners of Nomad Village Mobile Home Park, filed a Petition for Review of the Arbitration Award to the Board. As a result of the

homeowners' appeal, Park Management elected to appeal a limited issue of the Award, solely the denial of a rent increase due to the doubling of the costs of the ground lease.

The Board held a hearing on the appeal on May 15, 2012.

Despite the fact that the Rules clearly provide that the Board's determination must be upon the "record alone," the Board considered matters far outside the record of proceeding. Despite the fact that the standard for the Board's review of the Arbitrator's decision is to be "prejudicial abuse of discretion," which is defined as "where the Arbitrator has failed to proceed in the manner required by law, the decision is not supported by findings, or the findings are not supported by substantial evidence," (Rule 23) the Board proceeded in a manner in which it substituted its own political judgment based upon its ex-parte communications with homeowners, rather than simply reviewing the record of proceedings.

It has since been revealed that prior to the hearing, members of the Board received improper ex-parte communications in opposition to the rent increase awarded by the Arbitrator, including the Second District Supervisor prior to the hearing having met with the Debra Hamrick, the homeowner representative, as well as other homeowners from other parks.

These ex-parte communications were later held by the Santa Barbara Superior Court to have been "improper" and "inappropriate" and in violation of governing law.

At the Board hearing, the Second District Supervisor, in front of her many constituents present, made a motion, which the Board approved, to reverse every single rent increase granted by the Arbitrator, and to remand the Arbitrator's approval of the rent increase based on the property tax increase back to the Arbitrator for reconsideration, and for recalculation.

The Board remanded the question of the portion of the rent increase based upon the County's property tax increase of the Park, even though the Board admitted that the law clearly provides for a rent increase based upon a property tax increase. In accordance with this action by the Board, the Arbitrator conducted a remand hearing on the property tax issue, on July 13, 2012, at which time Park Management and the homeowners appeared through representatives, and thereafter, on August 6, 2012, issued an Opinion and Award on Remand ("Property Tax Remand Award"). The Property Tax Remand Award upheld the full amount of permanent rent increase

based upon the increased property taxes as set forth in the Arbitration Award, the sole discretionary matter remanded to the Arbitrator. The remaining aspect of the Property Tax Remand Award was a ministerial calculation based upon the changes set forth in the decision by the Board.

# Writ of Mandate Litigation

On August 13, 2012, Park Management filed a Petition and Complaint for writ of mandate and for substantial monetary damages for illegally taking Park Management's property and denying it a fair return on its investment in the Park, naming County of Santa Barbara and the Board as Respondents and Debra Hamrick, as representative of the homeowners, as Real Party in Interest as to the Writ action, on the grounds that the Board's Order reversing the Arbitration Award was improper. The case was assigned to the Honorable Superior Court Judge Thomas P. Anderle. The case was bifurcated so that the Writ of Mandate action ("Writ Action") would be adjudicated first to a conclusion, before Park Management's takings lawsuit against the County and the Board would proceed, so that the nature and extent of Park Management's damages caused by the County and the Board would be ascertained first.

The Writ Action proceeded in the Court. The County filed its Administrative Record of Proceedings. The homeowners actively participated in the Writ Action, hiring legal counsel, Thomas Griffin. Resolution of the Writ Action was delayed by over a year while the homeowners actively litigated the case, filing numerous motions, all of which were denied by the Court, and engaging in unauthorized discovery (the Court ruled that the homeowners' were not entitled to discovery since an administrative writ proceeding is determined solely on the administrative record). The writ petition issues were extensively briefed for Judge Anderle.

On November 10, 2014, Judge Anderle entered his Order on Writ of Mandate ("Order"), which attached a detailed 31-page decision ("Decision") by which Judge Anderle thoroughly discussed the basis of the Order.

In the Order, Judge Anderle granted virtually all of the relief Park Management sought, ordering that the Board **vacate** its order reversing the Arbitration Award as to Awards numbered

4, 5, 6, 7, 8, 11, and 12, and remanded for further findings Arbitration Awards numbered 4, 5, 6, 7, and 12 (these award numbers follow the numbering set forth in the Arbitration Award).

Thereafter, the homeowners, through Deborah Hamrick again as homeowner representative, and again represented by Thomas Griffin, filed a separate writ proceeding, naming the County as Respondent and Park Management as well as the land owners, the Bells, as real parties in interest. In this writ proceeding, the homeowners claimed that Park Management was not entitled to any rent increase or even to collect any rent at all since 2008. The homeowners disqualified Judge Anderle, so the matter was assigned to Judge Colleen K. Sterne. That action was resolved entirely against the homeowners on summary judgment, and Judge Sterne entered Judgment against the homeowners on December 18, 2015, which judgment is now final.

# **Board of Supervisors Remand Hearing**

On January 19, 2016, the Board held a remand hearing, as ordered by Judge Anderle (albeit over a year after Judge Anderle ordered that the Board conduct a rehearing and vacate its prior order overturning the Arbitrator's Award). At that time the Board voted to remand to the Arbitrator for further hearing to consider Awards numbered 4, 5, 6, 7, 8, 11, and 12. The remand of Awards numbered 8 and 11 was contrary to the Court order and contrary to the Board's own legal counsel's direction, since the Board was simply ordered to set aside its order vacating those awards so that the Arbitrator's Award was reinstated.

# Remand Arbitration Hearing

On February 19, 2016, the Arbitrator, Steven Biersmith, Esq., held a Remand Arbitration Hearing, at which Park Management and the homeowners appeared through counsel and through representatives of both Park Management and the homeowners. The Arbitrator declined to take any new evidence at the Remand Arbitration Hearing, and determined to render a decision based upon the existing evidentiary record of proceedings. The Remand Arbitration Hearing was transcribed by a Court reporter. On March 5, 2016, the Arbitrator issued his Remand Award,

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awarding Park Management a permanent space rent increase of \$25.59 and temporary increase of \$39.44, as itemized therein.

# Appeal to Board of Supervisors II

The homeowners again appealed to the Board. Park Management filed a Response to the Appeal, pointing out that the appeal was without basis and should be denied. (See Park Owner's Response, incorporated herein by reference.) County staff prepared a Board letter recommending that the Board find that the Remand Award did not contain sufficient findings and should be remanded to the Arbitrator to make further findings in support of the Award. Ironically, the Board Letter itself was conclusionary in nature, and failed to make sufficient findings in support of its conclusion. On July 19, 2016, the Board held a hearing on the homeowners' appeal. Debra Hamrick addressed the Board and demanded that the Board vacate the Remand Award and assign the matter to a new arbitrator. Other homeowners addressed the Board demanding that the Board vacate elements of the initial arbitration award that had already been upheld by the Superior Court. Park Management's representative addressed the Board, pointing out that the Remand Award was proper and consistent with the Court's order and should be upheld, but if the Board were to remand the matter for further findings, the Rules, as well as common sense and judicial economy, clearly would dictate that the matter must be remanded to the Arbitrator who actually heard and received the evidence on which the award was based.

Ultimately the Board voted to remand the Remand Award to the Arbitrator for further findings in support of the Award. The instant Remand Arbitration Hearing followed.

# Further Remand Arbitration Hearings

On August 10, 2016, pursuant to the Board's Order remanding the matter to the Arbitrator for further findings, the Arbitrator, Steven Biersmith, Esq., held another Remand Arbitration Hearing, at which Park Management and the homeowners appeared through their representative, respectfully. The Arbitrator declined to take any new evidence at the Remand Arbitration Hearing, and determined to render a decision based upon the existing evidentiary

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record of proceedings. The Arbitrator received pre-Arbitration hearing and post-Arbitration hearing briefs from both of the parties. The Remand Arbitration Hearing was transcribed by a Court reporter. On August 28, 2016, the Arbitrator issued his Remand Award, awarding the same rent increase set forth in his March 5, 2016 Remand Award, awarding Park Management a permanent space rent increase of \$25.59 and temporary increase of \$39.44, as itemized in the Remand Award, and containing additional findings of fact and making specific findings in support of each of the awards. On February 7, 2017, notwithstanding the fact that there was no legal basis for doing so and in violation of Rule 23, the Board yet again remanded portions of the Remand Award back to the Arbitrator for further findings to support the award, and despite the fact that the Remand Award contained appropriate and sufficient findings to support the award, and that the Board had no basis for ordering the remand. Specifically, the Board remanded the matter to the Arbitrator to make further findings in support of certain aspects of the Remand Award (Award Numbers 5,7,8 and 13). The Arbitrator conducted another remand arbitration hearing on March 2, 2017. The Arbitrator gave the parties an opportunity to submit further briefing and present further argument. On March 13, 2017, the Arbitrator issued his Opinion and Award (Revised on Remand) ("Final Remand Award") making the same awards as before and in which he set forth additional findings in support of each of his awards. The Arbitrator again awarded Park Management a permanent space rent increase of \$25.59 and temporary increase of \$39.44.

# The Homeowners' Expert Has Admitted Park Management is Entitled to Recover its Costs

Park Management has incurred over \$600,000 to date in costs, and is continuing to incur additional costs, in defending against the homeowners' proceedings attempting to deprive Park Management from recovering the rents to which it is legally entitled under the law. Park Management will recover these costs through rent increases, the law clearly provides and as the homeowners' expert has admitted Park Management is entitled to do. In the event that Park Management is deprived of this right, which the homeowners expert has admitted Park Management has, to recover its costs through a rent increase, then Park Management will recover

these costs through its civil lawsuit for damages, including, inter-alia, against the County and the Board.

#### III

# REVIEW BY THE BOARD OF SUPERVISORS MUST BE BASED UPON THE EXISTING RECORD ALONE AND NOT ANY EVIDENCE OUTSIDE OF THE EXISTING RECORD

The Rules (Rule 23(b)) require that the Board make its determination based upon the arbitration "record alone" and may also "elect to hear oral argument by the parties, their representatives, and/or their attorneys."

The Board has been warned by the Court that its consideration of matters outside of the record, including its illegal ex-parte communications with the homeowners or homeowners of other Parks, is improper. To the degree that the Board persists in such conduct in the face of this admonishment by the Court, then Park Management will consider the Board's conduct to be intentional conduct to violate Park Management's legal rights and will seek the appropriate damages and other remedies in its civil action against the Board for this violation.

#### IV

# THE HOMEOWNERS' PETITION SHOULD BE REJECTED AS IT IMPROPERLY RELIES ON MATTERS OUTSIDE OF THE RECORD AND FAILS TO ESTABLISH A PREJUDICIAL ABUSE OF DISCRETION

The Rules clearly provide that the Board's determination must be upon the "record alone." (Rule 23(b).) Accordingly, it is utterly improper for the homeowners to attempt to proffer any new purported evidence or exhibits, nor may they make or rely on any claims not appearing in the record. The homeowners refer in their Petition for Review to various claims and alleged "evidence" that are not contained in the record.

RESPONSE BY PARK MANAGEMENT OF NOMAD VILLAGE MOBILE HOME PARK TO THE PETITION FOR REVIEW FILED BY HOMEOWNERS OF THE ARBITRATOR'S REMAND OPINION AND AWARD DATED 3/13/17

It should also be noted that the Rules do not provide for the homeowners to submit any further documents or any other written or oral communication to the Board or anyone acting for the Board, in support of their appeal.

The Rules provide that the Board may "elect to hear oral argument by the parties, their representatives, and/or their attorneys." Clearly, any such oral argument may only be after reasonable notice to all parties, and only on the record at a public hearing, at which both parties have an opportunity to be present.

Accordingly, it would be entirely improper for any of the homeowners of Nomad Village or other mobilehome park to continue to engage in any written or oral communications with the Board outside of any oral arguments at an open meeting that the Board may choose to schedule. Park Management raises this issue again because it became aware, after the fact, of improper secret ex-parte communications by homeowners with persons associated with the Arbitration Proceedings.

Moreover, the homeowners' Petition to the Board repeatedly refers to alleged "evidence presented by the homeowners," without ever actually identifying any of such alleged evidence.

The Petition is replete with claims that the "homeowners presented evidence" without identifying any such evidence. The Petition is further replete with various purported assertions of alleged facts with no citation to the record, and when in reality the alleged "facts" asserted by the homeowners in their Petition are not in evidence, and in fact are false. The Petition is further replete with purported legal arguments, again without citation to the record, and when in fact no such arguments were ever made in the Arbitration Proceedings and such purported arguments are meritless and without any evidentiary foundation on which the arguments purport to be made. A particularly egregious example of this is the homeowners' repeated references, without any citation to the record, to alleged "code violations" and to alleged "violations and related penalties" and references to alleged "violations of California Civil Code section 798.39.5." These reckless and irresponsible claims have no foundation in fact or law; there is no such evidence of any such alleged "violations and associated penalties" in the record of proceedings, nor was there any argument by the homeowners as to Civil Code section 798.39.5. The

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LAW OFFICES

were represented by a legitimate attorney. No doubt because a legitimate attorney recognizes that such claims would be reckless and irresponsible. These patently false and improper statements now made repeatedly by the homeowners taint their entire Petition for review and must be disregarded.

Essentially, the homeowners' Petition is not a petition for review, but yet another

homeowners' Petition for Review is also replete with inflammatory references to alleged "fraud"

when, similarly, there is utterly no evidence in the record of any such thing. It is important to

note that no such claims were made by the homeowners in the Arbitration Hearing while they

Essentially, the homeowners' Petition is not a petition for review, but yet another improper attempt by the homeowners to have the case reheard based upon their own false claims of matters not in evidence, in violation of Rule 23.

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### DISCUSSION OF AWARDS REMANDED TO ARBITRATOR

The homeowners appear to attempt to go through and purport to discuss certain elements of the Arbitrator's Final Remand Award on a numerical basis, although they incorrectly identify each of the elements of the Award. As noted above, the homeowners fail in all cases to establish or even address the applicable legal standard. In addition, the homeowners' discussion is riddled with improper references outside the record. As such, their entire discussion must be disregarded. However, Park Management will respond to some of the points raised, in the same numerical order set forth by the homeowners. (Note, the homeowners have again misidentified the numbers of the awards set forth in the Final Remand Award; the Award numbering of the Final Remand Award differs from the numbering of the prior Award.)

### Award No. 5. Amortization Rate

The homeowners refer to Award No. 4 as dealing with "Amortization period and rate" when in fact that topic is covered in the Remand Award as Award No. 5.

Award No. 5 is that "[a]ll granted temporary increases are to be amortized at 9% for seven (7) years."

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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 Court affirmed the Arbitration Award as to the amortization: "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 [Exhibit C] and Dr. St. John testified that these numbers were the result of his professional judgment." (Decision, p. 30.)

The Court further found that since certain other matters were being remanded back for further proceedings and findings, that the "items subject to amortization may change as a result of the further proceedings" so that Award No. 4 must be subject to potential reconsideration. (*Id*.)

Accordingly, the amortization potentially could have been changed, but need not have been changed, under the terms of the Court's ruling. Since the Court has already affirmed the amortization as being supported by substantial evidence, based upon Dr. St. John's professional judgment, already in the record, the Court has already determined that substantial evidence supports the Arbitrator's decision, it continues to support the Arbitrator's decision as set forth in the Remand Award. Similarly, the Court has found that the Arbitrator's findings were sufficient The Board acknowledged this fact in its July 19, 2016 Order. to support the award. Accordingly, there are no grounds for review of this award, and in fact, any such review would be improper.

The Final Remand Award contains the following findings:

Line 18 of Exhibit C and the expert testimony of Michael St. John regarding the same supported a finding that all temporary increases noted in the document should be amortized at 9% for seven (7) years. The reduction in temporary expenses in these various line items both in this award or in earlier findings were to the amounts only and did not change their original characterization as capital expense and improvement items.

These are sufficient findings to support the Award. The homeowners cannot as a matter of law demonstrate, and have not demonstrated, a prejudicial abuse of discretion by the

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Arbitrator. Accordingly, the homeowners' appeal as to this Award must be denied.

# Award # 6. Capital Items.

The homeowners refer to Award No. 5 as dealing with "Costs expended" and refer to the \$62,145.55 in capital items in evidence, when in fact that topic is covered in the Remand Award as Award No. 6.

Award No. 6 is that the "The Homeowners are to pay the \$62,145.55 which were capital improvement expenses incurred prior to the commencement of the arbitration." The Award was incorporated by the Arbitrator from his prior remand Award.

This Award was specifically AFFIRMED by the Board in its February 7, 2017 Order, and was NOT ordered remanded back to the Arbitrator. Accordingly, it may NOT be appealed by the homeowners. (Moreover, the homeowners yet again, in patent violation of the law, reference false purported material outside of the record, which could not be considered, even if the Award were subject to appeal, which it is not.

Accordingly, the homeowners' appeal as to this Award MUST be denied.

### Award #7. Professional Fees.

The homeowners refer to Award No. 6 as dealing with "Professional Fees" when in fact that topic is covered in the Remand Award as Award No. 7.

Award No. 7 is that the homeowners are to pay \$25,000 for professional fees associated with the capital improvements.

The Arbitration Award states 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 Remand Award made the additional findings:

Per the testimony presented by Waterhouse, \$50,973 in professional fees were incurred and paid by the Respondent. A good portion of the line items in Exhibits K & Q itemizing the same do not appear to be relevant to any capital improvements and a reduction is appropriate. Exhibits K & Q do support a finding that at least \$25,000 of those fees were related to capital items.

The Final Remand Award made the additional findings:

Per Waterhouse's testimony, the \$50,973 itemized in Exhibit Q represented professional fees and expenses incurred and paid by the Respondent. As correctly acknowledged by a further itemization in the Respondent's last brief, not all of charges noted in Exhibit Q were related to capital items making a reduction to \$25,000 reasonable and appropriate.

The Court found that the Ordinance clearly allowed Park Management to recover for professional fees related to a capital item: "where professional fees may be correctly categorized as a cost of either a capital improvement or capital expense, such fees may be passed on." (Decision, pp. 27-28.) The Court reversed the County Board of Supervisors' Order vacating the Arbitration Award No. 6, and remanded back to the Arbitrator for further findings as which professional fees are awarded based upon being related to capital expenses.

Park Management sought to recover for \$50,973 in legal fees incurred in December, 2010 for legal matters related to the operation of the Park. This work is itemized in detail in the statement in evidence as Exhibit Q, and the areas of work are summarized in single page exhibit in Exhibit K. The billing statement was reviewed by Mr. Waterhouse and the fees were incurred and paid by Park Management as a normal and legitimate expense in operating the Park. (RT2 145: 6-14.)

The Arbitration Award was a reasonable award as stated. The itemized statement (Exhibit Q) clearly has entries supporting \$25,000 in legal time spent on issues related to the capital items of the Park, as specifically found by the Arbitrator.

As noted by the Court, Park Management is entitled to recover its costs for legal services in connection with capital expenses and improvements under section § Section 11A-6, subdivisions (a)(1) and (b)(1) of the Ordinance.

The Court's Ruling had simply found that the Arbitrator's ruling on this item may have been influenced by the \$320,000 awarded for all capital items. The Arbitrator in the Final Remand Award has clearly addressed the capital items, as discussed above, and has made a finding that based upon his review of Exhibit Q in evidence, he found that at least \$25,000 of professional fees reasonably related to capital expenses and improvements. This finding is supported by substantial evidence in the record at the Arbitration Hearing, as noted above. Accordingly, there are no grounds under Rule 23 for the Board to alter this award.

The Arbitrator made sufficient findings to support the Award. The homeowners cannot as a matter of law demonstrate, and have not demonstrated, a prejudicial abuse of discretion by the Arbitrator. Accordingly, the homeowners' appeal as to this Award MUST be denied.

# Award #8: Architecture and Engineering Fees

The homeowners refer to Award No. 7 as dealing with "Architecture and Engineering Fees" when in fact that topic is covered in the Remand Award as Award No. 8.

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

The Court found as follows: "The same analysis [as with the award for professional fees] 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 Arbitration Award states 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."

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The Remand Award makes the additional findings:

The testimony presented by Waterhouse supported a finding that the plans and drawings purchased by the Respondents in Exhibits J & L have value as to operation and capital improvements for the park. Given the amount of time that has passed since their purchase, some of this work appears to be stale and would now have less utility. A more reasonable amount for such items would be \$40,000.

The Final Remand Award makes the following additional findings:

All of the Architecture and Engineering fees for services provided by Penfield & Smith, Mechanical Engineering Consultants, JMPE, plan review, and permit fees, as listed in Exhibit J, were properly categorized as capital improvement expenses. Waterhouse testified those plans and drawings purchased by the Respondents had value in evaluating and moving forward with capital improvements for the park. Given the amount of time that has passed since their purchase, some of this work, such as the permits, are most likely stale and now have less utility. A more reasonable amount for the total of such items would be \$40,000.

The components of the A&E fees are itemized in the spreadsheet in evidence, Exhibit J. The invoices supporting these individual entries are in evidence in Exhibit L, and these invoices summarize the work or other basis for the expense. These include costs for the preparation of plans and drawings of the entire Park. They also include costs paid to the County for permits for work at the Park.

Mr. Waterhouse testified that these items were purchased from the prior operator, and included a number of plans and CAD drawings for the entire Park, and were and remained valuable to Park Management as the current operator in moving forward with capital improvements for the Park. (RT2 144:6-145:5.) He also testified that these items include, in addition to the plans and drawings prepared by the Engineering Firm Penfield and Smith, fees paid to the County of Santa Barbara Planning and Development for permits for work related to various aspects of the Park. (166:23-167:3.) There was also discussion at the hearing between the Arbitrator and Park Management that although these permits had expired, the County had indicated that they will work with Park Management and extend the timelines for the permits so that there was perceived value in the permits. (RT2 179:18-180:11; 181:8-17.)

The Arbitrator's findings with respect to this item were reasonable and well taken. Plans and diagrams for the entire Park, particularly those which are computerized CAD drawings, are obviously something of enduring value to the Park operator on an ongoing basis far into the future for a variety of different purposes related to the improvements to and operations of the Park. The \$40,000 awarded reflects compensation for a large portion of the expense of the Plans and drawings. (Exhibits J and L.) Limiting the award to compensation for the expense of these drawings was a reasonable resolution, and well supported by the record.

The Court's Ruling had simply found that the Arbitrator's ruling on this item may have been influenced by the \$320,000 awarded for all capital items. The Arbitrator in the Remand Award has clearly addressed the capital items, as discussed above, and has also made a finding that \$40,000 is a reasonable amount relating to these A&E fees associated with capital expenses and improvements. This finding is supported by substantial evidence in the record at the Arbitration Hearing, as noted above. Accordingly, there are no grounds under Rule 23 for the Board to alter this award.

The Arbitrator made sufficient findings to support the Award. The homeowners cannot as a matter of law demonstrate, and have not demonstrated, a prejudicial abuse of discretion by the Arbitrator. Accordingly, the homeowners' appeal as to this Award must be denied.

### Award No. 9 Property Taxes

The homeowners refer to Award No. 8 as dealing with "Real Property Taxes" when in fact that topic is covered in the Remand Award as Award No. 9.

Award No. 9 is that the "Homeowners are to pay \$130,531 for the supplemental tax increase payments." The Remand Award also makes the following additional finding: "As supported by Exhibit G, the Respondent paid \$130,531 for supplemental tax increase payments."

Award No. 9 is that the "Homeowners are to pay \$130,531 for the supplemental tax increase payments." The Award was incorporated by the Arbitrator from his prior remand Award.

This matter was never in fact remanded back to the County by the Court, and is therefore

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not the proper subject of the homeowners appeal.

The Court found that the "increases in property taxes" were properly considered by the Arbitrator in his December 20, 2011 Arbitration Award as a basis for a rent increase under the Ordinance, section 11A-5(f)(1), and that the Board's purported reading of the Ordinance to exclude supplemental property taxes was in violation of the clear law on the subject. (Decision pp. 22-23.) The Court further found that the Arbitrator properly weighed the evidence and followed Dr. St. John's opinion that the supplemental property taxes should properly be charged to the Homeowners in the form of a rent increase. (*Id.*, pp. 23-24.) The Court upheld the Arbitration Award:

There is substantial evidence to support the arbitrator's decision. Consequently, under the standard of review to be used by the Board under the Hearing Rules, the arbitrator did not abuse his discretion by making a determination supported by substantial evidence, notwithstanding the Board's view that it would have reached a different result reweighing the evidence. Thus, the Board has not proceeded in the manner required by law by reversing Award No. 8 on the basis of either an erroneous interpretation of the Ordinance or a reweighing of the evidence not permitted by Hearing Rules, rule 23(a)."

(Decision, p. 24.)

On this basis, the Court ordered that the Board vacate its order reversing Arbitration Award No. 8 (the number of the award in the initial Arbitration Award awarding a rent increase based upon the supplemental property taxes). The Court did <u>not</u> order the matter reconsidered for further findings or any other action.

This Award was specifically AFFIRMED by the Board in its February 7, 2017 Order, and was NOT ordered remanded back to the Arbitrator. Accordingly, it may NOT be appealed by the homeowners. (Moreover, the homeowners yet again, in patent violation of the law, reference false purported material outside of the record, which could not be considered, even if the Award were subject to appeal, which it is not.

Accordingly, the homeowners' appeal as to this Award MUST be denied.

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# Award # 12 Expert and Legal Fees Incurred In Rent Control Proceedings

The homeowners refer to Award No. 11 as dealing with "Legal Fees Associated with the Challenge to the Rent Increase" when in fact that topic is covered in the Remand Award as Award No. 12.

Award No. 12 is that the "Homeowners are to pay \$110,000 for legal fees associated with the challenge to the rent increase." The December 20, 2011 Arbitration Award states 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."

Although the Arbitrator's \$110,000 award set forth in his December 20, 2011 Arbitration Award was fully upheld by the Court, and was not remanded back to the Arbitrator for further findings, nevertheless the Arbitrator made another specific finding in the Remand Award to support the \$110,000 fee award:

"The homeowner's expert conceded that legal fees incurred by the Respondent could be the basis for a rent increase. Exhibits R & S support a finding that \$110,000 in legal fees incurred by the Respondent were associated with the challenge to the rent increase."

The Court found that these fees could properly be charged to the homeowners under the terms of the Ordinance, and that the Arbitration Award properly awarded the fees as part of the rent increase. The Court noted that the homeowners conceded that these fees could properly be the basis for a rent increase. The Court further found that the Arbitrator proceeded properly, allowing Park Management to submit an itemized statement of fees, and the homeowners to respond, and making an award based upon these submissions. "This evidence constitutes substantial evidence to support the factual determination. Thus, the arbitrator did not abuse his discretion in making this award." (Decision, p. 29.)

As noted by the Court, there was no disagreement that Park Management is entitled to recover its professional fees incurred in these proceedings, nor the treatment of it in amortizing these costs over seven years. The Court quoted the following admission in this regard by Dr. Baar:

"[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."

(Decision, p.29.)

The Court concluded that "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."

The Court found that the Board of Supervisors acted improperly: "The Board did not proceed in the manner required by law by reversing Award No. 11 (the number of the award in the initial Arbitration Award awarding a rent increase based upon the professional fees) on the grounds that these legal fees were not to be considered by the arbitrator under the terms of the Ordinance." (Decision, pp. 29-31.) (The Court ordered that the Board vacate its order reversing Arbitration Award 11.

The Court did <u>not</u> order the matter to be remanded for further consideration by the **Arbitrator**; indeed, it made clear that there was nothing further to consider.

This Award was specifically AFFIRMED by the Board in its February 7, 2017 Order, and was NOT ordered remanded back to the Arbitrator. Accordingly, it may NOT be appealed by the homeowners. (Moreover, the homeowners yet again, in patent violation of the law, reference false purported material outside of the record, which could not be considered, even if the Award were subject to appeal, which it is not.

Accordingly, the homeowners' appeal as to this Award MUST be denied.

# Award # 13 Total Permanent and Temporary Increase

The Court noted in its Decision: "the arbitrator's final calculation is again subject to recalculation after further proceedings mandated by this disposition." (Decision, p. 30.)

The Arbitrator properly determined the total amount of permanent and temporary increases, consistent with the Court's order and supported by substantial evidence in the record.

The Arbitrator in the Remand Award has clearly addressed the items on which the award is based, supported by substantial evidence in the record at the Arbitration Hearing, as noted above. Moreover, the Arbitrator attached to the Final Remand Award an itemization of the rent increase calculations and referenced it in the Award. Accordingly, there are no grounds under Rule 23 for the Board to alter this award.

Accordingly, the homeowners' appeal as to this Award MUST be denied.

# NO WAIVER OF RIGHTS BY PARK MANAGEMENT

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

The California Supreme Court in *Galland v. Clovis* (2001) 24 Cal.4th 1003, 1027-1028, has made it clear that municipal administrative mobilehome rent control proceedings that subject Park Management to undue delay and expense are confiscatory and violate Park Management's constitutional rights. The repeated delays caused by the Board have caused Park Management to incur a significant delay in obtaining a final resolution of the homeowners' challenge to its legitimate rent increase and to subject Park Management to extraordinary expense. The Board improperly took well over one year in which to set aside its order vacating the initial Arbitration Award, as ordered by the Court. Thereafter the Board has repeatedly delayed in acting upon the homeowners' appeals (in the instant case, the Board waited nearly six months after the August, 2016, Remand Award in which to act on it) and its orders remanding the Arbitrator's remand awards have been groundless; the Arbitrator's awards and findings have been perfectly appropriate under the law, and particularly the terms of the Ordinance and the Rules, which are

designed to provide for a relatively rapid and informal proceeding. The exacting standard of findings to which the Board has suddenly subjected these Arbitration proceedings exceeds any standard indicated by the Ordinance and Rules. It also contradicts the Board's own filings in the Writ Proceedings:

"However, findings need not be stated with the precision required in judicial proceedings, may be formal or informal, must simply 'expose the mode of analysis, not expose every minutia', and are 'sufficient if the apprise interested parties and the courts of the bases for the administrative action." (Board's "Opposition to Petition for Writ of Administrative Mandamus," filed March 10, 2014, p. 17, line 26 - p. 18, line 3, quoting Topanga Assn. for a Scenic Community 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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LAW OFFICES

### **CONCLUSION**

In accordance with the foregoing, the Arbitrator properly took the foregoing action with respect to the Awards as they are enumerated in the Final Remand Award.

The homeowners' petition for review improperly relies on alleged claims not in the Arbitration record, and apparently on ex-parte communications with the County, and therefore should be disregarded in its entirety.

Regardless, as is clear from an examination of the Final Remand Award and the prior Arbitration Awards, and the actual record of Arbitration proceedings, the homeowners have not and cannot establish that the Final Remand Award constituted a prejudicial abuse of discretion on any of the points that the homeowners raise. The homeowners' Petition for Review should be rejected in its entirety for failure to establish any prejudicial abuse of discretion.

The arbitrator did a commendable job in this proceeding. Park Management again accepts each and every discretionary determination made by the Arbitrator, and objects to being subjected to any further delay or further expense of the proceedings.

Accordingly, the homeowners' Petition for Review should be denied forthwith.

Dated: May 14, 2017

JAMES Attorney for Park Management

Y LANDING MHP, LLC;

OUSE MANAGEMENT CORP.

### **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 May 15, 2017, I served the foregoing document described as RESPONSE BY PARK MANAGEMENT OF NOMAD VILLAGE MOBILE HOME PARK TO THE PETITION FOR REVIEW FILED BY HOMEOWNERS OF THE ARBITRATOR'S REMAND OPINION AND AWARD DATED 3/13/17 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

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

Don Grady Clerk of the Ordinance Real Property Manager e-mail: dgrady@countyofsb.org

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 May 15, 2017, at Santa Barbara, California.

Sian Pail

### **DECLARATION OF SERVICE BY PERSONAL DELIVERY**

[CCP §§ 1011, 2015.5]

State of California County of Santa Barbara	

I am a resident of the State of California and am employed in the County of Santa Barbara. 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, CA 93101.

On May 15, 2017, I served: RESPONSE BY PARK MANAGEMENT OF NOMAD VILLAGE MOBILE HOME PARK TO THE PETITION FOR REVIEW FILED BY HOMEOWNERS OF THE ARBITRATOR'S REMAND OPINION AND AWARD DATED 3/13/17 on the interested parties in this action by causing to be delivered the original thereof addressed as follows:

General Services Department
Attn: Don Grady
Clerk of the Ordinance
Real Property Manager
Courthouse East Wing, Second Floor
1105 Santa Barbara Street
Santa Barbara, CA 93101

I caused to be delivered said document to the addressee.

X (State) I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.
 I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that I am employed in the office of a member of the bar of this court at whose direction the service was made.

Executed on May 15, 2017, in Santa Barbara, California

Sian Park