

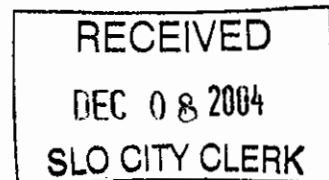
CITY ATTORNEY'S IMPARTIAL ANALYSIS OF MEASURE C-05

Development agreements are authorized by California and local law. They specify rights and responsibilities of the City and a developer. They establish terms and conditions under which projects may proceed. They are generally used for large, complex or phased projects with extended construction times and numerous public improvements. Under a development agreement, a project proceeds under rules in effect when approved or as otherwise specified in the agreement. Development agreements provide certainty for developers while allowing the City to gain improvements it might not otherwise be able to require as conditions of development.

In conjunction with its development proposal for the 131-acre Dalidio property, located adjacent to the SLO Promenade shopping center, southeast of Madonna Road and the Post Office, northeast of Prefumo Creek, and west of Highway 101, the developer proposed a development agreement. In January 2004, the Council approved general terms for inclusion in a development agreement, and directed staff to negotiate a final agreement for consideration. On August 11, 2004, the Council adopted Ordinance No. 1452 approving a Development Agreement (and separate Special Tax Reimbursement Agreement) between the City and the developer. The ordinance was the subject of a referendum petition signed by more than 10% of registered voters which required the Council to either repeal the ordinance or put it before the voters. On November 16, 2004, the Council directed this measure be placed before the voters.

The Development Agreement and Special Tax Reimbursement Agreement provide, in part:

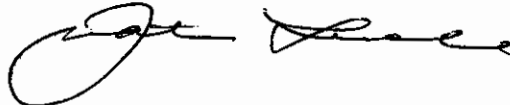
- Developer is allowed to develop in substantial conformity with the preliminary development plan approved by Ordinance No. 1449.
- City rules and fees in effect at the time the Development Agreement takes effect, or as otherwise provided in the agreement, control over later adopted rules.
- Processing of additional approvals must be consistent with the agreement and the applicable rules.
- Developer will provide a conservation easement preserving 54.7 acres on site in agriculture or open space.
- Developer will pay up to \$192,000 to preserve 24 off-site acres in open space.
- Developer will ensure construction of the Prado Road interchange (no building permits for project until interchange construction contract awarded).
- 70% of the interchange will be funded through a community facilities district bond for which developer will be wholly responsible for repayment. (Note: The agreements don't discuss funding of the remaining 30% share. Pursuant to City policy, it will be funded with fees from properties developing elsewhere in the City.)
- Up to 50% of defined excess sales tax revenue (DESTR), per the Special Tax Reimbursement Agreement, may be reimbursed to developer to meet its bond obligation.



- Adjustments to DESTR will be made to discourage uses in the project that negatively impact downtown.
- Remainder of tax revenue (50%+) goes to the City.

A “yes” vote by a majority of those voting means Ordinance 1452 and the Development and Special Tax Reimbursement Agreements will take effect.

A “no” vote by a majority of those voting means Ordinance 1452 is repealed and the Development and Special Tax Reimbursement Agreements will not take effect.

A handwritten signature in black ink, appearing to read 'Jonathan Lowell', written in a cursive style.

Jonathan Lowell, City Attorney

The above statement is an impartial analysis of Measure C-05. If you desire a copy of the measure, please call the City Clerk’s office at 781-7100 and a copy will be mailed to you at no cost.