

COMPREHENSIVE SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is entered into this 15th day of August 2008, by and between the City of Santa Cruz (“City”), the County of Santa Cruz (“County”), The Regents of the University of California (“Regents”) and the University of California, Santa Cruz Campus (the “Campus”) (collectively, the “University”), Coalition for Limiting University Expansion (“CLUE”); Don Stevens, Peter L. Scott, Hal Levin, Jeffrey M. Arnett, Harry D. Huskey, Kaye Beth, Eric M. Grodberg, Sigrid McLaughlin, John C. Aird, Russell B. Weisz, Helen B. Dowling, and Rural Bonny Doon Association.

RECITALS

WHEREAS, the City, County and University are governmental agencies that have distinct jurisdictions with overlapping property boundaries in Santa Cruz County, California; and

WHEREAS, CLUE is a non-profit organization of City and County residents interested in and concerned with University growth plans; and

WHEREAS, on September 21, 2006, The Regents approved the 2005 Long Range Development Plan (“LRDP”) for the Santa Cruz Campus (the “2005 LRDP”) and in conjunction therewith, also certified a Final Environmental Impact Report (the “2005 LRDP EIR”), thereby superseding and replacing the Campus’ LRDP approved by The Regents in 1988; and

WHEREAS, on October 23, 2006, petitions for writ of mandate challenging the 2005 LRDP and 2005 LRDP EIR were filed in Santa Cruz Superior Court by the City and County (Case No. CV155571), and Don Stevens, Peter L. Scott, Hal Levin, Jeffrey M. Arnett, Harry D. Husky, Kaye Beth, Eric M. Grodberg, Sigrid McLaughlin and John Aird (Case No. CV155583) (collectively, “Stevens, et al.”)(collectively Case No. CV155571 and Case No. CV155583 are referred to herein as the “LRDP Actions”); and

WHEREAS, on January 16, 2007, The Regents approved the Biomedical Sciences Facility Project (the “Biomed Project”), and in conjunction therewith, adopted a Mitigated Negative Declaration tiered from the 2005 LRDP EIR (the “MND”); and

WHEREAS, on February 20, 2007, petitions for writ of mandate challenging the Biomed Project and MND were filed in Santa Cruz Superior Court by the City and County (Case No. CV156366, and Coalition to Limit University Expansion, Don P. Stevens, Peter L. Scott, Hal Levin, Jeffrey M. Arnett, Harry D. Huskey, Kaye Beth, Eric M. Grodberg, Sigrid McLaughlin,

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John C. Aird, Russell B. Weisz, Helen B. Dowling, and Rural Bonny Doon Association (Case No. CV156371) (collectively, “CLUE, et al.”) (collectively Case No. CV156366 and Case No. 156371 are referred to herein as the “Biomed Actions”);

WHEREAS, the Santa Cruz Superior Court granted in part and denied in part the petitions in the LRDP Actions and the Biomed Actions; and

WHEREAS, the City, County, University, CLUE, et al., and Stevens, et al. desire to settle all disputes between them with respect to the LRDP Actions and the Biomed Actions on the terms set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants, agreements, representations, and warranties contained in this Agreement, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the City, County, University, CLUE, et al., and Stevens, et al. agree as follows:

AGREEMENT

For as long as the 2005 LRDP is in effect:

1.0 ENROLLMENT

1.1 Full-time equivalent (FTE)¹ on-campus 3-qtr average (fall-winter-spring) enrollment (hereinafter referred to as “enrollment”) for undergraduates will not exceed 17,500. In addition, for purposes of planning implementation of infrastructure development to accommodate enrollment growth, UCSC projects the following on-campus combined graduate and undergraduate enrollment levels:

- a. 16,360 in academic year 2011-2012;
- b. 17,615 in academic year 2015-2016; and
- c. 19,480 in academic year 2020-2021.

¹ An FTE student is defined as (1) an undergraduate student who enrolls for 45 credit hours per academic year; or (2) a graduate student (master’s level or doctoral student not yet advanced to candidacy) enrolled in 36 hours per year; or (3) a graduate doctoral student who has been advanced to candidacy. This does not include students at locations other than the City and County of Santa Cruz, including, but not limited to, UCSC’s MBEST, Silicon Valley Campuses, UC programs in DC or Sacramento, or Education Abroad Programs.

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1.2 In recognition that campus population growth may outpace implementation of infrastructure improvements contemplated under this Agreement and that UCSC's ability to meet its housing commitment is dependent on enrollment growth, the parties agree that upon execution of this Agreement:

- a. UCSC will immediately initiate planning for on-campus housing on the west Campus;
- b. The City and UCSC will immediately comply with the traffic commitments in Section 4.13 of this Agreement; and
- c. UCSC has targeted new freshman enrollment growth until at least the commencement of the Fall 2009 Quarter to not exceed the Fall 2007 entering freshman class (3,730) (exclusive of transfer students).

1.3 As a means of enforcing UCSC's housing and water commitments herein, UCSC will adjust enrollment in the next Fall admissions cycle so as not to exceed, within a margin of error defined in Section 1.5 of this Agreement, the enrollment levels of the previous Fall admissions cycle, in the event of one or more of the following:

- a. UCSC's housing commitment, described in Section 2.1 of this Agreement, is not met;
- b. UCSC increases its water demands on the City water system during a City service area-wide moratorium on new connections because of a water supply emergency declared consistent with State Water law, as described in Section 3.2(a) of this Agreement.

1.4 If the traffic commitment in Section 4.1 is exceeded, the commitment will be enforced by requiring UCSC to reduce ADT by one or more of the following measures: adjusting enrollment, adjusting on-campus workforce, or through implementation of ADT reducing measure(s). The choice will be determined from this list by The Regents or its delegate. When UCSC main campus trips are within 1,500 of the applicable traffic commitment in Section 4.1, UCSC will hold a meeting to solicit public input regarding the choices listed above for the reduction of ADT. Within 90 days of the meeting, UCSC will initiate the process necessary to gain approval from The Regents or its delegate of its selected choice(s) for reduction of ADT. In addition, to further effectuate compliance and enforce the traffic commitment in Section 4.1,

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UCSC agrees to a penalty payment in an amount equal to three times the City's citywide Traffic Impact Fee (TIF) then in effect for every average daily trip (ADT) in excess of the commitment (i.e., if the City's current citywide TIF were applied the penalty amount would be \$1,098 per trip (3x \$366)). Penalty payments will be made annually until such time as the ADT is equal to or below the traffic commitment in this Agreement. For purposes of calculating the penalty, ADT will be measured per 4.1 below. Penalty funds will be deposited into a dedicated account for use by the City and UCSC to reduce ADT to UCSC. UCSC and the City will work cooperatively to identify appropriate and effective trip reduction programs, including, but not limited to, increased SCMTD transit service to the UCSC campus, with the expenditure of funds being subject to approval by the City.

1.5 For purposes of 1.2(c) and 1.3, enrollment will be calculated within a 2% margin of error averaged prospectively over three years to account for the fact that the University admits students approximately six months prior to the start of the new fall term based on a projected "take rate" (i.e., the percentage of students that accept an offer of admission). In addition, retention/graduation rates fluctuate. Accordingly, enrollment may fall slightly above or below UCSC's projections within a 2% margin of error. Enrollment levels will be calculated based on the Fall third-week census. UCSC's commitment in 1.3 will take effect the next Fall admissions cycle and all subsequent Fall admissions cycles until the applicable commitment is met.

2.0 HOUSING

2.1 UCSC will provide housing capacity as follows:

- a. For enrollment up to 15,000, UCSC will provide 7,125 beds.
- b. Additional beds will be available to accommodate 67% of enrollment above 15,000, which equates to 3,000 new beds above the 7,125 beds if enrollment reaches 19,500. New beds will be provided by on-campus new construction, by remodeling or re-assignment resulting in a net increase in new on-campus beds, or through off-campus purchase or lease. An existing room designed as a double will not be converted to an unfilled triple room for the sole purpose of meeting the housing commitment under this Agreement. Except as provided in Section 2.1(d), beds will be available within four years of enrollment in excess of 15,000 until 2018 (i.e., housing in fall 2012 will be available for

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67% of 2007-08 enrollment above 15,000). After 2018 and for as long as the 2005 LRDP is in effect, new beds will be available within 2 years of new enrollment growth.

c. UCSC's housing capacity commitment in Section 2.1(b) will be suspended (and its housing capacity commitment as reflected in the 2005 LRDP will be reinstated) for future projects (i.e., approved projects will be completed) in the event of one or more of the following:

i. UCSC's annual room and board rate is the highest and exceeds by 10% all other UC campuses as determined by the "UC On Campus Housing Rate Comparison", published annually by UC's Office of the President which presents a standardized systemwide comparable analysis sheet that presently reflects the cost at each campus for a residence hall room, double occupancy, 19 meals per week board plan, or equivalent;

ii. A legal action, or inaction by an agency, delays a proposal by UCSC for housing development in the North Campus, including, but not limited to, an action challenging a final decision by any agency with approval or permit authority necessary to construct the housing. UCSC commits to make reasonable efforts to expeditiously resolve the litigation.

d. The parties agree that UCSC will not be in violation of Section 2.1(b) or subject to the penalty in Section 1.3 in the event of, and for the time period of, any legal action, or inaction by an agency, including, but not limited to, an action challenging a final decision by any agency with approval or permit authority necessary to construct the housing, that delays a proposal by UCSC to timely fulfill its housing commitment. UCSC commits to make reasonable efforts to expeditiously resolve the litigation.

e. In the event UCSC's housing capacity commitment is suspended as provided for in Section 2.1(c), UCSC will provide written notification within 30 days to the City and County that (1) identifies the date on which the suspension commenced, and (2) the reason(s) for the suspension. On an annual basis following the initial notice of suspension and for as long as the suspension is in effect, UCSC will provide a report identifying the status of the suspension and any efforts by UCSC to end the suspension.

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Further, UCSC will provide notification within 30 days of termination of the suspension period.

2.2. UCSC will annually provide, through public posting, its 5 year capital plan and a report on the status of construction and occupancy rates of student housing.

2.3. There will be an annual meeting to review UCSC, County, and City housing plans and capacity for the community workforce and campus affiliates.

2.4. UCSC housing may be accommodated on or off campus (in UC leased or owned property) provided that:

a. For purposes of satisfying the housing commitment in Section 2.1(b) UCSC will limit the number of new off-campus beds created in the City of Santa Cruz after the effective date of this Agreement to no more than 225 beds, which are in addition to the existing off-campus leased beds at UCSC Inn and University Town Center. The number of beds at UCSC Inn and University Town Center may be replaced by UCSC in the City of Santa Cruz without counting against the 225 if, upon expiration of the current lease period, UCSC does not renew the leases. Nothing in this subsection shall be construed to limit the University's ability to build more than 225 off-campus beds in the City of Santa Cruz provided that (i) the additional beds shall not be used to off-set UCSC's housing commitment in Section 2.1(b); (ii) the project is consistent with City zoning; (iii) UCSC first obtains the concurrence of the City; and (iv) UCSC arranges for alternative transportation modes from the project to the campus, if necessary. In the event the project is already readily served by public or other UCSC arranged transportation, no further transportation arrangements as provided for in (iv) shall be required; otherwise such alternative transportation shall be provided.

b. For each UCSC-owned or leased, off-campus student bed that results in a tax revenue loss to the City, the University will contribute funds/per bed to a Housing Impact Fund (HIF) (for July 2008 - June 2009 the HIF will be \$199/bed, and in each subsequent University fiscal year will increase by 2%). Funds deposited into the HIF will be used by the City to directly support services serving UCSC's off-campus population, including, but not limited to, public safety, parks and recreation. Payments under this

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Section will be made on or before October 1 of the first fiscal year in which UCSC adds new off-campus beds. UCSC will provide the City with an annual accounting of new off-campus beds for purposes of calculating the HIF.

2.5 UCSC will consult with the City, and after consultation, will provide the City with written notification of any intent to purchase property in the City.

2.6 UCSC agrees not to construct high-density off-campus housing in the City of Santa Cruz unless consistent with the City's zoning.

2.7 To assist UCSC in achieving its on-campus housing capacity commitment, the parties agree to the following:

a. The City currently provides water service to UCSC through five (5) connections, the most northern of which is north of the City's limits and was installed by the City in 1973. The City will continue to provide water service to the Campus through the five existing connections, and UCSC may use the water to support development implementing the 2005 LRDP, including the development of housing in the North Campus, consistent with the other provisions of this Agreement.

b. The parties will not oppose housing development west of Porter College as analyzed in the Draft 2005 LRDP EIR (necessary to timely achieve new housing commitment). Housing development in the area west of Porter College shall be initiated before development of new bed spaces in the North Campus Area.

c. The City agrees to propose and enforce City-wide ordinance(s) or municipal code(s) to regulate residential rental properties including, but not limited to, boarding, lodging, or rooming houses. In the event the City does not enact such legislation within two years of the approval of this agreement, UCSC's housing capacity commitment set forth in Section 2.1b above shall be reduced by 450 beds. The City, in consultation with UCSC, further agrees to review within three years of the effective date of this Agreement any such City-wide ordinance(s) or municipal code(s) for effectiveness in regulating residential rental properties and, if necessary, to consider revisions.

2.8 UCSC will apply to LAFCO for extraterritorial water and sewer services (for the development of 3,175,000 gross square feet of additional building space under the 2005 LRDP for

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the service area below the line identified on the map attached hereto as Exhibit A) from the City of Santa Cruz on the following conditions:

a. The City, County, CLUE, et al. and Stevens, et al., do not object to UCSC's reliance on the 2005 LRDP EIR except as provided in subsection 2.8(b), 2.8(d), 2.8(e), and 2.8(f), below, and/or the City's Integrated Water Plan EIR, or on any applicable CEQA exemption, in support of its LAFCO application, if necessary; and

b. Pursuant to the requirements of Government Code Section 56425, et seq., the City's Sphere of Influence is amended to include the areas designated in the 2005 LRDP presently exclusively within the County limits (as identified in the map attached hereto as Exhibit A), concurrently with the University's application to LAFCO. Pursuant to Government Code Section 56425, et seq., the City and County will negotiate an agreement for the Sphere of Influence amendment to include the area below the line identified on the Exhibit A map. This agreement shall be submitted as part of the City's proposed Sphere of Influence amendment concurrent with UCSC's LAFCO application. UCSC shall initiate its LAFCO application concurrently with the City's proposed Sphere of Influence amendment on or before October 28, 2008, unless an extension of the application date is mutually agreed to by the City and UCSC. In the event the City's Sphere of Influence is not amended or a legal action challenging the amendment is filed, UCSC retains the ability to assert any and all rights or legal positions regarding its ability to develop the North Campus including, but not limited to, the applicability of an exemption or immunity from LAFCO's jurisdiction. Notwithstanding the foregoing, all parties retain the right to assert any and all legal claims or positions regarding any LAFCO decision or UCSC's ability to develop the North Campus; and

c. The City and County provide UCSC with all documentation identified or required by LAFCO as necessary to complete UCSC's application, including, but not limited to, a will serve letter, and will communicate to LAFCO that they do not oppose UCSC's application; and

d. CLUE, et al. and Stevens, et al. reserve the right to participate in the LAFCO proceedings (including raising all issues they feel appropriate), and to file a legal

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action challenging any final LAFCO decision. The parties agree and acknowledge that UCSC's application to LAFCO shall not be construed as an admission, presumption or inference of admission, or concession by UCSC that it is subject to LAFCO's jurisdiction and that UCSC retains the right to assert any and all legal claims or positions regarding the applicability of an exemption or immunity from LAFCO's jurisdiction over UCSC, or to assert any other defenses, in the event LAFCO denies UCSC's application, conditionally approves the application on terms that are unacceptable to UCSC, or a legal action against LAFCO approval of the application is filed. Likewise, the City, the County, CLUE, et al. and Stevens, et al. retain their rights to assert that the University is subject to LAFCO's jurisdiction for any development outside the City's boundaries irrespective of the outcome of the University's application to LAFCO; and

e. In the event a legal action challenging LAFCO's decision is filed, UCSC's housing commitments shall be suspended during the time it takes for the legal action to be resolved and UCSC may assert its rights to develop the area north of the main campus and outside the City's jurisdictional limits (North Campus). Notwithstanding the foregoing, all parties retain the right to assert any and all legal claims or positions regarding UCSC's ability to develop the North Campus including, but not limited to, LAFCO's decision. If a final judicial determination upholds a LAFCO approval or reverses a LAFCO denial of the application, the housing commitment, if suspended, will be reinstated, and the provisions of Section 2.1(d) shall apply. If a final judicial determination upholds a LAFCO denial or reverses a LAFCO approval of the application so that the University is unable to develop in the North Campus area identified in the attached map, UCSC is excused from the housing commitment in this Agreement and its housing capacity commitment in the 2005 LRDP will be reinstated. The housing commitment will be reinstated if the University is able to obtain legislative or any other legal authority to develop in the North Campus area, irrespective of the LAFCO approval process, and the provisions of Section 2.1(d) shall apply.

f. In the event LAFCO denies UCSC's application, conditionally approves the application on terms that UCSC determines in good faith are unacceptable, delays more than 18 months from the date UCSC makes its initial application in making a decision, the

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City fails to amend its Sphere of Influence, or LAFCO otherwise terminates UCSC's application, the City, County, CLUE, et al. and Stevens, et al. agree that UCSC may assert its rights to develop in the North Campus. Notwithstanding the foregoing, all parties retain the right to assert any and all legal claims or positions regarding UCSC's ability to develop the North Campus including, but not limited to, LAFCO's decision.

g. The parties further agree that Section 2.8 of this Agreement does not change, alter, amend, or otherwise supersede the 1962 and 1965 contracts for water and sewer service between the City and County and The Regents.

2.9 In recognition of City-wide zoning, building and municipal code violations in the City's residential neighborhoods attributable to deficient landlord oversight of rental housing (UC and non-UC affiliated), the City and UCSC agree to jointly and equally fund through 2013 a pilot program for two City Code enforcement positions as a means of improving rental property safety and standards. The pilot program will be reviewed after the first 3 years. After review and mutual agreement, the program may be modified. UCSC's commitment to fund its 50% share of the program will not accrue until the City enacts and enforces City-wide ordinance(s) or municipal code(s) consistent with Section 2.7(c), above.

2.10 The City agrees to incorporate the housing elements of this agreement in its 2008-2009 Housing Element update and the City's update to the General Plan.

3.0 WATER

3.1 For every increment of 85,000/gallons of water used over 206 MGY (2005 LRDP baseline year for the UCSC main campus, each incremental payment resets the baseline), UCSC will contribute funds to the City as follows:

a. The University will pay a fee equivalent to the City's System Development Charges ("SDC's") for Equivalent Residential Units ("ERU") in its service area at the rate in effect on the date of payment (currently \$6,530 per ERU (85,000 gallon increment)). The parties acknowledge that the SDC rate is adjusted by the City from time to time in accordance with the procedural and substantive requirements of the Mitigation Fee Act, California Government Code Sections 66000 et seq. It is the intention of the parties that the amount of UCSC's SDC equivalent payments will be proportionate to UCSC's share of

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use of City developed new water source capacity. The parties acknowledge that this SDC payment term was negotiated and agreed to pursuant to Government Code Section 54999.3(b) and was based on the factors identified in the document entitled “Water Assumptions”, attached hereto as Exhibit B and incorporated by reference into this Agreement.

b. The parties agree that UCSC’s payment of the fee does not change, modify, or alter the 1962 and 1965 Contracts. UCSC’s payment commitment under Section 3.1(a) will remain in effect until such time as a new LRDP is approved for UCSC.

c. The parties agree that payment constitutes UCSC’s contribution to finance construction of public facilities needed to serve UCSC’s water demands in non-drought years on the main campus (Marine Science Campus payments are governed by the Water System Connections/Construction Agreement, dated May 1997). UCSC pays existing water rates which include development of water supply for drought conditions.

d. The parties acknowledge the City’s intention to implement its Integrated Water Plan, including additional water conservation, use curtailment in droughts, and construction of a desalination plant.

3.2 City agrees to treat UCSC as it would any other developer with regard to the remaining excess water supply capacity (300 MGY as estimated by City in 2007) as follows:

a. Except with regard to any UCSC housing projects under development, if the City establishes a service area-wide moratorium on new connections because of a water shortage emergency condition under State Water law, UCSC will not increase its water demands on the City water system from any University-owned properties, including the main campus, 2300 Delaware, and the Marine Sciences Campus, while the moratorium remains in effect. Leased properties will abide by regulations that affect property owners.

b. UCSC will comply with any service area-wide water restrictions or mandatory use curtailment imposed by the City in response to a declaration of water shortage emergency condition under State Water law on the following terms:

i. The City agrees that its Water Conservation staff will meet with University staff to discuss the University’s water allocations prior to the effective

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date of any use curtailment set in accordance with an approved final City Use Curtailment Plan and will accurately correlate the campus uses as much as possible (e.g., campus use allocations for student, faculty and staff housing will reflect the same use curtailment set by the City for its multi-family residential water customers, etc.)

ii. The parties recognize that UCSC's existing and future water demand is for (a) domestic and sanitation uses related to on-campus student and faculty/staff residences, classrooms, and business and support buildings; (b) research facilities; (c) fire protection; and (d) irrigation, and acknowledge that UCSC's unaccounted for water use (e.g., from submeter error, unmetered use, etc.) was less than 7.5% in 2006.

3.3 UCSC agrees that within 5 years of execution of this Agreement it will have implemented all high priority conservation measures recommended by the 2007 engineering audit of campus water use. UCSC's high priority conservation measures are identified in Table 19 of UC Santa Cruz's Water Efficiency Survey (12/2007), attached hereto as Exhibit C.

3.4. For infrastructure improvements required to serve the campus and not included in the City's SDC program, UCSC will contribute its proportionate share of the non-rate funded costs for those improvements according to the previously negotiated 1998 cost-sharing agreement.

3.5 There will be an annual meeting to review the City's plans for implementing additional water supply projects.

3.6 The City will review with UCSC the basis for its sewer service charge.

4.0 TRAFFIC

4.1 UCSC agrees to not exceed 28,700 ADT to the main campus (24,800 ADT 2005 LRDP baseline + 3,900 new ADT) for as long as the 2005 LRDP is in effect. Compliance will be monitored by arriving at an ADT through weekday (Monday – Friday) traffic volume counts at the two campus entrances for at least two weeks beginning on the fourth week of Fall and Spring quarter (when school is in session for the entire week) of each corresponding calendar year.

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a. The parties agree that the traffic commitment in Section 4.1 will be increased by 1,300 ADT to a total of 30,000 ADT and that the penalty provisions of Section 1.4 will not apply in the event UCSC is prohibited from developing the North Campus area as identified in the attached map (e.g., a final judicial determination prohibits North Campus development) or the City fails to amend its Sphere of Influence. UCSC agrees to make additional ADT payments associated with an ADT increase of 1,300 under this section based on the citywide TIF fee schedule then in effect (currently \$377/trip). The parties acknowledge and agree that 30,000 main campus ADT is 100 ADT lower than estimated by the City for UCSC in its current TIF program.

b. The parties further agree that UCSC will not be in violation of the applicable traffic commitment or subject to the penalty provisions in Section 1.4 in the event of, and for the time period of, one of more of the following:

i. a legal action, or inaction by an agency with approval or permit authority necessary to construct the housing project delays a proposal by UCSC to timely fulfill its housing commitment pursuant to Section 2.1. UCSC commits to make reasonable efforts to expeditiously resolve the litigation;

ii. implementation of an ADT-reducing project not identified in this Agreement is delayed as a result of a legal action or inaction by an agency with approval or permit authority necessary to construct the ADT-reducing project, upon the concurrence of the City.

c. The parties agree that UCSC's ability to meet the applicable traffic commitment in this Section 4.1 requires the City, County and SCMTD to continue existing services and provide transportation enhancements.

d. Should temporary conditions arise that result in anomalous or erroneous weekday ADT measurements (i.e, bus strike, hose counter failure, etc.), as described in Section 4.1, then efforts will be made to re-collect reliable and appropriate data within one month of the initial traffic counts.

e. Should SCMTD transit service to the main campus (excluding Supplemental

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services provided under the “guaranteed cost” clause of the UCSC/SCMTD contract) be reduced from 2007-08 service hours or capacity, then the commitment in Section 4.1 will be suspended until regular transit service levels to the main campus are restored.

f. In the event UCSC’s traffic commitment is suspended as provided for in Sections 4.1(b) and 4.1(e), UCSC will provide written notification within 30 days to the City and County that (1) identifies the date on which the suspension commenced, and (2) the reason(s) for the suspension. On an annual basis following the initial notice of suspension and for as long as the suspension is in effect, UCSC will provide a report identifying the status of the suspension and any efforts by UCSC to end the suspension. Further, UCSC will provide notification within 30 days of termination of the suspension period.

g. Should SCMTD transit service to the main campus (excluding Supplemental services provided under the “guaranteed cost” clause of the UCSC/SCMTD contract) not increase in proportion to campus population growth such that it accommodates at least 25% of all trips to and from UCSC (reflective of 2007-2008 conditions) and UCSC continues to pay the cost of its SCMTD ridership, the applicable ADT commitment will be increased by applying an ADT credit. The ADT credit will be equivalent to 50% of the difference between a calculated 25% UCSC SCMTD mode split (measured in person trips) and the actual UCSC SCMTD mode split (measured in person trips).

h. The parties acknowledge and agree that alternative transportation modes and/or transit services may change over time as a result of technological, financial or other conditions, and to the extent such changes result in a significant shift in current modes, and as such the parties agree that elements of this proposal, by written notice by any party to this agreement, will be revisited and revised, as necessary, and subject to the mutual agreement of the City and UCSC. The parties will attempt to resolve disputes arising pursuant to this section by mediation.

i. The parties agree that the commitments in Section 4.1 are made for the sole and exclusive purpose of settlement and in recognition of access constraints unique

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to the UCSC main campus. These constraints include: campus access dependence upon two arterial roadways (Bay Street and Empire Grade) and two collector roads (High Street and Western Drive) traversing residential neighborhoods; an incomplete roadway network as envisioned in the original campus planning; the absence of any direct campus access route from State Route 9 or Highway 1; reliance on only two entrance gates to the main campus; State and City parklands and open space adjacency that surrounds the main campus on three sides; and the geographic and topographic distance of the main campus from commercial service areas within the City.

4.2 Within three months from the approval of this Agreement, UCSC agrees to contribute funds in an amount equal to the City's TIF in three consecutive annual payments for off-site traffic improvements for the 3,900 new ADT in Section 4.1, above. UCSC acknowledges that the TIF is revised annually on July 1, based on the Engineering News Record Cost of Construction index, and that as a result, each annual payment will be calculated by the current TIF rate at the time of payment. At its discretion, UCSC may make a one-time payment of \$1,427,400 within 15 days of entry of the Agreement as a final judgment, as provided for in Section 7.1. Funds contributed to the City under this section will constitute UCSC's share of the cost of improvements to the Bay Corridor between Mission and High, including improvements to the Bay/Mission and Bay/Escalona intersections and any other intersections identified in the City's TIF program to which UCSC contributes traffic. UCSC's payment is based on the City's 2007-2008 TIF and traffic model.

$$3,900 \text{ ADT} \times \$366/\text{trip} = \$1,427,400$$

Within three months of executing this Agreement, the City and UCSC will meet to identify TIF projects for immediate implementation. Identified and agreed upon improvements will be initiated by the City within one year.

4.3 The parties agree that UCSC's payment as set forth in Section 4.2 fulfills UCSC's "fair share" commitment in 2005 LRDP mitigation measure TRA-2A and the portion of TRA-5A that relies on TRA-2A for off-campus traffic impacts associated with campus ADT of 28,700.

4.4 UCSC agrees to make additional ADT payments associated with UCSC's 2300 Delaware property based on the City's methodology (20 trips per 1000 building gross square feet

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based on office use) and citywide TIF fee schedule (currently \$366 per trip). UCSC's payment for existing occupied gross square footage (gsf) at 2300 Delaware (Buildings A and B) is based on the City's 2007-2008 TIF and traffic model as represented by the following calculation:

$$57,223 \text{ gsf @ } 20 \text{ ADT/1,000 sf} = 1,144.45 \text{ ADT} \times \$366/\text{ADT} = \$418,868.70$$

If UCSC converts Buildings A and B to non-office use resulting in a higher trips per square foot rate, a further ADT payment will be made by UCSC provided that UCSC receives a credit for the above-payment towards any additional calculated TIF associated with the change in use. Payment for buildings A & B will be in addition to, and paid at the same time as, the amount to be paid in Section 4.2, above. Payment for ADT associated with building C or any other development on the 2300 Delaware site will be paid based on the City's methodology and citywide TIF fee schedule in effect at the time of occupancy. The City's TIF accounts for 2,068 total ADT from 2300 Delaware and UCSC's CEQA documentation for the project projected 1,780 total ADT at full build-out and occupancy of buildings A, B, and C.

4.5 UCSC agrees to make additional ADT payments associated with UCSC development at the Marine Science Campus, based on the City's methodology and citywide TIF fee schedule in effect at the time new development receives all required approvals. The City's TIF accounts for 3,120 total ADT from the Marine Science Campus and the University's CEQA documentation projected 2,600 total ADT at full implementation of the CLRDP. UCSC does not anticipate the first major trip generating project to be occupied until 2012.

4.6 The parties agree to the following to reduce peak hour traffic impacts and to reduce overall traffic volumes:

a. The City and UCSC will continue to work cooperatively with other Bus Rapid Transit Task Force members to develop BRT improvements and other alternative transit systems that have the greatest feasibility of reducing peak hour impacts and greatest potential to be funded and implemented. UCSC further agrees to:

i. Continue to fund the current study of BRT opportunities between the campus and downtown Pacific Station; this existing study to be completed in Fall 2008. This study will provide the information to prepare the operational analysis portion of an FTA application by SCMTD for "Very Small Starts"

COMPREHENSIVE SETTLEMENT AGREEMENT

funding corridor improvements.

ii. Commit to include its share of development and construction costs of an on-campus transit hub and related on-campus BRT improvements when calculating the total share/match for the FTA “Very Small Starts” application.

b. UCSC and the City will begin work immediately to mitigate existing and future peak hour traffic demand from UCSC facilities including signal synchronization studies and implementation, to be funded pursuant to Section 4.14, below.

c. UCSC will continue to work with the City and SCMTD to expand and enhance existing public transit service to UCSC facilities in advance of the BRT process (described in (a), above). Enhancements may include pilot projects, evaluated regularly for their effectiveness, such as:

i. “Limited Express” SCMTD service to the campus from downtown and outlying areas of Santa Cruz County funded under UCSC’s “guaranteed cost” agreement with SCMTD;

ii. Implementation of electronic boarding passes for UCSC affiliates using SCMTD transit;

iii. On-going GIS analysis of UCSC residential patterns to identify opportunities for new or expanded SCMTD transit routes to and from the campus;

iv. Working with Caltrans to coordinate signal synchronization improvements to the Bay and Mission corridors.

d. UCSC will continue to implement and expand its existing Transportation Demand Management programs with the objective of increasing sustainable transportation modes (use of modes other than single-occupant vehicles) above 55% and to reduce peak hour traffic volumes and address increases in traffic overall.

4.7 UCSC will work cooperatively with the City to review, revise and maintain the City’s traffic model following completion of the City’s General Plan update. Based on the traffic model adopted as part of the City’s General Plan update, UCSC’s trip generation rates and distribution will be updated every three years. UCSC agrees to, at intervals of no more than

COMPREHENSIVE SETTLEMENT AGREEMENT

three years or increments of no more than 1,000 students in enrollment growth (whichever occurs first), conduct traffic counts at a mutually agreed number of intersections for the purpose of updating the City's traffic model and Traffic Impact Fee, because the model and additional TIF specified projects are required to accommodate the projected traffic demand.

4.8 UCSC agrees to contribute to the cost of implementing an Off-Campus Parking Permit Program (Upper Westside or potential programs on the lower Westside) in an amount up to \$50,000 per year for a pilot period of three years, to be continued, revised, or reallocated by mutual consent.

4.9 UCSC has contributed \$216,500 to the Mission Street widening project and agrees to contribute an additional \$107,500 to the City, which has been in dispute. Payment will be made within 90 days of execution of this Agreement and the parties agree that the University's obligation under University Assistance Measure 7 is satisfied with this payment.

4.10 UCSC will pay 100% of the cost of Heller/Empire Grade Intersection Improvements at the UCSC west entrance. If UCSC develops an additional entrance/exit to/from the campus along Empire Grade, related intersection improvements will be funded 100% by UCSC. The scope of those improvements will be informed by the project and a CEQA analysis of the associated traffic impacts.

4.11 UCSC will pay 40% of the bid costs of Bay Street Repair project. If, during the term of the 2005 LRDP, Bay Street requires re-surfacing (asphalt over-lay) in addition to the repair described above according to industry standards, UCSC agrees to pay 40% of the re-surfacing costs only. Either party may initiate a study and propose an alternate percentage.

4.12 UCSC will pay 100% of the cost of improvements to the Marine Science Campus entrance at the intersection of Shaffer Road and Delaware Avenue, as well as improvements to Shaffer Road on UCSC property up to the new driveway to Upper Terrace development zone when development occurs in that zone. As identified in implementation measure 5.1.7 of the Marine Science Campus Coastal Long Range Development Plan, UCSC "will collaborate with the City of Santa Cruz on the construction of an emergency grade crossing" over the tracks.

4.13 Within ninety days of execution of this Agreement, the City and UCSC will meet to identify for immediate implementation transportation improvements that are not included in

COMPREHENSIVE SETTLEMENT AGREEMENT

the City's current TIF program or an integrated sequence of transportation studies to explore alternative transportation solutions. Identified and agreed upon improvements will be initiated, and studies will be commissioned, by the City within one year. For purposes of this Section, UCSC and the City each commit up to \$500,000 (over a 3 year period) for a total of \$1,000,000. Specific milestones and deliverables with which the phasing of funding will be tied will be agreed to by the City and UCSC. Study funds are to be used for appropriate consultant(s) to assist in defining realistic transportation solutions and trip reduction improvements. The City and UCSC have identified the following projects for implementation/study as a starting point for discussion:

- a. A signal timing analysis and plan for Bay/Mission corridors;
- b. Integration of signal pre-emption for SCMTD to allow SCMTD buses to move more quickly through intersections;
- c. Expand SCMTD service to the campus including Express Bus service;
- d. On-going GIS analysis of UCSC residential patterns to identify opportunities for new or expanded SCMTD transit routes to and from the campus;
- e. Locate "Park and Ride" opportunities around/within City of Santa Cruz for UCSC Commuters;
- f. Locate long-term "storage" parking areas for UCSC students; and
- g. Expand existing ZipCar carshare programs.

4.14 UCSC and the City and CLUE shall make their best effort to jointly plan and implement a public transportation system capable of reducing the use of City streets and traffic congestion on City streets. Specific tasks of this planning effort (as far as financially feasible with available funds under this Section) will include, but not be limited to, identification of preferred technologies, routes and rights of way, and identification of probable ridership and financing. UCSC and the City will each commit \$50,000 towards this effort.

5.0 FUTURE LRDP PROPOSALS

5.1 In recognition of the purpose and intent of Measures I and J, as adopted in November 2006, UCSC agrees that the next major amendment to the 2005 LRDP will include a

COMPREHENSIVE SETTLEMENT AGREEMENT

comprehensive analysis of potentially feasible alternative locations to accommodate proposed UCSC enrollment growth beyond that analyzed in the 2005 LRDP EIR (i.e., satellite campuses, remote-classrooms, etc.) as a means of assessing UCSC's ability to meet the State Mandate for Higher Education while taking into consideration City of Santa Cruz infrastructure including, but not limited to, transportation, water and housing.

6.0 IMPLEMENTATION OF THE 2005 LRDP

6.1 UCSC will continue to fund all warranted University Assistance Measures ("UAMs") from the 1988 LRDP. The 1988 LRDP EIR and subsequent CEQA documents based on the 1988 LRDP adopted 12 traffic-related UAMs – 7, 8, 9, 10, 11, 12, 13, 14, 16, 17, 18, and 19, six utility-related UAMs – 1, 2, 3, 4, 5, and 6, and one UAM related to baseline analysis – UAM 15. With regard to UAM implementation, all parties acknowledge and agree that:

- a. UCSC has fulfilled its commitment to implement UAMs 2, 3, 4, 8, 11, 12, 13, 15, 17, and 18;
- b. UAM 7 (Mission Street widening), UAM 12 (Heller/Empire signal) and UAM 14 (Bay Street resurfacing) are warranted and will be satisfied by Sections 4.9 through 4.11 of this Agreement, respectively;
- c. UAMs 9 and 10 commit UCSC to contribute funds towards the development of an Eastern Access road and are not warranted;
- d. UAM 1 (water system improvements) will be satisfied pursuant to Section 3.1 of this Agreement; UAM 16 and UAM 19 (fair share towards signalization of Storey/King and Bay/Escalona, respectively) are warranted, included in the City's TIF program, and will be satisfied upon UCSC's payment in Section 4.2 of this Agreement;
- e. UAM 5 (sewer line upgrade) and UAM 6 (waste water plant upgrade) will be satisfied upon payment by UCSC of its proportional share of the cost of the upgrades necessary to serve the main campus, to be negotiated once final cost estimates are completed.

6.2 Except as provided for in this Agreement, for future projects under the 2005 LRDP, UCSC will not "tier" from or otherwise rely on the water or housing analysis in the

COMPREHENSIVE SETTLEMENT AGREEMENT

LRDP EIR invalidated by the Santa Cruz Superior Court to obtain CEQA compliance. All parties acknowledge that the Santa Cruz Superior Court did not invalidate the LRDP EIR's traffic analysis and that the Superior Court's decision regarding the adequacy of the LRDP EIR's traffic mitigation is resolved by this Agreement. Notwithstanding, UCSC agrees to perform additional traffic analysis, as set forth in Section 4.7.

6.3 UCSC agrees not to locate a Corporation Yard in the "Campus Support" designated area along Empire Grade north of the West Entrance (see Map from 2005 LRDP, attached as Exhibit A). If and when there is a proposal by UCSC for a bridge over Cave Gulch, UCSC commits to perform additional CEQA review and consider limiting the access to egress and emergency access only.

7.0 ENFORCEABILITY/EFFECT OF SETTLEMENT

7.1 The University, City, County, CLUE, et al., and Stevens, et al. agree to take all necessary actions to ensure that the Agreement will be made fully enforceable through its entry as a final judgment.

7.2 The University, City, County and CLUE, et al., agree that all legal challenges to the validity of the Biomed project and associated Mitigated Negative Declaration are fully and finally resolved to the satisfaction of the parties; that additional CEQA review is not required for the Biomed project approval; that the Biomed project approval is deemed final and effective; and that all legal challenges will be resolved and judgment entered consistent with Section 7.1.

7.3 The University, City, County, and Stevens, et al. agree that all legal challenges to the validity of the 2005 LRDP and associated LRDP EIR are fully and finally resolved to the satisfaction of all parties; that additional CEQA review is not required for the 2005 LRDP; that the 2005 LRDP approvals are deemed final and effective; and that all legal challenges will be resolved and judgment entered consistent with Section 7.1.

7.4 The parties agree that the purpose and intent of Measures I and J, as adopted by the City in November 2006, will be satisfied and fulfilled upon finalization of this fully executed settlement agreement for development consistent with the 2005 LRDP. The parties further agree that any additional action to effectuate the intent and purpose of Measures I and J is unnecessary provided that the parties fulfill their commitments under this Agreement.

COMPREHENSIVE SETTLEMENT AGREEMENT

7.5 The University agrees to dismiss, without prejudice, its legal challenge against the City and LAFCO regarding the 1962 and 1965 water contracts (Santa Cruz Superior Court Case No. CV155995). The University will also dismiss, with prejudice, its currently pending appeal on the issue of attorneys' fees in the Measures I and J litigation (Santa Cruz Superior Court Case No. 155136; Sixth District Court of Appeal Case No. H032405).

7.6 The County Board of Supervisors will rescind its resolution of June 26, 2007, authorizing staff to appeal UCSC THP/Conversion #1-07-062 SCR, and agrees not to appeal or file a legal action challenging any determination by the California Department of Forestry and Fire Protection regarding UCSC THP/Conversion #1-07-062 SCR. CLUE, et al. and Stevens, et al. agree not to file a legal action challenging any determination by the California Department of Forestry and Fire Protection regarding UCSC THP/Conversion #1-07-062 SCR.

7.7 Notwithstanding any determination of "prevailing party" or "successful party", UCSC has agreed to pay reasonable attorneys' fees and costs to the City in the amount of \$350,000; to the County in the amount of \$50,000; and to CLUE, et al. and Stevens, et al. in the amount of \$375,000. The City further commits to pay CLUE, et al. and Stevens, et al. \$15,889. Payment under this Section 7.7 will be made within 15 days of entry of the Agreement as a final judgment, as provided for in Section 7.1.

7.8 On or before November 1, 2008, the parties will agree to a format and mechanism for reporting compliance under this Agreement.

8.0 CITY/UCSC PARTNERSHIPS

8.1 UCSC obtained in 1964 a Use Tax Direct Payment Permit from the State of California [7/1/1964 SR ARE 26117705] and regularly prepares the required self-assessment report.

8.2 UCSC will, to the extent feasible and under applicable laws, request its construction contractors to allocate the local sales and use tax derived from construction contracts of \$5 million or more to the local jurisdiction where the job site is located. Toward that end, the University will annually invite the City and its consultant(s) to provide materials for linking from a UCSC website as an informational resource for contractors engaged in projects at UCSC.

8.3 UCSC agrees not to renew its lease on the UCSC Inn when it expires in 2011.

COMPREHENSIVE SETTLEMENT AGREEMENT

UCSC does not intend to lease additional hotel bed space during the term of the 2005 LRDP. Should conditions change that intention, UCSC shall inform the City in writing and will obtain the City's consent prior to Master Leasing additional hotel bed space.

8.4 UCSC will discuss with the City the collection and payment by UCSC of Transient Occupancy Tax and an admissions tax on specified UCSC-sponsored events.

8.5 UCSC and the City will meet on a regular basis to explore opportunities for cooperation in the following areas: economic development, grants, public safety, parks and recreation, and neighborhood issues relating to UCSC.

9.0 GOOD-FAITH OBLIGATIONS

9.1 The City, County, University, CLUE, et al., and Stevens, et al. agree to cooperate fully, expeditiously, reasonably, and in good faith in the implementation of this Agreement; to execute any and all supplemental documents, and to take all additional lawful and reasonable actions, which may be necessary or appropriate to give full force and effect to the terms and to fully implement the goals and intent of this Agreement. The City, County, University, CLUE, et al., and Stevens, et al., also agree to exercise good faith, individually and through counsel, to work out any issues, misunderstandings, or disagreements that may arise with respect to the terms of this Agreement.

10.0 COMPREHENSION OF AGREEMENT

10.1 The City, County, University, CLUE, et al., and Stevens, et al. represent that in entering into this Agreement they have relied upon the legal advice of their attorneys, who are the attorneys of their own choice, and that the terms of the Agreement are fully understood and voluntarily accepted. This Agreement has been jointly drafted by the parties, and its provisions shall not be construed against either party on the basis of authorship.

11.0 GOVERNING LAW

11.1 This Agreement shall be construed and interpreted in accordance with the laws of the State of California.

COMPREHENSIVE SETTLEMENT AGREEMENT

12.0 NO ADMISSION OF LIABILITY

12.1 This Agreement is not an admission of liability by any party to this Agreement to the any other party or to any third party. It is the intent of the parties that this Agreement is a compromise of disputed claims.

13.0 AUTHORIZATION

13.1 The City, County, University, CLUE, et al., and Stevens, et al., hereby represent and warrant that the execution, delivery, and performance of this Agreement has been duly authorized by all necessary actions, and that the individuals who execute this Agreement on each party's behalf are duly authorized to do so.

14.0 ENTIRE AGREEMENT

14.1 This Agreement constitutes the entire understanding between the City, County, University, CLUE, et al., and Stevens, et al. Any other terms, promises, provisions, obligations or agreements by or between the parties shall be enforceable only as set forth in any other applicable written agreement. If any provision of this Agreement is held to be illegal, invalid or unenforceable, each party agrees that such remaining provisions shall be enforced to the maximum extent permissible so as to effect the intent of the parties, and the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby.

15.0 EFFECTIVENESS

15.1 This Agreement shall become effective upon full execution by the City, County, University, CLUE, et al., and Stevens, et al., which may occur in counterparts such that one or more signatures may appear on separate pages. The signatures of counsel may be provided through facsimile transmission.

COMPREHENSIVE SETTLEMENT AGREEMENT

IN WITNESS WHEREOF, the City, County, University, CLUE, et al., and Stevens, et al., have caused this Agreement to be executed as of the date last written below.

CITY OF SANTA CRUZ

By: 154- (signature)

Date: 8.13.08

Approved as to form:

(signature) 8-12-08
Counsel to the City of Santa Cruz

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

By: _____

By: _____

Date: _____

Approved as to form:

Counsel to The Regents

RURAL BONNY DOON ASSOC.

By: _____

Date: _____

Approved as to form:

Counsel to Rural Bonny Doon Assoc.

PETER L. SCOTT

By: _____

Date: _____

Approved as to form:

COUNTY OF SANTA CRUZ

By: _____

Date: _____

Approved as to form:

Santa Cruz County Counsel

COALITION FOR LIMITING UNIVERSITY EXPANSION

By: _____

By: _____

Date: _____

Approved as to form:

Counsel to CLUE

DON STEVENS

By: _____

Date: _____

Approved as to form:

Counsel to Don Stevens

HAL LEVIN

By: _____

Date: _____

Approved as to form:

COMPREHENSIVE SETTLEMENT AGREEMENT

IN WITNESS WHEREOF, the City, County, University, CLUE, et al., and Stevens, et al., have caused this Agreement to be executed as of the date last written below.

CITY OF SANTA CRUZ

By: _____

Date: _____

Approved as to form:

Counsel to the City of Santa Cruz

COUNTY OF SANTA CRUZ

By: Allen Kline

Date: 8/12/08

Approved as to form:

Christina Cleland
Santa Cruz County Counsel

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

By: _____

By: _____

Date: _____

Approved as to form:

Counsel to The Regents

COALITION FOR LIMITING UNIVERSITY EXPANSION

By: _____

By: _____

Date: _____

Approved as to form:

Counsel to CLUE

RURAL BONNY DOON ASSOC.

By: _____

Date: _____

Approved as to form:

Counsel to Rural Bonny Doon Assoc.

DON STEVENS

By: _____

Date: _____

Approved as to form:

Counsel to Don Stevens

PETER L. SCOTT

By: _____

Date: _____

Approved as to form:

HAL LEVIN

By: _____

Date: _____

Approved as to form:

COMPREHENSIVE SETTLEMENT AGREEMENT

IN WITNESS WHEREOF, the City, County, University, CLUE, et al., and Stevens, et al., have caused this Agreement to be executed as of the date last written below.

CITY OF SANTA CRUZ

By: 15-07

Date: 8.13.08

Approved as to form: _____

[Signature]
Counsel to the City of Santa Cruz

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

By: _____

By: _____

Date: 8/15/08

Approved as to form: _____

[Signature]
Counsel to The Regents

RURAL BONNY DOON ASSOC.

By: _____

Date: _____

Approved as to form: _____

Counsel to Rural Bonny Doon Assoc.

PETER L. SCOTT

By: _____

Date: _____

Approved as to form: _____

COUNTY OF SANTA CRUZ

By: _____

Date: _____

Approved as to form: _____

Santa Cruz County Counsel

COALITION FOR LIMITING UNIVERSITY EXPANSION

By: _____

By: _____

Date: _____

Approved as to form: _____

Counsel to CLUE

DON STEVENS

By: _____

Date: _____

Approved as to form: _____

Counsel to Don Stevens

HAL LEVIN

By: _____

Date: _____

Approved as to form: _____

COMPREHENSIVE SETTLEMENT AGREEMENT

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CITY OF SANTA CRUZ

By: 154- ()

Date: 8.13.08

Approved as to form:

[Signature] 8-12-08
Counsel to the City of Santa Cruz

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

By: _____

By: George R. Blumenthal

Date: 8/15/08

Approved as to form:

[Signature]
Counsel to The Regents

RURAL BONNY DOON ASSOC.

By: _____

Date: _____

Approved as to form:

Counsel to Rural Bonny Doon Assoc.

PETER L. SCOTT

By: _____

Date: _____

Approved as to form:

COUNTY OF SANTA CRUZ

By: _____

Date: _____

Approved as to form:

Santa Cruz County Counsel

COALITION FOR LIMITING UNIVERSITY EXPANSION

By: _____

By: _____

Date: _____

Approved as to form:

Counsel to CLUE

DON STEVENS

By: _____

Date: _____

Approved as to form:

Counsel to Don Stevens

HAL LEVIN

By: _____

Date: _____

Approved as to form:

COMPREHENSIVE SETTLEMENT AGREEMENT

IN WITNESS WHEREOF, the City, County, University, CLUE, et al., and Stevens, et al., have caused this Agreement to be executed as of the date last written below.

CITY OF SANTA CRUZ

By: _____

Date: _____

Approved as to form:

Counsel to the City of Santa Cruz

COUNTY OF SANTA CRUZ

By: _____

Date: _____

Approved as to form:

Santa Cruz County Counsel

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

By: _____

By: _____

Date: _____

Approved as to form:

Counsel to The Regents

COALITION FOR LIMITING UNIVERSITY EXPANSION

By: [Signature] 8/5/08

By: Don Stevens 8-5-08

Date: _____

Approved as to form:

[Signature]
Counsel to CLUE

RURAL BONNY DOON ASSOC.

By: [Signature]

Date: Aug. 5, 2008

Approved as to form:

[Signature]
Counsel to Rural Bonny Doon Assoc.

DON STEVENS

By: Don Stevens

Date: 8-5-08

Approved as to form:

[Signature]
Counsel to Don Stevens

PETER L. SCOTT

By: [Signature]

Date: 8/5/08

Approved as to form:

[Signature]

HAL LEVIN

By: [Signature]

Date: 5 August 2008

Approved as to form:

[Signature]

COMPREHENSIVE SETTLEMENT AGREEMENT

KAYE BETH

By: Kaye Beth
Date: August 11, 2008
Approved as to form:
Stephen C. Volk
Counsel to Kaye Beth

ERIC M. GRODBERG

By: _____
Date: _____
Approved as to form:

Counsel to Eric M. Grodberg

SIGRID McLAUGHLIN

By: _____
Date: _____
Approved as to form:

Counsel to Sigrid McLaughlin

JOHN C. AIRD

By: _____
Date: _____
Approved as to form:

Counsel to John C. Aird

RUSSELL B. WEISZ

By: _____
Date: _____
Approved as to form:

Counsel to Russell B. Weisz

HELEN B. DOWLING

By: _____
Date: _____
Approved as to form:

Counsel to Helen B. Dowling

COMPREHENSIVE SETTLEMENT AGREEMENT

KAYE BETH

By: _____

Date: _____

Approved as to form:

Counsel to Kaye Beth

ERIC M. GRODBERG

By: _____

Date: _____

Approved as to form:

Counsel to Eric M. Grodberg

SIGRID McLAUGHLIN

By: Sigrid McLaughlin

Date: 8-10-08

Approved as to form:

Stephen C. Volk
Counsel to Sigrid McLaughlin

JOHN C. AIRD

By: _____

Date: _____

Approved as to form:

Counsel to John C. Aird

RUSSELL B. WEISZ

By: Russell B. Weisz

Date: 8-11-08

Approved as to form:

Stephen C. Volk
Counsel to Russell B. Weisz

HELEN B. DOWLING

By: Helen B. Dowling

Date: 8-11-08


Approved as to form:

Stephen C. Volk
Counsel to Helen B. Dowling

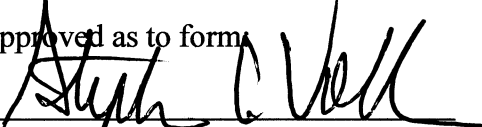
COMPREHENSIVE SETTLEMENT AGREEMENT

Counsel to Peter L. Scott

JEFFREY M. ARNETT

By: 

Date: 8/05/2008

Approved as to form:


Counsel to Jeffrey M. Arnett

Counsel to Hal Levin

HARRY D. HUSKEY

By: 

Date: 8/5/08

Approved as to form:


Counsel to Harry D. Huskey

KAYE BETH

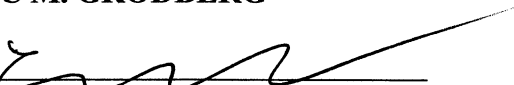
By: _____

Date: _____


Approved as to form:

Counsel to Kaye Beth

ERIC M. GRODBERG

By: 

Date: 8/5/08

Approved as to form:


Counsel to Eric M. Grodberg

SIGRID McLAUGHLIN

By: _____

Date: _____

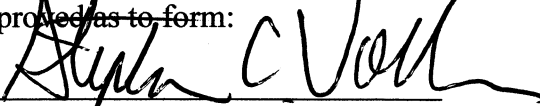
Approved as to form:

Counsel to Sigrid McLaughlin

JOHN C. AIRD

By: 

Date: 8/5/08

Approved as to form:


Counsel to John C. Aird

RUSSELL B. WEISZ

By: _____

Date: _____

Approved as to form:

Counsel to Russell B. Weisz

HELEN B. DOWLING

By: _____

Date: _____













Approved as to form:

Counsel to Helen B. Dowling

Exhibit A

2.8 boundary line

LEGEND

-  Academic Core
-  Campus Support
-  Colleges and Student Housing
-  Employee Housing
-  Physical Education and Recreation
-  Protected Landscape
-  Campus Natural Reserve
-  Site Research and Support
-  Campus Habitat Reserve
-  Campus Resource Land
-  Parking Facilities
-  Cowell Ranch Historic District

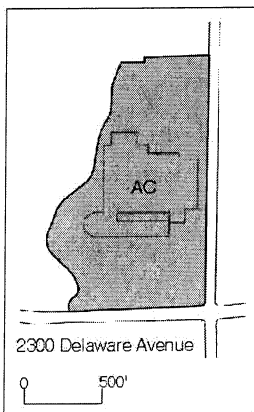
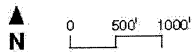


EXHIBIT B

Water Assumptions

The parties agree that the provisions of section 3.1a are based on the understanding that at the conclusion of the pilot study phase of the desalination plant, the Santa Cruz City Water Department (SCCWD) intends to pursue the phased incremental implementation of a desalination plant on the Westside of Santa Cruz. The parties further agree that the assumptions related to the scope and nature of all phases of the desalination plant are as follows:

Phase One

1. The design of Phase One is presently contemplated to provide water during drought conditions as follows:
 - a. roughly 90 % to accommodate existing demand (subsequent to imposed conservation restrictions);
 - b. and roughly 10 % to accommodate foreseeable growth between now and when the plant is complete.
2. Water rates from existing customers will fund roughly 90 % of system improvements, including Phase One, related to existing demand.
3. System Development Charges (SDC) from future developers and UCSC will fund roughly 10 % of the costs related to foreseeable growth.
4. Future SDCs may be increased to cover escalation in construction costs and other water system improvements necessary to accommodate growth in demand.
5. SCCWD's existing water rates and SDCs have been set on a suite of system improvements that includes, among other things, a desalination plant with a budget forecast of around \$40 million for Phase One and project soft costs, including financing.
6. The water rates and SDCs may be adjusted upwards to reflect refinements to the scope and escalating cost of Phase One. It is unlikely that construction costs for Phase One would escalate more than double the current budget forecast.
7. SCCWD anticipates a cost sharing agreement with the Soquel Water District at about a 50% share of the cost of Phase One. In the event the Phase One budget is double the forecast this cost sharing agreement would help offset the increased cost and current rate and SDC charges could be maintained at roughly their current levels.

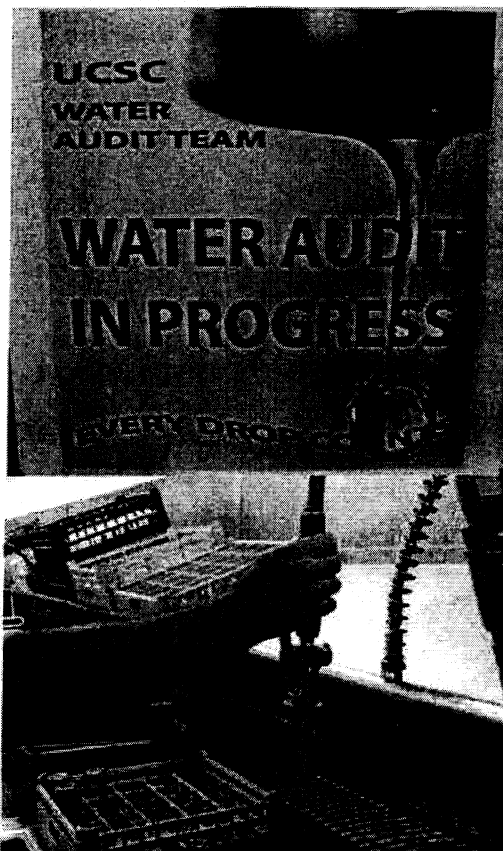
Phase Two (and subsequent phases)

1. Phase Two and subsequent phases would be implemented to accommodate future growth in system demand.
2. Phase Two expansion (and potential future phases) would be accommodated by adding pumps and modular filtration membranes to the then existing Phase One facility.
3. SDCs would likely be adjusted upward to reflect the cost of future phases and other system improvements.
4. If Phase Two were sized to produce 1 mg/day, the projected construction cost in today's dollars would likely be less than \$4 million.

EXHIBIT C

UC SANTA CRUZ WATER EFFICIENCY SURVEY

FINAL REPORT



December 2007

Prepared By
Maddaus Water Management
and
UC Santa Cruz



UC SANTA CRUZ



Pressure regulators – to help reduce high pressures on drip systems lower part of campus

5.3 Water Conservation Project Costs

A summary matrix of the high priority projects and rough estimates of costs, assuming contractor labor and retail prices, is shown in Table 19. The labor rate for all projects is \$85 per hour as provided by Physical Plant staff. Because some of the projects have not been fully designed and detailed cost estimates have not been completed, initial project costing includes a 20% contingency for those projects identified that would require further cost analysis or project management. In addition to the 20% contingency, the \$100,000 cost to perform this water efficiency study was spread among all the high priority projects.

Table 19 – High Priority Water Conservation Projects for UC Santa Cruz

| Project Number | Potential Water Conservation Project | Number of units to be Replaced or Installed | Unit Cost | Unit Labor hours | Labor Cost | Total Project Cost |
|----------------|---|---|-----------|------------------|------------|--------------------|
| | IRRIGATION | | | | | |
| 8 | Install ET controllers for selected high-water-use areas. | 9 | \$ 2,000 | 1.0 | \$ 765 | \$ 26,683 |
| 9 | Implement water budgets for individual connection points that appear to be over watering that are not connected to the Central control system | 12 | \$ 500 | 1.0 | \$ 1,020 | \$ 8,578 |
| 10 | Add wireless rain sensors on existing controllers | 70 | \$ 80 | 2.0 | \$ 11,900 | \$ 24,885 |
| | FARM | | | | | |
| 13 | Add 10 new PRVs to Farm irrigation system. | 10 | \$ 200 | | | \$ 2,444 |
| | ARBORETUM | | | | | |
| 14 | Use battery-operated timers to shut water off on drip systems. | 40 | \$ 80 | | | \$ 3,910 |
| 15 | Install Arboretum PRVs to reduce water pressure to drip | 100 | \$ 9 | | | \$ 1,100 |

| Project Number | Potential Water Conservation Project | Number of units to be Replaced or Installed | Unit Cost | Unit Labor hours | Labor Cost | Total Project Cost |
|----------------|---|---|-----------|------------------|------------|--------------------|
| | lines. | | | | | |
| 16 | Add campus submeters for large un-metered irrigated areas use at Arboretum. | 1 | \$ 3,900 | | | \$ 5,546 |
| | FIXTURES | | | | | |
| 17 | Replace high flow toilets in "high-use" areas with 1.6 gpf or 1.28 gpf toilets. | 204 | \$ 400 | 3.0 | \$ 52,020 | \$ 190,004 |
| 19 | Replace Flapper Valves and Diaphragms on 1.6 gpf Toilets that tested with high flush volumes. | 850 | \$ 10 | 0.5 | \$ 36,125 | \$ 63,455 |
| 20 | Install waterless urinals in "high use" restrooms. ^A | 65 | \$ 400 | 3.0 | \$ 16,575 | \$ 60,540 |
| 22 | Conduct pilot test 1.0 gpm aerators on "high use" restroom faucets. | 318 | \$ 5 | 0.5 | \$ 13,515 | \$ 18,458 |
| 23 | Replace faucet aerators in non high use restrooms. | 2,137 | \$ 5 | 0.5 | \$ 90,823 | \$ 124,039 |
| 24 | Replace existing showerheads in "high use" housing and athletic facilities. | 40 | \$ 55 | 1.0 | \$ 3,400 | \$ 6,843 |
| 25 | Replace existing showerheads in "non high use" housing and athletic facilities. | 310 | \$ 55 | 1.0 | \$ 26,350 | \$ 53,034 |
| 26 | Replace 9 inefficient spray valves in kitchens, cafes, and restaurants. | 9 | \$ 50 | 2.0 | \$ 1,530 | \$ 2,420 |
| 27 | Replace hose in College 9/10 Dining Hall kitchen with low flow spray valve. | 1 | \$ 450 | 8.0 | \$ 680 | \$ 1,381 |
| | LABORATORIES | | | | | |
| 30 | Replace 2 spray valves in steam sterilizer room of Earth and Marine Sciences. | 2 | \$ 50 | 2.0 | \$ 340 | \$ 538 |
| 31 | Remove Steam Sterilizer from DI Water System in Marine Sciences Building. | 1 | \$ 100 | 4.0 | \$ 340 | \$ 538 |

| Project Number | Potential Water Conservation Project | Number of units to be Replaced or Installed | Unit Cost | Unit Labor hours | Labor Cost | Total Project Cost |
|----------------|---|---|-----------|------------------|------------|--------------------|
| | COOLING TOWERS | | | | | |
| 48 | Change operating procedure of CT-5 from conductivity set point of 1200 to 2000. | 0 | \$ - | 80.0 | \$ 6,800 | \$ 8,309 |

A = Does not include cost of replacement cartridges for waterless urinals

5.4 Estimated Water, Sewer, and Energy Savings and Paybacks

Table 20 shows the projected water savings and the associated paybacks for the high priority projects. Projects were identified to be high priority if they had a payback of less than 5 years. The payback is defined as the number of years for the UC Santa Cruz to recover its investment in a given water conservation project, based on the projected water and sewer bill savings associated with implementation of that project. In this case, nineteen water conservation projects identified for the UC Santa Cruz have paybacks which are equal to or less than five years and are recommended.

The value of the saved water for all recommended water conservation projects is an estimated reduction in water, sewer, and energy costs of \$542,000 per year (2009 rates). Savings will increase when the UC Santa Cruz's water, sewer and energy rates increase in the future.

Table 20 shows the estimated annual savings achieved by the completion of the recommended water conservation projects. In terms of priorities, projects should be implemented in the order of increasing payback. The total cost to implement the nineteen recommended water conservation projects is estimated to be approximately \$603,000. The overall payback for these projects is estimated to be 1.1 years. The cost estimates presented in this report are planning level costs, sufficiently accurate to identify projects with attractive paybacks. The exact costs to the UC Santa Cruz to implement these water conservation projects will depend on the specific number and type of fixtures. In addition, MWM recommends that the UC Santa Cruz adjust the estimates contained herein based on estimates provided by plumbing contractors and engineering staff.

Table 20 - Annual Water, Sewer, Irrigation And Energy Bill Savings for High Priority UC Santa Cruz Projects

| Project Number | Project | Annual Water Savings (gpd) | Annual Water Bill Savings, (\$/year) | Annual Sewer Bill Savings, (\$/year) | Annual Irrigation Bill Savings, (\$/year) | Annual Energy Savings (\$/year) | Total Savings, (\$/year) |
|----------------|---|----------------------------|--------------------------------------|--------------------------------------|---|---------------------------------|--------------------------|
| | IRRIGATION | | | | | | |
| 8 | Install ET controllers for selected high-water-use areas. | 2,613 | \$ - | \$ - | \$ 5,355 | \$ - | \$ 5,355 |