



CITY OF SALINAS COUNCIL STAFF REPORT

DATE: AUGUST 9, 2022

DEPARTMENT: COMMUNITY DEVELOPMENT

FROM: MEGAN HUNTER, DIRECTOR

THROUGH: LISA BRINTON, ASSISTANT DIRECTOR

BY: ANDREW MYRICK, SR ECONOMIC DEVELOPMENT MGR

TITLE: AUTHORIZATION TO EXECUTE TRANSFER AGREEMENT
WITH THE TRANSPORTATION AGENCY OF MONTEREY
COUNTY

RECOMMENDED MOTION:

A motion to approve the attached Resolution authorizing and directing:

- 1) the City Manager to execute a Transfer Agreement (Agreement) with the Transportation Agency for Monterey County (TAMC) to acquire eleven (11) parcels (Property) listed and shown on Exhibits A and B to the Agreement, and
- 2) the Mayor to execute the Certificate of Acceptance (Exhibit E to the Agreement) to accept the Property.

RECOMMENDATION:

It is recommended that the City Council approve the attached Resolution authorizing and directing:

- 1) the City Manager to execute a Transfer Agreement (Agreement) with the Transportation Agency for Monterey County (TAMC) to acquire eleven (11) parcels (Property) listed and shown on Exhibits A and B to the Agreement, and
- 2) the Mayor to execute the Certificate of Acceptance (Exhibit E to the Agreement) to accept the Property.

EXECUTIVE SUMMARY:

In February 2017, the City of Salinas and TAMC entered into a Memorandum of Understanding (MOU, Exhibit C to the Agreement) regarding the redevelopment of the area surrounding the Salinas Train Station, also known as the Salinas Intermodal Transportation Center (ITC), into a transit facility that would serve as a stop for train service to locations outside of the region, as well as regional bus service. Under the MOU, TAMC agreed to acquire property and construct improvements, including removal of the existing Station Place right-of-way, construction of a new

Lincoln Avenue extension, and a new 287-stall parking area to serve commuters making use of the anticipated commuter train service. These improvements are part of Package 1 of the Monterey County Rail Extension Kick Start Project (Package 1). Upon completion of Package 1, the MOU calls for TAMC to transfer ownership of the Property and improvements to the City of Salinas.

TAMC has completed the Package 1 and is requesting that the City accept ownership and assume responsibility for maintenance and operation of the Property listed and shown respectively on Exhibits A and B of the Agreement. It is recommended that the City Council authorize and direct the City Manager to execute the Transfer Agreement attached to the resolution and upon execution of the Agreement, authorize and direct the Mayor to execute the Certificate of Acceptance (Exhibit to the Agreement) for the City to receive the Property. TAMC obtained a Traffic Congestion Relief Program (TCRP) grant from Caltrans to complete Package 1. The California Transportation Commission (CTC) must approve any transfer of the Property and the City must agree to abide by the terms of the TCRP grant Master Agreement, provided as Exhibit D to the Transfer Agreement.

BACKGROUND:

The Transportation Agency for Monterey County (TAMC) serves as Monterey County's regional transportation planning agency and is a state-designated agency responsible for the planning and financial programming of transportation projects. In February 2017, the City of Salinas and TAMC entered into a Memorandum of Understanding (MOU, Exhibit C to the Agreement) regarding the redevelopment of the area surrounding the Salinas Train Station at the ITC into a transit facility that would serve as a stop for train service to locations outside of the region, as well as regional bus service. TAMC acquired all privately held properties (Property) and completed Package 1 improvements that include the extension of Lincoln Avenue into the ITC and parking lot improvements including, circulation, bus stalls, lighting, landscaping and pedestrian amenities such as bike racks, bus shelters and benches. Total project cost for Package 1 is just over \$21.6 million dollars. Upon completion of Package 1, the MOU calls for TAMC to transfer ownership of the Property and improvements to the City of Salinas.

Package 1 required significant financial resources to construct. TAMC was able to secure \$20 million dollars through a Traffic Congestion Relief Program grant from the California Department of Transportation (CalTrans) for the Monterey County Rail Extension Project. The California Transportation Commission (CTC) must approve any transfer of the Property and the City must agree to abide by the terms of the grant Master Agreement, provided as Exhibit D to the Transfer Agreement. Under a strict reading of the terms of the grant Master Agreement any development on the Property other than what was contemplated under the grant (ie commuter parking) would be prohibited unless the grant funds used to acquire and improve the Property, \$6.685 million dollars, is repaid to CalTrans.

DISCUSSION:

City staff has been hesitant to accept the Property without clarification regarding potential options for future Transit-Oriented Development (TOD) on the Property as envisioned in the Downtown Vibrancy Plan (DVP). The DVP was adopted as a strategic planning document by the Salinas City Council on March 17, 2015 after extensive public outreach and engagement. The DVP outlines

strategies to achieve the community's vision for Salinas's Downtown area. Section 5.2.3 of the DVP examines the ITC area and recommends future TOD supporting mixed commercial and residential uses at the site. Future identification of development partner will be necessary to realize this vision.

On October 26, 2021, the City Council approved a Transfer Agreement with TAMC conditioned upon support from the California Transportation Commission (CTC) to allow for any future development of the Property to provide replacement parking nearby for any parking stalls lost through future development and to provide for additional parking required to serve the future TOD. In Spring 2022, CTC staff notified TAMC and the City that it would not support any broad approval for a conceptual proposal for TOD. The CTC indicated it could consider a future development proposal as part of a proposed, designed project, rather than a hypothetical or conceptual project as outlined in the DVP.

The Transfer Agreement provided as an attachment to the Resolution modifies the previously approved Agreement (October 2021) to allow the City to take possession without any guarantees that the Property may be developed in the future. Although it is unknown at this time whether the CTC would ultimately approve any future development proposed on the Property as contemplated in the DVP, City staff still recommends that the City take ownership of the Property. This would allow for the City to dedicate the new Lincoln Avenue extension as public right-of-way and would bring the entire ITC parking lot under City control, to be operated and maintained more efficiently under single ownership. Consideration of the dedication of the Lincoln Avenue extension and the parking lot area will be presented to City Council at a later date. City staff will continue to explore and evaluate the feasibility of proceeding with development on the Property.

CEQA CONSIDERATION:

The City of Salinas has determined that the proposed action of approving the Transfer Agreement to accept the Property is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378) because the transfer of Property does not cause a direct or foreseeable indirect physical change on or in the environment. In addition, TAMC prepared and certified an Environmental Impact Report that included Package 1 improvements. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

STRATEGIC PLAN INITIATIVE:

The 2017 MOU furthered the 2016-2019 City Council Goal of Economic Development and the strategy of DVP implementation. The DVP encourages increasing residential use in and around the downtown to promote a 24/7 vibrant environment and to increase economic activity. Potential future mixed-use, transit-oriented development of the Property at the ITC would also further the Council's 2022-2025 Strategic Goals of Economic Development and Housing as a future project could include affordable housing close to public multimodal transportation and downtown amenities, businesses, and services.

DEPARTMENTAL COORDINATION:

Community Development, Public Works, Administration and Legal Department staff coordinated on this item. Coordination has included communication with TAMC and the CTC.

FISCAL AND SUSTAINABILITY IMPACT:

Acceptance of the Property will result in ongoing expenses to the City. These expenses will include, but are not limited to, property taxes, maintenance, and administration of the properties. Property Taxes for the prior fiscal year were \$12,259.56, and this amount will be due each year with minor escalations. Future costs related to operations and maintenance are unknown but will be recurring. Based upon recent fiscal years' results, property management and maintenance expenses are expected to exceed lease revenue. In the fiscal year 2023 budget, \$100,000 of lease revenue is projected, while \$152,000 is appropriated for management and maintenance expenses. As leases at the ITC are renegotiated, it is recommended that a proportional common area maintenance (CAM) fee and/or escalator be incorporated to cover operations and maintenance costs associated with the Property. It is also unknown whether the CTC will allow the City to sell or lease the Property to a developer. If allowed to do so by the CTC, the City's operation and maintenance obligations may be transferred to that leaseholder or /owner.

ATTACHMENTS:

Proposed RESOLUTION, including the following Exhibit:

Transfer Agreement, including the following Exhibits:

Exhibit A – Description of Properties

Exhibit B – Map of Properties

Exhibit C – Memorandum of Understanding Between City and TAMC

Exhibit D – CalTrans Master Agreement

Exhibit E – Quitclaim Deeds