



**CITY OF SALINAS
COUNCIL STAFF REPORT**

DATE: NOVEMBER 16, 2021

DEPARTMENT: COMMUNITY DEVELOPMENT DEPARTMENT

FROM: MEGAN HUNTER, DIRECTOR

THROUGH: LISA BRINTON, PLANNING MANAGER

BY: SOPHIA ROME, MANAGEMENT ANALYST

TITLE: PROFESSIONAL SERVICES AGREEMENT WITH PRECISION CIVIL ENGINEERING, INC. FOR PLANNING AND ENVIRONMENTAL SERVICES FOR SELECTED OPPORTUNITY SITES

RECOMMENDED MOTION:

A motion to approve a resolution authorizing the Mayor to execute a Professional Services Agreement with Precision Civil Engineering, Inc. (Precision) for a total compensation amount not to exceed \$139,313.35 to prepare general plan and zoning amendments and associated environmental documents for selected opportunity sites.

RECOMMENDATION:

It is recommended that the City Council approve a resolution authorizing the Mayor to execute a Professional Services Agreement with Precision to prepare general plan and zoning amendments and associated environmental documents to allow for mixed-use development on selected sites to provide additional opportunities for housing in the City. The total not to exceed compensation amount of \$139,313.35 is to be funded by the City's SB 2 grant award.

EXECUTIVE SUMMARY:

In December 2019, the City accepted an SB 2 grant award from the state Housing and Community Development Department (HCD) in the amount of \$310,000. Grant funds are to be used to facilitate the production of housing by undertaking the necessary planning and environmental studies and analyses to consider changing land use and zoning designation of identified opportunity sites to allow for higher density residential or mixed-use development. The Alisal Marketplace, Large Shopping Centers, and Edge of Downtown/Soledad and John Streets (Opportunity Sites) represent the general locations of the identified Opportunity Sites, as illustrated in SB-2 Opportunity Sites Map (Attachment 7).

A Request for Qualifications and Addendum No. 1 (Attachments 3 and 4) were published in August 2021, and Precision's proposal was selected through the competitive bidding process.

BACKGROUND:

On September 10, 2019, City Council approved Resolution No. 21710 authorizing an application submittal to HCD for the SB 2 Permanent Local Housing Allocation (PLHA) Program in the amount of \$310,000, which was awarded to the City. Funding for the Alisal Marketplace, Large Shopping Centers, and Edge of Downtown/Soledad and John Streets project analyses were approved by HCD in the amount of \$149,500. SB2 funds must be expended by December 31, 2023.

The Community Development Department issued a Request for Qualifications and Addendum No. 1 (Attachments 3 and 4) in August, 2021, seeking consultant services to prepare a high-level analysis of these identified opportunity sites, including verifying staff development projections to determine if up-zoning is possible through an Initial Study (IS) and Negative Declaration (ND) or Mitigated Negative Declaration (MND) and if up-zoning is possible, to prepare amendments and associated environmental documents. Precision's proposal was selected through the competitive bidding process.

DISCUSSION:

The City is initiating its General Plan and Housing Element updates with the intent to include new ways to facilitate the production of housing. To support these initiatives, the City applied for, and received, an SB 2 planning grant to expand potential housing opportunities in the City ahead of the General Plan by rezoning key Opportunity Sites. These sites include:

Alisal Marketplace

Currently occupied by mostly light-industrial uses and big-box retail buildings, this area has significant redevelopment potential. A 2010 proposal envisioned a transformation into a new mixed-use neighborhood integrating housing and services with public open space and educational and civic buildings, including a new Public Safety Headquarters. The City proposes to rezone a subset of properties adjacent to East Alisal Street. It should be noted that this area is also within a Federal Opportunity Zone.

Large Shopping Centers

Recently, several big box retail establishments have either declared bankruptcy or at risk of declaring bankruptcy. In consideration of these conditions, the City thought it an appropriate moment to re-imagine these properties as mixed-use villages with critical housing units. Originally

four shopping centers located along key corridors with access to transit and other services seem primed for redevelopment. Parcels originally identified included the parcels containing the following stores: Kmart, Orchard Supply Hardware, Sears (Northridge Mall), and Foods Co. Based on subsequent conversations with the property owners, focus is shifting to the Kmart site and Sears side of the Northridge Mall as feasible housing production sites.

Edge of Downtown/Soledad and John Streets

A housing developer has approached the City about building much needed permanent supportive housing on their existing site. Unfortunately, even with density bonus, the current zoning does not allow for the optimal number of units even though the proposed density is similar to that of the surrounding apartment buildings. These higher density developments predated the City's current zoning and are legal non-conforming. Parcels fronting John Street and adjacent to the proposed zone change area are already zoned for mixed-use. Extending the existing mixed-use zoning designation to additional parcels would provide greater opportunity for lot assemblage that could make higher density housing projects economically feasible on the edge of Downtown.

The City is in the process of requesting HCD approval for reallocating the City's SB 2 grant award to reflect Precision's proposed budget expenditures for each of the Opportunity Sites (Attachment 6). Provided Council's approval, execution of the Professional Services Agreement with Precision for this project would not occur until the HCD has approved the City's budget reallocation request.

CEQA CONSIDERATION:

The proposed action is not a project as defined by the California Environmental Quality Act (CEQA) per Guidelines Section 15378. Authorization to execute the Professional Services Agreement with Precision does not cause a direct or foreseeable indirect physical change on or in the environment. Precision's scope of work (Attachment 3) under the proposed Agreement (Attachment 2) is to prepare the proposed General Plan and Zoning Amendments and undertake the environmental study and documentation required for CEQA compliance.

STRATEGIC PLAN INITIATIVE:

This staff report and recommendations align with the following City Council strategic plan initiatives:

- Investment Strategies/Risk Management
- Operational Efficiencies

Evaluating the land use and zoning designations of the identified opportunity sites at the Alisal Marketplace, Large Shopping Centers, and Edge of Downtown/Soledad and John Streets aligns with the City's strategic goal of Investment Strategies/Risk Management, which seeks to ensure investment in facilitating housing production through rezoning. The proposed rezoning under this

project could also allow for future housing projects to process a development application under a site plan review, which is an administrative versus ministerial approval process that is aligned with the strategic goal of Operational Efficiencies.

DEPARTMENTAL COORDINATION:

Community Development Department staff (Advanced Planning and Project Implementation) manages the SB2 grant, led the RFP and consultant selection process, and prepared this report and draft Agreement. Should the Council authorize the Mayor to execute this Agreement, the Community Development Department will collaborate with the City Attorney and City Administration Department to finalize and execute the document, following HCD approval of the SB 2 budget reallocation.

FISCAL AND SUSTAINABILITY IMPACT:

The Precision Agreement will be fully funded through HCD SB 2 grant funds. With HCD approval of the grant award of SB 2 funds, there would be no fiscal impact to the General Fund.

ATTACHMENTS:

1. City Council Resolution
2. Draft Professional Services Agreement (PSA) with Precision Civil Engineering, Inc.
3. PSA_Exhibit B: Precision Revised Scope of Work – October 14, 2021
4. PSA_Exhibit B: Compensation - Precision Revised Budget – October 14, 2021
5. Request for Qualifications for Preparation of General Plan and Zoning Amendments and Associated Environmental Documents for Selected Properties – August 6, 2021
6. Addendum 1 to the Request for Qualifications for Zoning Amendments of Selected Properties – August 27, 2021
7. SB-2 Opportunity Sites Map