



CITY OF SALINAS

COUNCIL STAFF REPORT

DATE: **JANUARY 13, 2026**

DEPARTMENT: **ADMINISTRATION**

FROM: **LISA MURPHY, ASSISTANT CITY MANAGER**

TITLE: **ESTABLISHMENT OF A ZONE OF BENEFIT IN THE CENTRAL AREA OF THE NORTH OF BORONDA FUTURE GROWTH AREA**

RECOMMENDED MOTION:

A motion to approve a resolution forming a Zone of Benefit in the Central Area of the North of Boronda Future Growth Area.

EXECUTIVE SUMMARY:

On June 3, 2014, the City Council adopted Ordinance No. 2549, which ordinance was subsequently amended by Ordinance No. 2590 adopted by the City Council on February 21, 2017, (collectively the “Ordinance”) to establish a method by which developers and property owners may be reimbursed for certain costs associated with the annexation and pre-development of the North of Boronda Future Growth Area (“FGA”). Pursuant to the Ordinance, on August 7, 2024, East Boronda, LLC first submitted an application for establishment of a Zone of Benefit within the Central Area of the FGA to establish the reimbursement methodology for the Central Area. Following completion of the review process outlined in the Ordinance, the proposed Zone of Benefit is now being presented to the City Council for consideration.

BACKGROUND:

The of North Boronda Future Growth Area (FGA) consists of approximately 2,388 acres of land within the city of Salinas. The FGA is planned for up to 11,485 dwelling units and up to 3,992 million square feet of commercial/retail/mixed use and public uses. There are four planning areas within the FGA: a) West Area; b) Central Area; c) East Area; and d) portions of the West Area included within the adopted Gateway Center Specific Plan. Specific Plans have been approved and Final Environmental Impact Reports certified for the West Area, Central Area, and Gateway Specific Plan Area. The City is in the process of preparing a specific plan and associated environmental review for the East Area.

The Ordinance, attached to this Report as Attachment 1, establishes a system by which a “Sponsor” – in this case East Boronda, LLC—may get reimbursed for costs it incurred during the annexation and pre-development entitlement processes for the Central Area by the other property owners within the Central Area who have benefitted from the Sponsor’s work. By forming a “Zone of

Benefit,” the City can ensure that property owners who benefited from the Sponsor’s payment of annexation and entitlement costs, pay their proportional share to reimburse the Sponsor as required by the Ordinance.

East Boronda, LLC (Sponsor) for the Central Area submitted an application for formation of a Zone of Benefit in order to establish the framework by which it may be reimbursed for the costs it incurred in association with the annexation and pre-development of the Central Area.

In accordance with the Ordinance, upon receipt of the Application and the City’s determination that the Application was complete, the City hired Willdan Financial Services to serve as the Analyst to review the Application and to prepare a report with their recommendations to the City Council. (A copy of Willdan’s Analyst’s Report is included as Attachment 2). The Analyst’s Report verified the costs claimed by the Sponsor and determined their consistency with the Ordinance. The City has verified and approves the request for reimbursement and, therefore pursuant to the Ordinance, has forwarded the Analyst’s Report to the City Council for consideration.

Consistent with the Ordinance, notice of the proposed Zone of Benefit was published in the newspaper and mailed to all of the property owners within the proposed Zone of Benefit. No costs and expenses may be passed on to any property owner within the proposed Zone of Benefit unless it has been considered and approved at a public hearing before the City Council. The Ordinance provides an opportunity for affected property owners to protest the proposed imposition of costs and expenses at the public hearing. If a written protest against the proposed Reimbursement Charge is presented by a majority (greater than 50%) of the owners of the identified parcels of land within the proposed Zone of Benefit, the City shall not establish the Zone of Benefit or levy the Reimbursement Charge against the parcels within the proposed Zone of Benefit.

At the public hearing on the proposed Zone of Benefit, the City Council will consider the Sponsor’s application, the Analyst’s Report, and all written protests against establishment of the Zone of Benefit.

The property owners were provided notice and a ballot to protest the establishment of the Zone of Benefit.

As of the publishing of this staff report, the City has received two ballots. Property owners had up to 4:00pm on January 13th, 2026, to submit their protest.

CEQA CONSIDERATION:

Not a Project. The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls

within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

CALIFORNIA GOVERNMENT CODE §84308 APPLIES:

No.

STRATEGIC PLAN INITIATIVE:

The City Council's consideration of this item supports the City Council's Housing Goal.

DEPARTMENTAL COORDINATION:

The City Manager's Department worked in collaboration with the Finance Department and City Attorney's office to review the Zone of Benefit Application, preparation of the Analyst's Report, and this report.

FISCAL AND SUSTAINABILITY IMPACT:

Fund	General Ledger Number (Operating/CIP)	General Ledger Account Name	Remaining Budget Appropriation	Amount Requested
NA	NA	NA	NA	NA

ATTACHMENTS:

1. Resolution Establishing a Zone of Benefit
2. Ordinance Nos. 2549 and 2590
3. Application (Updated)
4. Willdan (Analyst) Report

RESOLUTION NO. _____ (N.C.S.)

**A RESOLUTION ESTABLISHING A ZONE OF BENEFIT IN THE CENTRAL AREA
OF THE NORTH OF BORONDA FUTURE GROWTH AREA**

WHEREAS, on June 3, 2014, the City Council adopted Ordinance No. 2549 to provide for the establishment of a “Zone of Benefit” and reimbursement for costs incurred in connection with the annexation and entitlement of lands in the North of Boronda Future Growth Area (“FGA”). On February 21, 2017, the City Council adopted Ordinance No. 2590 amending Ordinance No. 2549 to clarify the methodology by which the proportionate share of developable lands within the FGA shall be calculated. Ordinance 2549, as amended by Ordinance No. 2590, is referred to herein as the “Reimbursement Ordinance”; and

WHEREAS, the Reimbursement Ordinance provides for the reimbursement of Annexation Costs (costs actually incurred and paid by a Sponsor in connection with the preparation, processing, and certification of environmental and other documentation necessary to allow for the annexation of the FGA into the city of Salinas), Entitlement Costs (all costs actually incurred and paid by a Sponsor in connection with the preparation, processing, and approval of a Specific Plan for land within the FGA and documentation required to comply with the California Environmental Quality Act), and City Costs (all Annexation Costs and Entitlement Costs actually incurred and paid by the City in association with the annexation of the FGA and the entitlement of lands within the FGA); along with interest on said costs expended by a Sponsor, from Non-Participating Owners and affected properties and

WHEREAS, the FGA consists of four planning areas, namely (1) West Area, (2), Central Area, (3) East Area, and (4) the Gateway Center Specific Plan (which lies within portions of the West Area); and

WHEREAS, pursuant to Section 4 of the Reimbursement Ordinance, on August 7, 2024, East Boronda, LLC (the “Sponsor”) submitted an application to the City requesting the City Council form a Zone of Benefit to cover the entire Central Area with a map of the Affected Properties, as shown on the Central Area Map attached hereto (Zone of Benefit Area) and establish the Reimbursement Charges. The Sponsor’s application includes, among other information, a detailed accounting of all Sponsor costs associated with annexation and entitlement of the Central Area, as well as a detailed accounting of interest for which the Sponsor seeks reimbursement from Non-Participating Owners of Affected Properties within the Zone of Benefit Area (Responsible Owners), and

WHEREAS, pursuant to Section 5 of the Reimbursement Ordinance, the City Manager selected Willdan Financial Services to review the Application and to prepare an Analyst’s Report; and

WHEREAS, in June of 2025 the city received the initial Analysts report from Willdan, then a revised Analyst’s report in November of 2025, containing the Analyst’s recommendations on the cost allocation and Reimbursement Charges to the City Council for consideration. A copy of the November 2025 Report, including a boundary diagram/map of the area to which the Zone of Benefit applies, is attached to this Resolution. The Analyst’s Report confirms the Sponsor has

incurred and expended the costs for which the Sponsor seeks reimbursement and confirms the costs were incurred and expended in furtherance of the annexation and entitlement of the properties within the proposed Zone of Benefit. The Analyst's Report also provides a recommendation of the amount of costs to be reimbursed by each property owner (Responsible Property Owner) within the proposed Zone of Benefit, considering the factors outlined in Section 5(d) of the Reimbursement Ordinance; and

WHEREAS, for purposes of allocating costs and expenses to Responsible Property Owners within the proposed Zone of Benefit, all costs and expenses have been separated into two periods: (1) Pre-2011, and (2) from 2011 to the present, to account for the period of time prior to 2011 when the Sponsor was party to an option agreement for the property now owned by the Hartnell College Foundation; and

WHEREAS, the Central Area comprises both "chargeable" and "non-chargeable" parcels totaling roughly 776.73 acres, benefiting from, or otherwise subject to the Annexation Costs and Entitlement Costs (Reimbursable Costs) for which the Sponsor seeks reimbursement. Reimbursable Costs are distributed on a pro-rata basis. The total amount of chargeable acreage is 776.75 total acres less 225.72 acres of roads, drainage, school sites, and open space for a net chargeable acreage of 551.03 acres. Using net developable (i.e., chargeable) acres as the divisor ensures that only land that can be subdivided, entitled, and ultimately developed bears the reimbursement burden (Reimbursement Charge), which satisfies the proportional-benefit standard. The net-acre basis also establishes a clear, measurable relationship between the costs incurred and the parcels that directly benefit from the costs; and

WHEREAS, prior to submitting the Application, in 2008, the Sponsor received partial reimbursement for annexation and entitlement costs and expenses from Harrod Construction Company (on behalf of the Christensen Trust). This partial reimbursement will be credited toward that owner's Reimbursement Charge; and

WHEREAS, pursuant to Section 6 of the Reimbursement Ordinance, the City Manager had notice of a public hearing on the proposed Zone of Benefit, set for January 13, 2026, published in a newspaper of general circulation and provided notice directly to the Sponsor and to all other Responsible Property owners within the proposed Zone of Benefit; and

WHEREAS, prior to the date set for the public hearing, the Sponsor met with owners of property within the proposed Zone of Benefit to discuss the Application and the property owners' proportionate share of the annexation costs and entitlement costs as described in the Analyst's Report; and

WHEREAS, the City Clerk has considered all written protests submitted against establishment of the Zone of Benefit and has determined that the written protests received are less than fifty percent (50%) of the identified parcels of land within the proposed Zone of Benefit.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF SALINAS AS FOLLOWS:

1. The above recitals are found to be true and correct and by this reference are fully incorporated herein.
2. A Zone of Benefit is hereby established within the Central Area of the North of Boronda Future Growth Area to include the following properties:

Owner	APNs
East Boronda LLC	153-091-023; 153-091-024; 153-091-022
Christensen Trust	153-091-018-000; 153-091-019-000; 153-091-020-000; 153-091-021-000
Hartnell College Foundation	153-091-017-000; 153-091-008-000; 153-091-009-000; 153-091-010-000
Scagliotti	153-071-034-000; 153-071-035-000; 153-071-036-000; 153-071-011-000
Natividad	211-013-012-000
Noon	153-091-003-000

3. The Reimbursement Charges are hereby approved as follows: The Sponsor shall be reimbursed for the actual and estimated Annexation Costs and Entitlement Costs, along with interest (as defined in the Reimbursement Ordinance and as described in the Analyst's Report) by each of the property owners within the Zone of Benefit, as follows (the "Reimbursement Charge):

Owners ¹	Eligible Acres	Percent Allocation	Charge per Acre	Total Charge	Amount to City (0.4%)	Amount to Sponsor
Christensen Trust	139.25	25.27%	\$7,352	\$1,023,817	\$4,095	\$1,019,721
Hartnell College Foundation	162.21	29.44%	\$7,925	\$1,285,519	\$5,142	\$1,280,377
Scagliotti	32.37	5.87%	\$20,909	\$676,817	\$2,707	\$674,110
Natividad	25.42	4.61%	\$20,909	\$531,501	\$2,126	\$529,375
Noon	8.07	1.46%	\$20,909	\$168,734	\$675	\$168,059
Total	367.32	100.00%	\$10,036	\$3,686,387	\$14,746	\$3,671,642

4. The methodology used to calculate the Reimbursement Charge owed by each Responsible Property Owner is based on a pro-rata developable acreage basis. The total amount of acreage within the Zone of Benefit is 776.75 less 225.72 acres of roads, drainage, school sites, and open space for a net developable acreage of 551.03.

¹ APNs shown in Paragraph 2, above.

5. The Reimbursement Charge established pursuant to this Resolution shall be paid by a Responsible Owner as a precondition to making application for the first City approval for any of the following: (i) a statutory development agreement for any portion of their property within the Zone of Benefit; (ii) a tentative subdivision map or parcel map to subdivide any portion of their property within the Zone of Benefit; (iii) any permit or land use entitlement for the development of any portion of their property within the Zone of Benefit. A Responsible Owner of property within the Zone of Benefit shall have no obligation to pay the City unless and until the owner of such property or a representative of such owner, applies to obtain approval from the City to develop their property within the Zone of Benefit or to obtain approval as set out in this section.
6. The City shall maintain a separate account for collection of the Reimbursement Charges and shall immediately pay to Sponsor a percentage of the amount so collected as specified in this Resolution until the full reimbursement of the amount of Reimbursement Charge specified in this Resolution has been paid.
7. Responsible Owners shall receive credit against the Reimbursement Charge levied against their property pursuant to this Resolution for costs which the Responsible Owner has actually paid through the Zone of Benefit or other verifiable means.
8. Whenever a Reimbursement Charge obligation of the Responsible Owner has been paid in full and permanently satisfied, the City shall prepare and record a Notice of Release of Reimbursement Lien identifying by assessor's parcel number and Responsible Owner's property being released.
9. The Sponsor's right to the Reimbursement Charge reimbursement is assignable and transferable, including but not limited to collateral assignment to the Sponsor's lender, after written notice is delivered to the City advising the City to whom future payments are to be made and after the City has given its written consent to such assignment or transfer, which consent will not be unreasonably withheld or conditioned.
10. Reimbursement Charges shall mature and become due and payable in full by Responsible Owners on or before January 13, 2036, (ten (10) years after the adoption of this Resolution, establishing the Reimbursement Charges).
11. Reimbursement Charges shall be collected by the City for a period of 20 years. If the Sponsor has not recovered its share of the Reimbursement Charges, the Sponsor may request that the City continue to collect the Reimbursement Charges for an additional 10 years. Such request shall be made in writing to the City Manager at least 120 days prior to the expiration of the 20-year period.

12. Collection of the Reimbursement Charges shall cease when the Sponsor has recovered its full share of the Reimbursement Charges or a period of 20 years has lapsed (or 30 years if extended as provided for above), whichever occurs first.
13. The Zone of Benefit and Reimbursable Charges owed to a Sponsor by the Responsible Property Owners runs with the land and shall be binding on all successors in interest and assigns of any of the Responsible Property Owner of property with the Zone of Benefit.
14. The City Manager shall cause a certified copy of this Resolution to be recorded in the office of the County Recorder for Monterey County, reflecting the amount levied against each Responsible Owner's Affected Property within the Zone of Benefit.
15. Upon approval of this Resolution, the City Manager shall cause a certified copy of this Resolution to be sent by the City by certified mail to the Sponsor and to all property owners affected by the Zone of Benefit.

PASSED AND APPROVED this 13th day of January 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

Dennis Donohue, Mayor

ATTEST:

Patricia M. Soratos, City Clerk

Attachments: November 2025 Report, Willdan Financial Services