



## **CITY OF SALINAS**

### **COUNCIL STAFF REPORT**

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**DATE:** AUGUST 23, 2022

**DEPARTMENT:** COMMUNITY DEVELOPMENT DEPARTMENT

**FROM:** MEGAN HUNTER, DIRECTOR

**BY:** JONATHAN MOORE, SENIOR PLANNER

**THROUGH:** LISA BRINTON, ASSISTANT DIRECTOR

**TITLE:** PROFESSIONAL SERVICES AGREEMENT WITH ECONOMIC & PLANNING SYSTEMS, INC. FOR PREPARATION OF AN AGRICULTURE ECONOMIC AND LAND USE STUDY

**RECOMMENDED MOTION:**

A motion to approve a resolution authorizing the City Manager enter into a Professional Services Agreement (Agreement) between the City of Salinas and Economic & Planning Systems, Inc. for preparation of an Agriculture Economic and Land Use Study, for an amount not to exceed \$184,860.

**RECOMMENDATION:**

It is recommended that the City Council approve a resolution authorizing the City Manager to enter into a Professional Services Agreement (Agreement) between the City of Salinas and Economic & Planning Systems, Inc. for preparation of an Agriculture Economic and Land Use Study, for an amount not to exceed \$184,860.

**EXECUTIVE SUMMARY:**

The City received a Sustainable Agricultural Land Conservation Planning Grant (SALC Grant) in 2020, which includes funds for agriculture economic and land use analysis to develop policy recommendations for the General Plan Update (GPU) to support the future growth of the ag industry in Salinas (Study). The Study will also include a feasibility analysis for an Enhanced Infrastructure Financing District (EIFD) covering Salinas Agriculture-Industrial Center (Ag-Industrial Center). Economic & Planning Systems Inc., (EPS) was selected through a competitive Request for Proposal (RFP) process to prepare the Study.

## **BACKGROUND:**

### ***SALC Grant***

In 2020, per Resolution 21934 the City applied for and received a SALC Grant through the California Department of Conservation. While many Salinas residents work in the fields of the Salinas Valley, most of the ag industry within the city focuses on cooling, packing/shipping and other critical value-adding production processes. While farmland within municipal boundaries has shrunk as the city has grown to over 160,000 residents, and both the 1988 and 2002 General Plans envisioned the long-term conversion of remaining fields to new neighborhoods, mixed-use areas, and parks, Salinas is an emerging leader in Agriculture Technology (Ag-Tech). The city is home to the Western Growers Center for Innovation and Technology and hosted the Forbes Ag-Tech Summit for five (5) consecutive years pre-pandemic. At the same time, many who work in agriculture receive low wages and struggle to afford housing and meet other essential needs. Given these collective circumstances, it is more critical than ever to address what the future of the agriculture industry looks like in Salinas though the General Plan Update.

The SALC Grant scope consists of two components to ensure agriculture and the industry's workforce are both represented in the General Plan process and document. First, a portion of grant funds is being used for grassroots engagement of farmworkers and others through an agreement with the Center for Community Advocacy. The other main component is the preparation of an economic and land use analysis of the Salinas-specific agriculture sector, including, but not limited to:

- Review of existing processing/shipping facilities and identification of their modernization, expansion, and logistics needs.
- Identifying ways to increase high-wage jobs in Ag-Tech and other emerging or missing industries/trends and ways to support local training/education initiatives to prepare Salinas residents for those opportunities.
- Analysis of key land use/zoning issues, such as space for future facilities, balancing competing needs (housing, open space, etc.), addressing conflicts at the urban/agricultural interface.

### ***Salinas Ag-Industrial Center***

Additional space for agriculture-supporting industrial space (cooling, processing, shipping, etc.) is a long-standing challenge in Salinas. Part of the City's efforts to address this include the 2009 adoption of the [Salinas Ag-Industrial Center Specific Plan](#) for a 257-acre area to the southeast of the City, adjacent to existing industrial uses along Abbott Street. The Specific Plan envisioned a new industrial area with allowed uses closely tied to agriculture. A major hurdle to development of this area is the high cost of infrastructure required to support future ag facility development. To date there has been no development at the Ag-Industrial site in spite of the general economic recovery of the past decade. With construction costs only increasing due to the pandemic and other global events, it is necessary to explore different financing options to fund the infrastructure that is needed to bring new ag industrial facilities to Salinas. One potential funding source is an Enhanced Infrastructure Financing District (EIFD), which is tax increment financing that uses

future increases in property tax revenues to pay for infrastructure improvements. In the process of bringing on a consultant for the SALC Grant, the City saw an opportunity to explore the feasibility of using an EIFD as a financing mechanism to support the future development of the Salinas-Ag Industrial Center, which is vital to the future of the industry in Salinas.

## **DISCUSSION:**

### ***Consultant Selection***

The City released an RFP in April, 2022 seeking a consultant team or teams to prepare the Study. The deadline for response was extended into June and the City received one response, led by EPS. The EPS proposal included EMC Planning Group and Hatamiya Group as subconsultants. Staff reviewed the proposal and each firm's experience and deemed them qualified to prepare the Study and proceeded to refine the scope of work and negotiate the budget. Each firm has extensive background in economics, the California agriculture industry, and has successfully worked with the City in the past, including on projects such as the Economic Development Element and Downtown, Chinatown and Alisal Housing Target Market Analyses.

### ***Consultant Scope***

Under the negotiated scope of work, the EPS team has two major tasks addressing the topics described in the Background section:

Task 1 – Agriculture economic and land use analysis.

- Conducting focus group interviews with key industry stakeholders
- Preparing a commercial real estate market assessment identifying assets and needs
- Analyzing labor force conditions and identifying new market opportunities
- Creating policy recommendations for the General Plan

Task 2 – Salinas Ag-Industrial Center EIFD Feasibility Analysis.

- Identifying potential EIFD boundaries and review background documents and data
- Estimating service costs and fiscal impacts to the City within the potential EIFD
- Preparing tax increment financing models to estimate revenues

## **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).

## **STRATEGIC PLAN INITIATIVE:**

The Agriculture Economic and Land Use Study helps further multiple Strategic Plan strategies under the Economic Development goal. This analysis and resulting policy/action recommendations will support the growth of Ag-Tech, job training, and business development.

### **FISCAL AND SUSTAINABILITY IMPACT:**

Funding for this Agreement will be split between multiple sources. Task 1, the Agriculture Economic and Land Use analysis will be funded through the reimbursable SALC Grant (\$115,581, Fund 3188), and CIP 9701- General Plan Update (\$36,929). Task 2, EIFD analysis (\$32,350) will be funded using General Fund moneys appropriated for Outside Services in the FY 2022-2023 Budget under Community Development Department, Economic Development Division 1355.

### **ATTACHMENTS:**

1. Resolution authorizing execution of Professional Services Agreement
2. Professional Services Agreement with EPS