

# **REPORT TO THE CITY COUNCIL**

## ***City of Salinas, California***

DATE: November 15, 2016

FROM: Megan Hunter, Director, CDD

BY: Lisa Brinton, Senior Planner, CDD

SUBJECT: **R E C E I V E 2016 ANNUAL REVIEW OF IMPLEMENTATION OF  
CITY/COUNTY MEMORANDUM OF UNDERSTANDING REGARDING  
MUTUAL PLANNING AND IMPLEMENTATION OF GOVERNMENT  
SERVICES AND FACILITIES IN DOWNTOWN SALINAS**

### **RECOMMENDATION:**

It is recommended that the City Council receive the attached written 2016 Annual Review on the implementation of the Memorandum of Understanding with the County of Monterey regarding mutual planning and implementation of government services and facilities in downtown Salinas.

### **DISCUSSION:**

#### Background

On May 8, 2012, the City Council approved a resolution authorizing the Mayor to execute a Memorandum of Understanding (MOU) with the County of Monterey to set forth mutual understandings and actions regarding a government center planning and implementation strategy (referred herein as the “Downtown Government Center MOU”). The County and the City executed the Downtown Government Center MOU to provide a means by which the two agencies would work together to provide resources necessary to develop a comprehensive planning and implementation program for a multi-agency campus style government center located in and around downtown Salinas. Such collaboration was vital given each agency owns and/or occupies a significant share of Downtown properties. This concentration of government offices in the downtown is beneficial for the efficient and effective provision of many government services/functions and is a key component of the economic health and well-being of the Downtown.

The original term or “period of performance” of the Downtown Government Center MOU was three years, with an expiration date of May 8, 2015. On April 29, 2015, the City Council and the Board of Supervisors (BOS) approved an amendment to extend the term of the MOU to October 31, 2015 to allow additional time for City and County staff to update the document. The MOU formally expired on October 31, 2015. A comprehensive update to the MOU was approved by Council and BOS on February 9, 2016.

### Summary of Comprehensive Update of the Downtown Government Center MOU (February 2016)

The updated MOU reflects the current and future plans for County/City properties and facilities in downtown Salinas. While some of the prior MOU provisions remain to some degree, several new provisions were incorporated into the MOU to provide greater oversight, promote public engagement and facilitate the implementation of specified action items. Key new provisions include but are not limited to:

1. *Downtown Vibrancy Plan* – In 2015, the Salinas Downtown Vibrancy Plan was accepted by the City Council and the BOS as a strategic planning document to guide the revitalization of downtown Salinas including the government center. Given this fact, several provisions addressing the numerous strategies and actions that will need to be implemented as part of this Plan are included in the MOU.
2. *Schedule of Performance* – A Schedule of Performance was included (see Exhibit “A” of the MOU) which specifies each action item in the MOU and identifies the responsible party for implementation, the estimated completion date and the funding status of each action item. The schedule is intended to serve as a means to keep action items on track and to apprise the Council and the BOS of upcoming funding and resource needs. The Schedule of Performance may be amended administratively by the City Manager and Chief Executive Officer to address changing circumstances and/or add new action items as deemed appropriate.
3. *Annual Review* – To promote oversight and public engagement, a requirement for an annual review by the Council and BOS was included. As part of the annual review, a written report is to be prepared by each agency documenting the progress of the MOU to date. The report is to include an updated Schedule of Performance showing the status (including funding) of each action including any revisions proposed from the previous year. The timing of the review is slated for November of each year in order to allow each agency the opportunity to allocate resources in the mid-year budgets as may be needed to keep the completion of action items moving forward. A provision was also added to ensure the public (including the Chamber) has ample time to review and comment on the report prior to the BOS and Council’s consideration of the document.

A draft staff report and annual review matrix was provided to the Salinas Valley Chamber of Commerce, Salinas City Center Improvement Association (SCCIA) and SPARC for review and comment prior to submission to the City Council. Staff also attended the Chamber’s Business Development Committee meeting on November 3<sup>rd</sup> to present and discuss the draft report. On November 7<sup>th</sup> the Chamber indicated that it had no additional comments. Neither SCCIA nor SPARC had provided comments at the time this report was submitted.

4. *Period of Performance* – The term or the period of performance of the MOU was increased from three years to five years. This time frame is more reflective of the timeframes established in the Salinas Downtown Vibrancy Plan for many of the implementation actions called for in that document. The current term is until February 2021. The MOU can be extended by the mutual consent of either party.

***General Coordination:***

Since February 2016, City and County staff met on the third Thursday of the month, with the exception of a brief hiatus due to conflicts such as the Soberanes/Chimney Fires, to discuss and coordinate future planning and activities related to government owned property and facility needs in downtown Salinas identified in the MOU. The following is a brief overview of the accomplishments that were achieved since February 2016 under the Downtown Government Center MOU: An updated Exhibit “A” is provided as an attachment to this report.

***Implementation of Downtown Vibrancy Plan***

The City is proceeding to implement DVP recommendations and actions that do not require CEQA review.

- *Rezoning of publicly owned surface parking lots (1.b).* One of the key implementation recommendations of the DVP was to stimulate development activity by creating catalyst sites through the re-zoning of public surface parking lots to allow for desired uses such as residential or mixed-use development, and to focus on aligning the land use approval process to facilitate private investments in downtown development. This includes amending City land use designations and regulations to allow for and incentivize the recommended type(s) of housing development.

In June 2016, the City entered into a professional services agreement in an amount of \$54,010 with Economic Planning Systems (EPS) to prepare a Housing Target Market Analysis (HTMA) for the Downtown. An understanding of the housing target market, product demand, and absorption rates will allow the City and its partners and stakeholders to prioritize housing development efforts Downtown. The analysis also includes review of existing regulations to determine how to facilitate adaptive reuse of the existing buildings. HTMA findings and recommended strategies will inform how the City proceeds with processing land use/zoning amendments. The City may issue a Request for Proposals for key development sites and process necessary zoning changes to incentivize and advance market rate housing in the downtown instead of a wholesale rezoning of surface parking lots identified in the DVP. A more comprehensive consideration of broader scale land use/zoning changes would be considered as part of the General Plan update process, which is planned to commence in 2017.

Staff is currently reviewing EPS’ draft HTMA which includes recommended product type with static pro-formas to determine downtown residential development demand and financial viability. Final findings, policy and regulation recommendations, and proposed strategy are pending the parking and facility needs analysis currently being conducted by Kimley Horn. The parking study will provide quantitative data to compliment EPS’ qualitative assessment of parking as it relates to future residential development. Staff anticipates bringing the final downtown HTMA to the City Council in late 2016, early 2017. Depending on the final findings and recommendations, land use/zoning changes will be considered either in phases as individual projects, or as part of the General Plan update process which is planned to commence in 2017.

- *Parking and facility needs and fiscal assessment of existing government facilities. (1.c.)* The 2016-2017 Budget appropriates \$350,000 to analyze the feasibility to establish an infrastructure district to pay for public works projects in support of the DVP, and to establish a parking district to include enforcement and a capital improvement plan. In September 2016, the City entered into a professional services agreement in the amount of \$127,330 with

Kimley-Horn to complete a parking and facility needs for the entire Downtown area, including existing government facilities. Starting November 1<sup>st</sup>, Serco Inc a firm contracted by the City, commenced parking enforcement efforts. In addition, the County will be seeking funding in FY2017-2018 to prepare an EIR for disposition of the old jail that includes assessment of parking facilities at Gabilan/Church Streets.

- *Provide for attractive, safe and convenient pedestrian linkages and green spaces. (I.e.)* A draft Streetscape Master Plan for the 100, 200, and 300 Blocks of Main Street and the surrounding streets will be presented in December 2016. The Plan addresses safe and convenient pedestrian linkages from Government offices to the Downtown, W. Alisal “road diet design” and the provision of green spaces as part of the streetscape design. The County, as a stakeholder, has been included in design preparation and vetting process. The City has appropriated \$229,000 for the Main Street Streetscape design, of which approximately \$116,000 has been spent. The Council appropriated \$310,000 for W. Alisal Improvements design and received \$2.3 million in state funding for construction. Design and roadway improvement recommendations will be presented in December.

### ***Coordination of City and County facilities***

County staff has kept city staff informed as to the status of the East/West Wing building renovation, the removal of District Attorney Modular Buildings, and the relocation of the Public Defender’s Office into the County Administrative Building. The County completed hazardous material abatement and interior demolition of the East/West Wing and has started window replacement that should be completed December 2016. The modular buildings will be removed after County’s East/West Wing renovations are completed. Estimated completion of the East/West Wing is late 2018, early 2019. The Public Defender’s offices will relocate to the 2<sup>nd</sup> floor of the County Administration building after Resource Management Agency (RMA) moves to the new Schilling Facility in April 2017.

### ***Other Coordination efforts***

The City/County monthly meetings provide staff the opportunity to share information regarding Economic Development implementation, the Alisal Vibrancy Plan, the status of the West and Central Area Specific Plans, Affordable Housing MOU, and the Farmworker Housing Study and Action Plan. Two accomplishments since February 2016 include:

- *Property Exchange Agreement for 312 E. Alisal Street and 331 N. Sanborn Road.* Both the City Council and the Board of Supervisors approved the property exchange agreement in March 2016. Since March, city staff have completed the relocation of the telecom facilities from the Sanborn site and are preparing requests for proposal for demolition of the site. Job orders for Class B work are out to bid and are due in December. Staff anticipates a contract award in January 2017 with work commencing in February/March 2017.

*Code Enforcement Coordination Efforts.* The City Code Enforcement Division continues to develop a great working relationship with Monterey County Health Department and has utilized their services a number of times to respond to health related issues such as 480 Front street where a sewer lateral was backing up, 238 Main Street for the unpermitted occupancy of a wine bar, 1 Bridge Street for possible fluid leaks on to the ground, and 261 Rianda in response to a structure fire of a tortilla factory.

City and County Code Enforcement Divisions have held collaborative training on updates on

the California Codes and mold issues and worked as active committee members organizing the Food Safety Award Event held on September 20<sup>th</sup> 2016, which hosted over 200 attendees.

#### **ISSUE:**

Shall the City Council receive the 2016 Annual Review required under the MOU with the County of Monterey for mutual planning and implementation of Government Services and Facilities in downtown Salinas?

#### **FISCAL IMPACT:**

There is neither direct nor indirect fiscal impacts to the City associated with the acceptance of the Annual Review, nor as a result of staff's time to collaborate with the County on implementation of the MOU as these efforts are already allocated in the City's budget for review of inter-agency projects and issues.

There will be capital and other costs associated with implementing the proposed action items listed the Schedule of Performance (Exhibit "A") of the MOU for which funding is not currently identified or allocated in the City's budget. The Council may determine the potential allocation of funding for these items as part of the MOU annual review, the annual and mid-year budgeting process and/or as part of the continued implementation of the Salinas Downtown Vibrancy Plan, as applicable.

#### **TIME CONSIDERATIONS:**

The MOU calls for annual written reporting in November of each year in order to allow each agency the opportunity to allocate resources in the mid-year budgets as may be needed to keep the completion of action items moving forward. The BOS will receive the 2016 Annual Review as a consent item at its November 15<sup>th</sup> meeting.

#### **ALTERNATIVES/IMPLICATIONS:**

1. Council may consider receiving the 2016 MOU Annual Review and directing any changes determined appropriate. Changes to the Annual Review would require reconsideration by the Board of Supervisors, resulting in a delay of 3-4 weeks.
2. Council may decline to receive the 2016 MOU Annual Review which would be in contradiction to the MOU requirements.

#### **CITY COUNCIL GOALS:**

The MOU facilitates the continuation of the County's and City's mutual planning and implementation efforts related to the downtown government center which promotes all of the Council goals – Economic Diversity and Prosperity; Safe, Livable Community; Effective Sustainable Government; Excellent Infrastructure and Quality of Life.

#### **CONCLUSIONS:**

In their roles as the centers of government for the entire county, and the largest city in the county, the County of Monterey and the City of Salinas are natural partners for potential collaboration on a variety of services and functions, particularly given the close proximity of their primary administrative facilities. There are still many actions and projects that will need to be undertaken and/or

implemented over the course of the next five to ten years. Additionally, given the County's plans to relocate some downtown offices and employees to Schilling Place in the near future, the need for continued mutual planning efforts between the County and the City is vital. The Downtown Government Center MOU ensures continued collaboration on the aforementioned services, functions, and projects.

Distribution:

Matrix

City Council

City Manager

City Attorney

Department Directors

Lew Bauman, CAO, Monterey County

Carl Holm, RMA Director, Monterey County

Paul Farmer, Salinas Valley Chamber of Commerce

Ken Steen, Salinas City Center Improvement Association

Peter Kasavan, SPARC

Attachments: Exhibit "A" Summary Schedule of Performance 2016 Annual Review