



**CITY OF SALINAS
COUNCIL STAFF REPORT**

DATE: NOVEMBER 28, 2017
DEPARTMENT: COMMUNITY DEVELOPMENT
FROM: MEGAN HUNTER, DIRECTOR
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TITLE: 2017 ANNUAL REVIEW OF CITY/COUNTY DOWNTOWN
GOVERNMENT CENTER MEMORANDUM OF
UNDERSTANDING (MOU)

RECOMMENDED MOTION:

A motion to receive and accept the City/County Downtown Center MOU 2017 Annual Review.

RECOMMENDATION:

It is recommended that the City Council receive and accept the attached written 2017 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.

EXECUTIVE SUMMARY:

In 2012, the County and the City entered into a Memorandum of Understanding to provide a means by which the two agencies would work together to provide necessary resources 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 Salinas. The MOU requires that an annual review, including an update on the Schedule of Performance (Exhibit “A” to the MOU) be conducted by November 30th of each year.

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 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. The Council and BOS approved a comprehensive update to the MOU on February 9, 2016.

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

The 2016 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 (DVP)* – In 2015, the City Council and the BOS accepted the Salinas Downtown Vibrancy Plan as a strategic planning document to guide the revitalization of downtown Salinas including the government center. Given this fact, the MOU includes several provisions addressing the numerous strategies and actions that will need to be implemented as part of the DVP.
2. *Schedule of Performance* – A Schedule of Performance was included (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 City Manager and Chief Administrative Officer may amend the Schedule of Performance administratively 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, each agency is to prepare a written report 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.

On October 27, 2017, a draft staff report and annual Schedule of Performance review matrix was provided to the Salinas Valley Chamber of Commerce, Salinas City Center Improvement Association and SPARC for review and comment. On November 12th the Chamber indicated that it had no comments.

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 implementation timeframes established in the Downtown Vibrancy Plan. The current term is until February 2021. The MOU can be extended by the mutual consent of either party.

DISCUSSION:

Downtown Government Center MOU 2017 Annual Review

General Coordination:

City and County staff have a standing meeting on the third Thursday of the month 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 MOU accomplishments achieved since November 2016. An updated Exhibit “A” - Schedule of Performance is provided as an attachment to this report.

Implementation of Downtown Vibrancy Plan

The DVP recommends changes in general plan land use designation and rezoning actions for identified opportunities sites as well as traffic and circulation improvements. These changes would increase development capacity in the downtown and could be sources of potentially significant environmental impacts. Therefore, the adoption of the DVP as an area plan would trigger California Environmental Quality Act (CEQA) review. 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 investment in downtown development. This includes amending City land use designations and regulations to allow for and incentivize the recommended type(s) of housing development.

Economic and Planning Systems, Inc. completed a Housing Target Market Analysis (HTMA) for the Downtown in June 2017. The HTMA provides the City with an understanding of the housing target market, product demand, and absorption rates to assist the City and its partners and stakeholders to prioritize housing development efforts downtown. The analysis also includes review of existing policy and regulations to determine how to remove barriers to new development and how to facilitate adaptive reuse of the existing buildings.

The HTMA, received and accepted by the City Council in July 2017, provides actionable, strategic recommendations to advance viable development prototypes for specific development sites. Its focus is on ensuring that zoning, parking, densities, and other regulatory policies do not constrain development feasibility. Based on the recommendations of the HTMA, the City Council approved the removal of the bedroom mix requirement for residential development in the Central City Overlay (April 2017). While a development application at 401 Monterey Street triggered this

action, staff and Council recognized that this zoning amendment removed barriers to residential development in the downtown by allowing the shifting market demands of entry-level homebuyers, millennials, and empty nesters to be the driver of housing product type mix. The HTMA also found that recent adaptive reuse projects, repurposing underutilized upper floor space as residential units, have been well received by the market. Future prospects for well-conceived adaptive reuse are promising. In response to this market demand, a next step will be to draft and consider an Adaptive Reuse Ordinance for the Downtown to remove regulatory barriers, such as density and open space requirements by December 2017.

Another HTMA implementation recommendation is to issue a Request for Qualifications/Proposals for key development sites and to process necessary land use/zoning changes associated with individual project(s) instead of a wholesale rezoning of surface parking lots identified in the DVP. The rezoning of all city-owned parking lots would increase development capacity in the downtown and could be sources of potentially significant environmental impacts triggering lengthy and costly CEQA review. A more comprehensive consideration of broader scale land use/zoning changes will be considered as part of the General Plan update process, which is planned to commence mid-2018.

Parking and facility needs and fiscal assessment of existing government facilities. (I.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.

Public Works is working with Kimley-Horn to develop a Parking Management Plan (PMP), which will consolidate all parking functions to better manage the City's parking program and infrastructure. For downtown, the Parking Management Plan will make recommendations for 1) location and timing for the development of a new parking garage, 2) pricing parking to encourage efficient use of available parking; and 3) the financing of City parking projects.

One of the first products of this effort is a Downtown Parking Memorandum prepared and presented in conjunction with the HTMA to address the increase in parking demand and the loss of parking supply resulting from the conversion of surface public parking lots to infill development sites. The Parking Memorandum provides some tools and strategies that can be offered as options to developers to increase the feasibility of providing downtown housing.

Public Works will be presenting various elements of the PMP to council in several presentations between October 2017 and April 2018 leading to a completed parking management strategy and partial implementation before the beginning of the 2018-19 fiscal year.

Provide for attractive, safe and convenient pedestrian linkages and green spaces. (I.e.) A conceptual Streetscape Master Plan for the 100, 200, and 300 Blocks of Main Street and the surrounding streets was presented to the City Council in October 2017. 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 completed the DRAFT Main Street Master Plan, the basis for design of streetscape improvements that takes into account community and stakeholder feedback from meetings held in 2016 and another in September 2017. Staff will confirm the budget for construction of Main Street improvements this month. The Council appropriated \$310,000 for W. Alisal Improvements design and received \$2.3 million in state funding for construction. The design work for W Alisal Complete Streets project is 75% complete. Both the Main Street Improvements Project and the Alisal Complete Streets project are scheduled to be in the construction phase in fall 2018.

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 future removal of District Attorney Modular Buildings, and the relocation of the Public Defender’s Office into the County Administrative Building. In November 2016, the County completed Phase I renovations to the East/West Wing including hazardous material abatement, window replacement and interior demolition. Currently, the East/West Wing is now under a full renovation that will feature a new interior layout, new second floor bridge within the existing north peristyle porch, and fully renovated interior courtyard. Project completion is scheduled for summer 2018.

In June 2017, the Resource Management Agency (RMA) moved to 1441 Schilling Place. Tenant improvements are in design for the Public Defender’s offices to relocate to the 2nd floor of the County Administration building by December 2017. The Public Defender’s modular will be used for a temporary warming shelter until a permanent facility is completed.

Modulars are to be removed within 90-calendar days of the relocation of the District Attorney’s offices.

Other Coordination efforts

The City/County monthly meetings also 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.

CEQA CONSIDERATION:

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.

STRATEGIC PLAN INITIATIVE:

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.

FISCAL AND SUSTAINABILITY 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 in the Downtown MOU Schedule of Performance (Exhibit “A”) 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.

ATTACHMENTS:

1. 2017 Annual Report Exhibit” Schedule of Performance Matrix