



CITY OF SALINAS COUNCIL STAFF REPORT

DATE: MAY 14, 2019

DEPARTMENT: COMMUNITY DEVELOPMENT

FROM: MEGAN HUNTER, DIRECTOR

BY: LISA BRINTON, PLANNING MANAGER

TITLE: SALINAS CITY CENTER IMPROVEMENT ASSOCIATION 2018
ANNUAL REPORT AND DOWNTOWN VIBRANCY PLAN
IMPLEMENTATION UPDATE

RECOMMENDED MOTION:

1. A motion to approve a Resolution accepting and approving the Salinas City Center Improvement Association (SCCIA) 2018 Annual Report.
2. No motion is required for the Downtown Vibrancy Plan Implementation Update as it is provided to the City Council as an informational item.

RECOMMENDATION:

It is recommended that the City Council receive and consider the SCCIA 2018 Annual Report (Annual Report). The Downtown Vibrancy Plan Implementation Update is provided for information only.

EXECUTIVE SUMMARY:

The 2018 Annual Report is provided as Attachment 2 to this staff report. A City update on Downtown Vibrancy Plan implementation accompanies this year's Annual Report and is provided as Attachment 3.

BACKGROUND:

In 2015, the City Council and the Board of Supervisors accepted the Salinas Downtown Vibrancy Plan as a strategic planning document to guide the revitalization of downtown Salinas including the government center. That same year, the City Council formed the Salinas Downtown Community Benefit District (CBD) and entered into a Management and Disbursement Agreement with the Salinas City Center Improvement Association (SCCIA) to implement the Management District Plan. SCCIA is to create a District budget and policies to comply with the District Plan; to prepare and file quarterly and annual reports with the City reflecting compliance

with the District Plan; and to oversee the day-to-day implementation of District Plan Improvements.

As a CBD, parcels within the District boundary derive special benefit from programs and activities funded by assessments levied against the identified properties. The benefits, identified in the Management District Plan, are special and unique to the parcels within the District because programs and services (i.e. sidewalk operations/beautification; district identity; program management; and, contingency/reserve) are provided directly and solely for the benefit of the identified parcels. The objective of providing these special benefits is to keep the District area clean, safe, orderly, attractive, well marketed with special events and programs, and to increase commerce within the CBD boundaries.

The annual levy of assessment in each of the fiscal years referred to in the District Plan are conditioned on the approval, by resolution, of an annual report pursuant Section 36650 of the Property and Business Improvement District (PBID) Law. The approval of such report is at the discretion of the Council. With Council approval, the SCCIA annual report will also provide direction for SCCIA activities and use of assessment district funds in the coming fiscal year. A summary of SCCIA's 2018 Annual Report and proposed FY 2018-2019 annual budget follows.

DISCUSSION:

2018 Annual Report

The 2018 Annual Report covers the period from December 1, 2017 to November 30, 2018. The financial statement for this time period is part of the Annual Report (Attachment 2). During this period, \$458,458 was collected in assessments. Total expenditures FY 2017-2018 were \$528,351 for a decrease in assets of \$69,893. Table 1 below provides a breakdown of expenditures by program area for the reporting period.

Table 1

PROGRAM OR ACTIVITY FUNDED BY THE DOWNTOWN	PERCENTAGE OF ANNUAL BUDGET	2018 EXPENDITURES
Sidewalk Operations, Beautification and Order	65%	\$ 338,640.00
District Identity and Streetscape Improvement	24%	\$ 124,183.00
Administration/Corporate Operations	10%	\$ 50,045.00
Contingency/City and County Fees/Reserves/Special projects	1%	\$ 15,173.00
<i>TOTAL</i>	<i>100%</i>	<i>\$ 528,351.00</i>

SCCIA 2018 program accomplishments and 2019 goals are outlined in the Annual Report (Attachment 2). Goals and accomplishments are organized by committee/program area. A summary is provided below.

2018 Accomplishments Summary

Sidewalk Operations, Beautification and Order

- Increased hours of security.
- Increased hours of maintenance during holidays to include alleyways and parking lots.
- Replanted large planters in the 200 Block of Main Street and median planters on Alisal and Gabilan Streets.

District Identity/Sidewalk Improvements

- Installed festive lighting in downtown trees that will stay up year-round.
- Worked closely with the City of Salinas on attending and promoting stakeholder meetings for the Main Street Streetscape Improvement Project.
- Created a merchant group on facebook, to connect merchants on pressing issues and upcoming events.
- Reviewed and issued approval letters to all downtown parades and events in 2018.
- Supported Thursday Farmers market through social media.

Land Use Committee

- Supported City Council enactment of Adaptive Reuse Ordinance and area expansion.
- Supported City Council Resolution to maintain existing zoning code requiring commercial activity on the ground floor of buildings in the downtown core.
- Supported City Council enactment of ordinance shifting the timing for payment of development fees from issuance of permit to at issuance of certificate of occupancy.

2019 Goals Summary

Sidewalk Operations, Beautification and Order

- Pressure wash machine for sidewalks
- Advocate for Salinas Police Department patrol/response.

District Identity/Sidewalk Improvements

- Welcome new businesses.
- Form a Merchant sub-committee with a member on the SCCIA Board.
- Add TV/radio to social media during holidays.
- Support impacted businesses during construction.
- Start a summer concert series (Taylor/KTOM Radio Station).

Land Use Committee

- Permit streamlining for tenant improvements, signs, etc.
- Residential development fees – incentives
- Parking Garage at Church and Gabilan Streets
- Main Street Streetscape and W. Alisal Complete Streets projects

Government Affairs (new)

- Main Street Streetscape Improvement Project
- Blue Zones
- Federal Opportunity Zones
- Homeless serving facilities and shelter
- Re-establishment of City of Salinas appeals board

Vacant and Blighted Properties (new)

- Contact and discuss solutions with owners of vacant and blighted property.
- Draft vacancy accountability ordinance.

2018-2019 Operating Budget

The 2015 Engineers Report and Management District Plan includes the formula and methodology for calculating annual assessment amounts. The assessment amount is based upon a benefit calculation by linear frontage on all sides of the parcels that receive benefit; lot or parcel square footage; and building square footage. SCCIA proposes no changes to the method of assessment or boundaries of the CBD Area for FY 2018-2019. Levy of assessment is based on the following calculations.

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|---|--|
| • Linear frontage - Benefit Zone 1 | \$5.00 per linear foot/year |
| • Linear frontage - Benefit Zone 2 | \$3.49 per linear foot/year |
| • Lot size or the footprint of the parcel | \$0.067150 per square foot/year |
| • Building square footage | \$0.084523 per square foot/year |
| • Future residential condos | \$0.20 per square foot of parcel unit square footage |

The calculated assessment amount by Assessor's Parcel Number (APN) for FY 2018-2019 is included in the Annual Report (Attachment 2). Based on the above calculations, the estimated total assessment amount to be collected in FY 2018-2019 is \$443,441.00.

The SCCIA Board approved the 2018-2019 Operating Budget provided on page 15 of the Annual Report (Attachment 2). Based on 2018 actual assessments collected (\$458,458) the 2018-2019 Operating Budget projects the collection of \$450,000 in assessment revenue. Operating expenditures are broken down by program/activity area. \$103,355 in 2017-2018 Carry Over funds is used to offset operating deficits for sidewalk operations, beautification and security, district identity/ streetscape improvements, and administration, for a total 2018-2019 Operating Budget of \$553,355.

As stated in the Background section of this report, the annual levy of assessment in each of the fiscal years referred to in the District Plan are conditioned on the approval, by resolution, of an annual report pursuant Section 36650 of the Property and Business Improvement District (PBID) Law. The approval of such report is at the discretion of the Council.

DOWNTOWN VIBRANCY PLAN IMPLEMENTATION UPDATE

This staff report also provides an update on DVP implementation. Since its acceptance as a strategic planning document in 2015, there has been significant public and private investment in the Downtown, also referred to as Salinas City Center, and DVP implementation. A summary of investments is provided below, with a more detailed implementation matrix of progress towards DVP traffic and circulation and parking management recommendations provided as Attachment 3.

Infrastructure

The Downtown Complete Streets Project. This project includes sidewalk, bike lane and traffic lane improvements along W. Alisal Street from Blanco Road to Front Street. The improvements will increase safety, efficiency and provide travel options for transit users, bicyclists and pedestrians. The project is being re-designed in response to higher than anticipated bids for construction. The project will return to Council this Spring for approval of revised plans and re-authorization to bid the project. Construction is scheduled to begin in Spring 2020.

Main Street Streetscape Master Plan. On October 24, 2017, the City Council adopted the Main Street Streetscape Master Plan, which addresses key DVP recommendations to alter circulation patterns and street characteristics to emphasize Downtown as a destination and activity center. The Master Plan addresses circulation, pedestrian and bicycle connectivity, and streetscape design including gateways, signage, landscaping, lighting and public space amenities. At the same meeting, the City Council appropriated \$1.1 million dollars of Measure X funds towards design and engineering. Concepts presented in the Master Plan have further refined as part of the design process. Construction cost is estimated to be \$12M. The City is nearly complete with the construction document and has hired a construction manager to manage day to day construction activities, help with public outreach and reduce unforeseen construction issues to keep project cost contained. The City anticipates beginning construction in early 2020.

Parking

Parking Management Plan. The DVP identified parking as an important element in revitalizing downtown and devoted an entire chapter to parking. Public Works continues to work with parking consultants to develop a Downtown Parking Management Master Plan (PMP). The PMP will make recommendations for 1) location and timing for the development of new parking structures, 2) pricing parking to encourage efficient use of available parking; and 3) the financing of City parking projects.

The downtown parking district has been the focus of much effort in FY 18-19. City subsidy of the parking district has resulted in low downtown parking rates that are unable to sustain services desired. The first rate adjustment in more than a decade was approved by the City Council in March 2019 and will take effect on July 1, 2019. Ongoing annual evaluation of rate increases should enable the district to cover operating costs and therefore provide expected services.

For 2019, staff anticipates completing the Parking Management strategy that will provide the blueprint for managing a sustainable parking program. For downtown, the parking strategy expand on the potential locations, costs and strategy for creating the parking supply the downtown will need in the future. Staff plans to bring the Parking Management Strategy to City Council for consideration in December 2019.

Incentivizing Market Rate Housing

Housing Target Market Assessment (HTMA). Economic and Planning Systems, Inc. completed the HTMA for the Downtown in June 2017. The HTMA, received and accepted by the City Council in July 2017, 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. In advance of completion of the HTMA, the City modified the zoning code to remove the 3 and 4 bedroom-mix requirement (April 2016). The City also adopted an updated Inclusionary Housing Ordinance in which includes and affordable housing exemption in the Central City Overlay (June 2017).

Adaptive Reuse Ordinance. The HTMA found that there is demonstrated market demand for repurposing underutilized upper floor space as residential units, known as adaptive reuse. In response to this market demand, staff working with SCCIA drafted an Adaptive Reuse Ordinance (ARO) for the Downtown that allows for the reuse of underutilized, non-residential buildings for housing without requiring strict compliance with density, floor area ratio, lot area per dwelling unit, lot dimensions, and usable open space. It applies to either: 1) old buildings (at least fifty years) in the Central City Overlay Downtown Core or 2) historically significant buildings located anywhere within the City. The ARO was adopted by the City Council in July 2018, was amended in September 2018 to include the entire Central City Overlay area.

Timing of Payment of Development Fees. Requiring payment of development fees at the time of building permit issuance can constrain housing development by requiring upfront payment of fees before permanent financing is in place. For this reason, the City adopted an ordinance amending Chapter 9 of the Salinas Municipal Code (Building) to modify the timing of payment of development impact fees from building permit issuance to certificate of occupancy for residential projects to encourage housing development. (November 2018).

Housing Fee Nexus Study. The City is committed to increasing the supply of housing, particularly housing for the working class and lower-income residents. To do so, the City's current housing development impact fees (Impact Fees) need to be re-evaluated for feasibility. In March 2019, the City issued a Request for Proposals (RFP) seeking a consulting firm to prepare a Nexus study to determine the fair share for different housing types and establish a reasonable the fair share cost of Impact Fees based upon square footage and development type. The purpose of the Nexus Study is to have a fee structure that is not cost-prohibitive to smaller housing developments and for the Impact Fees to be charged based on actual impact.

In addition to the Nexus Study, the Consultant will be asked to analyze the City's Traffic Improvement Program to create new housing/occupancy categories for traffic per daily trip Impact Fees. For example, the City would like to evaluate trip rates for Accessory Dwelling Units (ADUs), Adaptive Reuse Projects (ARPs), senior housing or other types of affordable housing. The Consultant will evaluate the impact and feasibility of those occupancy/development types and determine adequate trip rates.

Placemaking

Arts Commission. One of the DVP recommendations in Chapter 4: Building the Heart of Salinas was to establish an Arts Oversight Committee to promote the use of art in public spaces. On June 16, 2017 the City Council approved the Public Art Program Ordinance establishing a Public Art Commission (PAC) and funding public art. The City Council has determined that 0.5% of the total cost of certain capital improvement program projects are to be set aside in a Municipal Art Fund for public art. Based on the capital projects approved for FY 18/19, an additional \$100,000 will be funded in FY 18/19 for a total of \$123,158.91 available for use.

As called for by the ordinance, one of the duties of the PAC is to "prepare and submit a public arts plan to the City Council". In October 2018 the City entered into an agreement with RRM Design Group (RRM) to prepare a Public Art Master Plan. The Master Plan will describe the funding sources, budgets, and descriptions of new, proposed and ongoing public art projects. Preparation of the Public Art Master Plan will be completed late Summer/early Fall 2019.

Welcome Center. Staff has reached an agreement with the California Welcome Center to relocate their operation to the Freight Building at the Salinas Intermodal Transportation Center. The Lease is executed and tenant improvements have been completed. The anticipated move-in date is July 1, 2019. This will provide a state-recognized visitor's center near the Downtown area, improving the synergies between the two.

Partnerships

Master Developer. The Federal Government recently approved the Downtown's census tract as an Opportunity Zone, which allows development to potentially take advantage of new tax incentives for investment of capital gains into projects within these designated Opportunity Zones. On April 29, 2019 the City released a Request For Qualifications (RFQ) to identify the most qualified development teams that would have an interest in partnering with the City to Master Develop the City's Lincoln Avenue Corridor. The City's key strategic objectives include:

- a. Converting city-owned parking lots in the Lincoln Avenue corridor to development that includes mixed-use/commercial/retail/other development;
- b. Developing a new Parking Structure on property currently owned by the County. A parking structure feasibility analysis is currently being completed and would be available to selected developers; and
- c. Building a new Civic Center to house City services, including all City non-public safety departments and services and public meeting space. The Police Department will begin to move into its new headquarters at 312 E. Alisal after the completion of construction in March 2020

City staff are in the initial stages of a facility needs and fiscal assessment of Salinas City Hall, the Permit Center, Fire Administration, recreation and library uses along the Lincoln Avenue corridor.

County of Monterey. In February 2016, the County of Monterey and the City updated the Downtown Government Center Memorandum of Understanding to work together to provide the necessary resources to develop a comprehensive planning and implementation program for a multi-agency campus-style Government Center located in and around downtown Salinas. 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. In June 2018, the Public Defender's Office relocated to the 2nd Floor of the County Administration Building and in August 2018 the County completed renovation of the East and West Wing building. A few months later, the County consolidated several County operations into their existing buildings, which has enabled them to remove several temporary modular offices to free up a lot at Church and Gabilan Streets, a site the DVP identifies for a parking structure. The County of Monterey is also re-issuing a Request For Proposals (RFP) in May 2019 seeking proposals from development teams and private entities for adaptive reuse of the Old Monterey County Jail.

Transportation Agency of Monterey County (TAMC). In February 2017, the City entered into a Memorandum of Understanding (MOU) with the Transportation Agency of Monterey County (TAMC) for the Kick Start phase of planned improvements to the Salinas Intermodal Transportation Center (ITC), including the Lincoln Street extension. The MOU outlines the project, agency roles and responsibilities and disposition of property after project completion. TAMC's contractor demolished the buildings in late summer 2018 and took their portion of the project to bid in March 2019 and awarded the construction contract. The City's portion of the project is currently out to bid with a bid opening date of April 9, 2019 with construction anticipated to commence late May/early June 2019. TAMC continues to have discussions with potential commuter rail providers to bring service to Salinas.

Private Sector Investment

The Taylor Farms Headquarters constructed in the 100 block of Main Street represents a significant private sector investment in downtown Salinas. Built on a former surface parking lot, the Headquarters houses hundreds of employees that provide a retail base for downtown restaurants and shops. The Headquarters also includes the Western Growers AgTech Incubator and new retail and dining establishments. In addition, private investors have renovated buildings with active dining and entertainment on the ground floor with residential units above (212 Main Street and the Pour House). Since the adoption of the Adaptive Reuse Ordinance, applications have been received to convert 301 Main Street (the former Rabobank building) into 50 residential units with ground floor retail and to convert The Californian office building at 123 West Alisal Street into 40 Multi-Family Dwelling Units.

CEQA CONSIDERATION:

The proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines section 15378). Any subsequent discretionary projects resulting from implementation of DVP recommendations will be assessed for CEQA applicability.

STRATEGIC PLAN INITIATIVE:

DVP implementation aligns closely with the City Council's goals (2016-2019) of Economic Diversity and Prosperity, Safe, Livable Community, Effective, Sustainable Government, Well Planned City and Excellent Infrastructure, and Quality of Life. Prioritization of DVP implementation is tied to the City Council's Strategic Plan goals and key strategies.

DEPARTMENTAL COORDINATION:

Community Development staff coordinated with Public Works and SCCIA to prepare this report.

FISCAL AND SUSTAINABILITY IMPACT:

There is no fiscal or sustainability impact associated with the receipt and acceptance of this report. The City will pass the assessments collected by the County of Monterey through to SCCIA to be used in accordance with the approved District Management Plan and annual budget. In past years, the City has budgeted for the implementation of the DVP in the past and current city budgets through the creation of multiple DVP related Capital Improvement Project (CIP) accounts. However, going forward, due to budget constraints, the City will need to continue to actively seek grant funding.

ATTACHMENTS:

1. Resolution accepting and approving the SCCIA FY 2017-2018 Annual Report
 - a. Exhibit " A" Amended Downtown Salinas CBD Map
2. SCCIA FY 2017-2018 Annual Report
3. DVP Traffic and Circulation and Parking Implementation Matrix