



Monterey County

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Board Report

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Matter Type: General Agenda Item

- a. Receive report on City of Salinas Economic Development Element; and
- b. Consider amendment of the Greater Salinas Area Memorandum of Understanding by and between the City of Salinas and County of Monterey to reflect the City's Plan.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Receive report on City of Salinas Economic Development Element
- b. Provide direction to staff for possible amendment of the Greater Salinas Area Memorandum of Understanding by and between the City of Salinas and County of Monterey - County retain a hard edge with no new growth/development south of Blanco Road, and use planned bypass alignments as hard edges for growth to the west and east.

SUMMARY:

The City of Salinas completed preparation of the EDE in April 2014, and it was accepted by the City Council as a key strategic policy document in June 2014 pending completion of CEQA. On December 5, 2017, the Salinas City Council certified an EIR and approved a General Plan Amendment to adopt an Economic Development Element (EDE). The intent is that the EDE is to guide the future General Plan update, which is to begin mid-2018. Land Use policies in the EDE direct a strong focus on infill development, redevelopment, and revitalization within the City's commercial core and corridors to create more jobs and revenue-generating infill development opportunities. The EDE also provides new development capacity to attract larger employment and revenue generating uses.

Staff commented on the DEIR relative to consistency with Greater Salinas Area Memorandum of Understanding by and between the City of Salinas and County of Monterey (GSA MOU, or MOU). The GSA MOU was approved in August 2006, which replaced the Amended Boronda MOU from 1998. This MOU established objectives for orderly and appropriate land use growth. Policies were incorporated for land use development that balances preservation of certain agriculture land while identifying future growth areas, and establishes agreement for adequate provision of services (e.g. financing).

Key provisions agreed to in MOU (**Exhibit A**):

- Future growth direction of the City shall be to the north and east, except as provided in the MOU (Fresh Express Expansion, Unikool, Bolsa Knolls, Boronda).
- Creation and Implementation of agricultural conservation easements in the unincorporated area to the west and south of the City's SOI
- County supports City's 2005 Preliminary Sphere of Influence/Annexation proposal to LAFCO

- Recognizes Westside bypass concept

Staff finds that certain proposed development areas identified in the EDE are not consistent with the GSA MOU, most specifically proposed development south of the City limits. Staff is presenting this to the Board of Supervisors to receive direction if the Board is interested to amend the MOU, and if so to what extent. City is limited from processing applications to amend the City's Sphere of Influence and/or to annex areas outside of the GSA MOU.

RMA, Agricultural Commission and LAFCO submitted letters to the City expressing concerns with portions of the EDE land use policies and associated general plan amendments directing new development capacity to six (6) "Target Areas." (**Exhibit B**) The main area of concern is planned growth south of Blanco Road into the prime agricultural area currently prohibited under the GSA MOU.

Staff finds that roadways provide hard edges between urban and agricultural uses, and that the general premise GSA MOU is to prevent encroaching into prime agricultural lands south and west of the City. Therefore, staff recommends that the County retain a hard edge with no new growth/development south of Blanco Road, and use planned bypass alignments as hard edges for growth to the west and east. Staff finds this to be consistent with intent of the GSA MOU. When County staff presented a draft of the County's 2010 General Plan, the Salinas City Council provided comments requesting the County not impact farmland south of the City. In addition, staff recommends addressing traffic and agricultural mitigation similar to other MOUs between County and cities within the Salinas Valley.

No CEQA action is required for this administrative report. If the Board directs amending the GSA MOU, staff will need to evaluate environmental impacts of those amendments as part of the amendment process.

DISCUSSION:

Salinas' Economic Development Element (EDE) reemphasizes the City's General Plan land use strategy of prioritizing infill development and revitalization within the city limits and Sphere of Influence. As adopted by the City, the EDE would provide for new land supply termed as "Target Areas". These areas were derived from the Economic Opportunity Areas (EOA) identified through the EDE development process and subsequent preparation of the environmental impact report (EIR). (**Exhibit C**) The EDE includes policies that would result in expansion of the City's existing land supply and that could result in intensification of development within existing developed areas of the City.

EDE land use policies and associated general plan amendments direct new development capacity to six (6) "Target Areas" totaling 558 acres of land, including 502 acres of prime agricultural land. One of the Target Areas (115 acres) is located within the city limits in the Carr Lake area. County staff's concerns are related to the remaining five (5) Target Areas (443 acres) are located outside of, but adjacent to, the City's Sphere of Influence (SOI). Two (2) of these five (5) Target Areas are located to the north/northwest of the City and three are located to the south/southeast of the City. These five (5) Target Areas would be considered new Future Growth Areas per the General Plan, and would therefore require a specific plan to guide future development and the approval of future development proposals. In addition, these areas require amendment to the GSA MOU.

The City has assigned General Plan land use designations to each of the Target Areas. The land use designations include Industrial (147 acres), Retail (279 acres) and Business Park (132 acres). Figure 1 illustrates the location and proposed land use of the six (6) Target Areas. Based on analysis of floor area ratios for each land use type and land demand for non-building needs (e.g. infrastructure, roads, etc.), a total of about 5,256,000 square feet of new building capacity could be accommodated within the six (6) Target Areas. Total new employment capacity of these Target Areas is projected at 8,981 jobs.

In addition, the EDE addresses the need for improved transportation connectivity to support economic development within the City and at its outer edges through identification of future transportation facilities. Similarly, targeted policies for improving existing and constructing new infrastructure and for expanding availability of resources such as water supply to facilitate economic development are provided.

CITY ENVIRONMENTAL REVIEW:

Salinas City Council certified a program EIR that evaluates the potential environmental impacts of additional development facilitated by the EDE adoption. The proposed project evaluated in the EIR consists of new development capacity directed to the six (6) “Target Areas” containing a total of 558 acres of land. Future individual development projects proposed within any of the six (6) Target Areas will undergo additional site-specific CEQA review to examine their project-specific environmental impacts.

Future development proposed within the one Target Area located within the city limits could be considered and approved by the City. The City does not currently have land use control over the five (5) Target Areas located outside the SOI. For development of these Target Areas to occur in the future, the City must request and receive approval from the Monterey County Local Agency Formation Commission (LAFCO) to amend the City’s SOI to include and to annex the Target Areas prior to approval of future development proposals for these areas. In order for LAFCO to consider amending the City’s SOI, County must agree to amendments of the GSA MOU.

An EIR must consider a reasonable range of alternatives, and then evaluate these alternatives to determine the extent to which significant adverse impacts are eliminated or increased under each alternative. Four alternatives to the proposed project were evaluated, including two requested by RMA staff:

Alternative 1: No Project/No Development

Alternative 2: GSA MOU Amendment.

This alternative was evaluated solely at the request of the County of Monterey Resource Management Agency. This alternative removes Target Area N from the proposed project in light of the County’s concern that development of Target Area N would result in loss of high value agricultural land to the south of the City. Conserving such land is a topic that is addressed in the 2006 Greater Salinas Area Memorandum of Understanding (GSA MOU). In this scenario, the building area capacity for Target Area N is shifted to Target Area K, in which both acreage and FAR area are increased (13 additional

acres and an increase of FAR to .40) to accommodate the building and employment generating capacity from Target Area N.

Alternative 2 largely attains the objectives for the proposed project. Employment generation potential of the proposed project would largely be retained by relocating the Retail building development capacity proposed in Target Area N to Target Area K. However, city staff believes that the alternative would not be fully consistent with certain General Plan policies, and the alternative would not avoid significant, or significant and unavoidable environmental effects beyond what is anticipated with the proposed Project.

Based on City staff recommendations, the Salinas City Council found that Alternative 2 is not substantially superior to the proposed project or other alternatives that would allow a greater level of development and concluded that Alternative 2 represents an undesirable policy outcome. Therefore, Alternative 2 was found to be infeasible and the City Council rejected it as a viable alternative to the Project and Alternative 4.

Alternative 3: GSA MOU Consistency

This alternative includes modifications to the proposed project that maximize its consistency with the GSA MOU. It modifies the proposed project by eliminating a greater number of Target Areas than proposed in the GSA MOU Amendment Alternative. Consideration of this alternative was also requested by the County of Monterey Resource Management Agency.

Without amendment to the GSA MOU, the 558 acres of gross land demand within the Target Areas assumed for the proposed project would be reduced by 427 acres. Total building capacity of 5,255,959 square feet within the Target Areas would be reduced by 3,824,781 square feet with a correspondingly similar substantial percentage (73%) decrease in employment generation potential. Although the GSA MOU Consistency Alternative is an environmentally superior alternative, the City found that it would not attain the proposed project objective of providing new land capacity to meet the City's projected long-term demand for new employment generation needed through General Plan buildout. Capacity would be limited to areas within existing City limits and SOI located north and east of the City.

The City determined that this alternative does not attain the objective of improving economic diversification because it provides only for additional retail development capacity. Alternative 3 was found to be infeasible and the City Council rejected it as a viable alternative to the Project and Alternative 4.

Alternative 4: Target Area V

This alternative considers environmental effects of changing the Retail land use designation proposed for Target Area V to Mixed Use and relocating a portion of the Target Area to an alternative location within Economic Opportunity Area V. All other aspects of the proposed project are retained.

City staff recommended that the City Council approve Alternative 4 of the FEIR be incorporated into the GPA 2013-001 (**Exhibit D**). A Statement of Overriding Considerations (SOC) was adopted.

OTHER AGENCY INVOLVEMENT:

RMA consulted with LAFCO and the Agricultural Commissioner's Office on comments to the City's Draft EIR. RMA has monthly meetings with City staff to coordinate on matters of mutual interest. City and County staff discussed City interest to amend the GSA MOU and provided staff's opinion based on our understanding and interpretation of the existing GSA MOU. County staff comments also took into account MOUs (urban growth) developed with the other cities in the Salinas Valley.

FINANCING:

This work is being processed by staff included within the existing adopted Budget. Therefore, there is no budgetary impact.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The GSA MOU is designed to balance resource protection (farmland) with economic development.

☒ Economic Development

☒ Administration

☐ Health & Human Services

☒ Infrastructure

☐ Public Safety

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Approved by: Carl P. Holm, AICP, Director Resource Management Agency

Exhibits:

- A. GSA MOU
- B. Letters to City re DEIR (RMA, Ag Comm, LAFCO)
- C. Figure 1 - Econ Opp Boundaries
- D. Figure 3A - Alternative 4 (adopted by City)