



# County of Monterey

Board of Supervisors  
Chambers  
168 W. Alisal St., 1st Floor  
Salinas, CA 93901

## Board Report

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**File #:** RES 22-074, **Version:** 1

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- a. Approve a Pre-Annexation Agreement with the City of Salinas to acknowledge foreseeable annexations, reaffirm coordination of land use entitlement and CEQA compliance as agreed to in the Greater Salinas Area MOU2019 Addendum, and to analyze the property tax and revenue sharing formulas between the City and the County; and
- b. Authorize the County Housing and Community Development Director, or designee, to execute the Pre-Annexation Agreement with the City of Salinas and future amendments or extensions to the Pre-Annexation agreement where the amendment(s) or extension(s) do not significantly alter the scope of work or affect the County's obligation.

### PROJECT INFORMATION

Planning File Number: PLN180441

Property Owner: Salinas 101, LLC

Project Applicant: Bradley Sobel, The Sobel Company, Inc.

APN: 113-091-017

Plan Area: Greater Salinas

### RECOMMENDATIONS

It is recommended that the Board of Supervisors adopt a resolution to:

- a. Approve a Pre-Annexation Agreement with the City of Salinas to acknowledge foreseeable annexations, reaffirm coordination of land use entitlement and CEQA compliance as agreed to in the Greater Salinas Area MOU2019 Addendum, and to analyze the property tax and revenue sharing formulas between the City and the County; and
- b. Authorize the County Housing and Community Development Director, or designee, to execute the Pre-Annexation Agreement with the City of Salinas and future amendments or extensions to the Pre-Annexation agreement where the amendment(s) or extension(s) do not significantly alter the scope of work or affect the County's obligation.

### SUMMARY

The project applicant submitted a development application to the County of Monterey Housing and Community Development Department to develop a commercial project on approximately 17.5 acres of commercially designated lands under the County of Monterey's General Plan that is located within the County's jurisdiction adjacent Target Area K identified in the City's General Plan Economic Development Element (EDE) and within the EDE Economic Development Reserve Area K near the intersection of Sala and Harrison Roads. Owner has requested a Will Serve Letter from the City to construct a new sewer line to connect to and receive service from its wastewater collection and disposal system. Owner and City staff have negotiated a final draft Sewer Agreement that states the terms and conditions by which the City will grant a Will Serve Letter for connection to and service from the City's Disposal System for the Sala Road Project, which is required for the County to deem the Project's application complete and to undertake the required environmental review and analysis for California Environmental Quality Act (CEQA) compliance.

The City has requested a Pre-Annexation agreement with the County. Provided the Sala Road Project is constructed, the City intends to include the Sala Road Project land area and Target Area K as part of a LAFCO

annexation application. The boundary of the intended annexation area (Annexation Area) is shown on Exhibit D of the Pre-Annexation Agreement. Should the City proceed with an annexation application, it will be the lead agency for the application and associated CEQA compliance.

## BACKGROUND

In 2006, the City and the County entered into the Greater Salinas Area Memorandum of Understanding (Attachment C) to establish a broad policy framework to govern and to facilitate land use decisions in the area designated in the then-existing General Plan of Monterey as “Greater Salinas Area”, replacing the Amended Boronda Memorandum of Understanding, and in part completing a condition in the settlement of litigation between the City and the County. The GSA-MOU identified specific objectives to be achieved through the implementation of land use and associated policies for the preservation of certain agricultural land, the identification of future growth areas, and the provision of adequate financing for the services and facilities of benefit to the residents of the City and of the County.

Since the City and the County’s approval of the GSA-MOU, the City has adopted an Economic Development Element (EDE, 2017) to the 2002 Salinas General Plan and the County has adopted an updated General Plan for the non-coastal areas of unincorporated Monterey County (2010). In the EDE, the City identifies an area outside the City’s current northern Sphere of Influence boundary as a future opportunity area for economic development. The lands which comprise EDE Economic Opportunity Area K (EOA K), or the “North Entrance” as it is referred to in the EDE, are currently within the County’s jurisdiction and are designated as public/quasi-public, open space, farmlands, permanent grazing, and commercial in the County’s General Plan. EOA K is comprised of a Target Area, where near to mid-term development is projected by the City, and an Economic Development Reserve Area (Reserve Area K), which is to accommodate the City’s longer-term economic development needs.

Recognizing that the GSA-MOU needed to be updated to reflect current land use development plans and desiring to coordinate planning efforts and entitlement of certain contemplated development projects either within the City’s adopted Sphere of Influence, or within those areas identified in the City’s EDE EOA K, the City and County entered into an addendum to the GSA-MOU in June 2019 (Attachment D). The 2019 Addendum is limited to two areas; one being the area north of the City’s current boundaries. The Northern Area includes EDE Target Area K and portions of Reserve Area K and is more specifically shown on the attached Exhibit A of the 2019 Addendum. The purpose of the 2019 Addendum is to mark an initial movement of the City and the County toward a more comprehensive update to the GSA-MOU. Another is to define the coordinated planning processes by which the City and the County will plan for and consider development in the aforementioned area.

## DISCUSSION

The Housing and Community Development Department received an application to develop a commercial project on approximately 17.5 acres of commercially designated lands under the County of Monterey’s General Plan that is located within the County’s jurisdiction adjacent to Target Area K and within the Reserve Area K near the intersection of Sala and Harrison Roads. As stated in the 2019 Addendum, the County is to act as Lead Agency for purpose of application processing and environmental analysis and documentation (CEQA compliance) for the proposed project.

According to plans, as currently proposed, the Sala Road Project consists of approximately 100,000 square feet of commercial uses including a hotel, retail, four quick service restaurants, and a gas station. The Housing and Community Development will not deem the Sala Road Project application complete without a wastewater treatment plan. Since neither the County nor any other public agency currently provides

wastewater service to the proposed project site, Salinas 101, LLC, the owner of the Sala Road site and developer of the Sala Road Project, has requested a Will Serve Letter from the City to construct a new sewer line to connect to and receive service from its wastewater collection and disposal system.

Government Code section 56425 requires a City-County consultation prior to submittal of an application to LAFCO. Agreement between the Parties should address LAFCO's mandate to preserve agricultural land, discourage urban sprawl, and encourage the orderly growth in government agencies, and should include a discussion of policies on regional transportation impacts and efficient development patterns. LAFCO further requires a property tax transfer agreement, approved by both the City Council and the County Board of Supervisors, to determine an application for Sphere of Influence/Annexation to be complete.

The GSA-MOU and 2019 Addendum address the topics of preservation of agricultural land, discouraging urban sprawl, encouraging the orderly growth in government agencies, and include a discussion of policies on regional transportation impacts and efficient development patterns. In April 2008, the City and the County entered into a Master Property Tax Transfer Agreement by adoption of Salinas City Council Resolution No. 19423 and Monterey County Board of Supervisors Resolution 80-249 (Master Tax Agreement). The Master Tax Agreement establishes the uniform property tax formula to be used as the basis for city annexations and remains in effect until January 1, 2023.

The purpose of this Pre-Agreement is to acknowledge the foreseeable annexations, reaffirm coordination of land use entitlement and CEQA compliance as agreed to in the GSA-MOU 2019 Addendum, and to analyze the property tax and revenue sharing formulas between the City and the County. Key terms negotiated terms include the following:

**Duration:** This Agreement shall remain in full force and effect for a term of five (5) years from the Effective Date with the ability to extend an additional five (5) years upon mutual agreement.

**Amendments:** The City and the County may amend this Agreement by written amendment mutually executed by both Parties. Such amendments shall not invalidate this Agreement or relieve or release either party from its obligations under this Agreement unless expressly stated to by such amendment.

**Consideration of Annexation:** The County supports LAFCO's annexation policies and application processes that provide opportunity to annex unincorporated areas to ensure the orderly and efficient provision of municipal services to the areas annexed and which encourage cities to consult with affected special districts to ensure that an annexation will not adversely affect the districts' ability to continue to provide services outside of the proposed annexation area.

**Property Tax, Sales Tax, and Transient Occupancy Tax Sharing; City Measure Taxes:** Upon annexation, the City and County agree to share the additional property, sales and transient occupancy tax revenues generated from the Annexation Area pursuant to the following formulas.

**Property Tax.** City and County proportional sharing of property taxes as stated in the Master Tax Agreement shall remain effective until revised. The City and County will further discuss and analyze the Master Tax Agreement consistent with LAFCO laws and procedures and as provided in the GSA-MOU 2019 Addendum.

**Transient Occupancy Tax (TOT).** Parties agree that County will retain 100% of TOT generated from the Annexation Area prior to annexation into the City. Post-annexation, City shall receive 100% of the TOT

generated from the areas annexed.

City Measure Taxes. Post-annexation the City shall receive 100% of the tax revenues attributable to City tax measures (Measure E, Measure G) generated from the areas annexed.

Cannabis Tax Revenue. Parties agree that County will retain 100% of cannabis tax revenue generated from the Annexation Area prior to annexation into the City. Post-annexation, the City shall receive 100% of the cannabis tax revenues generated within the areas annexed.

ENVIRONMENTAL REVIEW

The action to execute the pre-annexation agreement is not a “project” pursuant to CEQA either under Public Resources Code section 21065 or the “common sense” exception, or, alternatively, is exempt from CEQA as a planning or feasibility or planning action pursuant to CEQA Guidelines section 15262.

OTHER AGENCY INVOLVEMENT

The Office of the County Counsel has reviewed and approved the Pre-Annexation Agreement as to form and legality, and fiscal and insurance provisions, respectively.

FINANCING

There will be no cost to the County General Fund for providing these services. All costs associated with processing the discretionary application and associated environmental review for the project are borne by the applicant.

Due to late submission of this Board Report, the CAO Budget and Analysis Division was not provided adequate time to fully review for potential fiscal, organizational, policy, or other implications to the County of Monterey.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES

Agreements between the parties would promote the County as an organization that practices efficient and effective resource management and is recognized for responsiveness, strong customer orientation, accountability and transparency. All services will be fully funded by the owner or applicant.

Check the related Board of Supervisors Strategic Initiatives:

- Economic Development
- Administration
- Health and Human Services
- Infrastructure
- Public Safety

Prepared by: Erik V. Lundquist, AICP, Housing & Community Development Director

The following attachments are on file with the Clerk of the Board:  
Attachment A - Board Resolution Approving Pre-Annexation Agreement  
Attachment B - Draft Pre-Annexation Agreement