A G E N D A

CITY OF SEASIDE CITY COUNCIL/SUCCESSOR AGENCY TO REDEVELOPMENT AGENCY OF THE CITY OF SEASIDE	JOINT SPECIAL MEETING Council Chamber 440 Harcourt Avenue Thursday, October 5, 2017 5:30 PM

PLEASE TURN OFF YOUR CELL PHONES UPON ENTERING THE MEETING

1. CALL TO ORDER

Ralph Rubio	Mayor/Chair
Dennis Alexander	Mayor Pro Tem/Vice Chair
Jason Campbell	Council/Agency Member
David R. Pacheco	Council/Agency Member
Kayla Jones	Council/Agency Member

2. PLEDGE OF ALLEGIANCE

3. PUBLIC COMMENT

Members of the public wishing to address the City Council on matters within the jurisdiction of the City of Seaside, but not on this agenda, may do so during the Public Comment period for up to three minutes. Public Comments on specific agenda items are heard under that item. For the public record, please state your name.

4. CLOSED SESSION

A. PURSUANT TO GOVERNMENT CODE 54957.7 -PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: City Attorney

5. CONSENT AGENDA

A. APPROVE MINUTES OF SEPTEMBER 21, 2017

RECOMMENDATION: It is recommended that the minutes be reviewed and approved.

B. APPROVE AND FILE SUCCESSOR AGENCY CHECKS

PURPOSE: It is requested that the Agency Board approve and file the accounts payable and wired payments made during the period of September 9, 2017 through September 22, 2017. In addition, approval of the payroll and benefits checks, direct deposits and wired payments related to the period of September 14, 2017 is requested. Total Accounts Payable and Payroll for the above referenced period is $8,726.44.

RECOMMENDATION: It is recommended that the Agency Board approve and file the list of checks linked to this staff report.

6. STUDY SESSION

A. UPDATE ON POTENTIAL COMMUNITY REVITALIZATION AND INVESTMENT AUTHORITY AND ENHANCED INFRASTRUCTURE FINANCE DISTRICT ANALYSIS.

PURPOSE: To hear a presentation on the potential for forming a Community Revitalization and Investment Authority or an Enhanced Infrastructure Financing District in eligible areas within Seaside.

RECOMMENDATION: That City Council hear a presentation on the potential to form special tax increment financing districts and provide staff direction for future efforts.

B. RECEIVE PRESENTATION FROM BIDDING VENDORS FOR SOLAR PHOTOVOLTAIC DESIGN BUILD AND MAINTENANCE SERVICES CONTRACT

PURPOSE: To receive presentations from bidding firms for the City's Solar Photovoltaic Design, Build and Maintenance Contract.

RECOMMENDATION: That the City Council recieve the presentations from all bidders.

7. ADJOURNMENT

Next Regularly Scheduled Meeting:
October 19, 2017
Seaside City Hall
5:30 PM

The City of Seaside is committed to providing accessible facilities and accommodating people with disabilities in all of its services programs and activities. If special considerations are needed by any person to fully participate in this meeting, they are asked to contact the City Clerk at 899-6707 no fewer than two business days prior to the meeting to allow reasonable arrangements. The City Council chamber is equipped with a portable microphone and assisted listening devices are available at all meetings.

City Council Meetings that are held in the City Council Chambers are broadcast live to all Seaside residents on Comcast Channel 25 and U-verse Channel 99. Meetings are also available through live streaming at:
http://cvp.telvue.com/player?id=T01629&video=52314&noplaylistskin=1&width=400&height=300
Videos of past meetings are available on demand through the City's website: http://www.ci.seaside.ca.us

Agenda-related writings or documents provided during public meetings are available for public inspection during the meeting or from the office of the City Clerk. This agenda is posted in compliance with California Government Code Section 54954.2(a) or Section 54956.

DRAFT MINUTES

CITY OF SEASIDE	JOINT SPECIAL MEETING
CITY COUNCIL/ SUCCESSOR	COUNCIL CHAMBER
AGENCY TO THE	Thursday, September 21, 2017
REDEVELOPMENT AGENCY	5:00 PM

1. **CALL TO ORDER**

   Mayor Rubio called the meeting to order at 5:00 PM.

   CITY COUNCIL/SUCCESSOR AGENCY TO REDEVELOPMENT AGENCY OF THE CITY OF SEASIDE

   PRESENT: Alexander, Campbell, Jones, Pacheco, Rubio
   ABSENT: Campbell

2. **PLEDGE OF ALLEGIANCE**

   Council Member Pacheco led the Pledge of Allegiance.

3. **PUBLIC COMMENT**

   Mayor Rubio invited comments from the public and had no requests to speak.

4. **CLOSED SESSION**

   Mayor Rubio invited comments from the public regarding Closed Session items and had no requests to speak.

   The City Council adjourned to Closed Session at 5:04 PM.

   A. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9 (2) (d) - ANTICIPATED LITIGATION**

   B. **CONFERENCE WITH REAL PROPERTY NEGOTIATORS PURSUANT TO GOVERNMENT CODE SECTION 54956.8:**

   C. **CLOSED SESSION CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9**

   D. **PURSUANT TO GOVERNMENT CODE 54957.7 -PUBLIC EMPLOYEE PERFORMANCE EVALUATION**

   The meeting was reconvened at 6:40 PM, and City Attorney Freeman reported that the City Council authorized staff to file an appeal regarding a determination made on existing litigation. He also noted that the City Attorney performance evaluation was continued to the next meeting.

5. **CONSENT AGENDA**

   Mayor Rubio invited comments from the public and had no requests to speak.

   On motion by Mayor Pro Tem Dennis Alexander and seconded by Council Member Dave Pacheco and passed by the following vote the City Council approved the Consent Agenda as presented.

   RESULT: **Approved**

MOVER:	Mayor Pro Tem Dennis Alexander
SECONDER:	Council Member Dave Pacheco
AYES:	Ralph Rubio, Dennis Alexander, Jason Campbell, Dave Pacheco, Kayla Jones
NOES:	None
ABSENT:	None

A. <u>APPROVE THE MINUTES OF SEPTEMBER 7, 2017</u>

Action: Approved

B. <u>APPROVE AND FILE SUCCESSOR AGENCY CHECKS</u>

Action: Approved

6. <u>BUSINESS ITEMS</u>

A. <u>APPROVE A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE AN EXCLUSIVE NEGOTIATING AGREEMENT BETWEEN THE CITY OF SEASIDE AND GLOVER ENTERPRISES, A LOCAL DEVELOPMENT COMPANY FOR THE PURPOSE OF CONSIDERING THE REDEVELOPMENT OF THE NURSES BARRACKS STRUCTURES.</u>

Economic Development Manager Mr. Overmeyer explained the project as to adaptively reuse the buildings referred to as the Nurses Barracks into 38, two and three bedroom apartments to create workforce housing. The ENA under consideration provides enough time to accomplish CEQA, and pre-development tasks as well as to execute a purchase and sale agreement on the property.

Mayor Rubio invited comments from the public.

- Bill Weigle supports the idea of adaptive reuse and requested clarifying the approximate acreage to be clear that there is nothing proposed in the other 66 ares, and if so, he spoke in support of the approval.
- Mr. Brondas spoke in support of the project and encouraged other adaptive reuse projects in the area.
- Kay Cline spoke to the environmental elements built into the project, questioned how the City can enforce workforce housing, but spoke in support of the project.

Council Member Campbell requested clarification of the acreage to which staff responded that the remaining 70.4 acre parcel is not being considered at this time. Council Member Pacheco requested staff to expedite work for this project. Mayor Rubio thanked Mr. Glover for his patience and effort and is glad to move forward on a project with this aggressive schedule.

<u>On motion by Council Member Dave Pacheco and seconded by Council Member Jason Campbell and passed by the following vote the Successor Agency to the Redevelopment Agency of the City of Seaside Approved a Resolution authorizing the City Manager to execute and exclusive negotiating agreement with Glover Enterprises for the purpose of redevelopment of the Nurses Barracks structures.</u>

RESULT:	**Approved**
MOVER:	Council Member Dave Pacheco
SECONDER:	Council Member Jason Campbell
AYES:	Ralph Rubio, Dennis Alexander, Jason Campbell, Dave Pacheco, Kayla Jones

NOES:	None
ABSENT:	None

7. STUDY SESSION

A. CONDUCT A STUDY SESSION TO CONSIDER SHORT-TERM RENTAL ISSUES

Deputy City Manager Administrative Services Hodgson presented the item. She spoke to the definition of short term rentals, which is anything less than 30 days and explained that the industry is growing throughout the world, as a sharing economy trend, growing 85% in Seaside alone. She outlined the positives and challenges with the industry including personal income, the potential revenue of occupancy taxes, sales taxes and support of the regional tourism economy. She then outlined several concerns including a possible change of neighborhood character, local housing loss, impacts for parking, trash and other factors to neighborhoods. She explained that these can all be built into an ordinance to control through permitting of short term rentals. She outlined projected possible revenues based on an extremely conservative assumption, which may not be relevant with some policy issues decided by the Council. Ms. Hodgson expanded on the problems that may occur if the Council wishes to allow and regulate and explained elements they may want to address with legislation. Possible policy objectives presented include; protecting character of neighborhoods, eliminate party houses, ensuring building safety, reducing negative impact on affordability of housing available, permitting and tax compliance,. She reported that the City has gotten feedback that the property owners want to comply but encouraged to keep legislation simplistic as legislation that is too complex it will limit compliance. Ms. Hodgson outlined examples of possible regulations as well as possible regulatory approaches then she answered questions from the Council.

Council Member Pacheco expressed his position in support of regulation speaking to the impacts on tourism, hospitality industry and revenue possibilities. He spoke to examples of short term rental costs he found online at significant nightly cost, and he spoke in support of the regulations generating revenue for improved city services. Council Member Jones questions the potential for hotel job losses, and the impacts to community character and that she thinks Short Term Rentals decrease the availability of housing stock which is negatively impacting the housing market. Council Member Campbell question the enforcement mechanisms and what the potential cost of regulations would be if they were banned versus if they were just regulated. Mayor Pro Tem Alexander spoke to the significant increase in the trend nationally, and clarified the definition of short term rentals. He agreed that the parking issue is a city wide concern, but believes with the right regulation; the program could be less impacting. Mayor Rubio expressed concern regarding density and parking in the neighborhoods and that the City needs to ensure that the neighborhoods are also accountable to these standards and there is equal enforcement. He also stated that even in cities that do not allow STRs, these problems still exist because enforcement is challenging. If we regulate it, we can control it better and if done right, we can try to get some benefit for the neighborhoods that are impacted.

Mayor Rubio invited comments from the public

- A resident spoke to operating an STR since 2014 because she has no other income and spoke to the incredible experiences she has had in meeting people, to her revenue received and the opportunities it has helped to change her neighborhood dynamic.
- A resident said it is a serious problem and that the City should consider an ordinance, but also requested to help ensure that the affordable housing is not lost. Many long term rentals are not owner occupied and as long as it is not non-owner occupied, then it will not be a problem.
- Dennis V. spoke to the family home that was offered as an STR after their parents died as an alternative to selling the family home. He spoke to the way they direct his visitors to shop and dine in Seaside and is creating an image for Seaside that is different from what we have

had before. It's not the property owner's expectation to provide affordable housing in the City.

- Justine Villalaney thinks the new changes on Broadway will add character to the City. He agreed that banning STRs will not be added back into the housing stock. He believes that if we don't offer enough options locally, visitors will just go to different coastal communities.
- Nuguen strongly supports vacation rentals as beneficial to the local economy only when a city is receptive to new ideas can they be prosperous. If our residents can bring more people into the city, the city leaders should cheer and encourage this activity.
- Resident spoke that as a community citizens should come first, the shabby houses may be appreciated by those that live there as they may not be able to fix up the house. We are a community and should not be based just on business.
- A resident spoke to the said 135 homes offered as STRs, and if they were not allowed, there would be more availability of long term rentals for locals.
- Maricela one difference that she has seen in the community is that Seaside is community based and she is Seaside Proud of that. They are diverse and we are a family.
- Linda N. spoke in support of allowing STRs because Seaside needs more revenue coming into the City. Air BNB companies gets their percent so the City could take their revenue portion and apply it to street and infrastructure in the city. There is a lot of good that comes from allowing it and if hotels are mad then they should step up to the competition.
- Sue Hawthorne is keeping an open mind about the issue. What is attractive is that we can increase visitation without building more hotels. She agreed it should be owner occupied and questioned if it could include an offset toward affordable housing or homeless services or a way that makes it a more equitable arrangement. There are nuisances, but there are possible ways it can work for the city.
- Felix Bachofner agreed with sort of regulation. He then indicated that Seaside has become one of the most expensive cities to do business. One of the reasons the community does not develop is because the fee structure is not friendly. He encouraged legislation but cautioned there could be unintended consequences.

Council Member Jones strongly expressed her disdain for the idea and affirmed the fact that she is not in support of the regulation but only banning. She thinks property owners could also receive equal income from long term, versus short term rentals, and that she stated she does not believe it is true that other cities have STRs where they are banned. She believes that allowing STRs to operate only helps the STR operators and not the whole city. She spoke in support of a ban as she believes that the reduction in housing stock increases housing rates, and impacts seniors or people of color being pushed out of Seaside.

Council Member Pacheco agreed that there is an affordable housing crisis, but that this is not the cause or the solution and the negative potential impacts can be resolved through regulation and the revenue will have positive impacts to the entire city. Banning is a bad idea as it is going backwards and will be difficult and costly to enforce. Council Member Campbell also sees an affordable housing issue, but could be controlled by limiting the number of STRS. He requested staff to find a linkage between STRS and affordable housing.

Mayor Pro Tem Alexander spoke in support of the regulation but acknowledged possible impacts to the essential character of the neighborhood and requested this item come back with information about trends of how many STRs are allowed, and what % are taken off the market for housing. Mayor Rubio indicated that we cannot ignore this industry, and if it's going to happen the city then the neighborhoods should benefit. Mayor Rubio spoke to the fact that there have been zero affordable housing developments of any size built in twenty years and the last one was before there was recognition of the different definitions of low to moderate, low income, affordable were established as essential to a complete community. It will be impossible to determine how many affordable housing units are in the city because they were all built prior to the classification regulations. He reiterated that the city has regulated that 20% of all housing built be affordable housing.

Going forward the Council requested the item be brought back with draft regulations and information about how many affordable housing units we currently have in the City, to review information from the departments of Police, Fire and Building about their perspectives for enforcement, as well as have information about other jurisdictions regulations policies.

8. ADJOURNMENT

On motion, the meeting was adjourned at 8:35 PM.

Respectfully submitted,

Lesley Milton-Rerig, City Clerk	**Ralph Rubio, Mayor/Chair**

CITY OF SEASIDE
STAFF REPORT

Item No.: 5.B.

TO: Successor Agency to the Redevelopment Agency of the City of Seaside

FROM: Craig Malin, City Manager

BY: Daphne Hodgson, Deputy City Manager Administrative Services
Lori Merwin, Finance Assistant

DATE: October 5, 2017

SUBJECT: **APPROVE AND FILE SUCCESSOR AGENCY CHECKS**

PURPOSE

It is requested that the Agency Board approve and file the accounts payable and wired payments made during the period of September 9, 2017 through September 22, 2017. In addition, approval of the payroll and benefits checks, direct deposits and wired payments related to the period of September 14, 2017 is requested. Total Accounts Payable and Payroll for the above referenced period is $8,726.44.

RECOMMENDATION

It is recommended that the Agency Board approve and file the list of checks linked to this staff report.

BACKGROUND

In accordance with Government Code Section 37208, at each Agency Board meeting the Board is provided a listing of the payroll and general checks issued since the last report so that it can inspect and confirm these checks. Each purchase has been reviewed and approved by the department making the purchase at the time of procurement. The invoice has been reviewed by the Finance Department prior to payment to ensure that it conforms to the approved budget.

Therefore, in accordance with Government Code Section 37208, the above referenced, and linked list of checks conforms to the approved budget and has been paid. These checks are submitted to the Agency Board for inspection and confirmation.

A description of the checks and wires exceeding $10,000.00 is as follows:

There were no checks or wires exceeding $10,000.00 for the period covering September 9, 2017 through September 22, 2017.

The Checks report is available on the City's website here:
http://www.ci.seaside.ca.us/194/Check-Draft-Register

FISCAL IMPACT

The listed checks have been budgeted and paid from the various funds, as appropriate.

ATTACHMENTS

Reviewed for Submission to the
City Council by:

Craig Malin, City Manager

DRAFT

Community Revitalization & Investment Authority ("CRIA") Preliminary Feasibility Analysis

September 2017

Prepared By:

Kosmont Companies

Analysis Background

- **Existing conditions:**
  - 1,000+ acres of proposed/planned project areas within Seaside, including Main Gate, Campus Town / KB Bakewell, automotive development, golf course / resort development, and other potential future development within the City

- **Challenges:**
  - Existing infrastructure is inadequate to support future private development, including Fort Ord and City CIP improvements, significant project mitigation measures (e.g. transportation / transit, water / stormwater / sanitation / parks, fire / government facilities / special projects, habitat mitigation / building removal) – Improvements are needed
  - Inadequate funding to address infrastructure and affordable housing needs within the City
  - There are fewer economic development tools available to assist in area-wide revitalization following the dissolution of redevelopment agencies
  - Competition for new projects from neighboring jurisdictions

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Analysis Background *(Continued)*

- **Opportunity:**
  - State has prioritized installation of key local and regional infrastructure to promote sustainability, energy and resource efficiency, and GHG reduction
  - In support of these objectives, State authorized new tools including Community Revitalization and Investment Authorities ("CRIAs"), enabling tax increment financing for local / regional infrastructure, affordable housing and real estate projects
  - Planned and proposed projects drive increases in assessed value, which can be captured by a CRIA via tax increment
  - Necessary infrastructure improvements within and around the project area are eligible CRIA expenditures
  - Cities like Seaside can additionally take advantage of the State's preference to provide grant funds to CRIAs that pursue sustainable infrastructure and resource management

Executive Summary

- Kosmont was retained earlier in 2017 to evaluate the practical and financial / economic feasibility of CRIA (or EIFD) to support the financing of essential infrastructure and affordable housing improvements in the City
- Key findings:
  - A significant portion of the City qualifies for CRIA
  - CRIA has the capacity to serve as a financial vehicle to help fund key infrastructure and affordable housing and spur revitalization in the City
  - CRIA would be most effective with multi-jurisdictional / taxing entity partnerships (e.g. w/ County, FORA, special districts) and complementary funding sources (e.g. grant funds, CFD, impact fees, reimbursable developer contributions)
- Next steps include outreach to potential public and private sector stakeholders / partners (e.g. land owners / developers, County, FORA, other taxing entities)

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Analysis Outline

1. **Review of CRIA Fundamentals (AB 2 / AB 2492)**
2. **Strategic / Boundary Considerations for Seaside**
   a) CRIA Qualification
   b) Proposed Future Development
   c) Potential Public and Private Partners
3. **Funding and Financing**
   a) Infrastructure Needs
   b) Preliminary Tax Increment Analysis
   c) Complementary Funding Sources / Financing Mechanisms
4. **Implementation and Next Steps**

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1. Review of CRIA Fundamentals (AB 2 / AB 2492)

"Economic Development 2.0" Gives Cities new Financing Tools

- State has approved new "districts" including **CRIAs** (and EIFDs, others)
- Enables tax increment financing (TIF)
- Encourages joint ventures with cities, counties, special districts, and private developers
- New districts geared towards infrastructure, affordable housing, sustainability
- Can combine tax increment with other regional and state-authorized financing programs such as Cap-and-Trade / GGRF grant funds
- No school district increment allowed
- Does not increase property taxes

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CRIA (AB 2 / AB 2492) Overview

- Restores provisions of former Community Redevelopment Law, targeting disadvantaged communities
- Formed by City or Joint Powers Authority, governed by 5+ member board, including at least 2 public members who live or work within the CRIA area
- Allows projects to be financed by bonds serviced by tax increment
  - 30 years to issue debt; 45 years to repay indebtedness
- Powers of eminent domain granted to CRIAs within first 12 years of district
- **No voter approval for formation or bond issuance**, but subject to **majority protest** at adoption (3 public hearings) and every 10 years
- **25% affordable housing set-aside**
- **Must meet qualification requirements**

CRIA Eligibility / Qualification

- **Qualifying Conditions of a Community Revitalization Area:**
  - **80% of land (calculated by census tracts or block groups) must have median household income less than 80% of statewide / countywide / citywide median**
  - **Must exhibit at least three of the following conditions:**
    1. Non-seasonal unemployment rate 3 percentage points higher than statewide median
    2. Crime rates are 5% higher than statewide median
    3. Deteriorated or inadequate infrastructure
    4. Deteriorated commercial or residential structures

  - **Alternatively, former military base areas** qualify where principally characterized by deteriorated infrastructure and private structures
  - As another alternative, AB 2492 (signed 2016) adds ability to qualify under CalEPA designation as disadvantaged community (based on geographic, socioeconomic, public health, environmental factors)
  - **In any case**, Successor agency must have Finding of Completion from DOF and comply with all orders from Controller (Seaside received FOC 3/28/14)

Review of Eligible CRIA Expenditures

Water / Sewer

Roadway / Sidewalk

Parks / Transit Infrastructure

Assist Businesses

Affordable Housing

Brownfield Remediation

Emphasis on infrastructure and affordable housing

Eligible Expenditure Detail

- **<u>Project implementation:</u>**
  - Provide funding to rehabilitate, repair, upgrade, or construct **infrastructure**
  - Provide for low- and moderate-income **housing**
  - Remedy or remove hazardous substances pursuant to **Polanco Redev. Act**
  - Provide for **seismic retrofits** of existing buildings
  - **Acquire and transfer real property**
  - Construct foundations, platforms, and other like structural forms necessary for the provision or utilization of air rights
  - **Provide direct assistance to businesses** within the plan area in connection with new or existing facilities for **industrial or manufacturing uses**
- **<u>Financing and funding sources</u>**:
  - Issue bonds
  - Borrow money, receive grants, or accept financial or other assistance or investment from state / federal / other public agencies / private lending institutions
  - Qualify for funding as a disadvantaged community
  - Coordinate with qualified community development entity for investment of New Market Tax Credits
  - **Make loans or grants for owners or tenants** to improve, rehabilitate, or retrofit buildings or structures

Source: AB 2 / AB 2492

2. Strategic / Boundary Considerations for Seaside

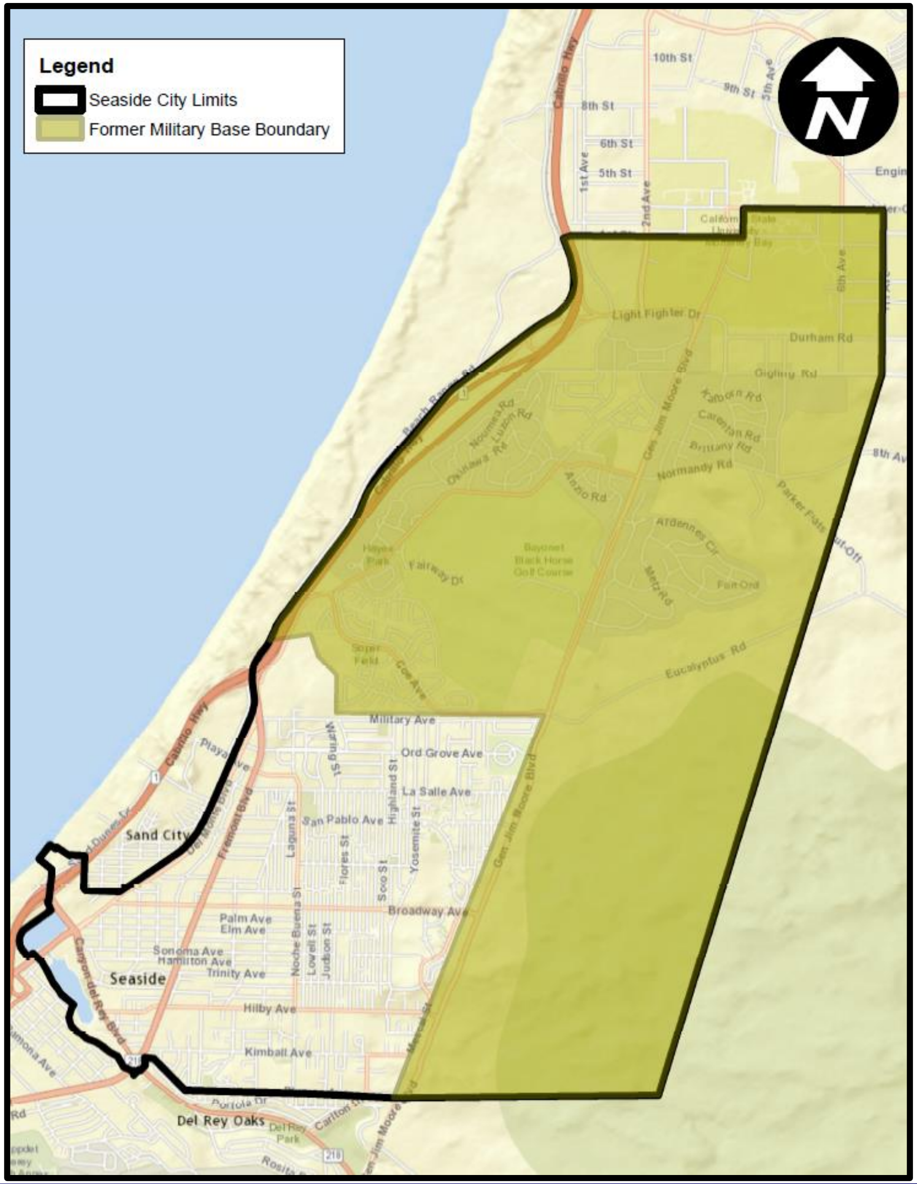
a) CRIA Qualification
b) Proposed Future Development
c) Potential Public and Private Partners

Key Initial Observations

- Potential development in and around potential CRIA area and the required supporting infrastructure and affordable housing are the key drivers for district formation
- A significant portion of the City qualifies for CRIA based on former military base designation principally characterized by deteriorated infrastructure and private structures
- Additional areas in the Downtown / West Broadway Urban Village (WBUV) area of the City qualify for CRIA based on income and crime criteria
- Redevelopment of existing infrastructure and installation of new infrastructure, as well as the availability of affordable housing is essential to serve and incentivize future private investment and development
- Primary goals of CRIA formation include capturing value growth from new private development to support needed infrastructure and affordable housing

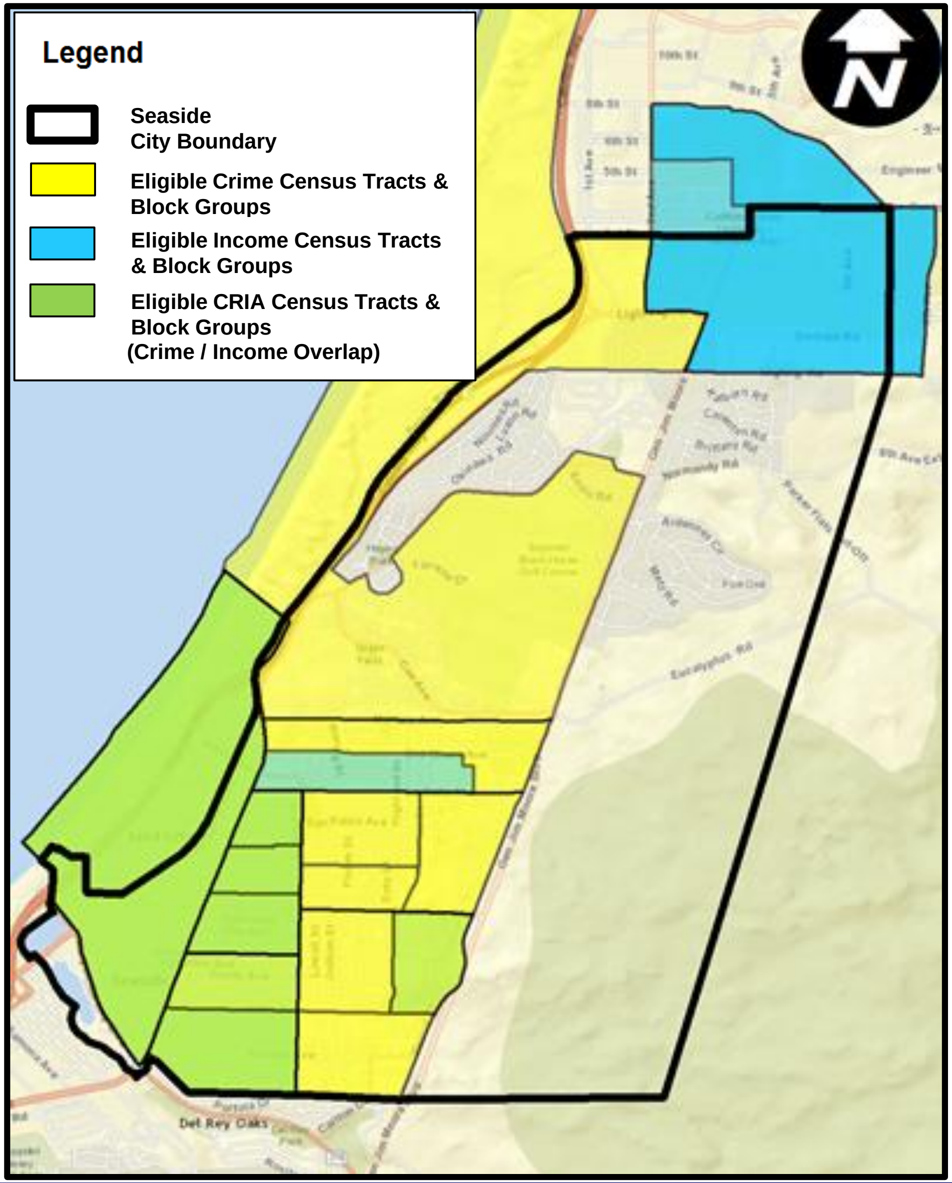
CRIA-Qualifying Area

Former Fort Ord Military Base Designation

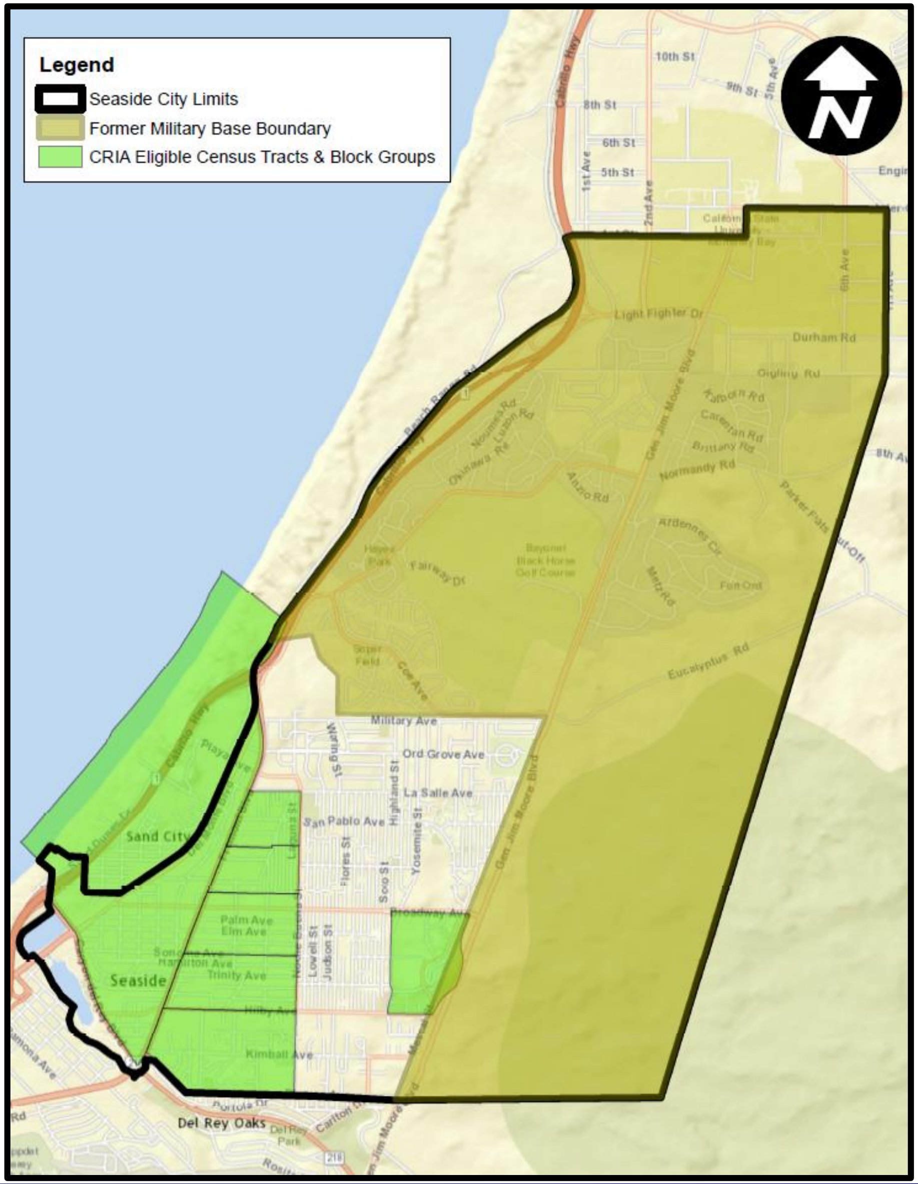


CRIA-Qualifying Area

Based on Crime & Income

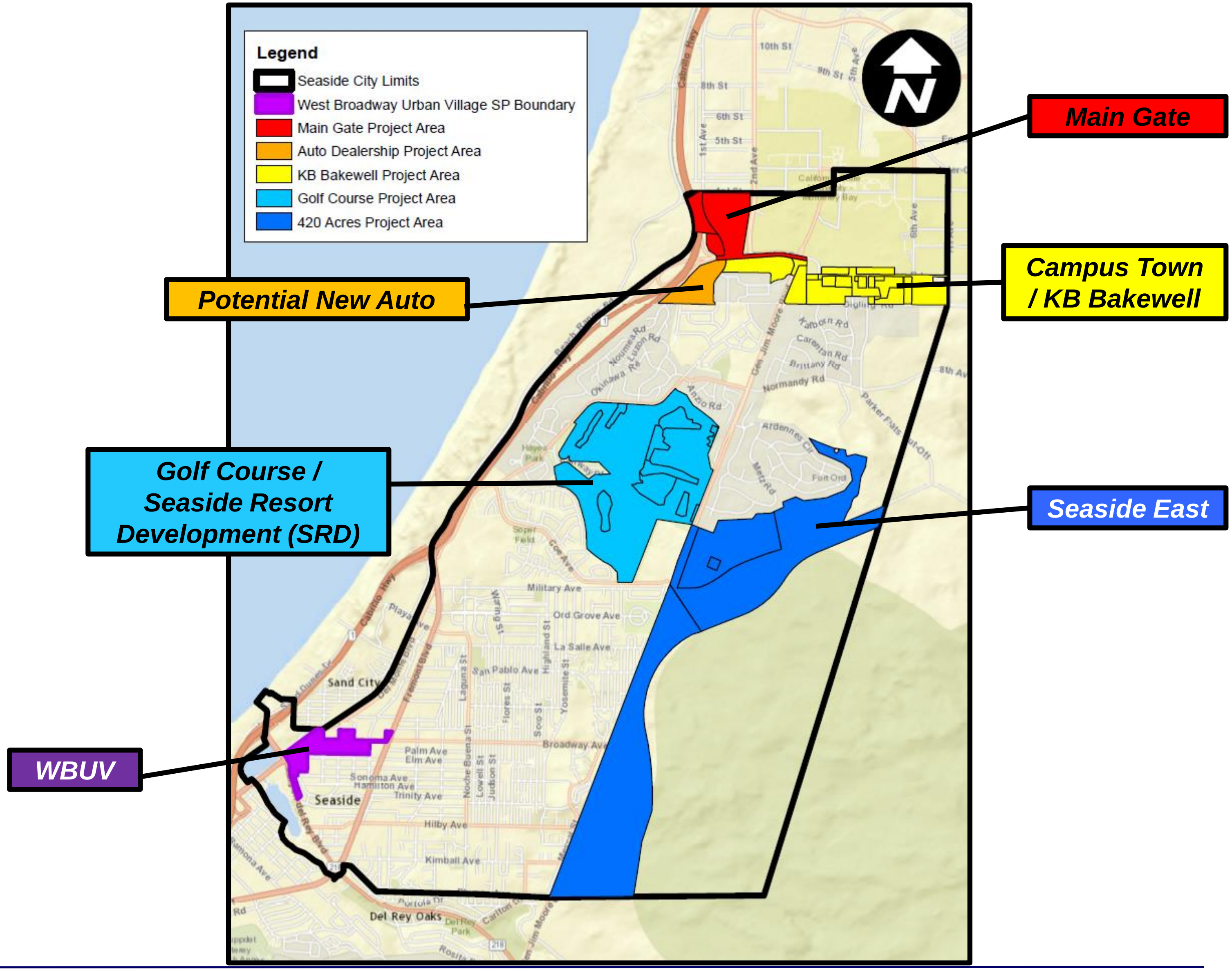


Total CRIA-Qualifying Area



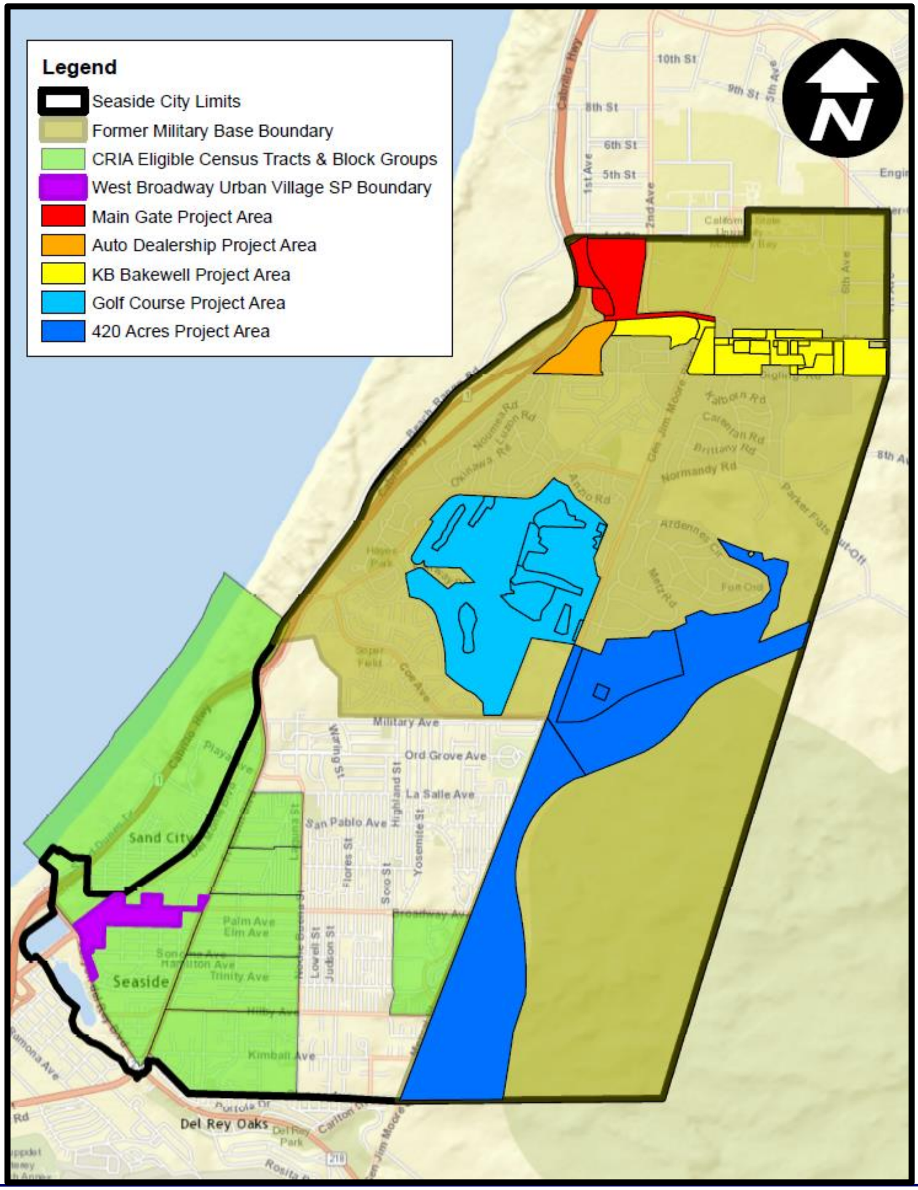
Selected Planned / Proposed Projects

1,080+ Acres



Note: Project boundaries approximated

Selected Planned / Proposed Projects
Within CRIA Qualifying Areas



Note: Project boundaries approximated

Summary of Strategic Considerations

Parcel Details / Potential Projects

- 1,000+ acres in proposed project areas for future development / redevelopment, all within CRIA-qualifying areas
- ~$1 billion in potential new assessed value from Campus Town / KB Bakewell, Main Gate, new auto development, Seaside East, Golf Course / SRD, and other potential future development

Desired Land Uses

- Residential / student housing / time share
- Commercial / retail / restaurant / automotive
- Business park / office / incubator
- Hotel / conference / recreational
- Supporting public amenities

Infrastructure Needs

- Fort Ord and City CIP improvements, significant project mitigation measures, e.g.:
- Transportation / transit
- Water / stormwater / sanitation / parks
- Fire / government facilities / special projects
- Habitat mitigation / building removal
- Approx. $540+ million in total necessary improvements identified

Potential Partners

Public Agencies:

- City of Seaside
- Monterey County / County Library
- Monterey Regional Park District
- Fort Ord Reuse Authority (FORA)

Private Sector:

- KB Bakewell, Main Gate, SRD developers
- Other major landowners / developers

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3. Financing and Funding

a) Infrastructure Needs
b) Preliminary Tax Increment Analysis
c) Complimentary Funding Sources / Financing Mechanisms

Infrastructure Cost Estimates

- City provided Kosmont with cost infrastructure estimates within proposed CRIA Project Area:

Fort Ord CIP	Estimated Cost
Transportation/Transit	$149,583,645
Habitat Mitigation	$55,828,688
Water Augmentation	$23,902,296
Fire	$19,425,408
Building Removal	$7,727,002
Total	**$256,467,039**

City of Seaside CIP	Estimated Cost
Govt. Facilities	$97,706,772
Transportation	$91,138,469
Stormwater	$68,625,000
Sanitation	$18,403,012
Parks	$4,780,000
Water	$4,432,934
Special Projects	$2,253,900
Total	**$287,340,087**

Main Gate EIR Mitigation	$1,670,000

$540+ million in required public improvements

Source: Fort Ord, City of Seaside Capital Improvement Programs (CIP)

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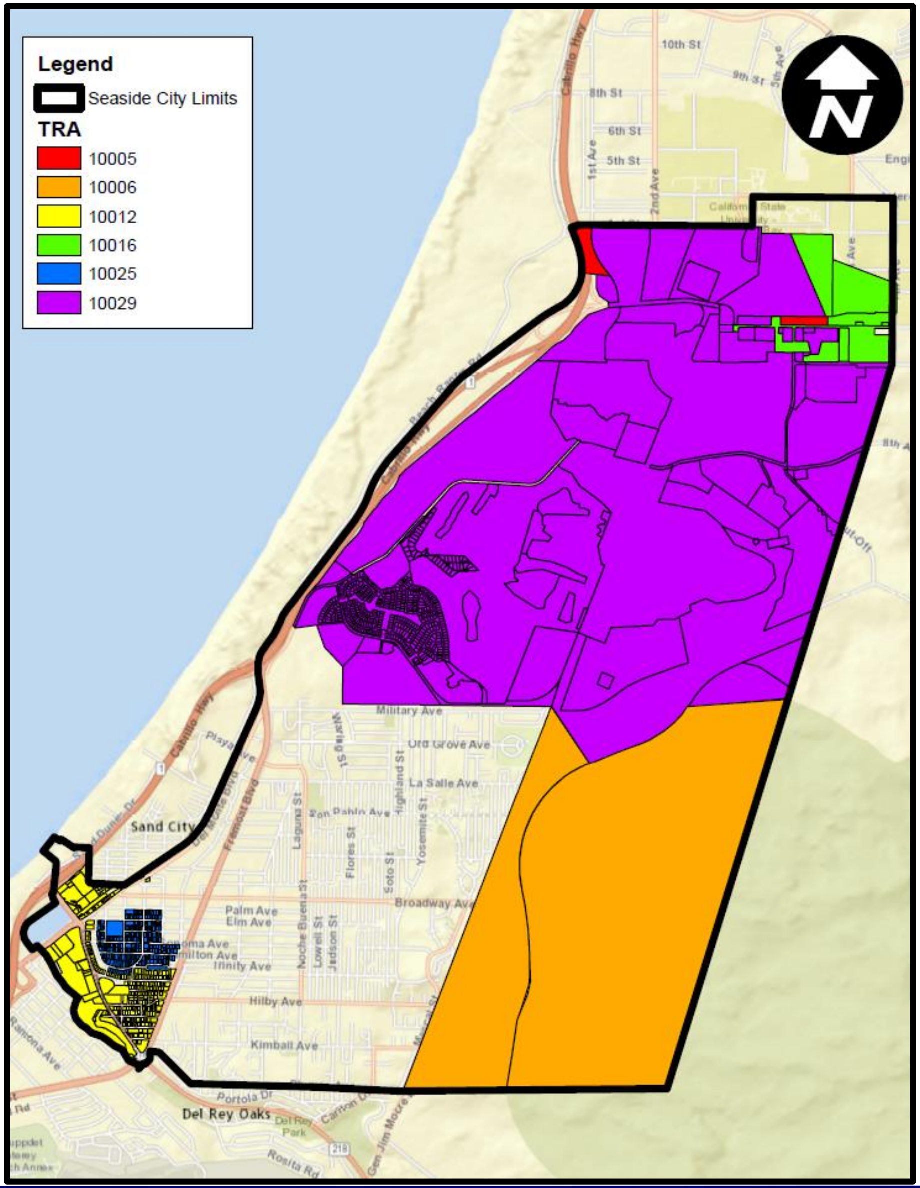
Select Tax Rate Areas (TRAs) Within the City



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Property Tax Distribution Detail
Pre-FORA Dissolution

Tax Rate Area	Location / Description	City of Seaside	City of Seaside Sanitation District	Fort Ord Reuse Authority (FORA)	Monterey County General Fund	Monterey County Library
Various	Former Fort Ord Areas (incl. Campus Town / KB Bakewell, Main Gate, auto, Seaside East, Golf Course / SRD)	0.247984	0.000000	0.247984	0.177131	0.015492
10-012 10-025	Downtown / WBUV	0.230553	0.023865	0.000000	0.226292	0.020882

Notes:
- Factors represent cents for every dollar of 1% property tax general levy (pre-ERAF)
- Where tax rate areas overlap with former RDA project areas, property tax distribution is superseded by separate project-area-wide distribution schedule until expiration / maturation of outstanding Successor Agency enforceable obligations (currently scheduled for 2047)

Property Tax Distribution Detail
Post-FORA Dissolution

Tax Rate Area	Location / Description	City of Seaside	City of Seaside Sanitation District	Monterey County General Fund	Monterey County Library	Monterey Regional Park District
10-005	Main Gate, portion of Campus Town / KB Bakewell	0.236296	0.000000	0.231930	0.021402	0.010919
10-006	Southeast region of City, portion of 420-acre site	0.236296	0.000000	0.231930	0.021402	0.010919
10-012 10-025	Downtown / WBUV	0.230553	0.023865	0.226292	0.020882	0.010654
10-016	Northeast region of City, portion of includes Campus Town / KB Bakewell	0.238221	0.000000	0.233819	0.021576	0.011008
10-029	North/central portion of City, Auto site, Golf Course	0.236296	0.000000	0.231930	0.021402	0.010919

Notes:
- Factors represent cents for every dollar of 1% property tax general levy (pre-ERAF)
- Where tax rate areas overlap with former RDA project areas, property tax distribution is superseded by separate project-area-wide distribution schedule until expiration / maturation of outstanding Successor Agency enforceable obligations (currently scheduled for 2047)

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Preliminary Tax Increment Analysis
Development Assumptions

- Kosmont ran a baseline tax increment analysis to determine district revenue potential based on planned / proposed projects and future development potential
- Development & assessed value assumptions (based on planned / proposed projects):

Seaside CRIA Area Development Assumptions			
Development Type	**Approx. SF / Units**	**Per Unit Factor**	**Estimated AV at Buildout**
Residential / student housing / time share	1,639 units	$125K-$450K / unit	~$430,000,000
Commercial / retail / restaurant / auto	433,000 SF	$200-800 PSF	~$178,000,000
Business park / office / incubator	1,230,000 SF	$125-$150 PSF	~$176,000,000
Hotel / conference / recreational	775 rooms	$200K / room	~$172,000,000
Estimated Total			**~$956,000,000**

Note: Values in 2017 dollars

Estimate of Net Available Revenues

- **Financing Scenario**:
  - City of Seaside contributes all of its total ~24.8 cents of property tax increment
  - City dedicates all of its incremental property tax in lieu of MVLF (~$1,400 annually for every $1 million in new assessed value within the CRIA)
  - FORA contributes all of its total ~24.8 cents of property tax increment
  - Monterey County contributes half (~8.9 cents) of its total 17.7 cent share – ***County must consent***
- Estimate of total available revenues:

Annual Revenue	City Base Prop. Tax	City VLF Prop Tax	FORA Prop Tax	County Prop. Tax	Total Available
Year 5	$1,411,310	$807,374	$1,411,310	$504,039	$4,134,035
Year 10	$2,637,748	$1,508,988	$2,637,748	$942,053	$7,726,537
Year 15	$2,918,869	$1,669,810	$2,918,869	$1,042,453	$8,550,001
Year 20	$3,229,249	$1,847,370	$3,229,249	$1,153,303	$9,459,171
50-Year Total	**$179,251,827**	**$102,545,367**	**$179,251,827**	**$64,018,510**	**$525,067,531**
25% Aff. Housing	*$44,812,957*	*$25,636,342*	*$44,812,957*	*$16,004,627*	*$131,266,883*
Unrestricted	*$134,438,870*	*$76,909,026*	*$134,438,870*	*$48,013,882*	*$393,800,648*

- Compare to initial estimate of required infrastructure improvement costs ~**$540+ million**
- Does not include potential additional contributions from other taxing entities

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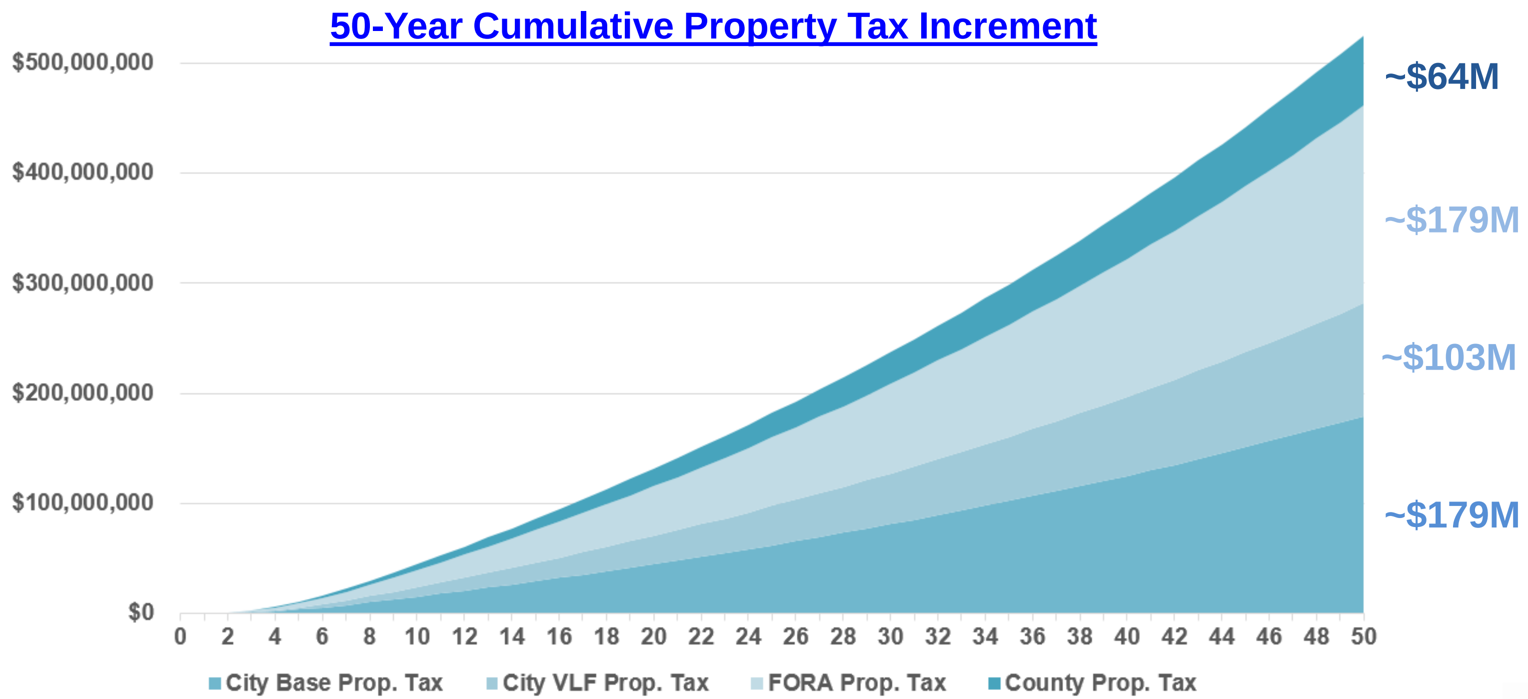
Cooperative Districts = Greater Funding Capacity

- ~$960 million development projects developed over 20 years
- City base property tax contribution ~$179 million over 50 years
- City property tax in-lieu of VLF contribution ~$103 million over 50 years
- FORA property tax contribution ~$179 million over 50 years
- County property tax contribution ~$64 million over 50 years
- In this scenario, the CRIA's cumulative property tax revenues total ~**$525 million** over 50 years (nominal 2017 dollars)



Potential Bonding Capacity

- Estimates of potential bonding capacity utilizing same annual revenue projections:

	Net Annual Revenue*	Estimated Bond Amount**	Estimated Net Proceeds***
Year 5	$3,282,000	$47,703,000	$43,217,000
Year 10	$6,156,000	$89,473,000	$81,277,000
Year 15	$6,815,000	$99,047,000	$90,002,000
Year 20	$7,542,000	$109,618,000	$99,634,000

(1) Bondable revenue assuming $25,000 admin charge; 125% debt service coverage

(2) 5.5% interest rate; 30 year term

(3) Proceeds net of 2% underwriter's discount, estimated reserve fund (minimum annual debt service), incidental costs estimated at $250,000

Source: Kosmont Transactions Services (KTS)

Former RDA Overlap – Implications

- Revenue will be affected by potential dissolution of **FORA** as previously shown
- Additionally, Downtown / WBUV area overlaps with other (non-FORA) former Redevelopment (RDA) projects areas
- The Seaside former RDA has long-term enforceable obligations (~$23.2 million in City/County loans, tax allocation bonds and other obligations) through 2047
- Pursuant to CRIA legislation:
  - Any debt or obligation of a CRIA is **subordinate** to any and all existing enforceable obligations of the former redevelopment agency
  - Available revenues to the CRIA shall **not** include any taxes required to be deposited [first] into the Redevelopment Property Tax Trust (RPTTF), but shall include periodic distributions to the City or County from the RPTTF after all pre-existing legal commitments and statutory obligations funded from that revenue are made (i.e. **residual revenues**)

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Start-Up / Complementary Funding Sources

Start-up Capital – an important component of CRIA formation

- At formation, CRIAs have zero revenues and tax increment is minimal
- Seaside may consider the following potential complimentary funding sources to provide initial capital for needed infrastructure in Project Area:
  1. Initial developer loan or pledge repaid through credit and reimbursement agreement
  2. Development impact fee levies
  3. Grant funding (e.g. GGRF grant application for sustainable infrastructure, Proposition 84 funds for flood control improvements)
  4. CFD / other special district taxes, fees and/or assessments
  5. City / county / special district loans
  6. SB 1 Road Maintenance / Rehabilitation local return funds (**~$585K annually**)

4. Implementation and Next Steps

Key Considerations for Implementation

- **Funding Capacity** – CRIA is most effective with multi-jurisdictional / taxing entity partnerships (e.g. City, County, FORA, special districts) and complementary funding sources (e.g. GGRF grant funds, CFD, impact fees, developer contributions)
  - All affected taxing entities have more to gain if private development is induced
  - Cooperative taxing entity efforts can attract private investment (and State grant funds) more efficiently

- **Timing for adoption** – Necessary to coordination formation efforts with County Auditor-Controller and State Board of Equalization

CRIA Formation and Governance

Two ways to form a CRIA:

- (1) a city, county, or city and county; administered by a five-member board; or
- (2) a city, county, or special district, or any combination of those local governments (joint powers agreement); administered by members of the public agencies that created the authority
- In both cases, the body must include at least two members of the public who live or work in the CRIA area

Adoption Process & Notable Requirements / Authority

- **CRIAs required to adopt a Community Revitalization & Investment Plan**
  - Confirm CRIA boundaries
  - Form the CRIA governing board
- **Plan Must Include:**
  - Description of principal goals & objectives
  - Description of the deteriorated or inadequate infrastructure in area
  - Housing program
  - Estimated housing revenues & expenditures
  - Program to remedy or remove hazardous materials
  - Program to provide funding / facilitate economic revitalization
- **Procedure for Plan Adoption & Ongoing Accountability:**
  - Plan adopted over a series of three pubic hearings (30 days apart)
  - Final version of plan may be subject to majority protest vote
  - Every ten years the CRIA conducts proceedings with property owners & residents to allow protests against continuing work of authority
- **25% affordable housing requirement**

Potential CRIA Formation Timeline

1. Conduct public outreach with landowners / community stakeholders / County / taxing entities ***(ASAP)***
2. Final determination of CRIA boundaries, tax increment and revenue contributions ***(target Q1 2018)***
3. City adopts resolution creating the Authority / initiates preparation of CRIA Plan ***(Q1 2018)***
4. Complete draft CRIA Plan and applicable tax-sharing resolutions / agreements with partner agencies ***(Q1-Q2 2018)***
5. Public notice for first public hearing / make draft CRIA Plan available to public and property owners ***(Q2 2018)***
6. First public hearing (present draft Plan, answer Q's, consider comments) ***(30 days after notice ~Q2'18)***
7. Second public hearing (consider additional comments, take action to modify or reject Plan) ***(30 days after first meeting ~Q2-Q3 2018)***
8. Third public hearing (protest opportunity) / Plan adoption ***(30 days after second meeting ~Q3 2018)***
9. Election held within 90 days if between 25% and 50% of property owners and residents age 18+ protest
10. CRIA implements Plan (subject to CEQA for proposed projects / improvements)

- Assessment roll equalized August 20 each year
- Tax increment flows to CRIA in tax year after the December 1 first following adoption of Plan
- Taxing entities may adopt resolutions in the future to direct property tax increment to CRIA
- Annual Report and Independent Financial Audit (paid for by CRIA)
- Protest hearing every 10 years / Affordable Housing Audit every ~5 years

Next Steps

1. Present initial findings to City Council for feedback / direction
2. Outreach to potential public and private entity partners (e.g. City, County, FORA, landowners, developers)
3. Refine private development projections in project area and finalize boundaries
4. Prioritize and quantify infrastructure needs and timing
5. Evaluate opportunities for external funding sources (e.g. GGRF Cap and Trade grant, state/federal transportation funding, etc.)
6. Initiate formation process, including governing board formation, preparation of guiding documentation, review and approval of CRIA Plan

Disclaimer

The analyses, projections, assumptions, rates of return, and any examples presented herein are for illustrative purposes and are not a guarantee of actual and/or future results. Project pro forma and tax analyses are projections only. Actual results may differ from those expressed in this analysis.

Discussions or descriptions of potential financial tools that may be available to the City are included for informational purposes only and are not intended to be to be "advice" within the context of this Analysis.

Municipal Advisory activities are conducted through Kosmont Companies' affiliate, Kosmont Transaction Services, which is Registered as a Municipal Advisor with the SEC and MSRB.

Thank You / Questions?

Kosmont Companies

1230 Rosecrans Avenue, Suite 630
Manhattan Beach
Telephone: (424) 297-1070
www.kosmont.com

Appendix:

Development and Revenue Projection w/o CRIA

Preliminary Tax Increment Analysis Development Assumptions

- Kosmont ran an alternative tax increment analysis to determine district revenue potential based on more limited, slower development / absorption absent capital investment w/ CRIA
- Development & assessed value assumptions (assumes large portion of Campus Town and Main Gate still move forward):

Seaside CRIA Area Development Assumptions *(NO-CRIA SCENARIO)*			
Development Type	**Approx. SF / Units**	**Per Unit Factor**	**Estimated AV at Buildout**
Residential / student housing / time share	1,290 units	\$125K-\$450K / unit	~\$335,000,000
Commercial / retail / restaurant / auto	308,000 SF	\$200-800 PSF	~\$75,000,000
Business park / office / incubator	30,000 SF	\$125-\$150 PSF	~\$5,000,000
Hotel / conference / recreational	445 rooms	\$200K / room	~\$102,000,000
Estimated Total			**~\$517,000,000**

Note: Values in 2017 dollars

Estimate of Net Available Revenues

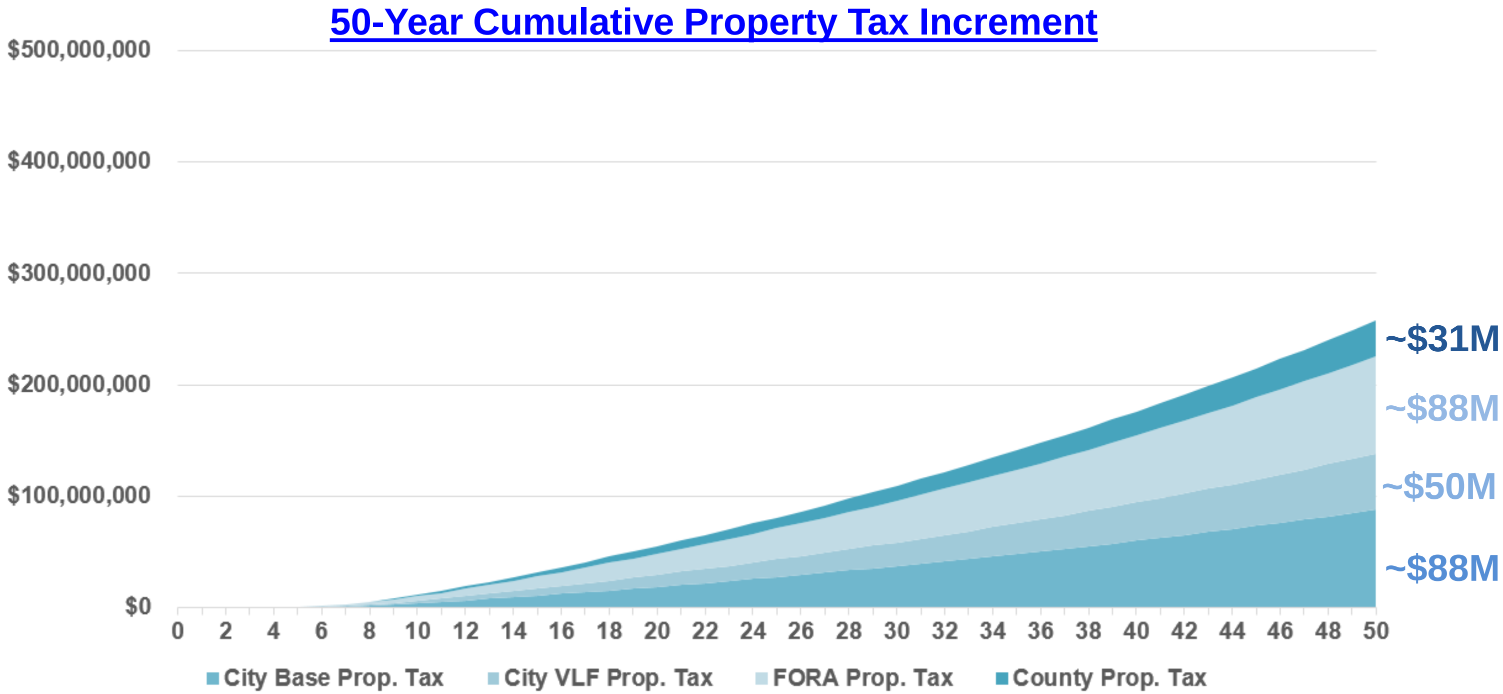
- **Financing Scenario**:
  - City of Seaside contributes all of its total ~24.8 cents of property tax increment
  - City dedicates all of its incremental property tax in lieu of MVLF (~$1,400 annually for every $1 million in new assessed value within the CRIA)
  - FORA contributes all of its total ~24.8 cents of property tax increment
  - Monterey County contributes half (~8.9 cents) of its total 17.7 cent share – ***County must consent***
- Estimate of total available revenues:

Annual Revenue	City Base Prop. Tax	City VLF Prop Tax	FORA Prop Tax	County Prop. Tax	Total Available
Year 5	$213,242	$121,990	$213,242	$76,158	$624,631
Year 10	$1,169,387	$668,976	$1,169,387	$417,638	$3,425,388
Year 15	$1,489,170	$851,916	$1,489,170	$531,847	$4,362,103
Year 20	$1,650,746	$944,349	$1,650,746	$589,552	$4,835,393
50-Year Total	**$87,856,415**	**$50,260,399**	**$87,856,415**	**$31,377,291**	**$257,350,520**
25% Aff. Housing	*$21,964,104*	*$12,565,100*	*$21,964,104*	*$7,844,323*	*$64,337,630*
Unrestricted	*$65,892,311*	*$37,695,299*	*$65,892,311*	*$23,532,968*	*$193,012,890*

- Compare to initial estimate of required infrastructure improvement costs ~**$540+ million**
- Does not include potential additional contributions from other taxing entities

Cooperative Districts = Greater Funding Capacity

- ~$960 million development projects developed over 20 years
- City base property tax contribution ~$88 million over 50 years
- City property tax in-lieu of VLF contribution ~$50 million over 50 years
- FORA property tax contribution ~$88 million over 50 years
- County property tax contribution ~$31 million over 50 years
- In this scenario, the CRIA's cumulative property tax revenues total ~**$257 million** over 50 years (nominal 2017 dollars)



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Potential Bonding Capacity

- Estimates of potential bonding capacity utilizing same annual revenue projections:

	Net Annual Revenue*	Estimated Bond Amount**	Estimated Net Proceeds***
Year 5	$475,000	$6,899,000	$6,037,000
Year 10	$2,715,000	$39,464,000	$35,709,000
Year 15	$3,465,000	$50,355,000	$45,633,000
Year 20	$3,843,000	$55,858,000	$50,647,000

(1) Bondable revenue assuming $25,000 admin charge; 125% debt service coverage

(2) 5.5% interest rate; 30 year term

(3) Proceeds net of 2% underwriter's discount, estimated reserve fund (minimum annual debt service), incidental costs estimated at $250,000

Source: Kosmont Transactions Services (KTS)

CITY OF SEASIDE
STAFF REPORT

Item No.: 6.B.

TO: Successor Agency to the Redevelopment Agency of the City of Seaside

FROM: Craig Malin, City Manager

BY: Craig Malin, City Manager

DATE: October 5, 2017

SUBJECT: **RECEIVE PRESENTATION FROM BIDDING VENDORS FOR SOLAR PHOTOVOLTAIC DESIGN BUILD AND MAINTENANCE SERVICES CONTRACT**

PURPOSE

To receive presentations from bidding firms for the City's Solar Photovoltaic Design, Build and Maintenance Contract.

RECOMMENDATION

That the City Council recieve the presentations from all bidders.

BACKGROUND

The City solicited bids for contracting with a highly qualified Solar Photovoltaic firm to deliver a complete Solar Photovoltaic Design, Build, and Maintenance Services project, including engineering services, financing alternatives, project management, materials, equipment, labor, subcontracting where required, and all necessary activities for a project.

The selected firm shall be responsible for design, installation, commissioning and maintenance through a minimum three year warranty period of a Solar Photovoltaic System at City Hall, at a guaranteed maximum price under $500,000, for a turnkey project which optimizes solar-derived kilowatt hours.

The services sought include reducing the purchased energy and associated operating cost of Seaside City Hall, providing an aesthetically-pleasing solar display for public demonstration, and providing opportunities for the use of Solar Photovoltaic (PV) such as a car charging station and/or device charging stations where appropriate.

The bid closing date was Wednesday September 27th, 2017 and there were three bids received.

The City has invited each of the three responding firms the opportunity to make a brief presentation to the City Council. The presentations are optional and supplemental to the staff review process, which we expect will result in a recommendation to the City Council at their October 19 meeting.

For the presentation structure, each proposer will have eight minutes to address the following three topics:

1) Firm qualifications and experience
2) Approach to the City Hall project
3) Expected cost, and estimated payback period, based on City Hall annual power consumption of 306,160 kWh, at an average cost of $.168 per kWh.

Proposers can augment their presentation beyond these three topics if they wish, but the presentation must include these three topics and cannot exceed eight minutes.

In the interest of time, and so as not to pre-judge the final selection of the recommended vendor, it is suggested that Council Members ask not more than one question of each vendor.

FISCAL IMPACT

None at this time. Staff ancitipates the contract to come back before the Council at the October 19th meeting.

ATTACHMENTS

Reviewed for Submission to the
City Council by:

Craig Malin, City Manager