



FINAL MINUTES

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

JOINT SPECIAL MEETING
COUNCIL CHAMBER
Thursday, December 7, 2017
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: None The City Council reconvened to open session at 6:20 PM.

2. **PLEDGE OF ALLEGIANCE**

Council Member Jones led the Pledge of Allegiance.

3. **PUBLIC COMMENT**

Mayor Rubio invited comments from the public.

- Ed Sawhney expressed concern about the SRD project because it looks like a good tax break to a developer and wondered why it needed to be community subsidized. He believed the vote would expose the City to \$72 million in liability and puts a large burden on the community and not on the developer or the resort. How will the agreement impact the city 15 to 20 years in the future and requested to understand the basis for the analysis.
- LisAnne Sawhney echoed Mr. Sawhney's comments, and was disappointed that nothing was being done over the last 10 years and the extent of the rebate to the developer. Often these mechanisms are used when there are infrastructure and development challenges and if there are already entitlements, this is unnecessary to offset costs to the developer. She requested the city to solicit and RFP for a new development proposal so the city could get a better deal and profit from the sale.
- Raul Jojibrandus did speak to the article in the Newspaper explaining that it was a revenue sharing agreement not a subsidy or a rebate, where the city was to receive \$69 million and cost share for the \$72 million dollars. If there is a great need for the developer to give that rebate, and if there are good reasons. He is in support of the project and the projected revenues that it will bring for city enhancements.
- Sara McDermot Senior Research Associate from Unite Here, Local 19 working on new hotel development in many municipalities. She believes the agreement does not guarantee labor peace, and urged strengthening the language to assure labor peace prior to approval.

Public Comment was closed and the City Council adjourned to closed session at 5:15 PM.

4. CLOSED SESSION

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

Conference with legal counsel regarding significant exposure to litigation (eight potential cases).

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

Properties Under Discussion: Seaside Resort Development: 1 McClure Way
Negotiator for the City: Craig Malin, City Manager.
Under Negotiation: Price, Terms of Payment or both.

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

Position Title: City Attorney

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

Conference with legal counsel regarding significant exposure to litigation (one potential case).

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

1. Keep Fort Ord Wild VS. City of Seaside Case Number 16Cv003795
2. LandWatch Monterey County VS. City of Seaside (Real Party: Monterey Downs, LLC) Case Number 16CV003793

5. CONSENT AGENDA

City Attorney Freeman reported on Closed Session that there were no announcements for the public. Mayor Rubio invited comments from the public on the Consent Agenda and had no requests to speak

On motion by Council Member Campbell and seconded by Council Member Pacheco and passed unanimously the City Council approved the Consent Calendar with the exception of item 8A.

RESULT:	Adopted
MOVER:	Council Member Jason Campbell
SECONDER:	Council Member Dave Pacheco

AYES:	Ralph Rubio, Dennis Alexander, Jason Campbell, Dave Pacheco, Kayla Jones
NOES:	None
ABSENT:	None

A. APPROVE MINUTES OF NOVEMBER 16, 2017

Action: Approved

B. ACCEPT AND FILE THE CASH AND INVESTMENT REPORT FOR THE CITY OF SEASIDE AND THE SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF SEASIDE FOR THE QUARTER ENDING SEPTEMBER 30, 2017

Action: Approved

C. APPROVE AND FILE SUCCESSOR AGENCY CHECKS

Action: Approved

D. AUTHORIZATION FOR THE RETAIL SALE OF CHRISTMAS TREES BY HOME DEPOT ON A PORTION OF THE LAGUNA GRANDE SHOPPING CENTER PARKING LOT OWNED BY THE PARKING AUTHORITY.

Action: Approved

6. PUBLIC HEARING

A. CITY AND SUCCESSOR AGENCY ACTIONS TO IMPLEMENT THE SEASIDE RESORT PROJECT

Action: Approved and passed Resolutions 17-03 SA, 17-04 SA and 17-89

Larry Seeman, Seaside's Consultant in charge of the Seaside Resort Project presented regarding the Seaside Resort and Golf Course Property. Mr. Seeman defined the difference in the three property locations and explained the project and the proposed changes as a result of the new developer taking over. The Developer is a limited liability company called Monterey Bay Resort LLC, and the Principals are experienced land developers. A key provision of the deal is that the City would provide TOT subsidy of 80% for the first 5 years and years 6 through 20, 65% TOT subsidy. This strategy moves the project forward sooner, which has been stalled and on hold since 2008. This project expedite the project completion by 3 - 4 years. Mr. Seeman spoke to the financial project details and outlined the significant element changes to the project including: 1) Authorizing an economic development subsidy, 2) Authorizes developer to purchase the golf club house parcel and add to resort hotel land and 3) Authorizes use of certificates of compliance to transfer hotel

and golf clubhouse phases requiring the developer to purchase with cash, not credits by February 28, 2018

The golf course lease changes include: 1) Lease term extends to 75 years (from opening of the hotel) 2) Conform lease to 2007 Seaside Basin adjudication, 3) Reduces maximum irrigation use from 540 AFY to 500 AFY and 4) Authorizes the 2018 Fourth of July City Fireworks display.

Mr. Seeman explained the actions that are necessary to be taken to move the project forward on behalf of both the Successor Agency as well as the City Council as it pertains to land transfers and he affirmed that the final EIR was certified for the Seaside Resort, however some portions have been updated and need to be amended. Tonight's actions are mostly administrative and do not result in any new or increased environmental impacts that are not originally considered. The Certified EIR and addendum are all posted on the City's website for review. Mr. Seeman answered questions from the Council.

The Council questioned and discussed the length of time this project has been under review, the timing of the project completion, the TOT projections which are based on a minimum of 275 rooms, the developer's reputation and staff's perception of their commitment, the type, number and quality of jobs to be created by the project.

On question, Mr. Seeman indicated that the Projected Tax Revenue during the subsidy period is projected at \$3.7 million for the City and after the 20 year subsidy period it would be \$8.9 million annual average.

Mr. Seeman closed by speaking to the economic development subsidy and that it is an industry practice. City Manager Malin further explained the idea of the need for the subsidy in that high level of hotels require more employees, must pay higher wages per employee, thus the subsidy helps address some of those costs. Establishing Seaside as a world class destination as a four star resort is not inexpensive. This project will bring quality jobs to our workforce residents.

Jim Scott spoke on behalf of the developer addressing the Council, explaining the amount of invested capital to get this off the ground is more so than 10 times to what is in the newspaper, there will be a substantial debt costs to be built into the project. In order to be able to finance and recover that, it takes 5 - 7 year to be at a break even position. The projections put forward, is based on a percentage of actual occupancy, which are conservative at 70% range. If the property becomes a destination resort, the capacity should increase, equivalent to other 4-5 star properties.

The Council questioned Mr. Scott again regarding the number and quality of jobs to be created and the compensation. Mr. Scott projected that the project should be opening 30 months from now and he spoke to the business incentive to get it done quickly. He further explained that this project started in 2000, and after the long entitlement process, and the economic devastation, people have been working on this since 2000, and the financing of this has been attempted for years but only in the last few years that the financing has been available.

Mayor Rubio spoke to the labor language that is included within the document and he

requested assurance that the developer affirms the council's demand for fair labor practices. Mr. Scott responded that once we have an agreement with a flag hotel, they will reach out to the local union. We can't negotiate the terms of a contract without ownership of a flag. On question by the Council, City Attorney Freeman indicated that the enforceability of the ordinance is solid.

Mayor Rubio opened the public hearing.

- Kay Cline requested clarification that the golf courses were leased and the land for the housing is sold and if 20% will be affordable housing.
- Hector Raquel, spoke representing Unite Here Local 43 Hospitality Workers Union, expressed concern that the project is moving forward without agreement with labor unions. He is happy that the City Council will bring jobs to Seaside, but there is a concern of all union members that it will provide jobs with unlivable wages. Please bring good jobs with quality wages and quality benefits.
- Beltran Depress this deal has been around a long time, but the latest rendition is moving too fast. Concerned that there are loose ends not addressed in this deal. Please require labor peace for this project.
- Lee Streib, National Association Unite Here Labor Association, the role with the union is to work on hotel development deals that are good for the city, the developer and the residents who work for the hotel. This is a big decision and the Seaside Resort has a potential to be a great project, He requested to get clarity on this issue and secure a Labor Peace agreement to protect against labor disputes.
- Hector Aspigueta spoke representing Local 43 supporting 1,300 members locally. Expressed they have not had the opportunity to meet with the new team coming in and have no knowledge of how it will impact future workers of the hotel. Please make a labor peace agreement specific for this project.
- Sarah McDermot Unite Here tried to correct the record that you can enter into agreements with developers prior to establishment with a Flag, and it's better to have this agreement up front while you are negotiating with a flag, otherwise you are changing your aspect with a deal. Please be up front and confirm that requirement. Being a five star hotel does not tell us anything about a risk of a labor dispute. She discouraged approval.
- John Wizard spoke to the CSUMB Sustainable Hospitality program and that it could be a great opportunity to work between the University and the Hotel. He requested clarity about Municipal Code 17.32.040 regarding the 20% exclusionary housing requirements.
- Dick Fitzgerald spoke to provide historical reference, explaining that in the 2005 original DDA the labor peace issue was an important issue for the City and the developer and they engaged with Unite Here even before the City had any regulations, which resulted in the City passing a labor ordinance, with SRD in agreement tied to the ordinance. The developer said they understand and are aware of the provision and the spirit of the understanding is in place and should stay as the agreement is drafted. He spoke in support of working to move this project forward. It would be a huge step forward for the City and its residents and requested approval of the item.

The Public Hearing was closed.

Staff explained that the affordable housing was an integral part of the deal and the affordable housing was required in the Fort Ord base reuse plan and will be honored. Mr. Seeman addressed the history that the affordable housing was achieved with the 125 residential units at the Sun Bay Apartment Complex. The project involved contributions from the City and the Developer. There is potential for additional requirements but the base requirement has been satisfied.

The Council discussed the ordinance language as well as language proposed by the Union Here supporters and the consensus of the Council was to move this process forward with the existing ordinance in place as it is enforceable and does address the concern expressed to require working with local unions. The Council reaffirmed to the developer the City's position that it is important to secure good jobs at good wages with good benefits as imperative so our citizens can be comfortable and afford to live on our city.

Mayor Rubio entertained a motion for each of the Resolutions, one at a time.

On motion by Council Member Alexander and seconded by Council Member Pacheco and passed unanimously, the Successor Agency Board approved Resolution 17-03 SA requesting the Oversight Board to make findings to provide for the repayment to the City of Seaside of the loan made by the City pursuant to the 2005 Conveyance Agreement between the City and the Redevelopment Agency of the City of Seaside, and taking certain related actions.

On motion by Council Member Alexander and seconded by Council Member Pacheco and passed unanimously the Board of Directors of the Successor Agency to the Redevelopment Agency of the City of Seaside passed Resolution 17-04 (I) authorizing the conveyance of an approximately 70-acre site located at the northwest corner of General Jim Moore Boulevard and Coe Avenue in the City of Seaside to the City pursuant to the Successor Agency's Long Range Property Management Plan, (II) authorizing the Successor Agency to enter into an Assignment, Assumption and Administration Agreement with the City in connection with an Amended and restated Disposition and Development Agreement with respect to the site, (III) approving Addendum No. 4 to the Final Environmental Impact Report prepared for the underlying project, and alternatively, finding the actions exempt from the California Environmental Quality Act, and (IV) taking certain related actions.

On motion by Council Member Alexander and seconded by Council Member Jones and passed unanimously the City Council of the City of Seaside adopted Resolution 17-89 (I) authorizing the acceptance of an approximately 70-acre site located at the northwest corner of General Jim Moore Boulevard and Coe Avenue in the City of Seaside from the Successor Agency to the Redevelopment Agency of the City of Seaside Pursuant to the Successor Agency's Long-Range Property Management Plan, (II) authorizing the City to enter into a Master Taxing Entity Agreement with respect to the site, (III) authorizing the City to enter into an Assignment, Assumption and Administration Agreement in connection with an Amended and Restated Disposition and Development Agreement with respect to the site, (IV) authorizing the City to enter into a Second Amended and Restated Disposition and Development Agreement with respect to the site, which agreement includes provisions for the sharing of Transient Occupancy Tax revenues generated by development on the site, (V) authorizing the City to enter into a Second Amended and Restated Ground Lease with

respect to the Black Horse and Bayonet Golf Courses, (VI) approving an Addendum pursuant to the California Environmental Quality Act, and (VII) taking certain related actions. Approve resolution to the Successor Agency requesting the Oversight Board to Make findings to provide for the repayment to the City of the loan made by the City pursuant to the 2005 Conveyance Agreement between the City and the redevelopment agency of the City of Seaside and taking certain related actions to include the modified.

7. STUDY SESSION

A. WATER STUDY SESSION

The Study session was continued to another meeting and will be rescheduled to a meeting likely in January

8. ADJOURNMENT

On motion, the Meeting was adjourned at 7:48 PM.

Respectfully submitted,


Lesley Milton-Rerig, City Clerk


Ralph Rubio, Mayor/Chair